

# [ Real Estate Daily ]

## ING comments on European Real Estate

### BEFIMMO 9M13: In line 9M13 trading update

Befimmo reported 3Q13 EPS of €0.96 (9M13: €3.35). The company confirms the dividend outlook at €3.45 and no major new events announced for the 3rd quarter. Per share results were a bit lower compared to 2Q13 (2Q13 EPS: €1.26) due to the capital increase through the AMCA deal executed in 3Q13 and the one-off lease indemnity payment in 2Q13 (€3.4m). We expect €4.40 for FY13, which may be slightly too high given the 3Q13 result.

### Key financials - 9M13 vs 9M12

	9M13	9M12	Variance
Net rental result (€m)	102.7	96.7	6.2%
EBIT (€m)	95.0	89.1	6.6%
EPRA Earnings (€)	65.2	57.8	12.8%
EPRA Earnings per share (€)	3.35	3.30	1.5%
NAV per share (€)	54.1	57.2	-5.4%
EPRA NAV per share (€)	56.3	57.5	-2.1%
LTV	43.6%	48%*	-
Occupancy rate - properties available for lease	95.1%	95.5%	-0.5%

Source: Company data, \* = FY12

The total portfolio result was stable in the 3rd quarter with a flat (-€0.2m) result, the value decline in the standing portfolio of -0.15% compensated by an increase in the valuation of the development projects where profits are taken corresponding to stages of completion (e.g. Paradis tower in Liege). For 4Q13 the company expects a small decline in overall valuations. The EPRA NAV per share stood at €56.3 vs €55.4 at 1H13, the increase mostly coming from retained earnings.

The recently vacated Schuman 3 building is being marketed at a somewhat lower price than the passing rent paid by the previous tenant. From the 2012 Annual report we estimate a €265 per sqm price paid before (prime rent in Brussels) while now the company indicated a new rental level up to the €245/sqm level (an 8% decrease)

After the Blue Tower transaction, Befimmo created around 528,000 treasury shares (held at the Fedimmo subsidiary) or 2.4% of the total amount of shares. At the current share price this represents equity 'firepower' of around €28m that could be used for further acquisitions

Befimmo's LTV stood at 44% (debt ratio at 46%) against 48% at FY12, due to the equity issuance during 2013. The vacancy rate stands at 4.9% (standing portfolio) vs 5.2% at June. The average duration of leases stood at 9.14 years compared with 8.97 years at end 1H13. The overall rental yield, based on current rents, remained relatively stable at 6.7% in 9M13 (1H13: 6.8%).

Potentially, Befimmo is still competing as a bidder for the Bastion Tower (32,000 sqm office space) in Brussels which is for sale. Given the 'large appetite' of Befimmo we expect more acquisitions to materialize in the coming 12 months. Befimmo confirms a dividend of €3.45 for 2013 in line with our current forecast and previous management guidance.

Price €53.5; Last published target price: €47.2; recommendation: HOLD

### NSI: Management participates in share placement now at €4.80 vs €4.0 before

Yesterday evening NSI announced that the price at which management has participated in last week's share placement has been revised upward to €4.80 (close price of Wednesday 13 November). Rationale is that management does not want to benefit from a 'special position'.

NSI Management will participate for 29,000 shares in total