

15 May 2012

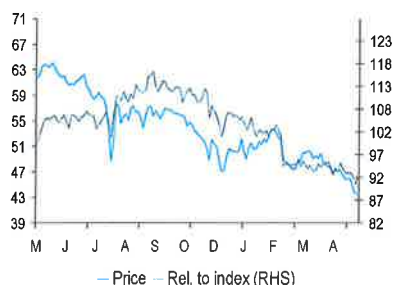
BEFIMMO

1Q12 results in line with FY guidance

REAL ESTATE INVESTMENT TRUSTS
BELGIUM

CURRENT PRICE € 43.58
TARGET PRICE € 50.00

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg BEFB.BB
Reuters BEFB.BR

www.befimmo.be

Market Cap € 731.7m
Shares outst. 16.8m
Volume (daily) € 1,028,024
Free float 77.6%

Next corporate event

Results 1H12: 30 August 2012

| (€ m) | 2011 | 2012E | 2013E |
|----------------|------|-------|-------|
| Current Result | 90.0 | 67.8 | 66.9 |
| Portf. Result | -6.6 | -23.7 | -16.1 |
| Net Profit | 81.9 | 44.2 | 50.8 |
| Adj. EPS (€) | 5.35 | 3.87 | 3.77 |
| NAV (€) | 57.4 | 56.7 | 56.5 |
| P/E (x) | 10.9 | 11.3 | 11.6 |
| DPS (€) | 4.93 | 3.50 | 3.50 |
| Dividend yield | 8.5% | 8.0% | 8.0% |

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Summary:

The recurring 1Q12 result of € 0.99/sh was bang in line with our estimates. The negative portfolio revaluation was however stronger, but mainly resulted from the change in valuation experts. We see no new developments in the market or the press release to change our view. Hold rating and € 50 TP reiterated.

News:

Net rental income came in at € 31.7m vs. € 29.8m 2Q10-11 or slightly below our € 32.1m forecast. The increase was mainly driven by the contributions of the Pavilion building and the indexation of the rents. The I-f-I rent increased with 2.7%. Befimmo recorded an increase in financial charges, leading to an EPRA EPS of € 0.99 or bang in line with our € 1.00 forecast, but a decrease of 9% vs. 2Q10-11.

We were negatively surprised by the net result per share which came in at only € 0.04 vs. € 0.66 KBCS (€ 2.19 in 2Q10-11). This negative correction was mainly driven by the negative portfolio revaluation of € -15m or -0.76% and this predominantly in offices in the decentralized zone and periphery. The company attributes the change in fair value mainly to the obligatory appointment of new valuation experts. The fair value of the financial instruments changed with € -1.6m.

The portfolio's gross yield slightly increased from 6.61% FY10-11 to 6.74% and the occupancy rate from 94.3% to 94.57%. The EPRA NAV increased slightly to € 57.44 vs. € 57.37 FY10-11. Including the new lease contract of the in-construction-being Paradis building, Befimmo's weighted average lease increased to 9.75y vs. 9.02y FY10-11 (or a drop to 8.8y excl. this lease).

Befimmo currently finalizes the details for a private placement of € 150m with a maturity of 7 or 8 years in the US (\$ 150m) and the UK (£ 22m). The company will use SWAPS to hedge the currency risks. For the remaining € 300m that expires in 2013, Befimmo will look for other opportunities such as a syndicated or bilateral loan.

Outlook:

Management confirms to be on track to attain its full year guidance. Slightly positive is that they see some investment opportunities in the market. These are projects of developers that become mature and no distressed sales. In order to conclude a deal, management will set its purchase terms however higher than last year. € 3.45 dividend guidance confirmed.

Conclusion:

The bottom line result was fully in line with our expectations. The negative portfolio revaluation was higher than expected, but results from the obligatory change in valuation experts. We see no new developments in the market or the press release to change our view. Hold rating and € 50 TP reiterated.