



Hold

Recommendation unchanged

Share price: EUR 50.7

closing price as of 21/02/2013

Target price: EUR 52.0

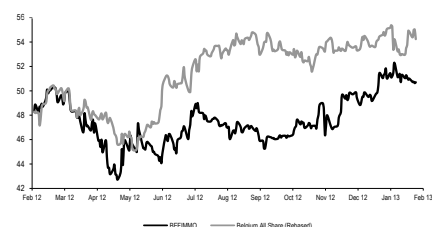
from Target Price: EUR **50.0**

Reuters/Bloomberg

BEFB.BR/BEFB.BB

Market capitalisation (EURm)	969
Current N° of shares (m)	19
Free float	77%
Daily avg. no. trad. sh. 12 mth	19,222
Daily avg. trad. vol. 12 mth (m)	1
Price high 12 mth (EUR)	52.30
Price low 12 mth (EUR)	42.72
Abs. perf. 1 mth	-0.67%
Abs. perf. 3 mth	6.39%
Abs. perf. 12 mth	3.47%

Key financials (EUR)	12/11	12/12e	12/13e
Gross Rental Income (m)	156	129	130
EBITDA (m)	129	109	109
EBITDA margin	78.1%	79.8%	79.3%
Portfolio Result (m)	(12)	0	(7)
Net Financial Result	(29)	(43)	(36)
Net Profit (adj.)(m)	90	72	76
Funds From Operations	90	72	76
EPS (adj.)	5.35	4.06	4.11
DPS	4.93	3.45	3.55
IFRS NAVPS	52.44	54.85	56.37
EPRA NAVPS	51.94	54.35	56.37
Premium/(Discount)	(4.1%)	(11.0%)	(10.1%)
Earnings adj. yield	10.6%	8.0%	8.1%
Dividend yield	9.7%	6.8%	7.0%
EV/EBITDA	14.8	17.4	18.1
P/E (adj.)	9.4	12.0	12.3
Int. cover(EBITDA/Fin.int)	4.4	2.5	3.1
Net debt/(cash) (m)	874	906	934
Net Debt/Total Assets	43.1%	42.9%	43.0%



Shareholders: AG Insurance 17%; Own shares 4%; SFPI 3%;

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FY12: good, FY13: too much caution?, FY14: much better

The facts: FY12 figures have been released yesterday after market close. The publication was followed by an analyst meeting.

Befimmo	FY 10/11	1H2012A	3Q 2012A	9M 2012A	4Q2012E	2H 2012E	2H2012A	FY 2012E	FY2012A	FY CSS
EUR (m)	12 m format									
Net rental income	124836	63582	33118	96700	32475	65593	65731	129175	129313	129333
Operating res of buildings	116,992	60184	31816	92000	31514	63330	60158	123514	120342	n.a
EPS adjusted	4.18	2.13	1.17	3.30	0.76	1.93	2.11	4.06	4.24	4.03
EPRA NAVps	57.37	56.50		57.52				54.85	54.18	n.m.
Capitalisation rate	6.61%	6.80%		6.77%				6.75%	6.91%	n.a.

Sources: company data, Degroof estimates

Our analysis: EPS adjusted on a EPRA basis emerged above our own estimates which already were ahead of consensus and the upwards revised guidance (+5% on initial guidance) provided at the 9M12 issue. The dividend of EUR 3.45/share, in line with guidance and estimates, was confirmed.

The 3.3% increase of the net rental income means that company has taken full profit from inflation. The good performance was built on a further increase of the occupancy rate to 95.87%, coming from 94.30% one year earlier.

Despite a morose environment in the Brussels office market, characterised by a lack of transactions in the periphery and the decentralised area, the management believes that the market is bottoming out and was even more enthusiastic at an horizon of 2 to 3 years' time.

The company provided a breakdown per geographical area of the reversion rate of its portfolio. In total it emerges at -12%, which is not astonishing considering the average duration of leases of 9.32 years. However, the breakdown alleviates somewhat this reading concerning the decentralised area of Brussels (-14.4% reversion rate, weighted duration of leases of 3.07 years) and the periphery (-10.9% r.r., 2.45 years). Since these two areas represent 16.1% of leases, the full impact of the reversion rate is pretty limited.

Besides, considering more optimistic management views on the medium to longer term development in the Brussels CBD, of which as far as Befimmo is concerned the Centre/North, management released that it has obtained a building permit for the WTW IV tower (56,000sqm). Construction will only start after having found a pre-letting, while it has ambitions for increasing the size of one of its assets (Noordbuilding) in this area. These ambitions are motivated by the potential from Belgian (& European public bodies?) on top of possible large corporate ones.

The company also provided its new forecasts at a three years' time horizon, which is unique among Belgian (and even abroad) peers. We believe that these forecasts are rather cautious, considering that they do not incorporate the latter potential developments. EPS EPRA earnings is expected to emerge at EUR 4.03, on the back of an unchanged dividend at EUR 3.45/share

Conclusion & Action: Good set of figures. We are increasing our TP from EUR 50 to EUR 52, as we are anticipating some encouraging prospects at medium term and a simplified (and as such more dynamic) corporate structure. Hold.