

**BEFB BB | CLOSE: EUR 61.29 (+0.92%) | RATING: NEUTRAL | PRICE TARGET: EUR 61.00**  
**Kempen & Co news** – Befimmo: acquires office building in Brussels CBD for EUR 78m

Befimmo has acquired the office building 'Pavilion' from SEB Investment for a total amount of about EUR 78m; whereby Befimmo acquires the shares of Ringcenter SA (the owner of the 'Pavilion'-complex) for EUR 55m and takes over the liabilities for a total amount of about EUR 23m. This reflects a net initial yield of 5.12% with a lease maturity of 15 years (index-linked). Although the transaction is EUR 0.10p/s CF-accretive, we consider the acquisition yield as somewhat firm given that the net yield for prime offices in Brussels with a nine-year lease is currently between 5.25% and 5.5%. However, Befimmo's acquisition price is exactly in line with the latest external appraisal value of EUR 78m and thus we believe this acquisition is NNAV-neutral.

The building (completed in 2005) comprises 18,750 sqm in office space, 900 sqm in archives and 106 parking places. Befimmo will finance the acquisition with debt and thus we expect Befimmo increases the LTV by 2%-point to 42.9%. Following the acquisition of the building, the company still has EUR 75m in credit lines left.

The acquisition is in line with our expectations regarding the company's focus on the long-leased prime office buildings in the Brussels CBD and falls within our volume assumptions for FY10/11 (FY10/11: EUR 90m). Hence we leave our NEUTRAL rating and price target (EUR 61) unchanged.

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