


Befimmo (EUR 53.02 - Add): Q1 results

These results are perfectly in line with our business scenario and company guidance. The YoY EPS fall is partially the result of quarterly comparison effects as 1Q13 EPS were still calculated on 'pre AMCA' shares' outstanding.

Facts

- Like-for-Like portfolio value growth at +0.3% vs. December 2013 with flat evolutions in Brussels CBD (54% of the portfolio) & Brussels Decentralized. Brussels Periphery and Wallonia perform poorly (resp. -0.8% and -1,7%) but are only a small portion of the portfolio (together 10.1%). The Axento site in Luxembourg (3.8% of the portfolio) shows a nice 2.7% value growth. Global property yield is stable at 6.8% (7.1% at full occupancy).
- Occupancy end March remains flat at 95.1% as does the average lease duration (9 years). Rental income is up 6.1% YoY but given the enlarged consolidation scope (AMCA & Blue Tower in, only very partially compensated by the exit of Mons 1), we suspect only very slightly positive LfL growth; Befimmo confirmed us market reversion did not change noticeably in Q1 and remains at -10/-15% for renewed leases.
- Direct & EPRA results are 11.4% down at EUR 1.01, partially as a result of the higher shares' outstanding (+16.6%, AMCA contribution in kind last year).
- NAVPS rises roughly in line with Q1 direct EPS at EUR 55.09 (+EUR 0.96) as does EPRA NAV (EUR 55.62). Leverage (legal definition) remains well under control at 46.9%.
- Indirect results include the above-mentioned small positive property unrealized gains (EUR 6.7m) but compensated by IAS 39 losses (7.7m).
- 2014 DPS guidance is sustained at EUR 3.45.
- Befimmo mentions the upcoming GVV/SIR legislation, surprisingly, one of the first Belgian REITs to do so whereas the law has already been approved by the parliament and only awaits its publication/execution laws. Befimmo admits this should not bring any major surprises but wants to inform its shareholders (for a full discussion on the GVV/SIR please refer to our note dd. April 30).

Our View

- Befimmo direct EPS guidance stands at EUR 3.90 (our est. at 3.74) hence these results are perfectly in line with our business scenario and company guidance.
- The YoY EPS fall is partially the result of quarterly comparison effects as 1Q13 EPS were still calculated on 'pre AMCA' shares' outstanding.
- We are also reassured by property values confirming the stabilization started end 2013.

Conclusion

At current market prices and despite its recent good performance, the share valuation remains reasonable at 4.7% below EPRA NAV and a fairly secure 6.5% dividend yield.

Details

(EUR m)	1Q14	1Q13	% change
Net rents	34.5	32.5	6.2%
EPRA direct results	21.7	20.8	4.3%
EPRA direct EPS	1.01	1.13	-10.6%
EPRA NAVPS (Q1 vs. 4Q13)	55.62	54.35	2.3%