

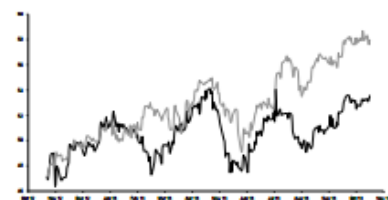

Hold
Recommendation unchanged
Share price: EUR 53.55
closing price as of 14/11/2013
Target price: EUR 55.00
Target Price unchanged

Reuters/Bloomberg

BEFL.BRVBEFB.BB

Market capitalisation (EURm)	1,133
Current N° of shares (m)	21
Free float	70%
Daily avg. no. trad. sh. 12 mth	8,325
Daily avg. trad. vol. 12 mth (m)	447
Price high 12 mth (EUR)	54.11
Price low 12 mth (EUR)	46.39
Abs. perf. 1 mth	2.39%
Abs. perf. 3 mth	2.76%
Abs. perf. 12 mth	13.29%

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	75	85	77
EPS (adj.)	4.24	4.13	3.78
DPS	3.45	3.45	3.50
IFRS NAVPS	54.10	57.73	58.20
EPRA NAVPS	54.18	57.73	58.20
Premium(Discount)	(9.7%)	(7.2%)	(8.0%)
Earnings adj. yield	7.9%	7.7%	7.1%
Dividend yield	6.4%	6.4%	6.5%
EV/EBITDA	22.8	18.3	18.5
P/E (adj.)	11.5	13.0	14.2
Int. cover(EBITDA/Fin.int)	2.1	5.6	3.5
Net debt/cash (m)	948	973	1,019
Net Debt/Total Assets	46.8%	43.0%	44.0%


 Shareholders: AG Insurance 15%; AXA Belgium 10%;
 SFPI 3%; Blackrock 3%;

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9M trading update, still cloudy in Brussels offices.

The facts: Trading update made with some key figures has been released yesterday after market close and was followed by a conference call.

EPRA EPS (= excl impact IAS39 and change in the value of the portfolio) emerged at EUR 3.35 coming from EUR 3.30 in previous 9 months.

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 coming from EUR 2.044.5m, which means a 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 (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. More precisely, the decline of -0.01% during 3Q was including a decline of -0.73% in the Brussels CBD that represents 54.8% 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.

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

The company will pay an interim dividend of EUR 2.59 per share, payable in December, and subject to decision of the Board of Directors payable in 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 unhappy about the issue of two appeals against the permit. On top of this, Befimmo (Fedimmo) continues to prepare projects for a mixed (offices + residential) project of some 35,000sqm on the remaining adjacent parcel.

Our analysis: During the conference call, 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. It was also said that 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.

Conclusion & Action: *Figures in line with expectations. Guidance 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. No change in TP and recommendation.*