

# [ Real Estate Daily ]

## ING comments on European Real Estate

### **BEFIMMO: CEO states to have a large appetite for acquisitions; EPS expectations stable**

EPS came in at €1.13 (1Q12: €0.99), the higher result also due to seasonal effects of lower costs (which for example could be caused by lower maintenance due to bad weather) and the company still feels comfortable with the management forecast of €4.03 for the full year and confirms the dividend outlook of €3.45 for 2013. FY13 Bloomberg EPS consensus estimate is €4.06 and INGe of €4.07.

#### **Key financials - 1Q13 vs 1Q12**

	1Q13	1Q12	Variance
Net rental result (€m)	32.5	31.7	2.5%
EBIT (€m)	30.5	30.1	13%
EPS (€)	1.13	0.99	14.1%
NAV per share (€)	55.4	57.2	-3.2%
EPRA NAV per share (€)	55.2	57.4	-3.9%
LTV	95.6%	-	-
Occupancy rate	95.8%	94.6%	-

Source: Company data

Befimmo has “a lot of appetite” for acquisitions while controlling its LTV, which we interpret as being open for smaller and larger deals if they come along. With an average cost of funding of 3.2% at 1Q13 and successful share placement in April to show for we believe Befimmo can come up with more accretive deals like the Blue tower, especially as the share price comes back to a level in line with NAV. The EPRA NAV stood at €55.2 at 1Q13.

Supporting the share price is the relative stability in asset values as there was almost no (+0.03%) movement in asset values in aggregate, mostly because of a flat Brussels CBD result (-0.12% in 1Q13, 57% of total assets).

Befimmo reported no news on the large WTC 4 project, still mentioning the potential of signing the Flemish community (tender open until end of June) and interest from corporates. Befimmo is trading at a 2013F dividend yield of 6.5% and discount to 2013F EPRA NAV of 2%.

Price €53.6; Last published target price: €50.9; recommendation: Hold

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