REAL ESTATE MORNING NEWS

Reports: www.petercam.com / PETC on Bloomberg / FirstCall / Multex

Petercam

15/11/2013

Corporate News

Befimmo – Steady as she goes (Hold)

Q3 witnessed the actual completion of previously announced important transactions (AMCA contribution in kind by AXA & Blue Tower acquisition) hence the higher portfolio value (+10.4% vs. end 2012 at EUR 2,173.5m) and shareholders' equity (+15%) and the resulting dramatically decreased loan-to-value to 43.6%; a further fall of LTV is expected (planned disposal of the Triomphe II building in Q4). Like-for-like portfolio value evolution is flat (-0.34%, -0.01% in Q3 alone); it is reassuring to note that even in more difficult locations such as Brussels Decentralized, Q3 did not witness significant negative evolutions. Property yield is slightly down to 6.5% vs. 6.6% end June. Occupancy incl. assets under renovation is down to 94.0% vs. 95.9% as of end 2012 as a result a/o of the vacancy of Triomphe I (departure of Levi's Strauss); excl. the assets under renovation, of which Triomphe I occupancy is slightly down at 95.1% vs. 95.9% as of end 2012. NAVPS stands at EUR 56.29 (EPRA double net, 55.37 as of end June), pointing to a discount of 5%.

No further news on the Triomphe I building (empty since May) nor on the Paradis project in Liège (awaiting 2 legal appeal decisions against the project by the Belgian Raad van Staat).

Net rental income up 6.2% at EUR 102.7m. EPRA earnings are up 12.8% at EUR 65.2m; as already said these figures are distorted by the enlarged consolidation scope (and lease termination compensation). EPRA EPS (excluding non-recurrent & non-cash items) is still slightly up at EUR 3.35 (+1.5%).

Befimmo sustains its FY13 DPS guidance at EUR 3.45 (unchanged) but an intermediary dividend of EUR 2.59/share will be paid in December. The company told us it might abolish interim dividends, and only distribute dividends once per year as most SICAFIs.

Our take: we are not very concerned by the slightly lower occupancy; even then, recurrent earnings and the average quality of the portfolio remain intact. Beyond the lower leverage we like the dramatic diversification of financing sources with bank loans now weighing only 55% of the total vs. virtually 100% only 18 months ago. We feel comfortable with our direct EPS f'cast at EUR 4.13, slightly below consensus, and with our 'strong' Hold rating.

Real Estate Sales		
Céline Donnet , CFA	+32 2 229 63 80	celine.donnet@petercam.be
Real Estate Analysts		
Herman van der Loos, CFA	+32 2 229 63 40	h.vanderloos@petercam.be
Kris Kippers	+32 2 22965 95	Kris.kippers@petercam.be