



Befimmo: 3Q12 shows operationally sound results

Befimmo has posted a sound set of results with EPS up 6% despite the general weakness of the Brussels market. Asset values were adjusted downwards by 0.4%. The outlook for 2012 EPS is officially raised to more than €4.05 which is positive but not a total surprise given the run rate at 1H12 of €2.13. Together with the positive impact of the announcement of fully internalizing property management on October 30, which is a long term positive trigger for Befimmo shares as it reduces corporate governance concerns, we believe Befimmo should outperform the EPRA index if general market sentiment turns more negative.

Befimmo 3Q12 key figures (€m)

	3Q12	3Q11	Variance (%)
Net rental result	33.1	32.1	3%
Property operating result	31.8	30.4	5%
EPRA earnings	20.5	18.6	10 %
EPRA earnings per share (€)	1.17	1.11	6%
EPRA NAV per share (€)	57.5	61.3	-6%

Source: Company data, ING estimates

(1) 3Q12 EPS (EPRA earnings/share) came in at €1.17 vs €1.11 in 3Q11 (+6%). According to the company this did contain some one-offs (undisclosed amount). Net rental income rose 3%.

(2) Portfolio: the occupancy remained stable vs 2Q12 and remains at a healthy 95.5%. The portfolio was negatively revalued by -0.4% in 3Q12 bringing the YTD revaluation to -1.0% (-€21m). The negative revaluation was highest in the Brussels decentralized zone with -2.3% (5% of the investment properties) in 3Q12, while the highest positive move was seen in Wallonia with a 2.7% improvement (4% of the property portfolio). The largest part of the portfolio, Brussels CBD (58% of assets) was negative revalued by -0.4% in 3Q12. The gross initial yield of the portfolio stands at 6.8%, stable vs 30 June 2012. The EPRA NAV stands at €57.5, implying a discount of 18% to NAV of the current trading level.

(3) EPS outlook increased: earlier Befimmo had cut its expectations for EPRA earnings per share for 2012 from €4.27 to €3.86 (compared to €4.18 realised in 2011) and now Befimmo states that it sees a positive change of over 5% to the last estimate of €3.86. This implies an EPS expectation of more than €4.05 for 2012. This should not come as a total surprise given the better run rate at 1H12 of €2.13. The dividend of €3.45 for FY12 is confirmed, with an interim dividend of €2.59 (ex-date 28 November) with an option for stock dividend. Price €46.9; Last published target price: €48.7; recommendation: HOLD

Regards,
Jaap

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