

24 februari 2012

BEFIMMO

Value remains despite lower FY12 guidance

REAL ESTATE INVESTMENT TRUSTS
BELGIUM

CURRENT PRICE €48.00
TARGET PRICE €54.00

ACCUMULATE
RATING UNCHANGED

Performance over	1M	3M	12M
Absolute	-7%	-8%	-20%
Rel. BEL20	-9%	-21%	-5%
12m Hi/Lo	€64.40/47.11		
Bloomberg	BEFB.BB		
Reuters	BEFB.BR		
Market Cap	€806m		
Next corporate event	General Assembly 12: 25 April 2012		
www.befimmo.be			

FY/e 31.12	2011*	2012E	2013E	2014E
Current Result (€m)	88.5	70.3	68.9	70.8
Portfolio Result (€m)	-6.6	-21.7	-8.0	3.0
Net Profit (€m)	81.9	48.6	60.9	73.8
Diluted adj. EPS (€)	5.13	3.96	3.84	3.95
NAV per share	57.4	57.0	55.9	56.2
P/E	11.32	12.11	12.49	12.16
EV / EBITDA	15.01	16.68	17.29	17.01
DPS	4.93	3.50	3.64	3.73
Dividend Yield	8.5%	7.3%	7.6%	7.8%

Source: KBC Securities *15 Months

Befimmo reported solid FY10/11 results, in-line with expectations. Net rental income came in at €155.7m vs. €152.6m KBCSe, mainly driven by the contribution of the Pavilion building and the indexation of the lease contracts. However, the higher-than-expected property and corporate management costs meant that the EPRA earnings of €90.0m were in line with our €89.1m estimate. The guidance was lower than expected. We maintain our Accumulate rating and lower our TP from €56.5 to €54.

FY10/11 RESULTS IN-LINE, GUIDED DIVIDEND CUT

- 2011 Results.** The net result rose to €81.9m FY10/11 (or €62.0m 12M11 vs. €55.0m 12M10). This was mainly driven by the lower-than-expected negative revaluation of the portfolio: €-26.4m FY10/11 and the positive revaluation of the financial instruments in-line with expectations. The company confirmed its final dividend of €0.99.
- FY12 guidance.** The company guides for net rental income of €128.0m in 2012, €127.4m in 2013 and €130.7m in 2014. They also expect a substantial increase in corporate management and interest costs. As a consequence, management is guiding for a gross dividend in 2012 of €3.45. We have adapted our model downwards to reflect this, which leads to declines in our bottom-line EPRA estimates of respectively -7%, -5% and -5% in 2012, 2013 and 2014.
- Investment case.** We stick to our view that Befimmo has a solid and defensive business model of long-term indexed contracts and a secure and stable tenant base. The changes to our model lead to a lower fair value, prompting us to downgrade our target price from €56.5 to €54. We keep our Accumulate rating based on the company's strategy and its valuation. Befimmo quotes at a discount of 15.7% to NAV (end-2011) and has a dividend yield of 7.3%. We value management's clear focus as a pure player in the prime office market.

ANALYSTS

Koen Overlaet-Michiels

Financial Analyst - Brussels

+32 2 429 37 21

koen.overlaet-michiels@kbcsecurities.be

24 februari 2012

ANALYSIS OF 2011-RESULTS

Befimmo prolonged its book year by one quarter in order to align it to the calendar year. As a consequence, the FY10/11 results are spread over five quarters. The company also provided a restatement of the results over the calendar years 2010 and 2011 for comparison purposes. We compare the results with our forecasts.

High net rental income, operating margin under pressure

At the end of FY10/11, net rental income was €155.7m, slightly higher than our €152.6m expectation. This increased result was mainly driven by the contribution of the Pavilion building and the indexation of contracts, but was tempered by the loss in income after the sale of the Kattendijkdok and negative like-for-like growth. Both the negative impact of rental renewals and the expiring rental guarantee on the Axento building in Luxembourg caused this deterioration. However, a more negative signal comes from the cost components. Both property charges (€-18.4m vs. €-15.3m KBCSe) and corporate management costs (€-17.7m vs. €-17.0m KBCSe) came in higher than expected. The rise in corporate management costs deserves the most attention however as the increase on a 12-month basis (from €-12.7m 12M10 to €-14.2m 12M11) seems to be structural (cfr. Looking ahead). These increased costs lead to a drop in operating margin from 91% over FY10 to 83% over FY11. The drop is substantial despite last-years' one-off capital gain from the compensation for the WTC II contract, of which the impact on the operating margin is estimated at 5%.

Portfolio revaluation surprises

Regarding the portfolio valuation, there is more positive news. Here, the strong negative revaluations seem to have bottomed out. Over 5Q10/11, the revaluation was even positive at +0.19% of the portfolio. For management this came as a surprise. The explanation for the rise is the higher-than-expected rent indexation. All in all, the negative revaluation over FY10/11 amounted to €-26.4m or 14% higher than our €-30.7m revaluation. When combined with the capital gains on the disposal of the Empress Court and Kattendijkdok, the operating result comes in at €117.4m or 5% higher than expected.

Anticipated debt refinancing

As mentioned in our previous report, Befimmo raised €416m of debt in 2011. Moreover, the company succeeded in refinancing in a diversified way (public bonds, new bilateral credit lines and a fixed-rate loan). As a consequence, financial charges increased sharply from €-22.5m to €-28.8m y/y. The reason for this increase is however threefold. First of all, there was the rise in average Euribor rates over FY10/11 from 0.69% to 1.29%. Secondly, the company was subject to higher interest rates due to increased margins on its new financings. And finally there is of course the higher debt, which automatically leads to increased financial charges. We overestimated these financial charges due to a higher expected average Euribor rate.

Solid FY10/11 results in-line

The net result increased to €81.9m vs. €77.9m KBCSe (or €62.0m 12M11 vs. €55.1m 12M10). This result is mainly driven by the lower-than-expected negative portfolio revaluations, the positive revaluation of the financial instruments (€5.0m FY10/11) and the capital gain on the disposal of assets of €14.8m. Excluding these three elements leads to an EPRA result of €90.0m, in line with our €89.1m estimate.

In conclusion, the company presented solid results in a challenging office market. Net rental income came in slightly above our expectations and the negative revaluation of the portfolio was halted in 5Q10/11 to -1.29% of the portfolio vs. -1.77% in FY09/10. We therefore feel positive the quality of the portfolio and its tenant base. Moreover, the company confirmed its final dividend of €0.99, bringing the total dividend over FY10/11 to €4.93.

24 februari 2012

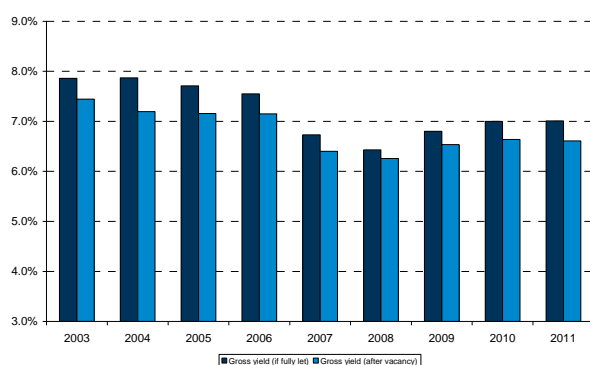
2011 RESULTS

€ 000	31/12/10 12 months	31/12/11 12 months	Diff. in %	31/12/11 15 months	31/12/11E 15 months	Diff. in %
Net rental income	123,691	124,629	1%	155,752	152,589	2%
Property charges	n.a.	n.a.		-18,355	-15,259	-20%
% of net rental income				12%	10%	
Property operating result	116,256	116,992	1%	146,764	144,330	2%
Corporate management costs	-12,700	-14,218	-12%	-17,695	-17,000	-4%
Operating result before result on portfolio	112,235	102,583	-9%	128,997	127,661	1%
Operating margin (% of net rental income)	91%*	82%	-10%	83%	84%	
Gains or losses on disposals of investment properties	361	12,623	3951%	14,769	14,500	2%
Changes in fair value of investment parties	-31,628	-18,984	40%	-26,403	-30,689	14%
Operating result	80,968	98,222	21%	117,363	111,471	5%
Net interest charges	-22,508	-28,824	-28%	-30,948	-33,076	6%
Changes in fair value of financial assets and liabilities	1,350	-2,523	-287%	5,038	5,000	1%
Financial result	-21,158	-31,347	-48%	-29,458	-28,076	-5%
Taxes	-651	-668	-3%	-818	-833	2%
Net result	59,159	66,208	12%	87,087	82,563	5%
Net result - group share	55,109	61,992	12%	81,855	77,938	5%
EPRA result - group share	85,034	70,287	-17%	90,022	89,127	1%

Source: KBC Securities

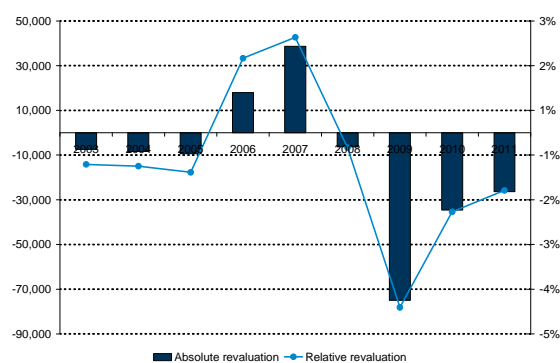
* including one-off capital gain re WTC II.

YIELD EVOLUTION



Source: Befimmo, KBC Securities

PORTFOLIO REVALUATION



Source: Befimmo

24 februari 2012

LOOKING AHEAD

As usual, Befimmo provides a 3-year forecast of its P&L account. This transparency towards the market is highly appreciated and provides a good insight into the ins and outs of the company. Unfortunately however, the guidance is none too cheerful, which prompted us to downgrade our model, in turn leading to a lowering of our TP from € 56.5 to € 54.

Rental income adjustments

The company expects the pressure on rental prices to persist in the coming three years. Moreover, net rental income will also be impacted by what is expected to be low portfolio growth over the next three years. Growth will mainly come from current projects such as the delivery of renovated buildings, i.e. the Froissart and Science-Montoyer buildings. The renovation works in both buildings were finalized at respectively end-2010 and end-2011. Therefore, 35% of the Froissart is already rented out while there is strong interest in the Science-Montoyer building. The Central Gate and WTC Tower III are two projects that are still under renovation. Works are expected to be completed in 2012. These projects together with the full year rental of the Pavillion building will increase rental income over the next three years. However, this will be tempered by renegotiations that will lead to lower rents, which is already visible in the negative like-for-like growth in FY10/11.

As a result of this prudent forecast, we adjusted our top-line by -0.4% in 2012, -1.6% in 2013 and -1.7% in 2014. We keep our property charges at c. 7% of net rental income, which explains the slight decrease in charges in 2013 and 2014. However, a more severe adjustment was made regarding corporate management costs. While these costs have hovered between € -10m and € -12m in recent years, they rose sharply in FY10/11 due to costs related to refinancing and management. Management has confirmed that these costs will remain structurally higher than in previous years. To reflect this, we increased them by 7.9% over the next three years, which automatically lowers our operating result before result on portfolio by -3% to -4%.

Result on portfolio

We were positively surprised by the positive revaluation of the portfolio in 5Q10/11, which limited the negative revaluation of the investment portfolio over FY10/11 to € -26.4m vs. our € -30.7m estimate. If we look at this revaluation in depth (see table below), we can see a gradual bottoming out. However, we expected this bottoming out to occur faster in the coming years than estimated by the management. Therefore, we adjusted our model downwards. The impact of these revaluations on total operating income is -13% in 2012, -14% in 2013 and -13% in 2014.

PORTFOLIO REVALUATION

2009-2010				2010-2011					2012E	2013E	2014E
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5Q			
-0.54%	-0.48%	-0.39%	-0.39%	-0.38%	-0.29%	-0.48%	-0.39%	0.19%	-1.10%	-0.40%	0.15%
	-1.77%					-1.29%					

Source: KBC Securities

Financial result estimates

The company successfully refinanced to the tune of € 416m in 2011 in anticipation. The flipside of this forward-looking strategy is that debt charges will now be higher in the coming years. The recent bond issues also increased the debt rate. Therefore, we increase our medium-term debt cost by 5.8%, but lower it in the long-run (by -0.2% and -2.4% in 2013 and 2014 respectively), to reflect the fact that the company bought IRSes at a lower rate. We don't provide estimates on fair value of the hedging instruments as the fluctuations linked to macro-economic circumstances are not predictable.

24 februari 2012

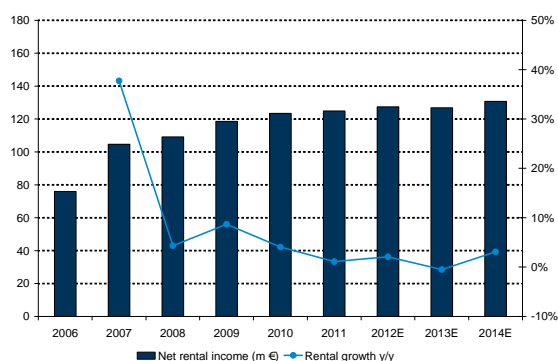
Bottom line forecasts

The lower guidance on net rental income, the higher corporate management costs and the increase in net interest charges lead to a downward adjustment of our EPRA result (group share) by -7% in 2012, -5% in 2013 and -5% in 2014. This results in 2014 EPRA earnings of € 70.8m vs. € 70.3m in 2011 (on a restated basis). Note however that this scenario is a base case which does not include large acquisitions in the coming years.

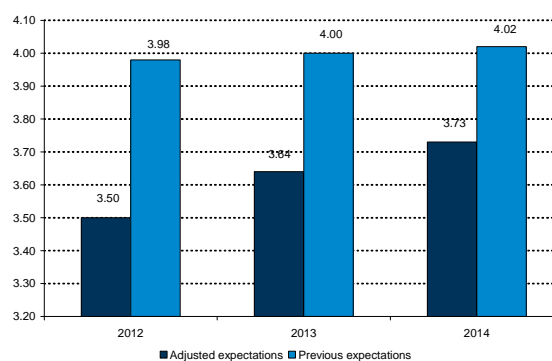
P&L FORECAST

	2012E	NEW 2012E	2013E	NEW 2013E	2014E	NEW 2014E
Net rental income	128,015	127,451	128,941	126,819	133,070	130,743
		-0.4%		-1.6%		-1.7%
Property charges	-8,961	-9,559	-9,026	-8,877	-9,315	-9,152
		-6.3%		1.7%		1.8%
Corporate management costs	-13,872	-14,967	-14,149	-15,266	-14,432	-15,572
		-7.9%		-7.9%		-7.9%
Operating result before result on portfolio	111,182	108,087	111,766	107,836	115,323	111,130
		-3%		-4%		-4%
Changes in fair value of investment parties	-11,608	-21,684	4,000	-7,951	15,321	3,049
		-86.8%		-298.8%		-80.1%
Operating result	99,575	86,402	115,766	99,885	130,644	114,179
		-13%		-14%		-13%
Net interest charges	-30,590	-32,375	-33,609	-33,529	-35,783	-34,922
		-5.8%		0.2%		2.4%
Net result	68,284	53,227	81,457	65,556	94,161	78,457
		-22%		-20%		-17%
Net current result (group share)	75,267	70,286	72,832	68,882	74,215	70,783
		-7%		-5%		-5%
EPRA result (group share)	75,267	70,286	72,832	68,882	74,215	70,783
		-7%		-5%		-5%

Source: KBC Securities

NET RENTAL INCOME EVOLUTION

Source: Befimmo, KBC Securities

DIVIDEND EXPECTATIONS

Source: KBC Securities

24 februari 2012

SECURE BUSINESS MODEL, DISAPPOINTING GUIDANCE

We remain confident in Befimmo and its management as a stable cash generating company. Their strategy is reflected by the small decline in the occupancy rate over FY10/11 (94.3% vs. 95.5% on 30 September 2010) and the average maturity of the portfolio of 9.02 years. The addition of the new Paradis building to the portfolio will lift this rate to 10 years. The company can therefore still be viewed as secure. The impact of the indexed contracts may not be fully reflected in future income guidance, but neither does the company keep its forecasts artificially high by selling less strategic buildings.

Still, we must admit that the guided dividend cut came as something of a surprise. The strong track record supported by the business model led us to believe that the dividend would remain stable in the coming years. We have lowered our dividend estimates to €3.50 in 2012, €3.64 in 2013 and €3.73 in 2014. We forecast gradual dividend growth as we expect the crisis in the office market to ease. Management has guided for stock dividends in the coming years. This will have a fairly limited impact on the number of shares created, but it will strengthen equity.

Valuation

The changes to our model lead to a lower fair value. To reflect this we have lowered our target price from €56.5 to €54. We keep our Accumulate rating based on both the valuation and the company's strategy. Befimmo quotes at a discount of 15.7% to NAV and a dividend yield of 7.3%. Moreover, the company's defensive business model of long-term indexed contracts with a secure and stable tenant base remains unchanged. We value management's clear focus as a pure player in the prime office market.

24 februari 2012

FINANCIAL DATA

Income statement (€m)	2009	2010	2011	2012E	2013E	2014E
Gross Rental Income (GRI)	119.1	124.0	156.0	128.0	127.3	131.2
Other Income	-	-	-	-	-	-
Property & Development Costs	-3.1	0.7	-9.3	-4.9	-4.2	-4.5
Other Costs	-9.8	-12.5	-17.7	-15.0	-15.3	-15.6
EBITDA	106.1	112.2	129.0	108.1	107.8	111.1
Depreciation & Amortization	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	106.1	112.2	129.0	108.1	107.8	111.1
Financial Result	-30.0	-20.7	-34.5	-32.4	-33.5	-34.9
Taxes	-0.5	-0.7	-0.8	-0.8	-0.8	-0.8
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued / Other	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-3.3	-3.9	-5.2	-4.6	-4.6	-4.6
Net current result (Group's share)	72.4	86.9	88.5	70.3	68.9	70.8
Changes in FV of investment properties	-75.0	-34.6	-26.4	-21.7	-8.0	3.0
Gains/losses on real estate divestments	0.2	0.2	14.8	0.0	0.0	0.0
Minorities	2.2	0.1	0.0	0.0	0.0	0.0
Portfolio Result	-106.9	-40.1	-6.6	-21.7	-8.0	3.0
Net Profit (Group's share)	-34.5	46.7	81.9	48.6	60.9	73.8
Adjusted Net Profit (Group's share)	73.1	86.9	88.5	70.3	68.9	70.8
Cash flow statement (€m)	2009	2010	2011	2012E	2013E	2014E
Cash Flow from Operations	82.8	93.8	93.9	74.9	73.5	75.4
Change in Working Capital	4.8	-6.1	75.2	-0.4	-0.4	-0.5
Cash Flow from Operating Activities	87.6	87.7	169.1	74.5	73.1	75.0
Cash Flow from Investments	-29.4	-26.0	-105.0	-38.2	-52.6	-35.7
Free Cash Flow	58.2	61.7	64.1	36.3	20.5	39.3
Dividend Payments	-60.6	-62.7	-91.9	-45.6	-72.8	-65.3
Share issues	159.5	0.0	0.0	0.0	0.0	0.0
New borrowings / reimbursements	-155.5	-1.7	86.5	30.0	30.0	25.0
Other cash flow from financing	-	-	-	-	-	-
Cash Flow from Financing	-56.7	-64.3	-5.5	-15.6	-42.8	-40.3
Fx and changes in consolidation scope	-	-	-	-	-	-
Change in Cash & Equivalents	1.5	-2.6	58.6	20.7	-22.3	-1.0
Balance sheet (€m)	2009	2010	2011	2012E	2013E	2014E
Investment Properties	1,918.3	1,885.0	1,971.3	1,987.8	2,032.4	2,071.2
Development Projects	-	-	-	-	-	-
Other Fixed Assets	21.4	20.8	27.0	27.0	27.0	27.0
Total Fixed Assets	1,939.7	1,905.7	1,998.3	2,014.8	2,059.4	2,098.2
Assets held for Sale	4.6	37.6	0.0	0.0	0.0	0.0
Receivables	23.5	19.5	15.7	16.3	16.9	17.6
Other current assets	15.5	18.7	18.5	18.3	18.1	17.9
Cash and Cash Equivalents	6.1	3.5	4.2	24.9	2.6	1.6
Total Current Assets	49.7	79.4	29.6	50.7	28.9	28.3
TOTAL ASSETS	1,989.4	1,985.1	2,027.8	2,065.5	2,088.3	2,126.5
Shareholders' Equity	988.4	1,017.4	1,002.6	1,010.3	1,003.1	1,016.3
Minority Interest	61.6	64.4	67.8	67.8	67.8	67.8
Total Equity	1,050.0	1,081.9	1,070.5	1,078.1	1,070.9	1,084.1
LT Financial Debt	745.4	584.8	855.8	885.8	915.8	940.8
Other LT Liabilities	18.9	20.1	10.4	10.4	10.4	10.4
Total LT Liabilities	764.3	604.9	866.2	896.2	926.2	951.2
ST Financial Debt	1.9	206.0	21.4	21.4	21.4	21.4
Other Current Liabilities	173.3	92.3	69.7	69.7	69.7	69.7
Total ST Liabilities	175.1	298.3	91.1	91.1	91.1	91.1
TOTAL LIABILITIES	1,989.4	1,985.1	2,027.8	2,065.5	2,088.3	2,126.5
Per share data (€)	2009	2010	2011	2012E	2013E	2014E
Basic EPS (€)	-3.97	2.66	4.76	2.74	3.40	4.12
Adjusted EPS (€)	2.40	5.05	5.13	3.96	3.84	3.95
Diluted EPS (€)	-3.97	2.66	4.76	2.74	3.40	4.12
Diluted Adjusted EPS (€)	2.40	5.05	5.13	3.96	3.84	3.95
Net Current Result Per Share (€)	2.40	5.05	5.13	3.96	3.84	3.95
Portfolio Result Per Share (€)	-6.36	-2.39	-0.38	-1.22	-0.44	0.17
DPS (€)	4.40	3.90	4.93	3.50	3.64	3.73
NAV Per Share (€)	59.85	61.68	57.17	56.97	55.95	56.16

Source: KBC Securities

*Historic valuation data are based on historic prices

24 februari 2012

24 februari 2012

DISCLOSURE & DISCLAIMER SECTION

The company disclosures can also be consulted on our website <http://www.kbcsecurities.be/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 discloses the recommendations of its reports to the issuers before their dissemination. In case the recommendation 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	32.80%	37.50%
ACCUMULATE	39.30%	50.00%
HOLD	26.20%	12.50%
REDUCE	1.60%	0.00%
SELL	0.00%	0.00%

Befimmo is an office REIT focussing on prime assets let on long-term to public entities.

The price target for Befimmo is based on following parameters: Absolute Multiples, Peer Group Multiples, Estimated Equity Value (NAV), Dividend Discount Model (DDM)

The risks which may impede the achievement of our price target are: Access to capital (debt & equity), evolution of interest rates and credit spreads, real estate investment market, impact real economy on portfolio vacancy and rental values

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
17-FEB-12	Accumulate	€ 54.00
13-JAN-12	Accumulate	€ 56.50

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

24 februari 2012

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

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

KBC Securities NV Polish Branch
ul. Chmielna 85/87
00-805 Warsaw
Poland
+48 22 581 08 00
Regulated by PFSA

KBC Securities Patra
Jungmannova 745/24
110 00 Prague 1
Czech Republic
+420 221 424 111
Regulated by CNB

KBC Securities NV Hungarian Branch
7/8 Roosevelt square
1051 Budapest
Hungary
+361 483 4005
Regulated by PSZAF

KBC Securities NV Bulgarian Branch
22 Gotze Delchev Blvd, Entr. 2
1404 Sofia
Bulgaria
Tel: +359 2 858 33 11
Regulated by FSC

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) or one of its European subsidiaries (together "KBC Securities"). 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. 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 professional investors who are expected to make their own investment decisions without undue reliance on this publication. 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 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.

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.