

**Befimmo (Hold - EUR 47): preview H1**

Befimmo will report its results Thursday 30/8 after close. We will attend the analyst meeting.

**Preview**

Period	H1 2012
Date/Time	30/08/2012 after closing
Recommendation	Hold
Target price	EUR 46.6

in EUR	2011 H1a	2012 H1e	% Ch
Net rental result (m)	61.1	63.9	5%
EBITDA	52.2	52.5	1%
Net current result	38.3	33.71	-12%
Recurring CF/share (undiluted; 17.53m shares)	2.28	1.92	-16%
Recurring CF/share (dilluted; 18.17m shares)	2.28	1.85	-19%
NAV/share	57.40	57.00	-1%

Conference call	Thursday 30/08 after closing
Analyst Meeting	Thursday 30/08 after closing

**Key items**

1. In Q1, Befimmo reported in-line results with no surprises as portfolio composition did not alter. Negative revaluations were key for us in the Q1 reporting. LfL standing portfolio value decreased by EUR 28.6m or -1.3%, while we banked on EUR -8.6m for the quarter or EUR -34m for the year 2012..
2. In our opinion, any beat on the H1 results would come from lower than expected CoD. The lower interest rates could potentially drop the net financial cost by approx. EUR 1m for the last quarter. Befimmo guided on a CoD of 3.87% for '12.
3. 'Expertise' reports that exclusive negotiations have been started for the Belair building (78,200sqm of offices mainly let to the Belgian federal police) with an international real estate player (some quote it is Allianz). Sources say that the yield will arrive close to 5.1%.
4. Within the framework of its buyback program of own shares up to a maximum amount of EUR 4.5m, the group has bought back for EUR 1.1m or 25% of the SBB (25,127 shares).

**Our view/conclusion**

- We do not expect further negatives on the portfolio fair value. At ye 2011, management hinted that the negative revaluation will amount to EUR 29.2m for '12.
- While we expected Befimmo to be looking at the Belair, it doesn't seem to be the case anymore, which is good if the yield is confirmed in the region of 5%.
- Befimmo trades at a 18% discount to NAV whereas other Belgians mainly trade with a premium and the weighted average is at par. Befimmo's earning multiple comes in at 12.3x (and similar to Cofinimmo for some weeks now). Gecina's multiple arrive at a higher level at 15x, and one might wonder if Befimmo is punished too hard. We hope that valuations will remain flat at Befimmo, for this quarter at least, and that positive momentum on the Brussels office market will return thanks to a lower level of developments.

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