

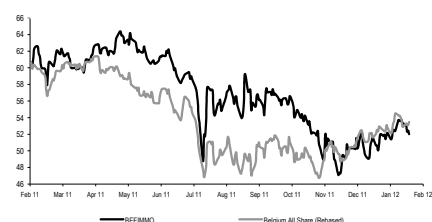

Hold
Recommendation unchanged
Share price: EUR 52.01
closing price as of 16/02/2012
Target price: EUR 54.00
from Target Price: EUR 57.00

Reuters/Bloomberg

BEFB.BR/BEFB.BB

Market capitalisation (EURm)	873
Current N° of shares (m)	17
Free float	81%
Daily avg. no. trad. sh. 12 mth	21,923
Daily avg. trad. vol. 12 mth (m)	1
Price high 12 mth (EUR)	64.40
Price low 12 mth (EUR)	47.11
Abs. perf. 1 mth	2.66%
Abs. perf. 3 mth	-1.25%
Abs. perf. 12 mth	-14.23%

Key financials (EUR)	09/10	12/11e	12/12e
Gross Rental Income (m)	123	153	123
EBITDA (m)	112	129	106
EBITDA margin	86.3%	79.5%	78.4%
Portfolio Result (m)	(34)	(19)	(10)
Net Financial Result	(27)	(31)	(29)
Net Profit (adj.)(m)	85	93	68
Funds From Operations	85	93	68
EPS (adj.)	5.05	5.53	4.06
DPS	3.90	4.93	3.98
IFRS NAVPS	60.60	61.35	60.34
EPRA NAVPS	61.68	60.85	59.84
Premium/(Discount)	2.3%	(18.0%)	(13.8%)
Earnings adj. yield	9.7%	10.6%	7.8%
Dividend yield	7.5%	9.5%	7.7%
EV/EBITDA	16.9	13.7	17.8
P/E (adj.)	12.3	9.1	12.8
Int. cover(EBITDA/Fin.int)	4.2	4.2	3.6
Net debt/(cash) (m)	787	866	939
Net Debt/Total Assets	39.7%	41.9%	44.5%


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FY 2010/11 (5Q) results: ok but cautious for the future

The facts: FY10/11 figures (ending in Dec-11 and made exceptionally of 5 quarters) have been released yesterday after market close. An analyst meeting has been organised at the same time.

Our analysis: On the back of interim trading figures that had beaten somewhat our expectations and guidance and solid indexation of rents in offices for Cofinimmo (which already released figures), we were expecting a good set of figures for Befimmo as well. This was to a large extent the case. However, two items temper this positive view: the outlook for the three coming years is particularly cautious, to such an extent that the management will propose a sizeably lower dividend (EUR 3.45 compared to EUR 3.94 previously on a 12 month basis). As a reminder, the dividend for previous FY made of five quarters was EUR 4.93/share of which an interim dividend).

For FY10/11, net rental income was much better than expected (EUR 155.8m compared to consensus of EUR 152m and our estimate of EUR 152.8m) but this positive item was overshadowed by much higher financial costs and corporate overheads. As a reminder, on top of current activity, the previous financial year has been characterised by three asset sales (Kattendijkdok in Jan-11, Empress Court in March and part of a building in Brussels in June) and one acquisition (Pavillon in Feb-11).

Financial charges emerged at EUR -34.5m vs. EUR -28.8m for 12M ending at the end of Dec-11 and EUR 22.5m at the end of Dec-10. These higher financial charges reflect higher margins on the new financing instruments coming on top of higher short term interest rates and a slightly higher debt level. The corporate overheads emerged at EUR -17.7m and EUR -14.6m for the 12M ending in Dec-11 coming from EUR 12.7 in Dec-10. It was said during the analyst meeting that these costs reflect additional costs related to projects of which sustainability issues, the cost of new financing instruments, and personnel costs of which the remuneration of the manager.

EPS (exclusive of non cash costs of hedging and revaluations of the portfolio, and gain from the results of sales in the portfolio) emerged at EUR 5.35 compared to consensus figures of EUR 5.11 and our estimate of EUR 5.53.

EPRA NNAV and NAV IFRS based were pretty similar at EUR 57.03 and EUR 57.17/share, respectively, after deduction of the interim gross dividend of EUR 3.94 paid in Dec-11.

During the analyst meeting, the management confirmed that the environment for Brussels offices was particularly difficult, so that it has led to cautious forecasts as well as dividend policy (of which the continuation of optional dividends despite clear growth ambitions). EPS for the three coming years is guided to move between EUR 3.86 (2012) and EUR 3.76 (2014) while NAV IFRS based is expected to move around EUR 55.84 (2012) and EUR 54.88 (2014).

Conclusion & Action: *Good top line figures alleviated by financial charges and corporate overheads. But poor outlook leading to decreasing EPS on the two coming years, stable NAVs and cut of the dividend. As a first reaction TP cut to EUR 54 meaning a discount of 5% to NAV. Considering the attractive dividend yield, even on a EUR 3.45 basis, Hold recommendation maintained.*