



## EQUITY REAL ESTATE

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Dear Emilie Delacroix

Please find below our latest publication:

[↓.PDF](#) **Befimmo (Hold, TP=€54) - Corporate news - Stable portfolio value - H. Quadrelli (4p)**

Quarterly portfolio and NAV valuation figures published this morning show that on a like-for-like basis, asset values are stable at +0.03%, o/w -0.03% on the operating portfolio and +1.58% on revaluation of developments. In Brussels, the 'decentralised' area (-1.14%) was weakest, while the periphery put in the best showing (+1.44%). EPRA NNNAV increased by 2.0% to €54.47 per share.

Since the beginning of the year Befimmo has sold the Mons I building for €8m at fair value and acquired the Blue Tower Louise building (28,500 sq.m) for €78.5m and an initial gross yield of 6.9% (7.5% with 100% occupancy). It also sold 637,371 treasury shares for €31.2m, or €49 per share, a discount of 10% to the last EPRA NNNAV.

Our TP of €52 is derived from a fair value of €57.6 resulting from the average of SG's three standard valuation approaches: a 10-year DCF (€56.7), inputting WACC of 6.7%, 2.0% growth to perpetuity, a Gordon-Shapiro model inputting a normalised dividend (€68.7) and a 10-year DDM with terminal value at NAV (€47.4). 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: Future trends in the Brussels CBD office market (rents, occupancy) could have an impact on our valuation and target price..



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