

Exane Market Commentary
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3) Befimmo – FY12 Results

Numbers

>FFO/share of EUR4.24 is in-line with our estimate (EUR4.27) but ahead of Reuters consensus (EUR4.04). FY guidance provided with the Q3 results always looked too low, so the market should not be surprised that it's easily been beaten, even if consensus was.

>DPS of EUR3.45 in-line with guidance and forecasts

>EPRA NAV/share and NNNAV/share of EUR54.2 and EUR53.4 respectively marginally but insignificantly below our forecasts

Operations

>Occupancy was particularly resilient during the year, rising to 95.9% by end-2012 and the average lease length has been increased to 9.3 years. On the downside, the estimated negative reversion in the portfolio of -12% looks quite worrying, particularly given the weak outlook for market rents in Befimmo's markets.

Property portfolio valuation

>The portfolio value fell 1.75% in aggregate over 2012, with severe weakness in the decentralised and peripheral markets offset by resilience elsewhere.

Outlook

>2013e FFO guidance of EUR4.04 per share is in-line with us and consensus. However, Befimmo's expectations for further declines to EUR3.81 and EUR3.75 are weaker than we expected and are likely to lead to consensus downgrades.

>Befimmo has indicated that it expects to maintain the dividend flat at EUR3.45 in 2013 and while no guidance is provided thereafter, the earnings decline expectations certainly seem to preclude any hopes of dividend growth in 2014 or 2015.

>Unsurprisingly, the portfolio value is expected to again decline modestly in 2013.

Source: Company

Exane BNPP view:

>Befimmo has reported 2012 results bang in-line with our estimates but with FFO/share comfortably ahead of a low consensus number.

>We see no major surprises, with the underlying market remaining weak and 2013 FFO guidance in-line with our and consensus estimates.

>2014 and 2015 FFO/share forecasts look weak, however, suggesting consensus estimate downgrades are likely for later years.