



Investment Research

Reason: Company Newsflow

16 December 2013

Hold

Recommendation unchanged

Share price: EUR 49.31

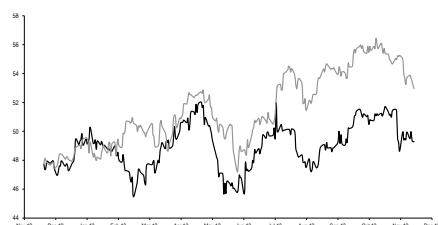
closing price as of 13/12/2013

Target price: EUR 54.00

Reuters/Bloomberg	BEFB.BR/BEFB.BB
Daily avg. no. trad. sh. 12 mth	14,012
Daily avg. trad. vol. 12 mth (m)	693.52
Price high 12 mth (EUR)	52.03
Price low 12 mth (EUR)	45.48
Abs. perf. 1 mth	-3.7%
Abs. perf. 3 mth	0.8%
Abs. perf. 12 mth	6.2%

Market capitalisation (EURm)	1,043
Current N° of shares (m)	21
Free float	74%

Key financials (EUR)	12/12	12/13e	12/14e
Gross Rental Income (m)	129	137	138
EBITDA (m)	87	115	116
EBITDA margin	64.5%	81.2%	81.1%
Portfolio Result (m)	(35)	(10)	(5)
Net Financial Result	(41)	(21)	(34)
Net Profit (adj.)(m)	75	85	77
Funds From Operations	74.93	84.59	77.38
EPS (adj.)	4.24	4.12	3.78
DPS	3.45	3.45	3.50
IFRS NAVPS	54.10	57.72	58.18
EPRA NAVPS	54.18	57.72	58.18
Premium/(Discount)	(13.2%)	(14.6%)	(15.3%)
Earnings adj. yield	8.6%	8.4%	7.7%
Dividend yield	7.0%	7.0%	7.1%
EV/EBITDA	22.4	17.5	17.7
P/E (adj.)	11.1	12.0	13.1
Int. cover(EBITDA/Fin.int)	2.1	5.5	3.5
Net debt/(cash) (m)	948	973	1,020



Shareholders: AG Insurance 15%; AXA Belgium 9%; Own shares 2%;

For company description please see summary table footnote

Welcome to Brussels

Befimmo, the second largest Belgian REIT, is the only listed pure player on the Belgian Office market, by nature largely focused on Brussels, which represents the bulk of its activity on top of Luxembourg (4% of the fair value of its portfolio). No change in this strategy is foreseen.

As a pure play on offices, we can only expect modest rental growth, especially when considering the potential negative reversion rate of rents of 10.7%, the still double digit vacancy rate (10.8%) prevailing on the Brussels office market and a rather limited pipeline with two major exceptions: the Paradis building development (38,945sqm, with total capex of EUR 95m) which is expected to be delivered in the first months of 2015, and the potential WTC IV (56,400sqm, 27 storeys, building permit obtained).

No risk in terms of expiry of leases (6% both in 2014 and 2015, well diversified tenant basis).

- ✓ Befimmo owns and lets a **property portfolio** based on office buildings in Brussels and, since 2007 in Luxembourg (3.8% of the fair value of its portfolio). It is made of close to 100 office properties with an above ground surface of more than 900,000 sqm, for 70% located in Brussels (59% in the CBD). 68% is let to public institutions on a LT basis of which 10% (of the total portfolio) to European institutions and delegations. Taking into account two major additional assets in the portfolio during 1H 2013 (Blue Tower Louise in Brussels and AMCA building in Antwerp), the value of the portfolio reaches EUR 2.2bn.
- ✓ Befimmo has traditionally been considered as, and to a large extent remains, a **defensive play**. However, the coming years could become somewhat **more challenging** considering the 10.8% vacancy rate of the Brussels office market and increasing sustainability requirements. The **length of leases** (9.1 years) reflecting the share of leases to public authorities alleviates this issue. The **recent simplification** of the corporate structure and the abandonment of the expansion around Paris since October 2012 removes some concerns.
- ✓ The **9M figures** were bolstered up by a EUR 3.4m indemnity from a leaving tenant (occurred in 1H) in a very good location. After the EUR 78.5m acquisition of the Blue Tower in 1H and at the same period the entry of a new shareholder (AXA Belgium), as a result of a contribution in kind of the AMCA building in Antwerp for EUR 110m, Befimmo had an investment power of about EUR 200m before reaching a LTV of 50%, which leaves the door open for another sizeable acquisition. The WTC 4 building (56,400sqm, permit obtained) of Befimmo has been selected in the tender for the future building to be occupied by the Flemish community. The issue of it, expected for the coming months, could become a positive trigger for the share price.
- ✓ Our **target price** of EUR 54 compares to an EPRA NAV of 53.70 (based on figures at the end of September and after detachment of the interim dividend of EUR 2.59 at the end of November). Considering that the payment of the interim dividend is related to the three month postponement of the closure date of financial year 2011, it is not sure that this practice will repeat in the future.

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Investment Case

Despite a difficult environment for the Brussels office market, Befimmo **sticks to its strategy of being a pure player in offices** of which by priority in Brussels and Belgium. The company is also looking for expansion in Luxembourg (3.8% of the fair value of its portfolio) while theoretical ambitions about diversification in French offices, started after 2008, have been abandoned in 2012.

As a result, the comparison between Befimmo and Cofinimmo, a traditional way of thinking among many investors becomes more and more irrelevant, mainly because the two Belgian REITS are by far the largest ones in Belgium and the only ones to be included in the BEL20. Indeed, Cofinimmo has diversified outside of offices since 2005, so that the share of this real estate segment has now been reduced to 46% of the fair value of its portfolio.

Despite a slight reduction of the vacancy rate at 10.8% (from above 12% less than two years ago), the Brussels office market is characterised by a poor level of transactions, enhanced by a less transparent or more penalizing fiscal regulatory framework. Befimmo remains very skeptical about some rebound at short term, more precisely at least during the coming months.

One of the main **challenges** that could affect Befimmo more than other Belgian REITs, given that it is a pure play in offices, is the shortening of the life cycle of offices because of the higher sustainability requirements. For sure the larger share of long term rents to public authorities at good locations (9.1 years average remaining duration of the portfolio) in its portfolio may explain that the urgency of facing these challenges appears less crucial for Befimmo than for any other Belgian REIT involved in the office segment. Anyway, the requirement for either higher rotation or refurbishment is ongoing and there is no alternative, putting aside some reconversions in apartments.

More capex
in the
future?...

This challenge may also be seen as an **opportunity** for bolstering up the quality of office portfolios. This logically leads to either higher capex requirements for assets in the portfolio and/or a higher rotation of the portfolio. Both requirements are linked to vacancies in the portfolio and end of breaks. This implies that developments will be pursued in the coming years. Renovation costs have fluctuated between EUR 30m to EUR 40m (2% of the FV of the portfolio) and this effort will be pursued in the future on top of some EUR 7 to 8m of rather recurrent technical costs.

... and/or more
rotation of the
portfolio

Since Befimmo sticks to its **vocation of pure player** in Belgium “well located” office assets in Belgium, one may raise the question if the best approach is more on investments than on divestments. Recent years, characterised by a poor level of transactions, have not been favourable to assess neither the one nor the other strategy, with a few exceptions however: for example the acquisition of an office building let to the European Commission (Pavilion, 2011) for a 15 year period at a net initial yield of 5.12%. This compares with the sale of the Empress Court somewhat later in the year in the Brussels CBD at a 5.5% yield. By contrast, the two major transactions made during 1H 2013 have been achieved at much better yields: 6.4% gross initial yield for the AMCA building and 6.9% for the Blue Tower.

According to the management, the company may sell non core assets, defined as in the latest cycle of their renting period and depending on the location of the assets (more probably smaller assets in the regions inherited from Fedimmo). Complementary, it may (like other players) also **reconvert** vacant office assets into other real estate segments, in particular in residential real estate in the periphery of Brussels which is suffering from a higher vacancy rate or smaller assets from Fedimmo in the regions. We only anticipate this at a modest scale in the near future (let us say two years), considering that the potential for reconversion in the Brussels office market at economic satisfying conditions should not be overestimated.

Do not over
estimate rent
reversion

The next years may become more difficult for rent renewals at attractive conditions, considering potential negative rent reversion of some 10.7% on the back of a vacancy rate in the Brussels office market at 10.8%. However we should not fear too much the direct impact of this over-renting on Befimmo's portfolio since it is concentrated in the CBD where leases are amongst the longest ones of its portfolio.

As far as the financial structure is concerned, the company has been very active and successful in the renegotiation of rather huge financing needs over 2012 and 2013. Today, there are **no major refinancing needs before 4Q 2015** (EUR 110 m of retail bond and EUR 35m bank credit) on the back of an increasing hedging which is now close to the total debt level. The LTV has been reduced to 43.6% (end September) from 47.8% at the start of current financial year, so that it is now in line with the levels observed since 2007. The management aims at keeping mostly current debt level and will in any case not have LTVs exceeding 50% although there are no covenant at this level.

Activities and results 2013 YTD

In the framework of a poor level of transactions in the Brussels office market, Befimmo activity was made during 1H by the acquisition of two major additional assets (Blue Tower from Morgan Stanley P2 Value in Brussels and AMCA building from Axa in Antwerp) and, as a consequence of one of these transactions, of the entry into the capital of a new shareholder, Axa Belgium, with 9.6%. As a result, at the end of 1H the debt ratio was down at 48.5% (46.1% with AMCA) from 49.3% at the end of December 2012 so that the firepower of Befimmo for new investments climbed to EUR 209m (with AMCA), compared to EUR 99m earlier, before reaching a LTV of 50% that the company does not want to exceed. This compares to a lower amount of unused credit lines of EUR 113.7m. The doubling of the firepower may excite the appetite of Befimmo for potential major deals rumoured in the market, having however in mind a higher committed capex program for 2013 and 2014 (cf details at the end of this note) on top of the possible construction of the WTC IV (issue of a tender in September).

9M figures were in line with expectations. The **guidance** for financial year as a whole was **confirmed**. Although the decline of the value of the portfolio is much lower than guidance (EUR -24.8m) the management remained cautious about the short term outlook of the Brussels office market, and we have even the impression that this cautiousness has emphasized.

EPRA EPS (= excl impact IAS39 and change in the value of the portfolio) emerged at EUR 3.35 coming from EUR 3.30 in the comparable period last year.

This was made possible by an increase of the net rental income of 6.2%, from EUR 96.7m to EUR 102.7m, bolstered by compensation for early termination of leases (EUR 3.4m) of which mainly from General Electric at Brussels Schuman (CBD) and changes in the consolidation scope (EUR 3.1m, Blue Tower). The occupancy rate was slightly up to 95.10% from 94.82% at the end of June on the back of an average remaining length of leases of 9.14 years coming from 8.97 years. Gross yield on properties available for lease was slightly down to 6.74%, from 6.77% three months earlier.

The fair value of the portfolio reached EUR 2.173.5m, which means a like for like decrease of -0.01% in 3Q and -0.34% (EUR -7.5m) for the first nine months. Although this decline of the value of the portfolio is much lower than guidance for financial year 2013 as a whole (EUR -24.8m), the management remains cautious about the short term outlook of the Brussels office market. More precisely, the decline of -0.01% during 3Q was made of a decline of -0.23% in the Brussels CBD that represents 59% of the value of the portfolio.

EPRA NAV per share was EUR 56.29 (EUR 56.13 on an IFRS basis) from EUR 55.37 (EUR 55.35 IFRS) at the end of June and EUR 53.70 after detachment of the interim dividend of EUR 2.59 at the end of November (payable in December in cash and/or shares).

LTV was 43.6%, compared to 45.2% at the end of June, and 47.8% at the start of the year.

The company decided to pay an interim dividend of EUR 2.59 per share (detached at the end of November and payable in December), which is payable in cash and/or shares.

As far as the **Paradis office tower in Liège** is concerned, the construction continues so that it has now reached over half of completion. Befimmo is not worried about the future opinion of the Council of State about the issue of two appeals against the permit.

The management stressed that the figures were in line with **guidance**, on the basis of slightly declining average cost of debt, taking into consideration the use of commercial paper. Negotiations for the lease of the building in Rond-Point Schuman (somewhat more than 1% of the total area of the portfolio) are ongoing at rents far above EUR 200sqm (EUR 225 – 240sqm as a rule of thumb), according to the management.

Outlook

Befimmo guided, before the 1H acquisitions of the Blue Tower and the AMCA building that we have integrated in our model, for a 1.6% % increase of the top line in 2013, which is in line with its inflation expectation of 1.51%. This assumption also reflected the 99% contractually secured part of its portfolio while they were no major changes in the composition of the portfolio. The forecast took into account an average cost of debt of 3.38% stable versus the figure achieved in 2012, but higher than the 3.17% during 1H.

In the current difficult economic environment on the back of a high vacancy rate (10.8%), of the Brussels office market and only rather small or today theoretical targets for expansion abroad, Befimmo believes that it is very important certainly to manage a portfolio of good quality with long rents. Indeed, despite the high vacancy rate, the move towards increasing sustainable requirements is only accelerating.

The investments planned for 2013 (EUR 68.7m) and 2014 (EUR 57.8m) are much larger than in 2012 (EUR 36.1m) but lower again in 2015 (EUR 27.6m).

These figures comprise renovations for EUR 74.5m (3.4% of the value of the portfolio) between 2013 and 2015 on top of EUR 75m (on a total of EUR 94.5m) for the construction of the new Finance Center (Paradis, 38,945sqm) in Liège. In addition, Befimmo is considering the development of a 26,000sqm area of offices and residential on the owned plot of land adjacent to the Paradis tower in construction.

If the development pipeline for the three coming years (excluding the Paradis building) is somewhat below the average of the recent years (EUR 30m to EUR 40m), it does not reflect a change in trend. In practice, deep renovations and/or sales are decided considering the planning of end&renewal of leases as well as the location and the age of the building.

As far as **rental breaks** are concerned, the 6% in 2014 and 2015 are well diversified amongst assets. The first important building of which the rent expires is the Noordbuilding in 2017.

Last but not least, cash flows and length of leases brings no doubt about the sustainability of the dividend policy.

It's noteworthy that the level of **new office buildings** set up on a speculative basis is very limited in the coming years: some 70,000sqm in 2014 compared to a stock of 13m sqm. Besides, the potential from the European Commission is increasing. According to specialised brokers, the European Commission is expected to restructure about 300,000sqm until 2025.

Swot Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ 59% of the portfolio (FV) in CBD of Brussels. Relative stability of the Brussels office market ▪ 68% of the portfolio leased to public institutions ▪ Long average length of leases of 9.1 years ▪ Traditionally rather low debt ratio (LTV 43.6% vs max. target of 50%) and cost of debt of around 3.2% with increasing duration (4.5 years) ▪ Secure high dividend 	<ul style="list-style-type: none"> ▪ High dependence on the Brussels office market ▪ Vacancy rate of Brussels office market (10.8%) and virtually no net take-up ▪ Developments of offices in Brussels is regulated by 19 competing municipalities ▪ Management company, which makes a hostile takeover more difficult
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ Prices on the Brussels office market ▪ Environmental standards ▪ Disinterest for the Brussels office today may offer opportunities ▪ Conversion into residential / other 	<ul style="list-style-type: none"> ▪ Increasing real interest rates ▪ Lifecycle of offices ▪ Public institutions could negotiate lower rents and reduce their real estate portfolio (in sqm/people) ▪ Higher environmental standards ▪ Decreasing occupier demand offices (mobility)

Company profile

Befimmo has a long experience as a pure player in management of real estate assets in the Brussels office market. The company has built a portfolio predominantly made of public tenants, both Belgian and European. The company sticks to its strategy of being a pure player in offices with Brussels as his core market. However, considering modest growth potentialities in this market, Befimmo is also looking for investments in Luxembourg (4% of its current portfolio) but only on an opportunistic basis. Befimmo is the second largest Belgian REIT after Cofinimmo. It is listed on the BEL 20 and EPRA Europe.

At the origin of the company in 1995, Befimmo had set itself the goal of investing in three types of properties: mainly office buildings, semi-industrial buildings in the Brussels-Antwerp corridor and retail estates in Belgium.

The reality has become different however since the company is focused only on offices in Belgium, and to a small extent (3.8% of the fair value of the portfolio) in Luxembourg, of which the bulk in Brussels and for public institutions. The company aims at remaining a pure player in the office market putting the focus on occupied building of top quality and top location and with a sufficiently large size enabling to identify its relation contribution starting from the acquisition year.

The portfolio is made of close to 100 buildings representing more than 900,000 sqm with various sizes, ranging from 1,000 sqm up to a maximum of 75,800 sqm for the WTC III building in the North part of CBD of Brussels which is currently renovated. The average gross yield of the real estate portfolio is 6.8% , impacted by the major share of public authorities as well as the long length of their contracts.

The portfolio has become much more defensive in 2006 as a result of the acquisition of 90% (today 100%) of Fedimmo (Belgian State offices). The portfolio of Fedimmo consisted originally of 62 office buildings let to the Belgian state. This transaction represented an investment for Befimmo of EUR 576m.

This came in addition to the gradual reduction of the exposure to the decentralised area and periphery of Brussels (respectively 4% and 7% of the total portfolio nowadays), a move that Befimmo would like to pursue although it is a slow move today and especially in this area of Brussels coping with high vacancy rates. Besides, reconversion of office buildings in apartments will only alleviate modestly this situation because only a minor part of the assets are fit to justify reconversion at economic acceptable conditions.

On top of the majority share of the national & international public bodies, the offices rented to private tenants are spread over a few sectors and large companies: BNP Paribas (4.6%), Linklaters Associates (3.2%), Beobank Belgium (2.1%),...

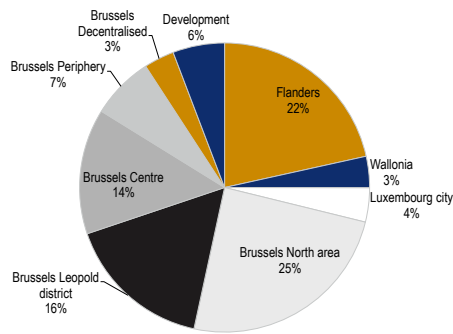
The first achievement of the diversification outside of Belgium was the Axento building (10,640 sqm of offices and 1600 sqm of retail spaces) in Luxemburg for a total consideration of EUR 96.5m.

The **average length of leases** of 9.1 years breaks down into very different situations, made of the long ones in the CBD (8.6 years) which accounts for 59% of the portfolio) and much shorter ones in the decentralised part (4.5 years) and periphery of Brussels (2.7 years) where the market vacancy rates are high (15.5% and 21.1% respectively).

During the last quarter of 2012, Befimmo has brought **several simplifications** to its legal structure. The status "Partnership Limited by Shares" has been modified into a Limited Liability Company. This change in status has allowed the acquisition of Befimmo Managing Agent from AG Real Estate for EUR 21m and the take over and internalisation of the property management activities runned up to then by AG Real Estate Property

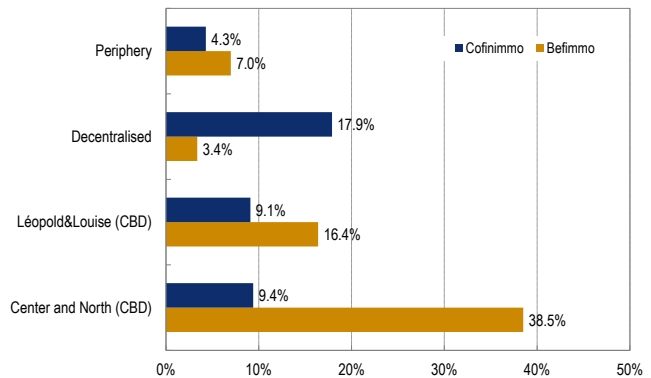
Management. This operation has a net positive recurring impact of EUR 0.06 per share on top of a one-time negative impact of EUR -1.09 per share.

Portfolio breakdown by region



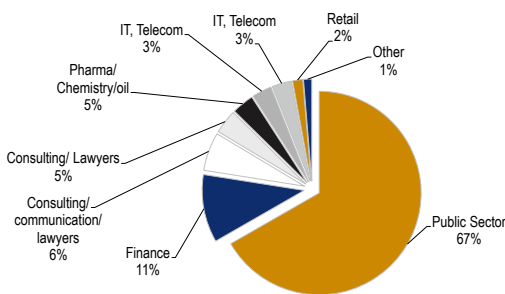
Source: Company data

by Brussels location



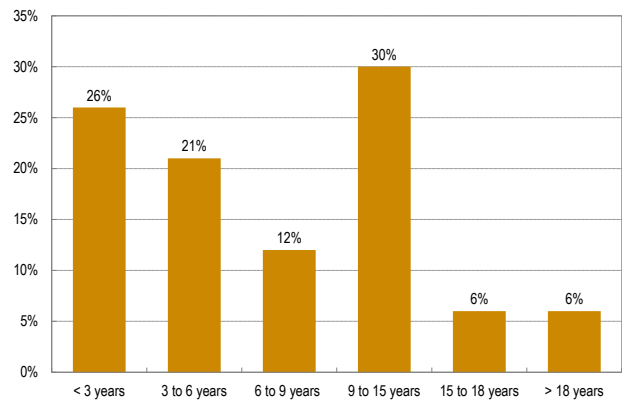
Source: Company data

Portfolio breakdown by tenants



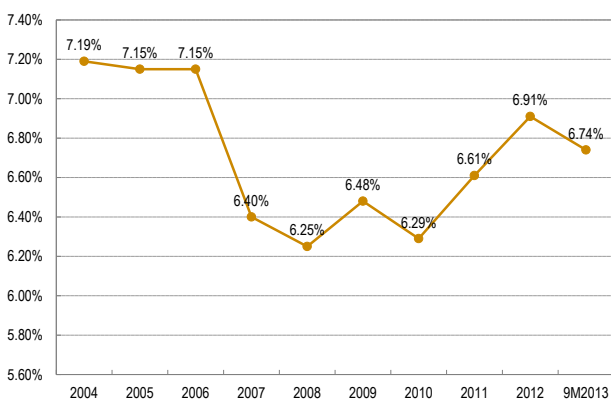
Source: Company data

Lease durations



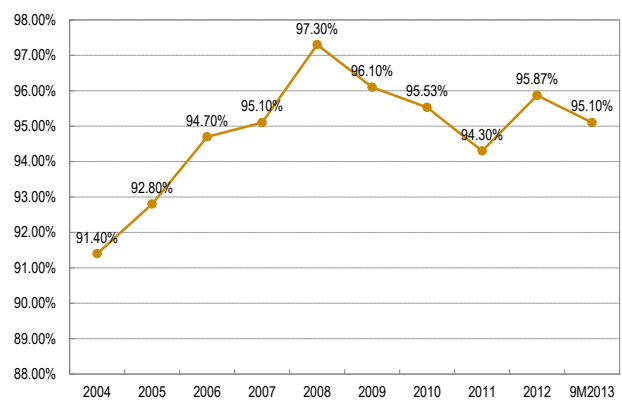
Source: Company data

Gross portfolio yield (without ERV)



Source: Company data

Occupancy rate



Source: Company data

Financials

Befimmo's financial structure has historically **never been highly leveraged** compared to other Belgian REITs. Today however, its debt ratio of 45.9% (AMCA included), and LTV of 43.6% is in line with historical targets but nowadays not much lower than most other Belgian REITs. Most of them have gradually reduced their leverage mainly as a result of a lower wave of investments since 2008.

Also the **cost of debt** was much lower for Befimmo than the other Belgian REITs on the back of a short duration of the debt.

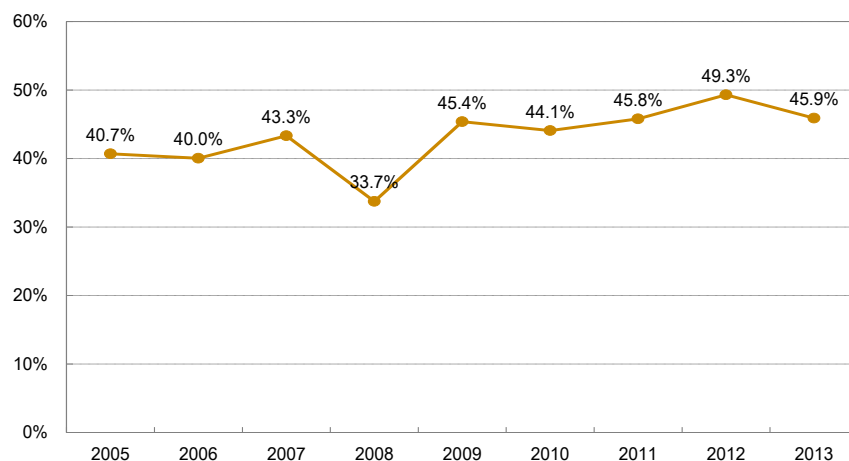
Since 2010, the company has worked on the lengthening of its debt in combination with a diversification of its financing sources. Indeed, the average cost of debt climbed from 2.97% for FY 2009/10 to 3.45% during the 15 months FY 2010/11, emerged at 3.38% for FY 2012 and 3.17% over 1H2013.

Two years ago, the financing sources were 100% built on bank credit lines and have been halved since then, while the **remaining average length of debt** now reaches **4.5 years**.

Since January of this year, Befimmo has refinanced bilateral credit lines for EUR 215m, so that no refinancings are needed until the fourth quarter of 2015. This compares to a lower amount of unused credit lines of EUR 113.7m.

The company has in the meantime also **largely increased its hedging**. With fixed rate debts (inclusive IRS) of 56.1%, the hedge ratio is about 97%.

Debt to total assets ratio



Source: Company data

Investment and Renovation

Investments as well as divestments have historically been scarce on recurrent basis with some major exceptions, like the Fedimmo acquisition or the two buildings acquired in 1H of this year. In other words, the wave of investments and acquisitions was more concentrated on some very large transactions.

The strategy is built on concentrating on large office building in the Brussels CBD with long term leases, while gradually getting out of the decentralised area of Brussels and its periphery, which represent together 11% of the total value of the portfolio, as well as from the regions which are not liquid markets. Having in mind the low rotation of the portfolio implying its gradual ageing, the company is making important renovations of some EUR 30m to EUR 40m (1.6% of the fair value of the portfolio) on an annual average over the last years.

The investments planned for **2013** (EUR 68.7m) and **2014** (EUR 57.8m) are much larger than in 2012 (EUR 36.1m).

They reflect mainly:

- part of the total construction costs (EUR 61.7m on a total of EUR 95m) of the Paradis building (39,000sqm) in Liège (EUR 26.9m in 2013 and EUR 34.8m in 2014)
- the deep renovation costs (EUR 31.7m) of the Brederode building (13,400sqm, EUR 15.2m in 2013, EUR 11.1m in 2014) already prelet to Linklaters (lawyers).
- Start of the renovation of the Triomphe I (11,500sqm) after the departure of Levi-Strauss in April (6th most large tenant with 2.2% of rents)

On top of these committed investments:

- let us remind that Fedimmo had obtained at the end of 2012 a building permit for a passive WTC IV tower (56,400sqm). The 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 (but this latter option seemed no longer to have progressed at the issue of 1H). May me remind that Fedimmo has been selected in the tender for the construction of a building (the future WTC IV) for the Flemish community. The issue of the tender is now expected during 1Q 2014.
- From mid 2015 at the earliest, Fedimmo may consider to start the construction of the second phase of the Paradis project in Liège (certificate obtained in 2008) for the construction of 26,000sqm. This will obviously not start on a speculative basis.

Valuation

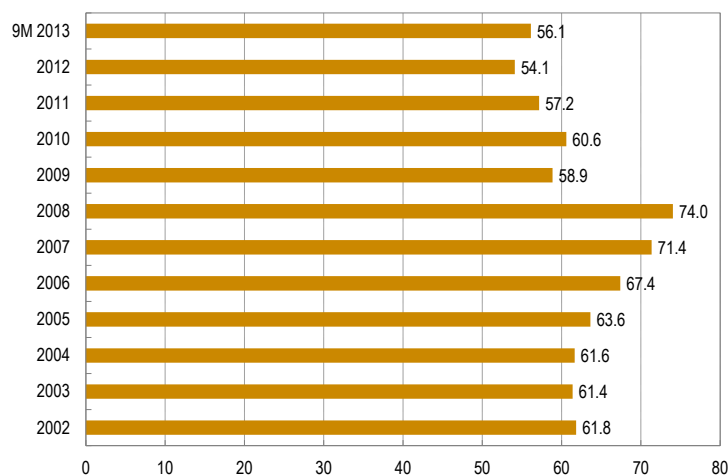
As a pure play in offices largely focused on Brussels and Belgium and dominated by public tenants delivering long leases, Befimmo has probably the most easy to transparent portfolio among Belgian REITs. Having said that, the Brussels office market has lost somewhat of its typical defensive character because of its current rather high vacancy rate. As a pure play on offices, we can only expect modest rental growth, especially if we take into consideration the potential negative rents reversion of 10.8% and a rather limited pipeline, with the major exception of a big delivery in Liège (Paradis project, 39,000sqm, EUR 95m) at the start of 2015.

We have based our target price on the NAV (EUR 53.70 on the basis of figures at the end of September and after detachment of the interim dividend of EUR of 2.59 per share) the company and on a DCF (EUR 53.34).

Our key criteria are:

- We took into account an indexation figure of 1.5% for 2013, in line with Befimmo own assumption for inflation.
- At the issue of 2012, 99% already of the 2013 rents were secured, while it was 97% for 2014 and 85% for 2015.
- With an over-renting estimated at 10.8% by the company and considering an average remaining length of leases of 9.1 years, the impact on the annual rental income is about 1.2% per year on an average.
- Since 2008, Befimmo spends on an average between EUR 30m to EUR 40m (close to 2% of the FV of the portfolio today) per year for deep renovation of its buildings and still plans to pursue this effort at the same levels. This comes on top of some EUR 7 to 8m of rather recurrent so-called technical costs.

NAV per share (IFRS, in EUR)



Source: Company data

N.B. An interim dividend of EUR 2.59 has been detached at the end of November.

Discounted Cash flow

CASH FLOW (EUR m)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net rental income	155.8	128.8	137.2	138.4	145.1	148.7	152.5	156.3	160.2	164.2	167.9
% change	26.2%	-17.3%	6.6%	0.9%	4.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.3%
EBITDA	129.0	86.8	115.4	116.2	117.6	120.8	124.0	127.3	130.7	134.1	137.3
% margin	82.8%	67.4%	84.1%	84.0%	81.1%	81.2%	81.3%	81.4%	81.6%	81.7%	81.8%
% change	15.0%	-32.7%	33.0%	0.8%	1.2%	2.7%	2.7%	2.7%	2.7%	2.7%	2.4%
Depreciation & other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	129.0	86.8	115.4	116.2	117.6	120.8	124.0	127.3	130.7	134.1	137.3
% margin	82.8%	67.4%	84.1%	84.0%	81.1%	81.2%	81.3%	81.4%	81.6%	81.7%	81.8%
% change	15.0%	-32.7%	33.0%	0.8%	1.2%	2.7%	2.7%	2.7%	2.7%	2.7%	2.4%
Taxes	-0.8	-0.8	-0.8	-0.7	-0.9	-0.9	-1.0	-1.0	-1.0	-1.1	-1.1
Normative tax rate	0.6%	0.9%	0.7%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
NOPLAT	128.2	86.0	114.6	115.5	116.7	119.8	123.0	126.3	129.6	133.1	136.2
% sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Operating Cash Flow	128.2	86.0	114.6	115.5	116.7	119.8	123.0	126.3	129.6	133.1	136.2
Capex	-39.3	-85.8	-257.2	-57.8	-27.6	-27.6	-27.6	-27.6	-27.6	-27.6	-27.6
% sales	25.2%	66.6%	187.5%	41.8%	19.0%	18.6%	18.1%	17.7%	17.2%	16.8%	16.4%
Change in Net Working Capital	-12.0	-3.0	17.7	0.5	2.6	0.3	1.4	1.4	1.5	1.5	1.4
Cash Flow to be discounted	77.1	-2.11	-123.07	58.60	91.93	92.70	97.00	100.31	103.68	107.14	110.14
DCF EVALUATION (EUR m)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
WACC	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%
Discount Rate factor	0.00	1.00	0.94	0.89	0.84	0.79	0.75	0.71	0.71	0.67	0.63
Discounted Cash Flow	0.0	-2.1	-115.9	52.1	77.1	73.4	72.5	70.7	73.1	71.3	69.2
Cumulated DCF	0.0	-2.1	-118.0	-65.9	11.2	84.6	157.1	227.8	300.9	372.2	441.4
WACC & DCF ANALYSIS											
Cost of Equity (Ke or COE)	8.70%	Cumulated DCF		372.2		- Net Financial Debt		(947.8)			
Cost of Debt (gross)	3.2%	Perpetual Growth Rate (g)		1.0%		- Minorities (estimated value)		0.0			
Debt tax rate	1%	Normalised Annual CF		110.7		+ Associates		0.0			
Cost of Debt net (Kd or COD)	3.20%	Terminal Value @ 12/2018		2,236.3		- Pension underfunding		0.0			
Target gearing (D/(E+D)) or % Kd	50.0%	Disc. Rate of Terminal Value		0.75		- Off-balance sheet commitments		0.0			
% Ke	50.0%	Discounted Terminal Value		1,671.1		Equity Market Value (EUR m)		1,096.0			
Normative Tax Rate	1%	Financial assets		0.5		Number of shares (m)		20.5			
WACC	5.95%	Enterprise Value (EUR m)		2,043.8		Fair Value per share (EUR)		53.34			

Source: Bank Degroof estimates



Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
20/02/14	Results	Full year 2013 Results	2013
19/12/13	Dividend Payment	Interim 2013 Dividend payment date - proposed EUR 2.: 2013H1	

Source: *Precise*

Befimmo: Summary tables

PROFIT & LOSS (EURm)	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Gross Rental Income	123	156	129	137	138	145
Other Operating Income	6.5	9.4	5.8	5.0	5.0	5.3
Operating Costs	-14.3	-18.4	-14.2	-17.9	-18.1	-18.6
Net Rental Income	116	147	120	124	125	132
General Expenses	-12.5	-17.7	-14.3	-10.2	-10.4	-15.5
Net Other Income/(Costs)	9.0	-0.1	-19.2	1.4	1.4	1.4
EBITDA	112	129	86.8	115	116	118
Portfolio Result	-34.3	-11.6	-35.0	-10.3	-5.0	0.0
<i>o/w Revaluation of Fair Value of Investment Properties</i>	<i>-34.6</i>	<i>-26.4</i>	<i>-35.2</i>	<i>-10.3</i>	<i>-5.0</i>	<i>0.0</i>
<i>o/w Gain/Losses on Disposal of Investment Properties</i>	<i>0.2</i>	<i>14.8</i>	<i>0.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Net Operating Profit before Finance Cost	77.8	117	51.8	105	111	118
Net Financial Result	-26.6	-29.5	-40.6	-21.0	-33.6	-34.3
<i>o/w Share of the profit of associates & dividend income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Revaluation of Financial Instruments</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Net Financial Costs</i>	<i>-26.6</i>	<i>-29.5</i>	<i>-40.6</i>	<i>-21.0</i>	<i>-33.6</i>	<i>-34.3</i>
EBT	51.3	87.9	11.2	84.0	77.6	83.4
Tax	-0.7	-0.8	-0.8	-0.8	-0.7	-0.9
<i>o/w Deferred Taxes</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Real Taxes</i>	<i>-0.7</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.7</i>	<i>-0.9</i>
<i>Tax rate</i>	<i>1.3%</i>	<i>0.9%</i>	<i>6.7%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.1%</i>
Net Result (reported)	50.6	87.1	10.4	83.3	76.9	82.5
<i>o/w Minorities</i>	<i>-3.9</i>	<i>-5.2</i>	<i>-2.6</i>	<i>-4.0</i>	<i>-4.5</i>	<i>-4.8</i>
<i>o/w Group Share</i>	<i>46.7</i>	<i>81.9</i>	<i>7.9</i>	<i>79.3</i>	<i>72.4</i>	<i>77.6</i>
Earnings adj.	84.7	90.0	74.9	84.6	77.4	77.6
Funds From Operations	84.7	90.0	74.9	84.6	77.4	77.6

CASH FLOW (EURm)	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Cash Flow from Operations after change in NWC	72.6	72.7	90.0	118	106	115
Interest Costs	-26.6	-29.5	-40.6	-21.0	-33.6	-34.3
Capex	-48.3	-39.3	-85.8	-257	-57.8	-27.6
Free Cash Flow	-2.3	3.9	-36.4	-160	15.0	52.7
Dividends	-61.9	-65.5	-49.8	-36.7	-70.7	-71.7
Other (incl. Capital Increase + change in cons. & share buy	0.0	0.0	30.6	171.3	9.5	4.8
Change in Net Debt	-64.1	-61.6	-55.6	-25.7	-46.2	-14.2
NOPLAT	111	128	80.9	114	115	116

BALANCE SHEET & OTHER ITEMS (EURm)	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Investment Properties	1,902	1,988	1,977	2,208	2,261	2,289
Development Properties	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Tax Assets	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	4.2	10.2	13.7	13.7	13.7	13.7
Cash & Cash equivalents	3.5	4.2	2.3	4.6	4.6	4.6
Other current assets	75.9	25.4	34.1	36.4	36.6	37.6
Total Assets	1,985	2,028	2,027	2,263	2,316	2,344
Shareholders Equity	1,017	1,003	998	1,186	1,192	1,203
Minorities Equity	64.4	67.8	0.0	0.0	0.0	0.0
Non Current Financial Debt	584.8	855.8	553.5	723.3	757.4	768.0
Deferred Tax Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Liabilities	20.1	10.4	12.8	12.8	12.8	12.8
Current Financial Debt	206.0	22.6	396.6	254.7	266.8	270.5
Other Current Liabilities	92.3	68.5	66.1	86.0	86.6	90.3
Total Equity & Liabilities	1985.1	2027.8	2027.2	2262.8	2315.8	2344.4

GROWTH & MARGINS	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
<i>Rental Income Growth</i>	<i>4.1%</i>	<i>26.2%</i>	<i>-17.3%</i>	<i>6.6%</i>	<i>0.9%</i>	<i>4.9%</i>
<i>EBITDA growth</i>	<i>5.7%</i>	<i>15.0%</i>	<i>-32.7%</i>	<i>33.0%</i>	<i>0.8%</i>	<i>1.2%</i>
<i>Net Result Group Share Growth</i>	<i>n.m.</i>	<i>75.4%</i>	<i>-90.4%</i>	<i>907.5%</i>	<i>-8.7%</i>	<i>7.3%</i>
<i>Earnings adj. growth</i>	<i>79.7%</i>	<i>6.2%</i>	<i>-16.8%</i>	<i>12.9%</i>	<i>-8.5%</i>	<i>0.3%</i>
<i>EPS growth</i>	<i>n.m.</i>	<i>75.1%</i>	<i>-90.8%</i>	<i>765.7%</i>	<i>-8.4%</i>	<i>7.3%</i>
<i>EPS adj. growth</i>	<i>50.5%</i>	<i>6.0%</i>	<i>-20.7%</i>	<i>-3.0%</i>	<i>-8.3%</i>	<i>0.3%</i>
<i>DPS adj. growth</i>	<i>-11.4%</i>	<i>26.4%</i>	<i>-30.0%</i>	<i>0.0%</i>	<i>1.4%</i>	<i>2.9%</i>
<i>Operating Margin</i>	<i>86.3%</i>	<i>78.1%</i>	<i>64.5%</i>	<i>81.2%</i>	<i>81.1%</i>	<i>78.2%</i>

Befimmo: Summary tables

RATIOS	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Net Debt/Equity	0.7	0.8	0.9	0.8	0.9	0.9
Net Debt/EBITDA	7.0	6.8	10.9	8.4	8.8	8.8
Interest cover (EBITDA/Fin.interest)	4.2	4.4	2.1	5.5	3.5	3.4
Total Debt/Total Assets	45.5%	47.2%	50.8%	47.6%	48.5%	48.7%
LTV	41.8%	44.3%	48.3%	44.1%	45.1%	45.2%
Cash Flow from Operations/Capex	1.5	1.8	1.0	0.5	1.8	4.2
ROE	7.8%	8.4%	7.5%	7.1%	6.5%	6.5%
ROCE	6.0%	6.7%	4.4%	5.6%	5.3%	5.2%
WACC	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
ROCE/WACC	1.0	1.1	0.7	0.9	0.9	0.9
Payout ratio	140.3%	101.3%	n.m.	89.4%	99.1%	95.0%
PER SHARE DATA (EUR)**	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Average diluted number of shares	16.8	16.8	17.7	20.5	20.5	20.5
Diluted Number of shares end of period	16.8	17.5	19.1	21.2	21.2	21.2
EPS (reported)	2.8	4.9	0.4	3.9	3.5	3.8
EPS (adj.)	5.0	5.4	4.2	4.1	3.8	3.8
DPS	3.9	4.9	3.5	3.5	3.5	3.6
IFRS NAV	56.0	52.4	54.1	57.7	58.2	58.7
EPRA NAV	61.7	51.9	54.2	57.7	58.2	58.7
EPRA NNAV	60.3	52.1	53.4	56.1	56.3	56.9
PORTFOLIO KEY FIGURES	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Occupancy Rate	93.8%	93.8%	95.5%	95.0%	95.0%	95.0%
Portfolio Yield	6.9%	7.0%	6.8%	6.8%	6.8%	6.8%
Portfolio Yield on Full Occupancy	6.6%	6.6%	6.7%	6.7%	6.7%	6.7%
Average length of leases (end of contract)	0.0	9.2	10.0	10.0	10.0	10.0
Average length of leases (first break)	9.4	9.2	9.2	9.4	9.4	9.4
VALUATION	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Premium/(discount) to NAV	6.5%	(7.8%)	(13.2%)	(14.6%)	(15.3%)	(16.0%)
Premium/(discount) to EPRA NAV	(3.3%)	(6.9%)	(13.3%)	(14.6%)	(15.3%)	(16.0%)
P/E (adj.)	11.8	9.0	11.1	12.0	13.1	13.0
EV/Earnings adj.	22.8	20.7	25.9	23.8	26.7	26.8
EV/EBITDA	17.3	14.5	22.4	17.5	17.7	17.7
EV AND MKT CAP (EURm)	09/2010	12/2011	12/2012	12/2013e	12/2014e	12/2015e
Price* (EUR)	59.6	48.3	47.0	49.3	49.3	49.3
Outstanding number of shares for main stock	18.2	19.1	21.2	21.2	21.2	21.2
Total Market Cap	1,084	924	993	1,043	1,043	1,043
Net Debt	787	874	948	973	1,020	1,034
<i>o/w Cash & Marketable Securities</i>	-3.5	-4.2	-2.3	-4.6	-4.6	-4.6
<i>o/w Gross Debt (+)</i>	790.8	878.5	950.1	978.0	1024.2	1038.4
Other EV components	64.4	67.8	0.0	0.0	0.0	0.0
Enterprise Value (EV adj.)	1935.2	1866.5	1941.2	2016.7	2062.8	2077.1

Source: Company, Bank Degroof estimates.

Notes

*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

**EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs

Sector: Real Estate/Real estate

Company Description: With a portfolio predominantly made by public tenants in Brussels, Befimmo has probably the most defensive and transparent portfolio among Belgian REITs. Befimmo is one of the two largest Belgian REITs listed in the BEL20 but also on EPRA Europe.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Banco Sabadell	BBO	Stora Enso	POH	Pkc Group	POH	Hksca	POH
Aviation Latecoere	CIC	Banco Santander	BBO	Surteco	EQB	Rexel	CIC	Ktg Agrar	EQB
Bae Systems Plc	CIC	Bank Of Cyprus	IBG	Talvivaara Mining Co Plc	POH	Schneider Electric Sa	CIC	Lanson-Bcc	CIC
Dassault Aviation	CIC	Bankinter	BBO	Thyssenkrupp	EQB	Vacon	POH	Laurent Perrier	CIC
Eads	CIC	Bbva	BBO	Tubacex	BBO	Vaisala	POH	Ldc	CIC
Finmeccanica	BAK	Bcp	CBI	Upm-Kymmene	POH	Financial Services	Mem(*)	Lotus Bakeries	BDG
Lisi	CIC	Bes	CBI	Biotechnology	Mem(*)	Ackermans & Van Haaren	BDG	Natra	BBO
Mtu	EQB	Bnp Paribas	CIC	4Sc	EQB	Azimut	BAK	Naturex	CIC
Rheinmetall	EQB	Boursorama	CIC	Bioalliance Pharma	CIC	Banca Generali	BAK	Nestle	SNS
Rolls Royce	CIC	Bper	BAK	Epigenomics Ag	EQB	Banca Ifis	BAK	Nutreco	SNS
Safran	CIC	Bpi	CBI	Metabolic Explorer	CIC	Bb Biotech	EQB	Olvi	POH
Thales	CIC	Commerzbank	EQB	Neovacs	CIC	Binckbank	SNS	Parmalat	BAK
Zodiac	CIC	CreDEM	BAK	Transgene	CIC	Bois Sauvage	BDG	Pernod-Ricard	CIC
Airlines	Mem(*)	Credit Agricole Sa	CIC	Wilex	EQB	Bolsas Y Mercados Espanoles	BBO	Raisio	POH
Air France Klm	CIC	Creval	BAK	Zeltia	BBO	Capman	POH	Remy Cointreau	CIC
Finnair	POH	Deutsche Bank	EQB	Chemicals	Mem(*)	Cir	BAK	Sipef	BDG
Lufthansa	EQB	Dexia	BDG	Air Liquide	CIC	Comdirect	EQB	Ter Beke	BDG
Automobiles & Parts	Mem(*)	Efg Eurobank Ergasias	IBG	Akzo Nobel	SNS	Corp. Financiera Alba	BBO	Unilever	SNS
Autoliv	CIC	Garanti Bank	IBG	Basf	EQB	Dab Bank	EQB	Vidrala	BBO
Bmw	EQB	Halkbank	IBG	Dsm	SNS	Deutsche Boerse	EQB	Vilmorin	CIC
Brembo	BAK	Ing Group	SNS	FloriDienne	BDG	Deutsche Forfait	EQB	Viscofan	BBO
Continental	EQB	Intesa Sanpaolo	BAK	Fuchs Petrolub	EQB	Financiere De Tubize	BDG	Vranken Pommery Monopole	CIC
Daimler Ag	EQB	Kbc Group	BDG	Henkel	EQB	Gbl	BDG	Wessanen	SNS
ErlingKlinger	EQB	Mediobanca	BAK	Holland Colours	SNS	Gimv	BDG	Food & Drug Retailers	Mem(*)
Faurecia	CIC	National Bank Of Greece	IBG	K+S Ag	EQB	Grenkeleasing Ag	EQB	Ahold	SNS
Fiat	BAK	Natixis	CIC	Kemira	POH	Hellenic Exchanges	IBG	Bim	IBG
Landi Renzo	BAK	Nordea	POH	Lanxess	EQB	Kbc Ancora	BDG	Carrefour	CIC
Leoni	EQB	Piraeus Bank	IBG	Linde	EQB	Luxempart	BDG	Casino Guichard-Perrachon	CIC
Michelin	CIC	Postbank	EQB	Nanogate Ag	EQB	Mlp	EQB	Colruyt	BDG
Nokian Tyres	POH	Societe Generale	CIC	Recticel	BDG	Patrizia Ag	EQB	Delhaize	BDG
Piaggio	BAK	Ubi Banca	BAK	Solvay	BDG	Sonaecom	CBI	Dia	BBO
Pirelli & C.	BAK	Unicredit	BAK	Symrise Ag	EQB	Food & Beverage	Mem(*)	Jeronimo Martins	CBI
Plastic Omnium	CIC	Yapi Kredi Bank	IBG	Tessenderlo	BDG	Acomo	SNS	Kesko	POH
Plastivaloire	CIC	Basic Resources	Mem(*)	Tikkurila	POH	Anheuser-Busch Inbev	BDG	Marr	BAK
Porsche	EQB	Acerinox	BBO	Umicore	BDG	Atria	POH	Rallye	CIC
Psa Peugeot Citroen	CIC	Altri	CBI	Wacker Chemie	EQB	Baron De Ley	BBO	Sligro	SNS
Renault	CIC	ArcelorMittal	BBO	Electronic & Electrical Equi	Mem(*)	Baywa	EQB	Sonae	CBI
Sogefi	BAK	Crown Van Gelder	SNS	Agfa-Gevaert	BDG	Berentzen	EQB		
Stern Groep	SNS	Ence	BBO	Alstom	CIC	Bonduelle	CIC		
Valeo	CIC	Europac	BBO	Areva	CIC	Campari	BAK		
Volkswagen	EQB	Inapa	CBI	Barco	BDG	Campofrio	BBO		
Banks	Mem(*)	Metka	IBG	EuroMicon Ag	EQB	Coca Cola Hbc Ag	IBG		
Aareal Bank	EQB	Metsä Board	POH	Evs	BDG	Corbion	SNS		
Akbank	IBG	Mytilineos	IBG	Gemalto	CIC	Danone	CIC		
Aktia	POH	Nyrstar	BDG	Ingenico	CIC	Ebro Foods	BBO		
Alpha Bank	IBG	Outokumpu	POH	Kontron	EQB	Enervit	BAK		
Banca Carige	BAK	Portucel	CBI	Legrand	CIC	Fleury Michon	CIC		
Banca Mps	BAK	Rautaruukki	POH	Mobotix Ag	EQB	Forfarmers	SNS		
Banco Popolare	BAK	Salzgitter	EQB	Neways Electronics	SNS	Greenyard Foods	BDG		
Banco Popular	BBO	Semapa	CBI	Nexans	CIC	Heineken	SNS		

General Industrials	Mem(*)	Gerresheimer Ag	EQB	Deutz Ag	EQB	Fonditaria Sai	BAK	Sias	BAK
2G Energy	EQB	Grifols Sa	BBO	Dmg Mori Seiki Ag	EQB	Generali	BAK	Sonae Industria	CBI
Aalberts	SNS	Korian	CIC	Duro Felguera	BBO	Hannover Re	EQB	Srv	POH
Accell Group	SNS	Laboratorios Rovi	BBO	Emak	BAK	Mapfre Sa	BBO	Thermador Groupe	CIC
Advanced Vision Technology	EQB	Medica	CIC	Exel Composites	POH	Mediolanum	BAK	Titan Cement	IBG
Ahlstrom	POH	Merck	EQB	Faiveley	CIC	Milano Assicurazioni	BAK	Trevi	BAK
Analytik Jena	EQB	Natraceutical Sa	BBO	Gea Group	EQB	Munich Re	EQB	Uponor	POH
Arcadis	SNS	Novartis	CIC	Gesco	EQB	Sampo	POH	Uzin Utz	EQB
Aspo	POH	Oriola-Kd	POH	Haulotte Group	CIC	Talanx Group	EQB	Vbh Holding	EQB
Azkoyen	BBO	Orion	POH	Heidelberger Druck	EQB	Unipol	BAK	Vicat	CIC
Bekaert	BDG	Orpea	CIC	Ima	BAK	Zurich Financial Services	BAK	Vinci	CIC
Evolis	CIC	Recordati	BAK	Interpump	BAK	Materials, Construction & Mem(*)	Yit		POH
Frigoglass	IBG	Rhoen-Klinikum	EQB	Khd Humboldt Wedag Internatio	EQB	Abertis	BBO	Media	Mem(*)
Huhtamäki	POH	Roche	CIC	Kone	POH	Acs	BBO	Ad Pepper	EQB
Kendrion	SNS	Sanofi	CIC	Konecranes	POH	Adp	CIC	Alma Media	POH
Mifa	EQB	Sorin	BAK	Krones Ag	EQB	Astaldi	BAK	Atresmedia	BBO
Nedap	SNS	Stallergènes	CIC	Kuka	EQB	Atlantia	BAK	Brill	SNS
Neopost	CIC	Ucb	BDG	Man	EQB	Ballast Nedam	SNS	Cofina	CBI
Pöyry	POH	Hotels, Travel & Tourism	Mem(*)	Manitou	CIC	Billfinger Se	EQB	Editoriale L'Espresso	BAK
Prelios	BAK	Accor	CIC	Max Automation Ag	EQB	Boskalis Westminster	SNS	GI Events	CIC
Resilux	BDG	Autogrill	BAK	Metso	POH	Buzzi Unicem	BAK	Havas	CIC
Saf-Holland	EQB	Beneteau	CIC	Outotec	POH	Caverion	POH	Impresa	CBI
Saft	CIC	Compagnie Des Alpes	CIC	Pfeiffer Vacuum	EQB	Cfe	BDG	Ipsos	CIC
Skw Stahl	EQB	Gtech	BAK	Ponsse	POH	Ciments Français	CIC	Jcdecaux	CIC
Tkh Group	SNS	I Grandi Viaggi	BAK	Prima Industrie	BAK	Cramo	POH	Kinepolis	BDG
Wendel	CIC	Ibersol	CBI	Prysmian	BAK	Deceuninck	BDG	Lagardere	CIC
General Retailers	Mem(*)	Intralot	IBG	Reesink	SNS	Eiffage	CIC	M6-Metropole Television	CIC
Beter Bed Holding	SNS	Melia Hotels International	BBO	Sabaf	BAK	Ellaktor	IBG	Mediaset	BAK
D'leteren	BDG	Nh Hoteles	BBO	Singulus Technologies	EQB	Ezentis	BBO	Mediaset Espana	BBO
Fielmann	EQB	Opap	IBG	Smt Scharf Ag	EQB	Fcc	BBO	Nextradiotv	CIC
Folli Follie Group	IBG	Sonae Capital	CBI	Ten Cate	SNS	Ferrovial	BBO	Nrj Group	CIC
Fourlis Holdings	IBG	Trigano	CIC	Vossloh	EQB	Fraport	EQB	Publicis	CIC
Inditex	BBO	Tui	EQB	Wärtsilä	POH	Gek Terna	IBG	Rcs Mediagroup	BAK
Jumbo	IBG	Wdf	BAK	Zardoya Otis	BBO	Grontmij	SNS	Reed Elsevier N.V.	SNS
Macintosh	SNS	Household Goods	Mem(*)	Industrial Transportation	Mem(*)	Grupo San Jose	BBO	Roularta	BDG
Rapala	POH	Bic	CIC	Bollore	CIC	Heijmans	SNS	Rtl Group	BDG
Stockmann	POH	De Longhi	BAK	Bpost	BDG	Hochtief	EQB	Sanoma	POH
Healthcare	Mem(*)	Elica	BAK	Caf	BBO	Holcim Ltd	CIC	Solocal Group	CIC
Ab-Biotics	BBO	Indesit	BAK	Deutsche Post	EQB	Imerys	CIC	Spir Communication	CIC
Almirall	BBO	Seb Sa	CIC	Gemina	BAK	Impregilo	BAK	Talentum	POH
Amplifon	BAK	Industrial Engineering	Mem(*)	Hes Beheer	SNS	Italcementi	BAK	Telegraaf Media Groep	SNS
Arseus	BDG	Accsys Technologies	SNS	Hhla	EQB	Joyou Ag	EQB	Teleperformance	CIC
Bayer	EQB	Aixtron	EQB	Logwin	EQB	Lafarge	CIC	Tf1	CIC
Biomerieux	CIC	Ansaldo Sts	BAK	Postnl	SNS	Lemminkäinen	POH	Ti Media	BAK
Biotest	EQB	Bauer Ag	EQB	Tnt Express	SNS	Maire Tecnimont	BAK	Ubisoft	CIC
Celesio	EQB	Biesse	BAK	Insurance	Mem(*)	Mota Engil	CBI	Vivendi	CIC
Diasorin	BAK	Cargotec Corp	POH	Aegon	SNS	Obrascon Huarte Lain	BBO	Wolters Kluwer	SNS
Dragerwerk	EQB	Cnh Industrial	BAK	Ageas	BDG	Ramirent	POH		
Faes Farma	BBO	Danieli	BAK	Allianz	EQB	Royal Bam Group	SNS		
Fresenius	EQB	Datalogic	BAK	Axa	CIC	Sacyr	BBO		
Fresenius Medical Care	EQB	Delclima	BAK	Bak	SNS	Saint Gobain	CIC		

Oil & Gas Producers	Mem(*)	Citycon	POH	Docdata	SNS	Freenet	EQB
Eni	BAK	Cofinimmo	BDG	Ekinops	CIC	Gowex	BBO
Galp Energia	CBI	Corio	BDG	Engineering	BAK	Iliad	CIC
Gas Plus	BAK	Deutsche Euroshop	EQB	Esi Group	CIC	Jazztel	BBO
Hellenic Petroleum	IBG	Home Invest Belgium	BDG	Exact Holding Nv	SNS	Mobistar	BDG
Maurel Et Prom	CIC	Igd	BAK	F-Secure	POH	Orange	CIC
Motor Oil	IBG	Intervest Offices & Warehouses	BDG	Gameloft	CIC	Ote	IBG
Neste Oil	POH	Ivg Immobilien Ag	EQB	Gft Technologies	EQB	Portugal Telecom	CBI
Petrobras	CBI	Leasinvest Real Estate	BDG	Guillemot Corporation	CIC	Ses	CIC
Qgep	CBI	Montea	BDG	l:Fao Ag	EQB	Telecom Italia	BAK
Repsol	BBO	Realia	BBO	lct Automatisering	SNS	Telefonica	BBO
Total	CIC	Retail Estates	BDG	Indra Sistemas	BBO	Telenet Group	BDG
Tupras	IBG	Sponda	POH	Novabase	CBI	Teliasonera	POH
Oil Services	Mem(*)	Technopolis	POH	Ordina	SNS	Tiscali	BAK
Bourbon	CIC	Unibail-Rodamco	BDG	Psi	EQB	Turkcell	IBG
Cgg	CIC	Vastned Retail	BDG	Realdolmen	BDG	United Internet	EQB
Fugro	SNS	Vastned Retail Belgium	BDG	Reply	BAK	Vodafone	BAK
Saipem	BAK	Vib Vermoegen	EQB	Rib Software	EQB	Zon Optimus	CBI
Technip	CIC	Wdp	BDG	Seven Principles Ag	EQB	Utilities	Mem(*)
Tecnicas Reunidas	BBO	Renewable Energy	Mem(*)	Tie Kinetix	SNS	A2A	BAK
Tenaris	BAK	Abengoa	BBO	Tieto	POH	Acciona	BBO
Vallourec	CIC	Daldrup & Soehne	EQB	Tomtom	SNS	Acea	BAK
Vopak	SNS	Deutsche Biogas	EQB	Unit4	SNS	Albioma	CIC
Personal Goods	Mem(*)	Enel Green Power	BAK	Winco Nixdorf	EQB	E.On	EQB
Adidas	EQB	Gamesa	BBO	Support Services	Mem(*)	Edp	CBI
Adler Modemaerkte	EQB	Phoenix Solar	EQB	Batenburg	SNS	Edp Renováveis	CBI
Amer Sports	POH	Sma Solar Technology	EQB	Brunel	SNS	Elia	BDG
Basic Net	BAK	Solar-Fabrik	EQB	Bureau Veritas S.A.	CIC	Enagas	BBO
Beiersdorf	EQB	Solarworld	EQB	Dpa	SNS	Endesa	BBO
Geox	BAK	Solutronic	EQB	Edenred	CIC	Enel	BAK
Gerry Weber	EQB	Semiconductors	Mem(*)	Ei Towers	BAK	Falck Renewables	BAK
Hugo Boss	EQB	Asm International	SNS	Fiera Milano	BAK	Fluxys	BDG
Kering	CIC	Asml	SNS	Imtech	SNS	Fortum	POH
Loewe	EQB	Besi	SNS	Lassila & Tikanoja	POH	Gas Natural Fenosa	BBO
Luxottica	BAK	Okmetic	POH	Prosegur	BBO	Hera	BAK
Marimekko	POH	Roodmicrotec	SNS	Randstad	SNS	Iberdrola	BBO
Medion	EQB	Stmicroelectronics	BAK	Usg People	SNS	Iren	BAK
Puma	EQB	Suess Microtec	EQB	Telecom Equipment	Mem(*)	Public Power Corp	IBG
Safilo	BAK	Software & Computer Serv	Mem(*)	Alcatel-Lucent	CIC	Red Electrica De Espana	BBO
Salvatore Ferragamo	BAK	Affecto	POH	Ericsson	POH	Ren	CBI
Sarantis	IBG	Akka Technologies	CIC	Gigaset	EQB	Rwe	EQB
To d'S	BAK	Alten	CIC	Nokia	POH	Snam	BAK
Van De Velde	BDG	Altran	CIC	Teleste	POH	Terna	BAK
Zucchi	BAK	Amadeus	BBO	Telecommunications	Mem(*)		
Real Estate	Mem(*)	Atos	CIC	Acotel	BAK		
Aedifica	BDG	Basware	POH	Belgacom	BDG		
Ascencio	BDG	Beta Systems Software	EQB	Bouygues	CIC		
Atenor	BDG	Bull	CIC	Deutsche Telekom	EQB		
Banimmo	BDG	Cenit	EQB	Drillisch	EQB		
Befimmo	BDG	Comptel	POH	Elisa	POH		
Beni Stabili	BAK	Digia	POH	Eutelsat Communications Sa	CIC		

LEGEND: BAK: Banca Akros; BDG: Bank Degroof; BBO: Bankia Bolsa; CIC: CM CIC Securities; CBI: Caixa-Banca de Investimento; EQB: Equinet bank; IBG: Investment Bank of Greece, POH: Pohjola Bank; SNS: SNS Securities

as of 4th November 2013

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

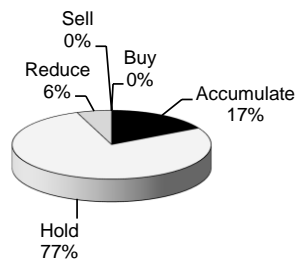
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

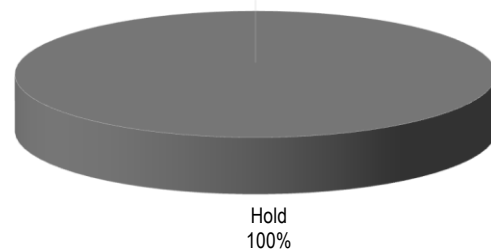
Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
-
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Bank Degroef Ratings Breakdown



Bank Degroef Ratings Breakdown for companies with conflicts of interest

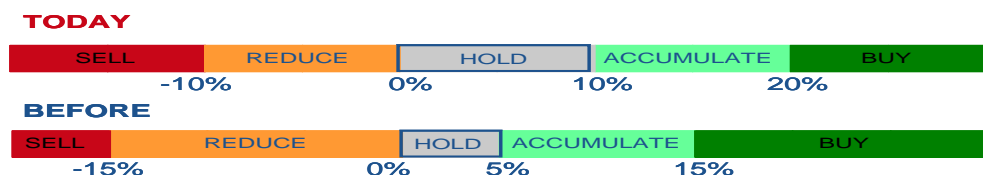


History of ESN Recommendation System

Since **18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since **4 August 2008**, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:




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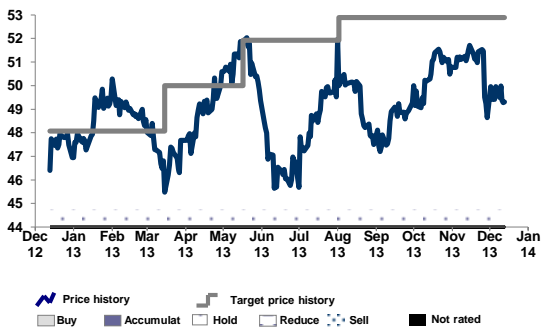


Recommendation history for BEFIMMO

Date	Recommendation	Target price	Price at change date
16-Dec-13	Hold	54.00	49.31
02-Aug-13	Hold	52.88	50.00
17-May-13	Hold	51.92	51.87
15-Mar-13	Hold	50.00	45.48
27-Jun-12	Hold	48.08	42.84
17-Feb-12	Hold	51.92	47.65
18-Nov-11	Hold	54.81	50.23
21-Sep-11	Hold	56.73	55.18
24-Aug-11	Hold	58.65	53.99

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Jean-Marie Caucheteux (since 23/11/2009)



Bank Degroof acts as liquidity provider for:

Aedifica, Atenor, Banimmo, Bois Sauvage, BSB International, Connect Group, D'Ieteren, Eckert-Ziegler, Elia, Floridienne, Gimv, Greenyard Foods, Home Invest Belgium, Kinapolis, Leasinvest Real Estate, Luxempart, Montea, Realco, Resilux, Roularta, Sapec, Ter Beke, Van de Velde and Vastned Retail Belgium.

Bank Degroof holds a significant stake in:

Fountain.

Bank Degroof board members and employees hold mandates in the following listed companies:

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