



EQUITY
REAL ESTATE
| FEBRUARY 21, 2013 |

Please find below our latest publication:

[↓.PDF](#) **Befimmo (Buy, TP=€61) - Full-year results - Full-year results below expectations - H. Quadrelli (5p)**

■ **Analyst meeting/conference call**

Thursday 21 February.

■ **Main surprises**

The main surprise stems from the NAV which decreases by 6.4% while we expected -2%. This is mainly due to a decrease in assets value (-1.75% LFL vs -1% expected), especially in Brussel's decentralised (-18.8%) and periphery (-9.9%) and also to the impact of financial instruments (-€11m). We note in the P&L an exceptional charge of €20.6m mainly due to the transformation of the legal status of Befimmo. We also note a slight decrease in rental margin (from 93.7% to 93.1%) which is not compensated by the small decrease in general charges (from 12.2% to 11.9%). As a result, the EBITDA margin decreased slightly from 82.3% to 82.0%.

■ **Potential impact on SG & market forecast**

Pending further contacts with the company, we may review our model and NAV assumptions.

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

NAV was lower than consensus expected which could have a negative impact on the share price. Our TP of €61 is derived from a fair value of €68.2 resulting from the average of SG's three standard valuation approaches: a 10-year DCF at €70.2 (WACC of 6.3%, 2.0% growth to perpetuity), a Gordon-Shapiro model inputting a normalised dividend of €68.9 and a 10-year DDM with terminal value at NAV of €65.4. To this, we apply a 10% discount to reflect our 10% sector discount, the share's liquidity (2% discount) and management track record (2% premium). Risks to our Target Price: a lasting slowdown in the Brussel's office market could have a negative impact on our TP and/or our recommendation.



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