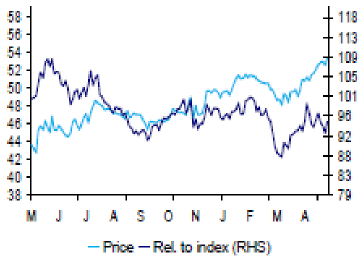
MORNING NOTE

14 mei 2013

BEFIMMO

1Q13 results preview

REAL ESTATE INVESTMENT TRUSTS	CURRENT PRICE	€ 53.39		HOLD
BELGIUM	TARGET PRICE	€ 51.00		RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	BEFB BB
Reuters	BEFB.BR
www.befimmo.be	
Market Cap	€ 1,020.9m
Shares outst.	19.1m
Volume (daily)	€ 1,082,355
Free float	80.3%
Next corporate event	

(€ m)	2012E	2013E	2014E
Current Result	74.9	77.2	78.0
Portf. Result	-46.0	-13.7	-4.2
Net Profit	29.0	63.5	73.8
Adj. EPS (€)	4.25	4.11	4.19
NAV (€)	54.1	54.8	55.1
P/E (x)	12.6	13.0	12.7
DPS (€)	3.45	3.45	3.45
Dividend yield	6.5%	6.5%	6.5%

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Befimmo will release its 1Q13 results on Thursday 16 May after market.

Recent developments:
After the limited activity in 2012, we welcomed the company's portfolio growth in FY13 through the acquisition of the Blue Tower at Avenue Louise. In addition to this external growth, management believes to generate further internal growth through the improvement of its occupancy and rents. The effect of this transaction is however limited as the company partly financed this transaction through the sale of treasury shares at a price of € 49 p.s. which creates earnings dilution.

Additionally, we would like to remind that the occupant of the Mons I building had exercised its option to purchase the property in 3Q12. As a result, the building has likely been sold in 1Q13. This transaction is however not expected to have impacted the income statement as the property was valued at the same price as its purchase option.

Preview 1Q13 results:
We expect net rental income to increase from € 31.8m in 1Q12 to € 32.4m in 1Q13 following the finalization of some renovation projects. As a result of the corporate structure simplification, we furthermore estimate a drop in corporate management costs leading to an expected operating result before result on portfolio of € 26.8 m, in-line with 1Q12.

We bank on lower financial charges following the lower EURIBOR rates. Together with the absence of minorities, we expect the net current result to increase from € 17.5m in 1Q12 to € 18.7m in 1Q13. On a per share base, you should take into account the significantly increased number of shares following the Fedimmo transaction resulting in a marginal net current EPS growth from € 1.00 to € 1.01 y/y.

Following the sustained gloomy situation in the Brussels office market we assume slight pressure on the portfolio fair value in 1Q13.

Conclusion:
We stick to our Hold rating and € 51 target price.