



Hold

Recommendation unchanged

Share price: EUR 54.05

closing price as of 01/08/2013

Target price: EUR 55.00

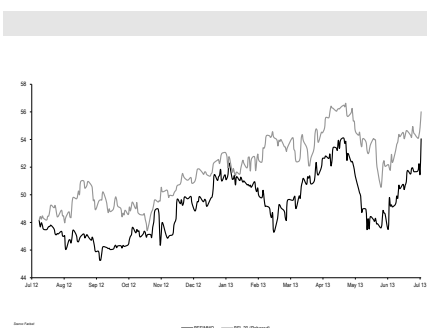
from Target Price: EUR **54.00**

Reuters/Bloomberg

BEFB.BR/BEFB.BB

Market capitalisation (EURm)	1,144
Current N° of shares (m)	21
Free float	70%
Daily avg. no. trad. sh. 12 mth	206,850
Daily avg. trad. vol. 12 mth (m)	1,097
Price high 12 mth (EUR)	54.11
Price low 12 mth (EUR)	45.28
Abs. perf. 1 mth	13.75%
Abs. perf. 3 mth	2.72%
Abs. perf. 12 mth	10.31%

Key financials (EUR)	12/12	12/13e	12/14e
Gross Rental Income (m)	129	133	140
EBITDA (m)	87	111	117
EBITDA margin	64.5%	80.6%	80.9%
Portfolio Result (m)	(35)	(7)	(5)
Net Financial Result	(41)	(35)	(34)
Net Profit (adj.)(m)	75	80	83
Funds From Operations	75	80	83
EPS (adj.)	4.24	3.90	4.04
DPS	3.45	3.45	3.50
IFRS NAVPS	47.18	55.36	55.67
EPRA NAVPS	46.68	55.36	55.67
Premium/(Discount)	3.5%	(2.4%)	(2.9%)
Earnings adj. yield	7.9%	7.2%	7.5%
Dividend yield	6.4%	6.4%	6.5%
EV/EBITDA	22.8	19.3	18.5
P/E (adj.)	11.5	13.9	13.4
Int. cover(EBITDA/Fin.int)	2.1	3.2	3.4
Net debt/(cash) (m)	948	1,004	1,029
Net Debt/Total Assets	46.8%	44.1%	44.5%



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

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1H: not bad at all

The facts: 1H figures have been released yesterday after market close. This was followed by a conference call.

Net rental income emerged at EUR 68,7m, 8.1% above the figure achieved in 1H2012, well above the consensus figure of EUR 65.2m and our similar expectation. This was mainly due to a compensation for early termination of leases (EUR3.7m) of General Electric in the building of Rond-Point Schuman (CBD).

This progression happened on the back of an occupancy rate of 94.82% slightly down from 95.87% and reflecting among other things the integration of the Blue Tower. The reversion rate was slightly down from -12% at the end of 2012 to -10.7%.

The average length of leases decreased to 8.97 years, from 9.32 years at the end of December 2012.

EPRA EPS emerged at EUR 2.39, from EUR 2.13 one year earlier.

The value of the portfolio was slightly down by -0.34% of which -5.18% in Brussels decentralised (only 3.4% of the total fair value of the portfolio) while the NAV emerged pretty unchanged at EUR 55.37 on a EPRA basis (EUR 55.35 IFRS).

The debt ratio was 48.5% from 49.3% at the end of December 2012. It's noteworthy that after the inclusion of the AMCA building (in July), the investment capacity of Befimmo has become EUR 209m, before reaching a LTV of 50%, from EUR 99m before.

The average cost of debt was down to 3.17% compared to 3.46% yoy on the back of a weighted average duration of 4.46 years. No refinancings are needed until the third quarter of 2014. The hedging has increased to 97.1%.

The company confirmed the dividend guidance of EUR 3.45 per share as well as its forecast of EUR 4.03 per share so that we will adjust our scenario.

Conclusion & Action: Good set of results. While the delays having affected the construction of the Paradis Building in Liège will mean a delivery in 2015 (probably first half) instead of 2014, the early termination of the lease of General Electric is not only a substantial one-off gain but makes a very good located building free for rent (CBD and adjacent to several European public bodies buildings). Besides, one possible trigger for the share price would be the issue of the tender for the WTC 4 in September. We bring our TP from EUR 54 to EUR 55, slightly below EPRA and IFRS NAV of both EUR 55.4.