COMPANY NOTE

27 January 2016

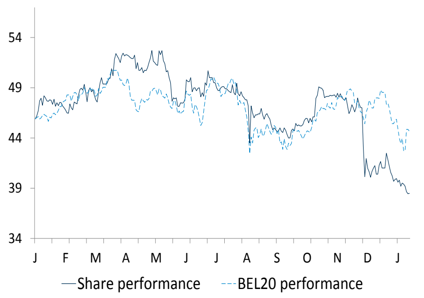
IMMOBEL

Reboot creates opportunities for early adopters

REAL ESTATE INVESTMENT & SERVICES

BELGIUM

CURRENT PRICE	€ 38.49	**BUY**
TARGET PRICE	€ 50.00	RATING UPGRADED



Source: Thomson Reuters Datastream

FY/e 31.12	2014	2015E	2016E	2017E
Sales (€ m)	32	52	136	124
REBITDA (€ m)	5	6	23	20
Net earnings (€ m)	20	1	16	21
Diluted adj. EPS (€)	4.86	0.24	4.00	5.14
Dividend (€)	2.40	0.00	2.00	2.50
P/E	8.41	157.53	9.63	7.49
EV/REBITDA	61.02	47.75	10.99	13.82
Free cash flow yield	-9.0%	6.0%	32.4%	-8.1%
Dividend yield	5.9%	0.0%	5.2%	6.5%

Source: KBC Securities

Bloomberg	IMMO BB
Reuters	IMMO.BR
www.immobel.be	
Market Cap	€ 159m
Shares outst.	4.1m
Volume (Daily)	€ 0.09m
Free float	64.42%

Next corporate event

Results FY15: 24 March 2016

Performance	1M	3M	12M
Absolute	-5%	-17%	-16%
Rel. BEL20	2%	-14%	-13%

12-m Hi/Lo	€ 52.70/38.45

While FY15 kicked off with the lucrative disposal of the Gateway project and strong land banking activities, the performance slumped in 2H15. Furthermore, FY15 had to become the year of the merger between Immobel and Allfin (30% shareholder), but the talks collapsed. So what does the future now hold?

- **Immobel 2.0.** The new management team will shift focus towards more recurring income, likely on the back of a higher portion of residential and mixed projects. We understood that a minimum of 10 to 15k sqm is targeted, which would be more aligned with Immobel's expertise. The new team will revamp the business by the adding of new projects and increasing pipeline rotation.
- **FY16 result could surprise.** We expect the net result to vanish this year, plummeting from € 20m to € 1m. In FY16, we however bank on a revival in net result towards € 6m or even € 16m (incl. the sale of the Black Pearl). In FY17, we bank on € 21m. This corresponds to EPS forecasts of € 0.24 in FY15, € 4.00 in FY16 and € 5.14 in FY17 and DPS estimates of € 0.0, € 2.00 and € 2.50 respectively.
- **Investment case:** Immobel benefits from a well-diversified portfolio and sound balance sheet. In the short to mid-term, we see 4 triggers: 1) despite a gloomy but transparent portfolio update, we believe that the operational performance in FY16 might surprise positively. The disposal of some projects will free up cash to reinvest, while EU interest in the Black Pearl could lift the net result, 2) increased pipeline rotation and more recurring income should improve the earnings profile, lifting the ROE towards 10% (vs. 5.7% average FY10-15E), 3) Merger still in the air? We expect a second attempt in the mid-term and 4) we believe the share reaction to the profit warning is overdone. We value Immobel at € 50 (30% upside) offering a nice entry point.

Koen Overlaet-Michiels
Financial Analyst - Brussels
KBC Securities NV
+32 2 429 37 21
koen.overlaet-michiels@kbcsecurities.be

CONTENTS

INVESTMENT CASE

SHORT TO MID-TERM TRIGGERS

1. Performance is perceived as too negative

In December, management guided for caution. Its due diligence exercise had revealed that the expected programs, realization periods and selling prices of several projects needed to be revised, which might require to re-introduction of permits to optimize surfaces and prices. This confirms our view that some projects will only reach break-even. Despite this, we believe that the company's position is seen as too negative. WestSide Village is about to be sold and Okraglak already is. Both transactions will free up significant cash to reinvest in new, more profitable projects. The EU's interest in the Black Pearl could furthermore trigger a lease & sale, significantly boosting the FY16 result. In FY17, the sale of the Cedet project could follow. Meanwhile, turnover of the residential segment might regain strength.

2. Improve pipeline rotation and earnings visibility

The new management is also expected to stimulate pipeline rotation and lift ROE back towards 10% (vs. 5.7% over FY10-15E). A tighter strategic focus on residential and mixed projects (phased developments) will improve earnings visibility and predictability. This will also create more stability in earnings and shareholder returns.

3. Upside potential in valuation

The heavy pressure on the share that followed the profit warning is overdone. We expect the company to outperform its transparent stance of a "transition year". We value Immobel at € 50 per share, reflecting 30% upside compared to the current share price. Our TP shows a 2% discount to NAV16E.

4. Merger still in the air?

Is a merger still in the air? The failure of the merger talks was a surprise. Following the acquisition of the 30% stake by Allfin and the press release of end-June, we were confident that a merger would go ahead. But the negotiations collapsed and the Board decided instead to install a completely new team at the head of the company. Given the strong complementarity between the activities of Immobel and Allfin, we nevertheless believe a merger would make strategic sense, so we don't rule out a second attempt in the mid-term.

SOLID FUNDAMENTALS

5. Well-diversified portfolio (segments & geography)

Immobel is a developer with a well-diversified portfolio in residential, landbanking and office projects in Belgium, Luxembourg and Poland. The residential and landbanking activities have recurring income, while the office projects take longer to be realized. This diversification lowers the risk profile while the presence in different markets offers more opportunities for growth.

6. Sound liquidity and solvency

With a net debt to equity ratio of 0.91x, a solvency ratio of 43%, a cash buffer of € 47m, undrawn credit facilities of € 59m and average debt maturity of 2 years, Immobel's balance sheet combines sound liquidity and solvency.

FY15 IN A NUTSHELL

A promising year-start …

Immobel had a turbulent FY15. The year-start was very promising with the profitable sale of the Gateway project (delivery 4Q16) and strong landbanking activities. H1 turnover declined however significantly y/y, as 1H14 contained the exceptional sale of the BelAir RAC1 project. The operational result confirmed expectations, dropping y/y from € 26m to € 12m. The financial result also shrank, albeit to a lesser extent. The drop in net result remained therefore limited y/y, down from € 22m to € 8m.

… but a poor 2H15

In 2H15, performance is however expected to disappoint linked to the postponed sale of the Black Pearl, Okraglak and WestSide Village projects, and weak residential sales. Time was furthermore spent on ongoing management changes and an in-depth due diligence on the existing portfolio, of which the outcome disappointed – i.e. several projects no longer matched existing market demand. The FY15P&L is furthermore expected to carry negative one-offs linked to management departures. All this resulted in the issuance of a profit warning in December 2015 and cautious guidance for FY16.

IMPORTANT BOARD & MANAGEMENT CHANGES

In FY15, IMMO and Allfin: no merger

FY15 had to become the year of the merger between Immobel and its reference shareholder Allfin. But after 30 June the Board of Directors decided not to pursue a merger with Allfin. This came as a surprise, as an earlier press release had confirmed that talks were well-advanced. A merger with Allfin also seemed logical, after its purchase of 30% of the shares and its complementary (overlapping?) activities.

BOARD CHANGES

Several board members replaced

As a result of this decision, Mr. Marnix Galle, CEO of Allfin, became Chairman of Immobel's Board of Directors, thereby replacing Count Paul Buysse, who had been chairman for 10 years. In addition, several other changes occurred in the Board; (i) Mr. Wilfried Verstraete (independent) ended his mandate as Chair of the Audit & Finance Committee due to professional overload. He is replaced by Mr. Pierre Nothomb (independent). Mr. Nothomb is a.o. president of Deminor Investment Management. (ii) Mrs. Astrid De Lathauwer is appointed Director (independent), president of the RAC project and member of the Remuneration & Nomination Committee. She is currently Group HR controller at Ontex. (iii) Finally, by common consent, Mr. Gaëtan Piret, CEO of Immobel, offered his resignation. As a consequence, he also left the Board.

MANAGEMENT CHANGES

Alexander Hodac, CEO

Mr. Alexander Hodac was appointed CEO on 1 December. Mr. Hodac had been senior manager at Deloitte real estate and more recently CCO at Home Invest Belgium (B-REIT).

Nicolas Billen, Head of Development

Second, Mr. Christian Karkan, Head of Development, left Immobel. Mr. Nicolas Billen joined the Property Development team to replace him, while another team member will be added shortly.

Jean-Paul Buess, Head of Technical department

Third, Mr. Paul Muyldermans, Head of Project Management, left the company. He is replaced by Mr. Jean-Paul Buess. Meanwhile, the Property Management department is renamed Technical department.

New CFO appointed, starting in February

Fourth, Mr. Philippe Opsomer, CFO of Immobel, left the company in November. A new CFO, Valéry Autin, has already been appointed and will commence in February. Furthermore, a new team will be joining the finance department at Immobel in order to insource the accounting processes again.

Joëlle Micha, Head of Legal Services

Fifth, Mr. Pierre Delhaise, Head of Legal Services, has reached pensionable age and will leave the company by the end of FY15. He will be replaced by Mrs. Joëlle Micha, Head of Corporate Affairs and Compliance Officer. The legal department has meanwhile also hired new staff.

New communication & marketing coordinator

Finally, Immobel has hired a Marketing and Communications coordinator in order to enhance Immobel's image, increase transparency and to improve the company's position in the market.

WHAT DOES THE FUTURE HOLD?

OUR VIEW: A BRIGHTER OUTLOOK

Clear signal to change course

These management changes are heavy. Almost every department head is being replaced in the company. We see this as a clear signal of the Board to change Immobel's course. The Board also stressed its intention to give a new impulse to Immobel in order to boost its momentum and long-term strategy. We strongly welcome the search for increased pipeline rotation, profitability and transparency.

First, focus on Immobel

Second, new merger talks would make sense

Despite these company-specific changes and new appointments, we can't ignore our thoughts that majority shareholder Allfin still wants to merge the two companies. This would clearly create synergies. We believe however that the initial focus will be on improving working methods at Immobel and cleaning up the portfolio. In a second phase, we see attention shifting towards new merger talks. If not, it would make more sense for Allfin to resell its stake on the market. However, given the current efforts, we suspect the sale option is off the table.

WHO IS ALLFIN?

Allfin: a private development company
Marnix Galle: CEO & founder

Allfin was founded by Marnix Galle in 2001. Initially, the focus was on the development of office buildings in Belgium and Luxembourg, but in 2008 it started to diversify in to several real estate segments. Today, it is a property development company specialised in the development of upmarket residential buildings, offices, commercial premises and mixed-purpose complexes. Allfin is still a privately-owned company in the hands of founder Marnix Galle with a balance sheet of € 438m.

COMPARISON ANALYSIS (1H15)

€ m	Immobel	Allfin
BALANCE SHEET FIGURES		
Portfolio value	384.6	207.8
Total assets	472.4	437.6
Equity	201.8	158.0
Gross financial debt	230.1	182.4
Net financial debt	183.6	83.2
P&L FIGURES		
Operating result	11.9	22.0
Net result	8.3	17.3
ROE	8.2%	21.9%
CREDIT RATIOS		
Net debt / equity	91.0%	52.7%
Solvency ratio	42.7%	36.1%
Gearing ratio	48.7%	41.7%

Source: KBC Securities

Allfin's balance sheet carries less risk

Over 1H15, the consolidated equity of Allfin Group rose from € 140m to € 158m and its net financial debt from € 78m to € 83m. At the end of June, its solvency amounted to 36%, while net debt to equity stood at a sound 0.53x and the Loan-to-cost ratio at 40%. The company has good liquidity, with a € 99m cash buffer.

STRATEGY UPDATE: IMMOBEL 2.0

Create more recurring income…

… probably via more residential & mixed projects (phased development)

Management's new strategy will focus more on recurring income and higher profitability. It is therefore highly likely that we will see an increase in residential projects and mixed urban developments that can be developed in phases, adding visibility to future earnings. The size of projects is also expected to increase, since the <10k segment has too much competition. Immobel's expertise is more in projects of 10-15k sqm or more.

Increase pipeline rotation

Increase profitability

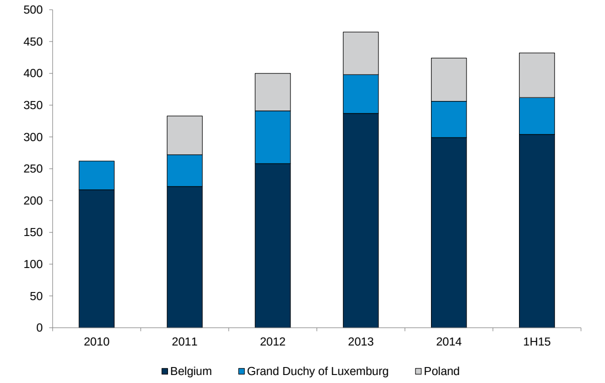
Immobel will also focus on increasing the pipeline rotation. Some projects have already been in the portfolio for too long. We therefore expect several disposals in FY16, freeing up cash to start reinvesting. New staff is therefore also being recruited to revamp the business via new, more profitable projects. Office projects remain on the menu and Immobel has the necessary in-house expertise. However, they will be chosen more opportunistically (no projects in Brussels North, but perhaps in the Leopold district or even outside Brussels).

PORTFOLIO: OFFICE PROJECTS TO BE SOLD

€ 322m portfolio value
70% Belgium
14% Luxembourg
16% Poland

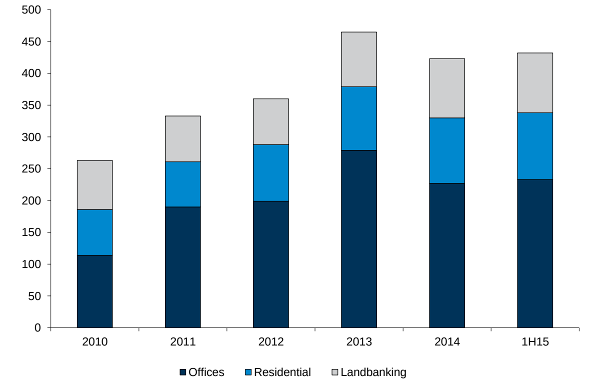
Over 1H15, Immobel's total portfolio value evolved from € 311m to € 322m, after € 7.6m of purchases, € 23.0m of developments and € 19.9m of disposals. Most of the € 11m net portfolio expansion occurred in the office segment. The value of the inventory is recorded at historic cost (incl. the activation of costs). No fair value gains have been booked.

GEOGRAPHIC SPREAD



Source: Immobel

SEGMENTAL SPREAD



Source: Immobel

BELGIUM: OFFICE PROJECTS DOMINATE THE DISCUSSION

Gateway: pre-sold
Black Pearl: for lease & sale
BelAir RAC2: for lease & sale
Brussels Tower: under construction

In 1H15, Immobel sold (together with Codic) its Gateway office project at Brussels Airport. The 32k sqm construction is fully pre-leased to Deloitte for 18 years and will be delivered in 4Q16. The price tag was € 140m, but can be indexed in case of inflation. The pre-sale at a yield of 4.65% triggered the booking of a significant capital gain. The Black Pearl (11k sqm office project) is delivered and had won the EU tender for a long-term lease. However, Banimmo appealed against this decision, thereby forcing the tender process to start all over again. Today, it is rumoured by several parties that the EU is again in exclusive negotiations with Immobel regarding the Black Pearl. A long-term lease to a triple A tenant like the EU could trigger a lucrative disposal in FY16, as these products are scarce on the market. There has been no update regarding the BelAir RAC 2 (9.5k sqm) and Brussels Tower (60k sqm) office projects.

GATEWAY

Source: Immobel

GEORGE GRARD

Source: Immobel

Good progress on large-scale Universalis project

In Ixelles, Immobel has received planning permission to build 140 apartments as part of the large-scale Universalis project. This project is also expected to include a senior home and offices. Progress was also realized in the Résidence George Grard (23 apartments) in Oostduinkerke.

LUXEMBOURG: END OF GREEN HILL – TWO PROJECTS ADDED

Two new mixed projects in Luxembourg

In July 2015, Immobel acquired two projects (in partnership with CLI); (i) in Luxembourg city, a 16.3k sqm plot of land (subject to permits) was bought to develop a mixed (residential, commercial and office) project of approx. 40k sqm. (ii) in Differdange, a 3.9k sqm plot of land with planning permission was acquired to construct 50 apartments and 2.4k sqm of retail. The company also concluded the final apartment sales of the Green Hill project.

WESTSIDE VILLAGE

Source: Immobel

GREEN HILL

Source: Immobel

WestSide Village (12k sqm): well-advanced sale negotiations

Negotiations regarding the sale of the WestSide Village offices are still ongoing. The fact that this project is not yet sold is disappointing (scheduled for FY13), but Immobel has guided for its sale in 1H16.

We don't expect marked capital gains, but it should liberate a significant amount of cash. In 1H15, occupancy improved to 82%, while additional leases are in an advanced stage.

POLAND: INCREASED PRESENCE

Granaria: project granted by City
Cedet: 25% pre-leased
Eko Natoline: planning permission

In 1H15, Immobel signed (in partnership with Multibud) a contract with the city of Gdansk for the development of the 1.8ha Granary Island (Granaria). This 60k sqm project of residential space, commercial space, hotels and car parks will be developed in phases. Works on the 25% pre-leased Cedet project have begun and are planned to be completed in 2H17. Discussions regarding additional pre-leases are ongoing. Good news for the Eko Natolin residential project; planning permission for phase I (45 houses) has been obtained.

CEDET – WARSAW

Source: Immobel

GRANARIA – GDANSK

Source: Immobel

Okraglak: sold

Meanwhile, the Okraglak office project (8k sqm, 99% occupied) in Poznan (secondary location) has been sold for € 17m (in 1H16). We expect limited capital gains, but this sale generates a welcome cash inflow. Note that Immobel had been marketing this project since August 2012, but in today's market, it was no longer a brand new asset and it also lacked car parking.

CBD One: being pre-leased

Looking ahead, we also highlight the 18k sqm CBD One office project. This will be developed in the heart of Warsaw on a plot of land that Immobel bought in a 50/50 partnership. Today, the zoning permit has been granted and the application for a town planning permit filed. Immobel plans to develop an architecturally sophisticated high-quality building at this high-visibility location. Delivery and sale is expected from FY19.

FINANCIAL OUTLOOK

HY15 result was solid

1H15 turnover was strong, but down sharply y/y as 1H14 was coloured by the exceptional sale of the BelAir RAC1 project. However, the sale of Gateway and the strong landbanking activities lifted revenues above those recorded in HY10-13. All in all, the HY15 operating and net result were in-line with expectations.

FY15: result guided to be poor
FY16: several project disposals exp.
FY17: sale of Cedet

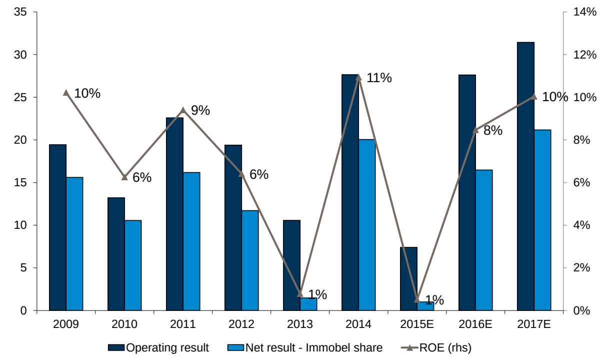
We lowered our FY15 revenue expectations based on the profit warning and the postponed sale of the Black Pearl, WestSide Village and Okraglak office projects, most likely to FY16. In FY16, we also bank on the delivery and sale of the Gateway (50%) project. In FY17, we expect the lucrative Cedet project to be the main revenue driver.

In line with the company's guidance, we expect a much weaker FY15 result. But in FY16, with the assumed disposals of the WestSide Village, Okraglak and Gateway (50%) but more importantly probably also the Black Pearl project, we bank on a sound operating result. We however also include € 2m impairment, as we expect the value of the Brussels Tower project to be adjusted downwards. We leave our FY17 operating result estimates broadly unchanged. All in all, we expect a serious portfolio clean-up over the next two years, which might weigh on the performance but could also free up cash. We bank on low margins for the Okraglak and WestSide Village projects and higher margins for the Black Pearl, Gateway and Gallery Kons. For Cedet, a return is guaranteed.

EPS15: € 0.24
EPS16: € 4.00
EPS17: € 5.14

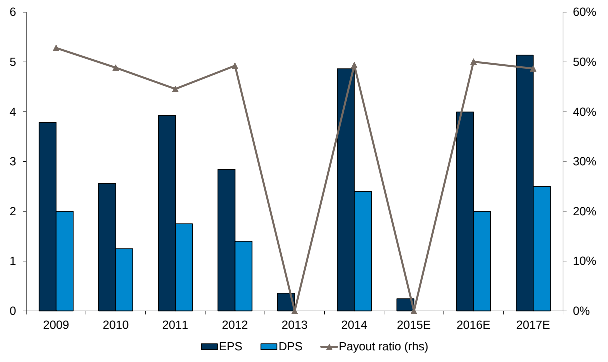
We therefore expect the FY15 net result to plummet from € 20m to € 1m. By contrast, for FY16 we see it beating the official guidance. We project € 6m or even € 16m including the sale of the Black Pearl. In FY17, we bank on a net result of € 21m. This corresponds to EPS forecasts of € 0.24 in FY15, € 4.00 in FY16 and € 5.14 in FY17 and DPS estimates of € 0.0, € 2.00 and € 2.50 respectively.

RESULT – ROE EVOLUTION



Source: Immobel, KBC Securities

EPS – DPS EVOLUTION



Source: Immobel, KBC Securities

P&L ANALYSIS

	New						Old		
€ th	2012	2013	2014	2015	2016	2017	2015	2016	2017
Operating income	**133,705**	**65,114**	**41,201**	**59,161**	**141,875**	**127,887**	**56,015**	**131,520**	**121,313**
Turnover	126,770	53,847	31,606	51,728	135,875	123,887	48,582	123,520	115,713
Other operating income	6,935	11,267	9,595	7,433	6,000	4,000	7,433	8,000	5,600
Operating expenses	**-114,319**	**-54,543**	**-38,409**	**-54,229**	**-120,757**	**-107,976**	**-42,056**	**-115,078**	**-96,400**
Cost of sales	-95,135	-35,152	-22,154	-31,818	-104,157	-90,876	-26,245	-95,173	-77,085
Personnel expenses	-7,999	-7,982	-6,488	-9,019	-5,600	-5,600	-6,419	-5,905	-5,315
Amortization, depreciation and impairments	-675	-435	-2,289	-1,468	-2,000	0	-268	-5,000	-2,500
Change in FV of property	377	-60	111	0	0	0	0	0	0
Other operating expenses	-10,887	-10,914	-7,589	-11,924	-9,000	-11,500	-9,124	-9,000	-11,500
Result on disposal of JV and associates	0	0	24,854	2,478	6,495	11,525	2,430	13,263	6,948
Operating result	**19,386**	**10,571**	**27,646**	**7,410**	**26,913**	**31,435**	**16,389**	**29,705**	**31,861**
Financial result	-6,791	-9,270	-6,997	-7,182	-8,635	-7,929	-7,182	-8,635	-6,762
Result before taxes	12,618	1,490	20,649	228	18,288	23,516	9,208	21,080	25,109
Income taxes	-910	-20	-609	768	-1,829	-2,352	-130	-2,108	-2,511
Result for the year	11,708	1,470	20,040	996	16,460	21,165	9,077	18,972	22,598
Net result - Share of Immobel	**11,718**	**1,471**	**20,041**	**1,007**	**16,470**	**21,165**	**9,088**	**18,982**	**22,608**

Source: KBC Securities

Targeted ROE of 10%

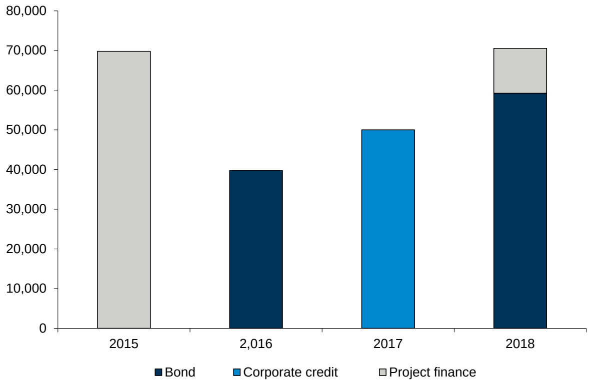
Including the Black Pearl sale, we believe management could already improve ROE significantly towards its targeted 10% threshold in FY16. For the years ahead, we predict that the ROE will hover around the threshold. This compares to an average ROE level of 5.7% over FY10-15E.

BALANCE SHEET

€ 70m of new or renewed credit lines
€ 47m cash buffer

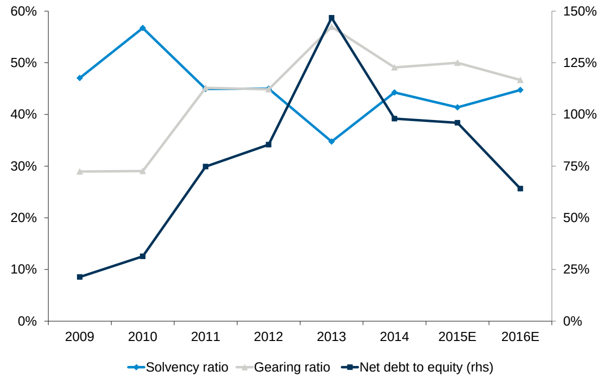
Immobel renewed its landbanking credit lines of € 40m with its banks for a period of three years and also obtained or renewed € 30m of credit lines for other projects (Route d'Esch, Brussels Tower and WestSide Village). On 30 June, the company disposed of a cash buffer of € 47m and confirmed bank credit lines of € 188m, of which € 129m has been used. We therefore believe liquidity is sound. Since year-start, the proportion of short to long-term financing evolved simultaneously (+6%). The average debt maturity is two years.

DEBT MATURITY PROFILE (€ th)



Source: Immobel

BALANCE SHEET RATIOS



Source: Immobel, KBC Securities

Net debt to equity dropped to 0.91x

Over 1H15, Growth in total assets (+6% y/y to € 472m) was partly debt-funded, but the gearing ratio remained stable at 49% (Gross debt / Total assets). However, Immobel also strengthened its cash buffer, leading to a drop in net financial debt y/y from € 193m to € 184m. As a result, the net debt to equity ratio also improved from 0.98x to 0.91x. Consolidated equity strengthened from € 197m to € 202m, but solvency was slightly down y/y from 44% to 43%.

Further decline expected

Looking ahead, we expect the gearing ratio to remain flat at 50% in FY15. In FY16, we bank on a drop to 47%, thanks to numerous upcoming project sales, freeing up a significant amount of cash (new investments could alter these forecasts). This is also reflected in the net debt to equity ratio, which is expected to drop from 1.0x to 0.6x in FY16.

VALUATION

DCF Valuation: € 50.1 per share

We value Immobel using a Discounted Cash Flow model over a 5-year forecasting period and applying a long-term growth rate of 1.5% and WACC of 8.0%. Our DCF points to a theoretical forward fair value of € 50.1 per share. We therefore reiterate our € 50 target price, which corresponds to a FY16E P/NAV of 0.98x and dividend yield of 4.0%.

Buy rating, € 50 PT

Our target price reflects 30% upside versus the share price. We therefore upgrade our rating from Hold to Buy.

DCF VALUATION

Total DCF Value	324
- Net financial debt	-187
- Minorities	0
- Provisions	-3.5
+ Financial Assets	62.4
+ own equity	0.0
Equity value	196
N° of shares	4.1
Forward value per share	50.1

Source: KBC Securities

FINANCIAL DATA

Income statement (€ m)	2012	2013	2014	2015E	2016E	2017E
Sales	127	54	32	52	136	124
COGS	-95	-35	-22	-32	-104	-91
Gross profit	32	19	9	20	32	33
Operating costs	-9	-8	-9	-10	-8	-6
Other income & costs	-4	0	2	-4	-3	-8
EBIT	19	11	3	5	21	20
Net interest	-7	-9	-7	-7	-9	-8
Other non-operating	0	0	0	0	0	0
Pre-tax earnings	13	1	-4	-2	12	12
Taxes	-1	0	-1	1	-2	-2
Associates	0	0	25	2	6	12
Discontinued & other	0	0	0	0	0	0
Consolidated earnings	12	1	20	1	16	21
Minority interests	0	0	0	0	0	0
Net earnings	12	1	20	1	16	21
Depreciation and amortisation	-1	0	-2	-1	-2	0
Amortisation other intangibles/ Impairments	0	0	0	0	0	0
Non recurring elements included in EBIT	0	0	0	0	0	0
REBITDA	20	11	5	6	23	20
EBITDA	20	11	5	6	23	20
REBITA	19	11	3	5	21	20
EBITA	19	11	3	5	21	20
Net earnings from continued operations	12	1	20	1	16	21
Adjusted net earnings	12	1	20	1	16	21

Balance sheet (€ m)	2012	2013	2014	2015E	2016E	2017E
Intangible assets	0	0	0	0	0	0
Tangible assets	1	1	1	1	1	1
Financial assets	1	1	73	62	62	62
Other assets	13	17	27	28	28	28
Inventories	363	467	317	321	286	320
Receivables	13	9	9	10	10	10
Cash & equivalents	27	31	22	48	85	14
TOTAL ASSETS	418	527	448	470	472	435
Equity	188	183	197	194	211	224
Minorities	0	0	0	0	0	0
Provisions	2	2	4	4	4	4
LT financial debt	136	151	151	165	150	100
Other liabilities	19	21	14	21	21	21
Payables	22	21	13	16	16	16
ST financial debt	52	149	69	70	70	70
TOTAL LIABILITIES	418	527	448	470	472	435
Net working capital	354	456	312	314	279	313
Capital employed	356	457	313	315	280	314
Net debt	160	269	198	187	135	156
Net debt, incl. off-balance items	160	269	198	187	135	156

Cash flow statement (€ m)	2012	2013	2014	2015E	2016E	2017E
Consolidated earnings	19	11	28	7	27	31
Depreciation, amortisation & impairment	1	0	2	1	2	0
Other cash flow from operations	-3	0	0	-2	0	0
Change in working capital	-22	-101	-33	-3	29	31
CASH FLOW FROM OPERATIONS	-16	-101	-15	10	51	-13
Net capital expenditure	0	0	0	0	0	0
Acquisitions / disposals	0	1	0	0	0	0
Other cash flow from investments	0	0	0	0	0	0
CASH FLOW FROM INVESTMENTS	0	1	0	0	0	0
Dividend payments	-7	-6	-7	-3	0	-8
Shares issues	0	0	0	0	0	0
New borrowings / reimbursements	4	110	27	17	-15	-50
Other cash flow from financing	-	-	-	-	-	-
CASH FLOW FROM FINANCING	-4	104	20	14	-15	-58
Fx and changes to consolidation scope	-	-	-	-	-	-
CHANGE IN CASH & EQUIVALENTS	-20	4	-10	23	36	-71
Free cash-flow	-16	-101	-15	10	51	-13
Change in net debt	24	108	-70	-12	-51	21

Performance criteria	2012	2013	2014	2015E	2016E	2017E
Sales growth	66.6%	-57.5%	-41.3%	63.7%	162.7%	-8.8%
Gross profit growth	-5.9%	-40.9%	-49.4%	110.6%	59.3%	4.1%
REBITDA growth	-8.7%	-45.1%	-53.8%	26.0%	261.2%	-13.9%
EBITDA growth	-8.7%	-45.1%	-53.8%	26.0%	261.2%	-13.9%
REBITA growth	-14.2%	-45.5%	-73.6%	76.6%	328.2%	-5.7%
EBIT growth	-14.2%	-45.5%	-73.6%	76.6%	328.2%	-5.7%
Pe-tax earnings growth	-26.6%	-89.7%	-423.2%	-46.5%	-654.9%	-4.0%
Net earnings growth	-27.6%	-87.4%	1262.4%	-95.0%	1535.5%	28.6%
Earnings growth from continued operations	-27.6%	-87.4%	1262.4%	-95.0%	1535.5%	28.6%
Adjusted earnings growth	-27.6%	-87.4%	1262.4%	-95.0%	1535.5%	28.6%
Gross margin	25.0%	34.7%	29.9%	38.5%	23.3%	26.6%
REBITDA margin	15.8%	20.4%	16.1%	12.4%	17.0%	16.1%
EBITDA margin	15.8%	20.4%	16.1%	12.4%	17.0%	16.1%
REBITA margin	15.3%	19.6%	8.8%	9.5%	15.5%	16.1%
EBIT margin	15.3%	19.6%	8.8%	9.5%	15.5%	16.1%
Net working capital / sales	279.5%	846.8%	987.2%	607.8%	205.6%	253.0%
CAPEX/ Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF / Sales	-13.0%	-187.9%	-47.7%	18.5%	37.9%	-10.4%
Depreciation / Capital Expenditure	-	-	-	-	-	-
Capital expenditure / EBITDA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt / Equity + Minorities	85.4%	146.8%	100.9%	96.0%	64.1%	69.8%
Net debt / EBITDA	8.0	24.4	39.0	29.2	5.8	7.8
EBITDA / net interest	3.0	1.2	0.7	0.9	2.7	2.5
Pay-out ratio	-11.9%	0.0%	-12.0%	0.0%	-12.1%	-11.8%
Net earnings margin	9.2%	2.7%	63.4%	1.9%	12.1%	17.1%
x CE turnover (Sales / avg. CE)	0.4	0.1	0.1	0.2	0.5	0.4
x Leverage (avg. CE / avg. equity)	1.8	2.2	2.0	1.6	1.5	1.4
= Return on Equity (avg)	6.3%	0.8%	10.6%	0.5%	8.1%	9.7%
Return on Equity - adjusted	6.3%	0.8%	10.6%	0.5%	8.1%	9.7%
Return on Capital Employed	6.1%	2.6%	0.7%	-3.7%	7.8%	7.4%
Return on Capital Employed - adjusted	6.1%	2.6%	0.7%	-3.7%	7.8%	7.4%
Per share data (€)	**2012**	**2013**	**2014**	**2015E**	**2016E**	**2017E**
weighted average # shares (m)	4.12	4.12	4.12	4.12	4.12	4.12
weighted average # shares, diluted (m)	4.12	4.12	4.12	4.12	4.12	4.12
Basic EPS	2.84	0.36	4.86	0.24	4.00	5.14
Adjusted EPS	2.84	0.36	4.86	0.24	4.00	5.14
Diluted EPS	2.84	0.36	4.86	0.24	4.00	5.14
Diluted, adjusted EPS	2.84	0.36	4.86	0.24	4.00	5.14
Diluted EPS: y/y growth	-27.6%	-87.4%	1,262.4%	-95.0%	1,535.5%	28.6%
Diluted EPS: CAGR 3Y	7.4%	-55.9%	123.7%	1.9%	165.1%	-100.0%
Adjusted, diluted EPS: y/y growth	-27.6%	-87.4%	1,262.4%	-95.0%	1,535.5%	28.6%
Adjusted, diluted EPS: CAGR 3Y	7.4%	-55.9%	123.7%	1.9%	165.1%	-100.0%
REBITDA / share	4.87	2.67	1.23	1.55	5.61	4.83
EBITDA / share	4.87	2.67	1.23	1.55	5.61	4.83
REBITA/share	4.70	2.56	0.68	1.20	5.12	4.83
EBIT/ share	4.70	2.56	0.68	1.20	5.12	4.83
Net book value / share	45.57	44.44	47.70	47.19	51.18	54.32
Free cash flow / share	-3.99	-24.54	-3.66	2.33	12.48	-3.12
Dividend (€)	1.40	0.00	2.40	0.00	2.00	2.50
Valuation data	**2012**	**2013**	**2014**	**2015E**	**2016E**	**2017E**
Max share price (€)	28.90	37.43	44.45	52.70	42.49	-
Min share price (€)	24.15	28.25	35.99	40.10	38.45	-
Reference share price (€)	26.56	33.60	40.87	38.49	38.49	38.49
Reference market capitalisation	109	138	168	159	159	159
Enterprise value (€ m)	287	427	310	306	254	275
P/E	9.3	94.1	8.4	157.5	9.6	7.5
EV/sales	2.3	7.9	9.8	5.9	1.9	2.2
EV/REBITDA	14.3	38.8	61.0	47.8	11.0	13.8
EV/EBITDA	14.3	38.8	61.0	47.8	11.0	13.8
EV/REBITA	14.8	40.4	111.0	62.0	12.0	13.8
EV/EBIT	14.8	40.4	111.0	62.0	12.0	13.8
EV/Capital employed	0.8	0.9	1.0	1.0	0.9	0.9
P/ NBV	0.6	0.8	0.9	0.8	0.8	0.7
Free cash flow yield	-15.0%	-73.0%	-9.0%	6.0%	32.4%	-8.1%
Dividend yield	5.3%	0.0%	5.9%	0.0%	5.2%	6.5%

Source: KBC Securities *Historic valuation data are based on historic prices

DISCLOSURE & DISCLAIMER SECTION

The company disclosures can also be consulted on our website http://www.kbcsecurities.com/disclosures.

KBC Securities uses an absolute rating system including terms such as Buy, Accumulate, Hold, Reduce and Sell (see definitions below).

	Definition
BUY	Expected total return (including dividends) of 10% or more over a 6-month period
ACCUMULATE	Expected total return (including dividends) between 0% and 15% over a 6-month period
HOLD	Expected total return (including dividends) between -5% and 5% over a 6-month period
REDUCE	Expected total return (including dividends) between –15% and 0% over a 6-month period
SELL	Expected total return (including dividends) of -10% or worse over a 6-month period

Due to external factors and in exceptional cases, KBC Securities allows the use of ratings such as Accept the Offer, Black Out, No Recommendation or Suspended.
Our analysts assign one of those ratings based on their investment outlook and valuation for the concerned stock. The valuation can be based on different methodologies such as DCF (discounted cash flow), absolute multiples, peer group multiples, sum-of-parts or NAV (Net Asset Value). The valuation is reflected in a 6-month target price. Occasionally, the expected total return may fall outside of these ranges because of price movement and/or volatility. Such deviations will be permitted but will be closely monitored. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the report contains more complete information concerning the analyst's view, investors should carefully read the entire report and not infer its contents from the rating alone. KBC Securities may disclose the drafts of its reports to the issuers before their dissemination for the purpose of verifying the accuracy of factual statements, except when the draft includes a rating or a target price. In case the draft has been amended following this disclosure, such amendments will be indicated in the concerned report.

Stock rating	% of covered universe	% of covered universe with investment banking relationship during last year
BUY	36.60%	80.00%
ACCUMULATE	27.70%	20.00%
HOLD	32.10%	0.00%
REDUCE	2.70%	0.00%
SELL	0.90%	0.00%

Immobel is a Belgian developer active in three segments: offices, residential and landbanking. The residential and landbanking activities generate a stable cash flow, while the office projects create nice surpluses.
The price target for Immobel is based on following parameters:
The risks which may impede the achievement of our price target are:

Below is an overview of the stock ratings and target price history in the last 12 months for the stock described in this report.

Date	Rating	Target price
2016-01-27	Buy	€ 50.00
2015-12-11	Hold	€ 50.00
2015-03-30	Accumulate	€ 55.00
2015-03-10	Accumulate	€ 52.00
2015-02-03	Accumulate	€ 50.00

KBC Securities will provide periodic updates on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information.

KBC Securities policy prohibits its analysts and members of their households from owning securities of any company in the analyst's area of coverage.

CONTACT DETAILS

ANALYST TEAM

Analyst	Contact	Coverage
Wouter Vanderhaeghen (Head of Research)	+32 2 429 37 30	Shipping & Industrials
Jan De Kerpel	+32 2 429 84 67	Biotech & Pharma
Ruben Devos	+32 2 429 58 43	Telco & Media
Matthias De Wit	+32 2 429 37 17	Financials
Yves Franco	+32 2 429 45 04	Holdings & Staffing
Wim Hoste	+32 2 429 37 13	Chemicals & Breweries
Guy Sips	+32 2 429 30 02	Small & Midcaps Benelux
Koen Overlaet-Michiels	+32 2 429 37 21	Real Estate
Alan Vandenberghe	+32 2 429 18 06	Food Retail & Credit Research
Dirk Verbiesen	+32 2 429 39 41	Oil Services & Construction

EQUITY SALES TEAM

Sales	Contact
Sebastien Fuki (Head of Sales)	+32 2 417 53 43
Stefaan De Lathouwer	+32 2 417 44 68
Xavier Gossaert	+32 2 417 53 68
Margo Joris	+32 2 417 25 66
Agustin Lanne	+32 2 417 51 45
Tim Leemans	+32 2 417 32 28
Marco Miserez	+32 2 417 36 81
Sales (US)	
Sebastiaan Pol	+1 212 845 20 52
Sofie Van Gijsel	+1 212 541 06 48
Sales Trading	
Isabel Sebreghts	+32 2 417 63 63
Tim Leemans	+32 2 417 32 28
Marco Miserez	+32 2 417 36 81
Loïc De Smet	+32 2 417 36 99

BOND SALES TEAM

Sales	Contact
Alexander Lehmann (Head of Sales)	+32 2 417 46 25
Maurizio Bartolo	+32 2 417 48 02
Bert Beckx	+32 2 417 31 57
Toon Boyen	+32 2 417 25 65
Alban Kerdranvat	+32 2 417 25 45
Bart Mathijssen	+32 2 417 57 12
Pranab Patel	+32 2 417 46 75
Koen Princen	+32 2 417 44 65

COMPANY NOTE

27 January 2016

The company disclosures can be consulted on our website http://www.kbcsecurities.com/disclosures.

KBC Securities NV
Havenlaan 12
Avenue du Port
1080 Brussels
Belgium
+32 2 417 44 04
Regulated by FSMA and NBB

KBC Securities USA, Inc.
1177 Avenue of the Americas
New York, NY 10036
US
+1 212 845 2200
Regulated by FINRA

KBC Securities NV Hungarian Branch
Lechner Ődőn fasor 10
1095 Budapest
Hungary
+361 483 4005
Regulated by PSZAF

Analyst certification: The analysts identified in this report each certify, with respect to the companies or securities that the individual analyses that (i) the views expressed in this publication reflect his or her personal views about the subject companies and securities, and (ii) he or she receives compensation that is based upon various factors, including his or her employer's total revenues, a portion of which are generated by his or her employer's investment banking activities, but not in exchange for expressing the specific recommendation(s) in this report.

This publication has been prepared by KBC Securities NV which is regulated by FSMA (Financial Services and Markets Authority) and by NBB (National Bank of Belgium). This publication is provided for informational purposes only and is not intended to be an offer, or the solicitation of any offer, to buy or sell the securities referred to herein. This document is not produced by KBC Securities USA, Inc. No part of this publication may be reproduced in any manner without the prior written consent of KBC Securities.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but neither KBC Securities nor its affiliates represent that it is accurate or complete, and it should not be relied upon as such. All opinions, forecasts, and estimates herein reflect our judgement on the date of this publication and are subject to change without notice.

From time to time, KBC Securities, its principals or employees may have a position in the securities referred to herein or hold options, warrants or rights with respect thereto or other securities of such issuers and may make a market or otherwise act as principal in transactions in any of these securities. Any such persons may have purchased securities referred to herein for their own account in advance of the release of this publication. KBC Securities and principals or employees of KBC Securities may from time to time provide investment banking or consulting services to, or serve as a director of a company being reported on herein.

This publication is provided solely for the information and use of investors who are expected to make their own investment decisions without undue reliance on this publication. This publication meets the definition of investment research prepared according to the requirements to ensure the objectivity and independence of financial analysts, and cannot be considered to constitute personal investment advice. Investors must make their own determination of the appropriateness of an investment in any securities referred to herein based on the merits and risks involved, their own investment strategy and their legal, fiscal and financial position. Past performance is no guarantee for future results. By virtue of this publication, none of KBC Securities or any of its employees shall be responsible for any investment decision.

KBC Securities has implemented certain in-house procedures known as Chinese walls that aim to prevent the inappropriate dissemination of inside and confidential information. E.g. a Chinese wall surrounds the corporate finance department within KBC Securities. Further measures have been taken with regard to the separation of certain activities that could lead to conflicts of interest with other activities within KBC Securities and to ensure the objectivity and independence of investment research (such as separate supervision and reporting lines, restrictions on personal transactions of financial analysts, prohibition to accept inducements, ...).
KBC Securities is part of the international KBC group. Therefore it can not a priori be excluded that another KBC group entity might have an interest or a conflict of interest with respect to the issuer to which this publication relates. However KBC Securities has taken reasonable care to ensure that these circumstances do not impair the objectivity of the recommendation. As such the investment research activity of KBC Securities is separated from the activities of the other KBC group activities. Such separation has been realised a.o. by lodging such activities in different legal entities with proper reporting lines and proper information barriers put in place. If, nevertheless, the analyst preparing the report would have become aware of any such interest or conflict of interest, such information has been disclosed.

In the United States this publication is being distributed to U.S. Persons by KBC Securities USA, Inc., which accepts responsibility for its contents. Orders in any securities referred to herein by any U.S. investor should be placed with KBC Securities USA, Inc. and not with any of its foreign affiliates. KBC Securities USA, Inc. and/or its affiliates may own 1% or more of the subject company's common equity securities. KBC Securities USA, Inc. or its affiliates may have managed or co-managed a public offering of the subject company's securities in the past 12 months, or received compensation for investment banking services from the subject company in the past 12 months, or expect to receive or intend to seek compensation for investment banking services from the subject company in the next three months. Any U.S. recipient of this report that is not a bank or broker-dealer and that wishes to receive further information regarding, or to effect any transaction in, any security discussed in this report, should contact and place orders with KBC Securities USA, Inc. This report is being distributed in the United States solely to investors that are (i) "major U.S. institutional investors" (within the meaning of SEC Rule 15a-6 and applicable interpretations relating thereto) that are also "qualified institutional buyers" (QIBs) within the meaning of SEC Rule 144A promulgated by the United States Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act") or (ii) investors that are not "U.S. Persons" within the meaning of Regulation S under the Securities Act and applicable interpretations relating thereto. The offer or sale of certain securities in the United States may be made to QIBs in reliance on Rule 144A. Such securities may include those offered and sold outside the United States in transactions intended to be exempt from registration pursuant to Regulation S. This report does not constitute in any way an offer or a solicitation of interest in any securities to be offered or sold pursuant to Regulation S. Any such securities may not be offered or sold to U.S. Persons at this time and may be resold to U.S. Persons only if such securities are registered under the Securities Act of 1933, as amended, and applicable state securities laws, or pursuant to an exemption from registration. The products sold by KBC Securities USA, Inc or any affiliate thereof, including KBC Securities, are not insured by the FDIC, are not obligations of or guaranteed by KBC Bank NV or its affiliates, and are subject to investment risks, including possible loss of the entire amount invested.

This publication is for distribution in or from the United Kingdom only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made thereunder or to investment professionals as defined in Section 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

This publication is for distribution in Canada only to pension funds, mutual funds, banks, asset managers and insurance companies.

The distribution of this publication in other jurisdictions may be restricted by law, and persons into whose possession this publication comes should inform themselves about, and observe, any such restrictions. In particular this publication may not be sent into or distributed, directly or indirectly, in Japan or to any resident thereof.