


Hold

Recommendation unchanged

Share price: EUR 51.62

closing price as of 20/02/2014

Target price: EUR 54.00

Target Price unchanged

Reuters/Bloomberg

BEFB.BR/BEFB.BB

Market capitalisation (EURm)	1,092
Current N° of shares (m)	21
Free float	73%
Daily avg. no. trad. sh. 12 mth	41,836
Daily avg. trad. vol. 12 mth (m)	2,156
Price high 12 mth (EUR)	52.03
Price low 12 mth (EUR)	45.48
Abs. perf. 1 mth	2.26%
Abs. perf. 3 mth	0.87%
Abs. perf. 12 mth	6.03%

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	4.25	3.88
DPS	3.45	3.45	3.50
IFRS NAVPS	54.10	56.06	56.35
EPRA NAVPS	54.18	56.06	56.35
Premium/(Discount)	(13.2%)	(10.0%)	(8.4%)
Earnings adj. yield	8.2%	8.2%	7.5%
Dividend yield	6.7%	6.7%	6.8%
EV/EBITDA	22.4	17.7	18.2
P/E (adj.)	11.1	11.9	13.3
Int. cover(EBITDA/Fin.int)	2.1	5.5	3.5
Net debt/(cash) (m)	948	973	1,020
Net Debt/Total Assets	46.8%	43.0%	44.0%

FY2013 figures: Confidence despite challenges

The facts: FY 2013 figures have been released yesterday after market close and were followed by an analyst meeting.

Bottom line was close to market and our expectations (see table below) and ahead of guidance of last year mainly thanks at the one end to the indemnity received from the departure before the end of the break of General Electric in the Brussels CBD (Rond-Point Schuman) and at the other hand the first contribution of the two major assets bought last year: Blue Tower from Morgan Stanley P2 Value and AMCA building in Antwerp from Axa. However these figures have been achieved despite higher than expected overheads resulting mainly from one-off items (guidance for overheads going down) related to the integration of property management business, IT costs on top of various regulations and taxes.

EPRA NAV per share emerged at EUR 54.34, below our estimate of EUR 56.06 on the back of a negative revaluation of the portfolio of -0.53% of which mainly during 2Q (-0.39% and during Q4 (-0.19%) and a LTV ratio of 45.01% down 2.74% versus one year earlier.

As far as guidance is concerned; the company anticipates EPRA EPS of EUR 3.90 somewhat above market (EUR 3.85) and our estimate (EUR 3.88) and guides for a stable dividend of EUR 3.45, which is also our estimate and somewhat below consensus (EUR 3.49). These assumption assume a new optional dividend.

Befimmo (EUR m)	FY2012A	1Q 2013A	1H2013A	3Q2013A	9M2013A	4Q2013E	2H 2013E	FY 2013E	FY 2013A	FY 2013css
Net rental income	128754	32500	68709	33991	102700	34499	68490	137199	136765	137000
Operating res of buildings	86754	30500	59647	n.a	n.a.	n.a.	55714	115361	113767	115000
Operating margin (%)	67.4%	93.8%	86.8%	n.a	n.a.	n.a.	81.3%	84.1%	83.2%	83.9%
Net profit adjusted (gr share)	74926	n.a.	44836	18720	63556	21039	39759	84595	84125	n.a.
EPS adjusted	4.24	1.13	2.39	0.96	3.35	0.90	1.86	4.25	4.24	4.27

Sources: company data, Degroof estimates

Our analysis: the message about the health of the Brussels office market was rather mitigated in our view. It's known that the vacancy rates are going, rather slightly, down since two years time now, coming however from a peak, but built mainly on some big transactions, while there was limited development at risk. At the other side, we may anticipate increasing demand in the coming years, however coming mainly from public bodies. And we may assume that long term new leases do not bring the highest rents. As far as Befimmo is concerned, the company signed leases for only 15,500sqm in 2013 which is lower than historical figures and compares to 24,000sqm in 2012. on the back of comments made during the analyst meeting, while the reversion rate was down at -10.4% from -12.0% in 2012. It's noteworthy that among the five building under major actual and potential renovation, two of them (Ikaros 3.100sqm to be completed in May and Triomphe I 11,500sqm to be completed in April) still are not prelet. Besides, Befimmo expects to receive news from the Flemish community about the choice for their future location, having in mind that the Befimmo WTC IV building is the only one among the four building within the tender to already have a building permit.

Besides, we understand that the guidance should be seen as a minimal target of which in particular the dividend.

Conclusion & Action: Figures in line with expectations despite some higher one-off overheads but some challenges on the radar screen considering a somewhat better but challenging market environment. No change in TP and recommendation.



Shareholders: AG Insurance 15%; AXA Belgium 10%;
Own shares 2%;

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