

19 June 2013

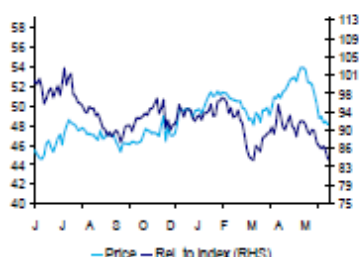
## BEFIMMO

### Acquisition of AMCA office building in Antwerp

REAL ESTATE INVESTMENT TRUSTS  
BELGIUM

CURRENT PRICE € 48.08  
TARGET PRICE € 51.00

**HOLD**  
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg BEFB.BB  
Reuters BEFB.BR

www.befimmo.be

Market Cap € 919.2m  
Shares outst. 19.1m  
Volume (daily) € 985,429  
Free float 80.3%

Next corporate event

(€ m)	2012	2013E	2014E
Current Result	74.9	80.0	80.7
Portf. Result	-46.0	-13.7	-4.5
Net Profit	29.0	66.3	76.2
Adj. EPS (€)	4.25	4.05	3.81
NAV (€)	54.1	54.7	54.7
P/E (x)	11.2	11.9	12.6
DPS (€)	3.45	3.45	3.45
Dividend yield	7.2%	7.2%	7.2%

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Befimmo acquires a 58k m<sup>2</sup> office building in Antwerp. It is located at a prime location, let on a LT to a public institution and paid for by issuing new shares at € 54p.s. We applaud the transaction, but it has a slight dilutive effect on EPS. We therefore maintain our € 51 TP and Hold recommendation.

#### News:

Befimmo signed a contribution agreement with AXA Belgium for the acquisition of the AMCA building in Antwerp. The building has a fair value of € 110m and is fully rented for a remaining 16.5 years to the Building Agency. The current annual rent is € 7.1m and corresponds to a gross initial yield of 6.4% (€ 6.82m net rent). This corresponds to a rent of € 110/m<sup>2</sup>, which is clearly below the average at this prime location in Antwerp.

The AMCA building, located at the Italiëlei 4 (neighbourhood of the high-value region 'Het Eilandje') was erected in 1992 and includes approximately 58,000 m<sup>2</sup> of office space, 1,500 m<sup>2</sup> of archives, and 500 parking spaces.

Based on data as at 31 March 2013, the addition of this building to Befimmo's portfolio, combined with the acquisition of Blue Tower Louise SA, results in an increase of the weighted average duration of leases for the entire portfolio from 9.08 years to 9.21 years. The occupancy rate of Befimmo's portfolio was 95.8% and the proportion of the public sector in its income stood at 66%.

Befimmo will pay AXA Belgium for the full contribution in shares. Therefore, 2,037,037 new shares will be issued (being within the authorized capital), which will take place at the contribution deed (expected in July). The issue price of the new shares was set at € 54 representing a marginal discount vs. the € 55.2 NAV (EPRA) at 1Q13 (incl. the final gross dividend of € 0.86). The impact on the LTV ratio remains limited to 2.5%. Following the transaction, AXA Belgium will become a majority shareholder with a stake of 9.6% (lock up of six months starting at the completion of the contribution).

#### Our View:

We believe this is an interesting investment. Befimmo is able to acquire a very well-located building, leased on a long term to a public institution and this by leaving its investment capacity largely unharmed. Furthermore, it exceeds our external growth expectations for FY13 by € 60m.

Management confirmed that this investment in an important centre city in Belgium could be regarded as a trend, given the maintained limited liquidity of the Brussels office market, but management should be convinced of the residual value.

#### Conclusion:

The equity issuance at € 54 causes a slight dilutive effect on the company's EPRA EPS. We therefore adjust our EPS downwards to € 4.05 in FY13E and € 3.81 in FY14E. However, as we believe this is a good acquisition, we maintain our TP of € 51, Hold.