



February 17, 2012

EQUITY

REAL ESTATE

Dear Emilie Delacroix

Please find below our latest publication:

[↓.PDF Befimmo \(Buy, TP=€55.0\) - Full-year results - In line with estimates \(15-month results\) - H. Quadrelli \(1p\)](#)

■ **Conference call**

Thursday 16 February at 5:30 pm (CET).

■ **Main surprises**

Please note that these results are based on 15 months due to the change of closing date from 09 to 31/12. Figures are roughly in line with our estimates, except for cash flow, which is 7% lower due to unexpectedly high financial charges. The portfolio value change is flat at -0.93% over the last 12 months with a capitalisation rate stable at 6.61% vs 6.60% at 30 September 2010 (at rent rents) and up to 7.01% from 6.90% (with a 100% occupancy rate). The reversionary potential is estimated at -7.5% vs -5.6% at 30 September 2010. The lease duration is 9.02 years (period to first break). As expected, the gross dividend stands at €4.93 for the 15-month period. For 2012, the company anticipates a decline in its earnings; as a result, it forecasts a gross dividend of €3.86 per share, lower than the current dividend restated over 12 months (€3.94) and the 2010 dividend (€3.90).

■ **Potential impact on forecasts**

As results are roughly in line with our forecasts, any adjustments to our model following the conference call are likely to be marginal.

■ **Potential impact on share price/recommendation**

Updates to our model could have a marginal impact on our fair value and our target price. Our target price of €55 is derived from a fair value of €57.8, resulting from the average of SG's three standard valuation approaches: a 10-year DCF at €49.3 (WACC of 7.6%, 2.0% perpetuity growth), a Gordon-Shapiro model factoring in a normalised dividend at €60.8 (CoE of 8.8%, beta of 1.0), and a 10-year DDM with terminal value at NAV of €63.1. To this, we apply a 5% discount to reflect our 5% sector discount, the share's liquidity (2% discount) and management's track record (2% premium). Risk: a huge increase in capital rate could drive us to update our target price and our recommendation.



QUADRELLI Henri

☎ +33 1 42 13 37 33

✉ henri.quadrelli@sgcib.com



VARALDO Michel

☎ +33 1 42 13 73 02

✉ michel.varaldo@sgcib.com



MOZZI Marc

☎ +44 20 7762 5090

✉ marc.mozzi@sgcib.com