



Befimmo (Hold - EUR 47.3): Great deals in October

Preview

Period	Q3 '12
Date/Time	15/11/2012 after closing
Recommendation	Hold
Target price	EUR 48.8

in mEUR	30 sept/'11	30 sept/'12	% Ch
Net rental result	93.07	95.7	2.8%
EBITDA	78.00	81.08	3.9%
Net current result	56.90	56.21	-1.2%
Recurring CF/share (undiluted; 17.53m shares)	3.39	3.21	-5.4%
Recurring CF/share (dilluted; 18.76m shares)	3.27	3.00	-8.3%
NAV/share	61.26	58.31	-4.8%

Key items

- H1 NCR arrived at EUR 2.13/share (flat YoY despite the higher share count) vs. 1.92 at Petercam. Indirect result was nihil for Q2, which was a nice surprise (thanks to Paradis) vs. last quarter (-0.76%).
- Q3 is a roll-over of H1 and we don't expect major news items on the third quarter. We expect the net rental result to arrive at EUR 95.7m (+2.8%). EBITDA should come in at EUR 81m (+3.9%) and the net current result at EUR 56.21m or EUR 3.21/share (-5.4%).
- October was the most active month during '12: i) Befimmo purchased the remaining shares (10%) of Fedimmo ii) Take over of management contract of AG real estate iii) internalization of the property management activities (technical maintenance, rent accounting and accounting related to expenditures to be charged to tenants) currently performed by AG Real Estate Property Management.
- Secondly, Befimmo announced it will focus on Belgium and Luxembourg as Befimmo has in-house expertise in these markets.
- We assume Befimmo will announce the leave of Levi's: Belgian press reported that Levi Straus (2.3% of total rent) will leave the Triomphe 1 building (11k sqm) and will take up 5k sqm next to Brussels airport. Impact on EPS 13e: from EUR 3.8 to EUR 3.72 (-2.1%).

Conclusion

- Q3 should be a roll-over. We would welcome some news on the refinancings.
- We like the October deals as thanks to the Fedimmo deal i) Befimmo controls Fedimmo for 100% ii) 10% discount received on the NAV of Fedimmo iii) net current result will increase by EUR 0.03/share. We like the latest deal on the property management contract (adding EUR 0.06/share to the EPRA result). Albeit we hope both deal are not the first steps towards an exit of the Belgian state and AG insurance.
- Befimmo offers a 7.3% dividend yield currently vs. 5.1% at Gecina.