

28 September 2010

TEXAF

Unlocking real estate value

INVESTMENT COMPANY
BELGIUMCURRENT PRICE €170.00
TARGET PRICE €200.00ACCUMULATE
RATING UNCHANGED

Performance over	1M	3M	12M
Absolute	-2%	-3%	38%
Rel. BEL20	-7%	-9%	31%
12m Hi/Lo	€ 176.00/119.00		
Bloomberg	TEXTF BB		
Reuters	TEXTB.BR		
Market Cap	€ 54m		
Next corporate event			
Trading update 10: 26 November 2010			
www.texaf.be			

FY/e 31.12	2009	2010E	2011E	2012E
Sales (€ th)	13,548.0	15,400.0	16,778.0	17,955.5
REBITDA (€ th)	5,803.0	5,994.2	7,145.9	7,743.8
Net earnings (€ th)	1,915.0	1,853.9	2,763.5	3,058.3
Diluted adj. EPS (€)	5.87	5.76	8.66	9.59
Dividend (€)	1.92	2.11	2.32	2.56
P/E	18.45	29.51	19.62	17.73
EV/REBITDA	12.06	15.44	12.88	11.72
Free cash flow yield	0.6%	0.6%	2.9%	4.0%
Dividend yield	1.8%	1.2%	1.4%	1.5%

Source: KBC Securities

Texaf is a Belgian investment company with real estate, industrial and financial interests in the Democratic Republic of Congo (DRC). Texaf's properties are located in much sought-after neighbourhoods. Demand for residential properties and offices in prime locations of Kinshasa remains strong. In addition to real estate, the group has a sandstone quarry and a mechanics/metal workshop.

OTHER HIGHLIGHTS

- **Hidden values.** Texaf has a real estate portfolio in Kinshasa that covers 150 hectares, of which 46 are located in a top location. Of the 46 hectares, about 31 consist of villas, apartments and offices, while 15 are bare land and a former textile site which could be developed. We anticipate positive share price triggers over the coming months as management is actively looking for tenants and partners to develop this site. The press release of 27 August 2010 mentioned already that an international organisation has shown interest in 23,000m² of office space on the former textile factory site.
- **Revised forecasts.** Texaf's net profits declined from €0.740m in 1H09 to €0.607m in 1H10 due to drastic price cuts at Carrigrès and a higher tax rate. We've lowered our EPS forecast for 2010 by 5% but we've upped our estimates for 2011 and 2012 by respectively 16% and 11% based on the pipeline of real estate development and the prospect of improving margins at the quarrying activities. The outlook is promising as China has become an economic driving force in Africa.
- **Valuation.** We applied the sum-of-the-parts method to value Texaf and arrive at an equity value of €200/share after a 35% discount that reflects the country risk and the illiquidity of the shares. Valuation multiples such as P/Es and EV/EBITDA are irrelevant in Texaf's case because a large portion of the group's real estate portfolio is not yet developed. We reiterate our Accumulate rating and raise our target price from €160 to €200.

ANALYSTS

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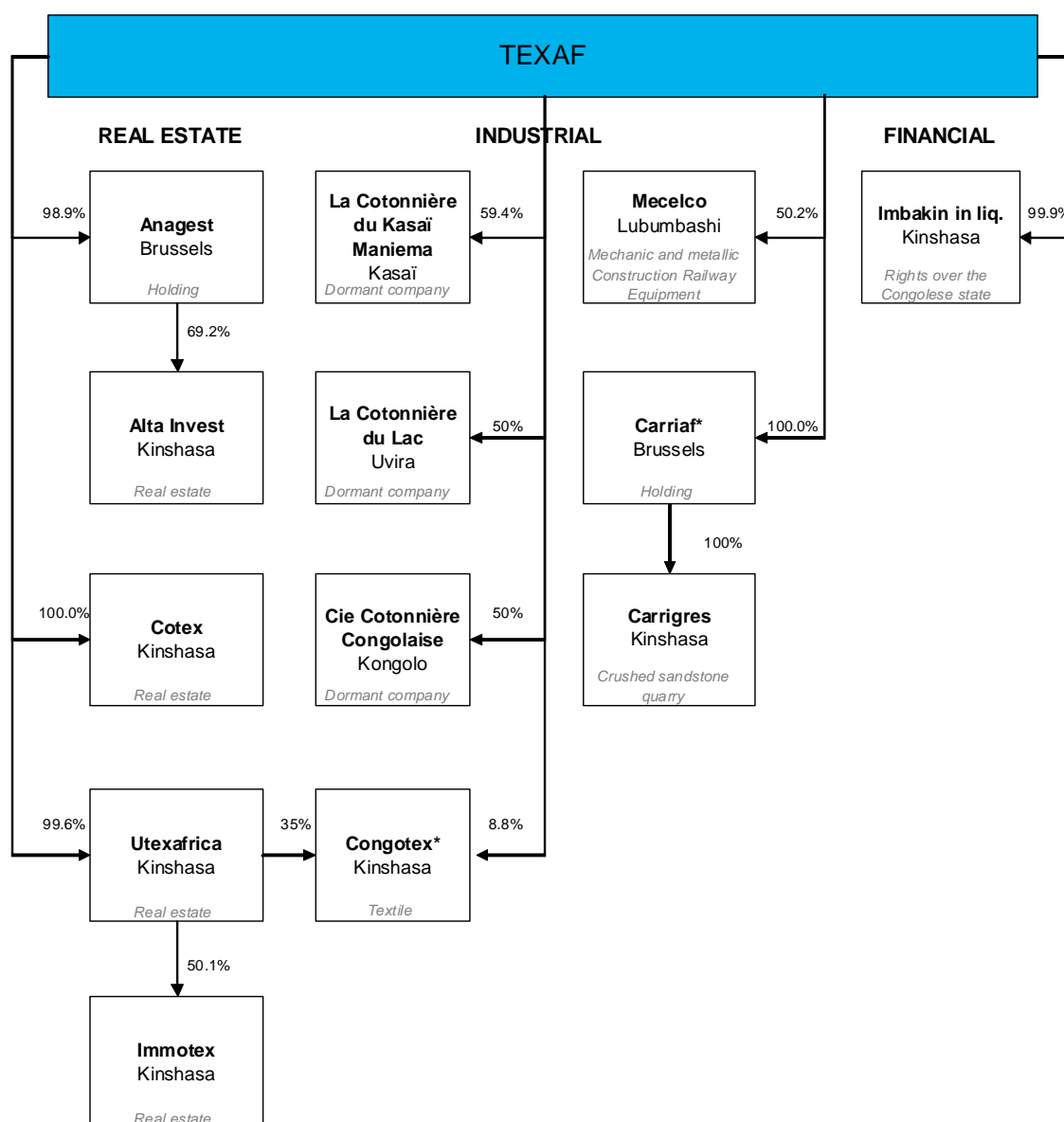
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28 September 2010

CORPORATE STRUCTURE

The group has three types of activity: industrial, real estate and financial. The real estate portfolio contains assets in several of Kinshasa's top locations. The industrial activities include a quarry (Carrigrès) and a metal/mechanics workshop (Mécelco). Texaf has a stake in three cotton companies in Kasai, Kivu and North Katanga. They have been inactive since 1997 due to the destruction of infrastructure during the war and pillage. Texaf CEO Philippe Croonenberghs would like to restart the agro activities. The Congolese state owes €62m (excluding interest) to Imbakin, a 99.9% subsidiary of Texaf.



* in liquidation

28 September 2010

DEMOCRATIC REPUBLIC OF CONGO

Despite 50 years of independence, poverty and corruption are widespread in the resource-rich DRC. Violence continues to reign in the eastern part of the country and the country risk is high because of the absence of law enforcement and legal uncertainty related to property ownership. The absence of an adequate banking system also hampers economic growth. There are some rays of hope however. In June the World Bank and the IMF erased 90% of DRC's external debt and China has become an economic driving force in Africa in an effort to secure the supply of oil and minerals such as copper, tin, cobalt and diamonds. In exchange for commodities, China provides cheap financing (\$ 6bn to DRC) for infrastructure. Africa is also a significant export market for China. DRC was hard hit by the economic crisis and the resulting collapse in commodity prices. The worst seems to be over however and economic growth is expected to accelerate from 2.5% in 2009 to 6.5% in 2010 and 8.8% in 2011 (source: IMF).

REAL ESTATE

Texaf, Utexafrica and Cotex own 35 villas and 105 apartments in addition to offices and industrial buildings. The group also has a 50% stake in Immotex, the former textile factory site.

UTEXAFRICA SITE



Source: Google

NEW APARTMENT COMPLEX



Source: Texaf

The Utexafrica site comprises the former textile factory and properties that belong to Utexafrica, Immotex and Texaf. As Kinshasa's centre has expanded, this land has become a prime location, being close to the embassies and business centre. The construction of a swimming pool and clubhouse was completed last year. As the occupancy rate of the residential properties is 100%, the decision was made to build an additional six apartment buildings comprising 48 apartments in total. The first two apartment buildings containing 15 apartments (3,780m²) were completed at the end of 2009. Another 15 apartments will be finished during 1H11. The payback period of a residential real estate project equals 4-5 years. Rents are relatively high because of strong demand for quality and security. For example, a 160m² home generates €4,200 in monthly rent.

Texaf and the Cha group have stakes in Immotex of respectively 50.01% and 49.99%. The latter owns the former textile factory (14 hectares) site which is located on the Utexafrica site. In 2007, a decision was made to discontinue the loss-making textile activities (Congotex). Last year, Immotex let 17,600m² office and warehousing space for €1.1m. Texaf is currently in discussion with an international organisation that is looking to regroup its activities onto one site. They are looking for 23,000m² of office space. The site of the former textile factory would be ideal. An agreement would boost Texaf's revenues.

28 September 2010

Monuc, the 20,000-strong UN mission in DRC is one of Texaf's main tenants. The Monuc have helped to restore peace and to facilitate the first elections in 40 years. President Joseph Kabila would like the peace mission to end by the end of June 2011 but the UN Security Council disagrees. There are now talks that the Monuc will be converted into a UN Organisation Stabilisation Mission.

Immotex also owns the 104ha CPA site that is located in Kinsuka, about 10km from Kinshasa. Problems related to illegal squatting have been resolved. The value of this site has risen recently as the road that connects it with the centre of Kinshasa has been paved.

In 2007, Texaf acquired Atenor's 85.3% stake in Anagest for €0.5m, lifting Texaf's total stake from 13.6% to 98.9%. The Congolese state and Anagest own respectively 30.76% and 69.24% of Alta Invest, a Congolese company that owns three apartment buildings ("Immeubles Sabena") in a much sought-after neighbourhood of Kinshasa. The properties are comprised of 84 apartments and 8 studios with a total living surface of 17,452m². Alta Invest received the assets from the Congolese state as compensation for an old receivable, but they do not generate rental income as Texaf has failed so far to take over the management of the buildings.

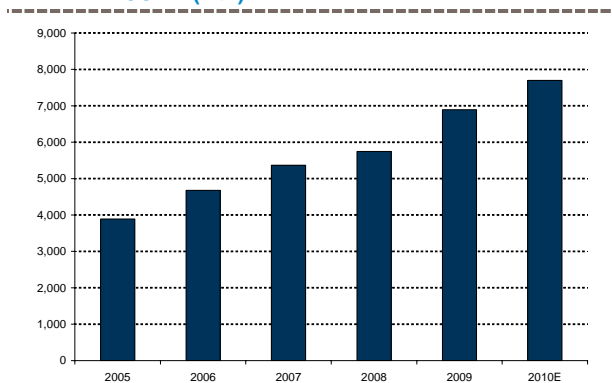
The group's rental income (including 100% of Immotex) rose by 12% to €3.808m in 1H10 thanks to the addition of 15 new apartments which contributed €0.350m in rent. The rental market remains strong both in the residential and office segments. Operating profit growth lagged revenue growth due to rising depreciation and personnel costs.

REAL ESTATE

	2005	2006	2007	2008	1H09	2H09	2009	1H10	2H10E	2010E
Revenues (€ th)	4,260	4,970	5,565	6,525	3,403	3,515	6,918	3,808	3,792	7,600
% change		17%	12%	17%	23%	-6%	6%	12%	8%	10%
Operating profits	2,564	1,986	3,000	1,967	1,026	1,338	2,364	1,079	1,321	2,400
% of sales	60%	40%	54%	30%	30%	38%	34%	28%	35%	32%

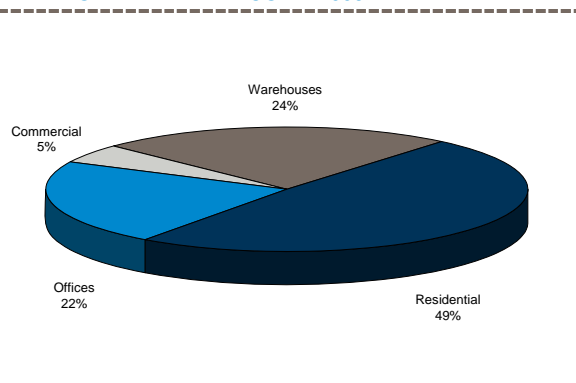
Source: Texaf, KBC Securities

RENTAL INCOME (€th)



Source: Texaf, KBC Securities

BREAKDOWN RENTAL INCOME 2009



Source: Texaf

28 September 2010

CARRIGRES

Carrigrès owns a crushed sandstone quarry near the centre of Kinshasa. Last year, Texaf increased its stake in Carrigrès to 100% after Eiffage sold its 50% stake for €5.75m. Carrigrès was fully consolidated in 2009.

Carrigrès' sales volumes fell by 35% last year due to the arrival of Chinese civil engineering firms who use their own quarries. Carrigrès' logistics were also hampered by road works between the quarry and the centre of Kinshasa. Carrigrès' selling prices were lowered in 1H10 to attract new clients including Chinese. Volumes were up 76% during 1H10 but sales growth was limited to 20% as a result of the price cuts. EBIT fell from €0.751m in 1H09 to €0.586m in 1H10 due to lower prices, a technical problem and a loss on inventory. Net profits collapsed by 84% due to margin pressure and a €0.412m foreign exchange loss related to tax provisions.

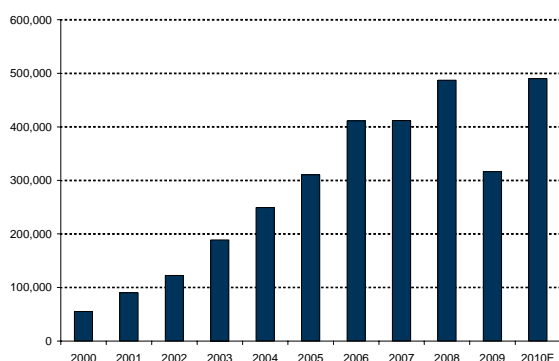
Management expects this year's operating profit to exceed last year's barring adverse currency movements.

CARRIGRES

	2005	2006	2007	2008	1H09	2H09	2009	1H10	2H10E	2010E
Tonnes (th)	305	411	411	487	169	148	317	298	192	490
% change		35%	0%	18%			-35%	76%	30%	55%
Price per tonne (€)	12.6	11.7	13.5	15.7	17.3	13.4	15.5	11.8	13.0	12.2
% change		-7%	15%	16%			-1%	-32%	-3%	-21%
Sales (€ th)	3,835	4,817	5,537	7,628	2,926	1,990	4,916	3,503	2,497	6,000
% change		26%	15%	38%			-36%	20%	25%	22%
Operating profits before mgt fees	1,475	1,127	1,219	2,741	751	737	1,488	586	514	1,100
% of sales	39%	23%	22%	36%	26%	37%	30%	17%	21%	18%

Source: Texaf, KBC Securities

CARRIGRES SALES VOLUMES (TONNES)



Source: Texaf, KBC Securities

CARRIGRES



Source: Texaf

28 September 2010

MECELCO

Mécelco (mechanic/metallic workshop) has two lines of business: the repair and maintenance of railway wagons and the production of tanks, tubs and metallic structures such as mobile phone masts. Servicing wagons represented 35% of Mécelco's turnover in 1H10.

The following table shows Mécelco's track record. The reported 2008 results included a €2.9m gain on the disposal of trade receivables on Gécamines that had previously been written off. The 2008 figures in the following table exclude this one-off gain.

MECELCO

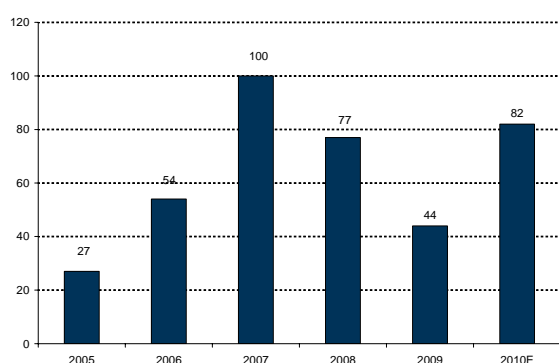
	2005	2006	2007	2008*	1H09	2H09	2009	1H10	2H10E	2010E
Number of repaired wagons	27	54	100	77	11	33	44	41	41	82
% change		100%	85%	-23%			-43%	273%	24%	86%
Sales (€ th)	342	645	1,050	1,834	845	891	1,736	833	967	1,800
% change		89%	63%	75%			-5%	-1%	-9%	4%
Operating profits (€ th)	-307	-305	-115	-122*	-98	-238	-336	-122	-48	-170
% of sales	-90%	-47%	-11%	-7%	-12%	-27%	-19%	-15%	-5%	-9%

Source: Texaf, KBC Securities

* before disposal of receivables

Mécelco's sales fell last year due to the slowdown in mining activity following the collapse in commodity prices. Gécamines, the state-owned mining company, is Mécelco's main client for the railway wagon repair and maintenance business. Mécelco serviced 41 wagons in 1H10 versus 11 in 1H09 when a strike at Katanga's railways hit demand for repairs and maintenance. Mécelco landed a \$ 0.740m contract with a Chinese client for the construction of warehouses totalling 2,000m². The supply of the metal frame by Mécelco represents \$ 0.456m in sales.

NUMBER OF WAGONS SERVICED



Source: Texaf, KBC Securities

MECELCO'S WORKSHOP



Source: Texaf

28 September 2010

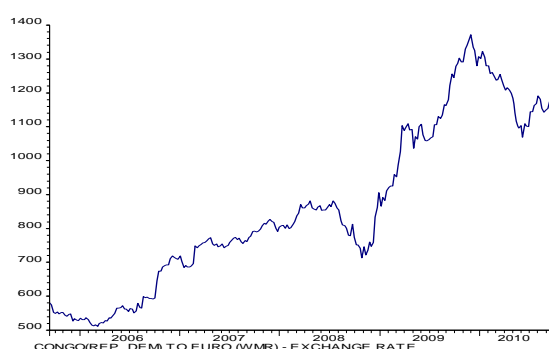
1H10 RESULTS

Revenues rose by 14% to €8.144m during 1H10 on the back of a 20% rise in sales at Carrigrès and 12% real estate revenue growth. EBIT fell from €1.679m in 1H09 to €1.543m in 1H10. REBIT declined by 4% on the back of a lower margin at Carrigrès due to price pressure. Net financial charges fell slightly from €0.035m to €0.015m. Foreign exchange losses fell from €0.733m to €0.529m. Note that the Congolese Franc appreciated by 13% between the end of 2009 and the end of June 2010. Net profit (group share) declined from €0.740m in 1H09 to €0.607m in 1H10 on the back of adverse currency movements, price investments at Carrigrès, increased depreciation charges and higher personnel costs.

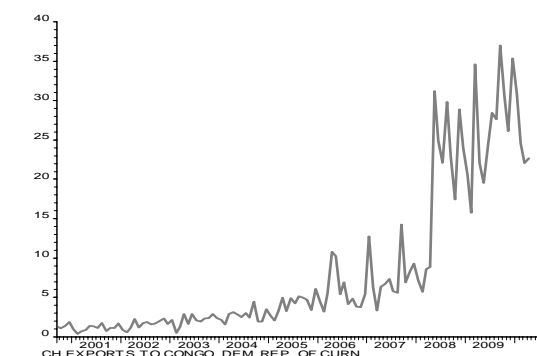
TEXAF: 1H10 RESULTS

€ th	1H09	1H10	% change
Turnover	7,162	8,144	13.7%
REBITDA	2,894	2,785	-3.8%
REBIT	1,579	1,521	-3.7%
Non-recurring	100	22	-78%
EBIT	1,679	1,543	-8%
Net financial result	-35	-15	-29%
Foreign exchange result	-733	-529	-28%
Non-operating result	133	-	
Pretax	1,044	999	-4%
Taxes	-383	-515	34%
Tax rate	36.7%	51.6%	
Minorities	79	123	56%
Net profits (group share)	740	607	-18%

Source: Texaf

CONGOLESE FRANC VERSUS EUR

Source: Thomson Reuters Datastream

CHINA'S EXPORTS TO DRC (monthly - \$ millions)

Source: IMF

28 September 2010

OUTLOOK

The following table includes our turnover and operating profit forecasts by division. Note that the corporate costs are allocated to the Real Estate division. Carrigrès has been fully consolidated since 2009. Mécelco's 2008 results were boosted by a €2.9m gain on the disposal of trade receivables on Gécamines that had previously been written off. We expect Texaf's operating profit to rise from €3.5m in 2009 to €4.7m in 2012 on the back of rising rents, the addition of new apartments and improving profitability at Carrigrès and Mécelco. Carrigrès' operating profit collapsed from €2.7m in 2008 to €1.5m in 2009. We anticipate a further decline to €1.1m in 2010 due to aggressive price cuts to boost volumes. Selling prices have started to pick up again in 2H10. We are therefore counting on improving margins from 2011 onwards.

TEXAF GROUP

€ th	2007	2008	2009	2010E	2011E	2012E
Turnover						
Real Estate	5,565	6,525	6,918	7,600	8,228	8,978
Mécelco	1,050	1,834	1,736	1,800	2,250	2,363
Carrigrès			4,916	6,000	6,300	6,615
Intra-company			-22			
Total	6,615	8,359	13,548	15,400	16,778	17,956
Turnover growth						
Real Estate	12.0%	17.3%	6.0%	9.9%	8.3%	9.1%
Mécelco	62.5%	74.7%	-5.3%	3.7%	25.0%	5.0%
Carrigrès				22.1%	5.0%	5.0%
Total	17.9%	26.4%	62.1%	13.7%	8.9%	7.0%
Operating profits						
Real Estate	3,000	1,967	2,364	2,400	2,800	3,000
Mécelco	-115	2,784	-336	-170	-	71
Carrigrès			1,488	1,100	1,386	1,588
Other	-29	-	-	-	-	-
Total	2,856	4,751	3,516	3,330	4,186	4,658
Operating margin						
Real Estate	53.9%	30.1%	34.2%	31.6%	34.0%	33.4%
Mécelco	-11.0%	151.8%	-19.4%	-9.4%	0.0%	3.0%
Carrigrès			30.3%	18.3%	22.0%	24.0%
Total	43.2%	56.8%	26.0%	21.6%	24.9%	25.9%

Source: Texaf, KBC Securities

28 September 2010

VALUATION

We have applied the sum-of-the-parts method to value Texaf. Valuation multiples such as P/E and EV/EBITDA are irrelevant because they don't reflect the hidden value of the land bank which doesn't generate any income. We've used a 10% yield to value the properties that generate rental income. We've assumed €165/m² for the bare land at the top location in Kinshasa and €34/m² for the CPA site which is located 10km from Kinshasa. We arrive at €307/share or €200/share after applying a 35% discount for the country risk and illiquidity of the stock.

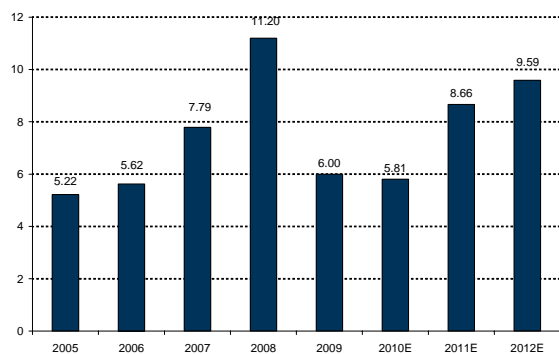
VALUATION TEXAF

€ m		Comment
Utexafrica, Cotex & Texaf (100% stake)		
Rental income 2010E	6.7	
Value rental properties (1)	66.5	10% yield
Bare land (m ²)	33,067	
Value of bare land (2)	5.5	€ 165/m ²
Capital gains taxes (3)	-12.5	40% for Cotex and Utexafrica, 32% for Texaf
After tax market value real estate (1) + (2) - (3)	59.5	
Immotex (50% stake)		
Estimated market value CPA site	35.4	€ 34/m ²
Estimated market value former textile factory site	30.2	€ 165/m ² for bare land and 10% yield on rented property
Capital gains taxes (40%)	-15.9	
After tax value real estate (Texaf's stake)	24.8	50% stake
Fometro and Matudis	1.2	Bookvalue
Alta Invest	1.9	Estimated market value (after tax)
Carrigrès	10.0	EV based on price paid for 50%
Mécelco	0.0	Loss making
Net cash	2.2	
Pensions	-0.1	(4) + (5) + (6) + (7)
Amount left to pay for Carrigrès	-1.7	Texaf acquired 50% in 2009
Equity value Texaf group	97.8	
35% country risk and illiquidity discount	-34.2	
Adjusted equity value	63.6	
Value per share (€)	200	

Source: Company, KBC Securities

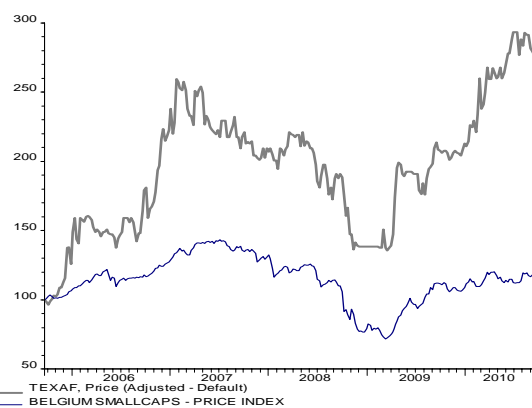
28 September 2010

REPORTED EPS (€)



Source: Texaf, KBC Securities

TEXAF'S SHARE PRICE VS BELGIAN SMALL CAPS INDEX



Source: Thomson Reuters Datastream

28 September 2010

FINANCIAL DATA

Income statement (€th)	2007	2008	2009	2010E	2011E	2012E
Sales	6,615.0	8,359.0	13,548.0	15,400.0	16,778.0	17,955.5
Gross profit	6,064.0	7,268.2	11,627.0	12,500.0	14,778.0	15,855.5
EBIT	2,856.0	4,751.0	3,516.0	3,330.0	4,186.0	4,658.5
Pre-tax earnings	2,865.0	4,812.0	4,015.0	2,751.0	4,086.0	4,578.5
Net earnings	2,481.0	3,571.0	1,915.0	1,853.9	2,763.5	3,058.3
EBITDA	3,317.0	5,685.0	5,803.0	5,994.2	7,145.9	7,743.8
REBITDA	3,317.0	2,734.0	5,803.0	5,994.2	7,145.9	7,743.8
REBITA	2,602.0	1,904.0	3,457.0	3,280.0	4,186.0	4,658.5
Balance sheet (€th)	2007	2008	2009	2010E	2011E	2012E
Intangible assets	-	-	-	-	-	-
Tangible assets	62,059.0	65,370.7	80,227.0	81,712.9	82,953.0	84,067.6
Financial assets	1,476.0	2,165.5	21.0	21.0	21.0	21.0
Net other assets & liabilities	-1,258.0	-2,491.0	-4,332.0	-2,076.6	-1,960.8	-2,118.2
Net working capital	-750.0	-510.1	1,948.0	2,328.3	2,561.5	2,658.9
Net debt	-2,863.0	-4,756.8	-2,755.0	39.0	-566.4	-1,984.3
Provisions	21,848.0	22,580.7	29,756.0	29,770.2	29,778.1	29,786.6
Minorities	8,066.0	9,032.0	8,471.0	8,542.8	8,639.5	8,786.1
Equity	34,476.0	37,679.0	42,392.0	43,633.6	45,723.5	48,040.8
Capital employed	60,051.0	62,369.6	77,843.0	81,964.5	83,553.7	84,608.3
TOTAL ASSETS	69,820.0	75,501.1	92,079.0	91,571.5	93,963.0	96,860.2
Cash flow statement (€th)	2007	2008	2009	2010E	2011E	2012E
Cash flow from operations	2,978.0	6,554.0	4,019.0	4,518.4	5,779.0	6,358.8
Net capital expenditure	-2,148.0	-4,188.0	-3,828.0	-4,200.0	-4,200.0	-4,200.0
Free cash-flow	830.0	2,366.0	191.0	318.4	1,579.0	2,158.8
Acquisitions / disposals	-310.0	0.0	-1,252.0	-2,500.0	-300.0	0.0
Dividend payments	-350.0	-421.0	-953.0	-612.4	-673.6	-740.9
Shares issues	0.0	0.0	0.0	0.0	0.0	0.0
New borrowings / reimbursements	964.0	-701.0	1,314.0	0.0	0.0	0.0
Other	-680.0	34.0	20.0	0.0	0.0	0.0
CHANGE IN CASH & EQUIVALENTS	454.0	1,278.0	-680.0	-2,794.0	605.4	1,417.9
Performance criteria	2007	2008	2009	2010E	2011E	2012E
Sales growth	17.9%	26.4%	62.1%	13.7%	8.9%	7.0%
Gross margin	91.7%	87.0%	85.8%	81.2%	88.1%	88.3%
REBITDA margin	50.1%	32.7%	42.8%	38.9%	42.6%	43.1%
REBITA margin	39.3%	22.8%	25.5%	21.3%	24.9%	25.9%
EBIT margin	43.2%	56.8%	26.0%	21.6%	24.9%	25.9%
Net debt / Equity + Minorities	-6.7%	-10.2%	-5.4%	0.1%	-1.0%	-3.5%
Net debt / EBITDA	-0.86	-0.84	-0.47	0.01	-0.08	-0.26
EBITDA / net interest	-368.56	-98.02	76.36	119.88	71.46	96.80
Pay-out ratio	17.0%	14.2%	32.0%	36.3%	26.8%	26.7%
= Return on Equity (avg)	7.5%	9.9%	4.8%	4.3%	6.2%	6.5%
Return on Capital Employed (avg)	5.0%	6.1%	2.3%	2.9%	3.5%	3.9%
Per share data (€)	2007	2008	2009	2010E	2011E	2012E
weighted average # shares, diluted	318,933	318,933	318,933	318,933	318,933	318,933
Basic EPS	7.79	11.20	6.00	5.81	8.66	9.59
Diluted EPS	7.79	11.20	6.00	5.81	8.66	9.59
Diluted, adjusted EPS	8.50	4.50	5.87	5.76	8.66	9.59
Net book value / share	108.10	118.14	132.92	136.81	143.36	150.63
Free cash flow / share	2.60	7.42	0.60	1.00	4.95	6.77
Dividend (€)	1.32	1.59	1.92	2.11	2.32	2.56
Valuation data	2007	2008	2009	2010E	2011E	2012E
Reference share price (€)	135.42	112.47	108.21	170.00	170.00	170.00
Reference market capitalisation (€th)	43,189.3	35,871.0	34,511.4	54,218.6	54,218.6	54,218.6
Enterprise value (€th)	68,764.3	60,561.4	69,962.4	92,549.6	92,048.8	90,786.0
P/E	15.9	25.0	18.4	29.5	19.6	17.7
EV/sales	10.4	7.2	5.2	6.0	5.5	5.1
EV/EBITDA	20.7	10.7	12.1	15.4	12.9	11.7
EV/Capital employed	1.1	1.0	0.9	1.1	1.1	1.1
P/ NBV	1.3	1.0	0.8	1.2	1.2	1.1
Free cash flow yield	1.9%	6.6%	0.6%	0.6%	2.9%	4.0%
Dividend yield	1.0%	1.4%	1.8%	1.2%	1.4%	1.5%
Source: KBC Securities			*Historic valuation data are based on historic prices			

28 September 2010

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	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	31.00%	0.00%
ACCUMULATE	40.50%	0.00%
HOLD	26.70%	0.00%
REDUCE	0.90%	0.00%
SELL	0.90%	0.00%

Texaf, a former subsidiary of Cobepa, is a Belgian investment company with real estate, industrial and financial interests in the Democratic Republic of Congo (DRC), whose revival the group is playing an active role in.

The price target for Texaf is based on following parameters: Sum of Parts

The risks which may impede the achievement of our price target are: High country risk related to the Democratic Republic of Congo including civil wars, social and political unrest, lack of a fiscal and administrative framework and nationalizations.

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
27-SEP-10	Accumulate	€ 200.00
25-FEB-10	Accumulate	€ 160.00

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

28 September 2010

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