29 June 2018

Sector update

# Benelux REITs

## Dutch REITs could become collateral damage

**With the presentation of Dutch government tax plans approaching, our worst case becomes base case. We see limited time left to lobby for a special listed REIT regime that is likely to enjoy low political priority. The potential changes to the Dutch tax regime could result in collateral damage for REITs owning Dutch real estate, with listed Netherlands-based real estate becoming liable for corporate income tax. This is tied to the cancellation of Dutch dividend withholding tax (WHT), with this positive offset likely limited to a small group of shareholders. We believe the negative impact should be priced in and downgrade NSI to HOLD (from Buy) and Vastned to SELL (from Hold). Wereldhave remains at Hold due to already depressed pricing, and we lower our ING RE Valuation model based TPs to reflect the increased risk. We maintain ECP at BUY, given no Dutch exposure and tax impact and potential benefit from scrapping the dividend WHT.**

**Why collateral damage?** The Dutch government seems determined to cancel the dividend WHT, but needs to maintain a tax base for Dutch real estate assets currently enjoying a 0% rate in the FBI tax structure. FBI status is not uniquely for listed real estate companies (Dutch REIT) but is a broader regime that offers a tax-efficient way to invest in real estate but also other asset types. For unlisted real estate held in FBIs, there is an option to restructure into another tax efficient vehicle, while this is not an option for listed FBIs that need to fulfil separate requirements for their listing.

**What has happened recently?** Dutch state secretary of finance Mr Snel confirmed on 7 June that the likely changes could lead to different treatment for listed vs non-listed real estate companies and a heavier tax burden on listed Dutch real estate. This would be through corporation tax at 21% post 2020. The dialogue with the sector is ongoing, but we rate chances of achieving 'special status' for listed Dutch real estate before September, when government tax plans will be announced, as low.

**What is the cash flow impact in 2020?** Impact would be proportional to the exposure of Dutch real estate revenues and profits, as well as the potential for mitigating Dutch fiscal profits through depreciation and costs. We find that the tax impact ranges from c.6% to 10% of Dutch gross rents and up to 15% of the Dutch contribution to FFO. Given its 100% exposure to The Netherlands, **NSI** is most impacted. While no immediate dividend cuts are foreseen, for NSI, **Vastned** and **Wereldhave** the tax impact would strongly impact DPS growth. We see a negligible cash flow impact on **ECP**. In Belgium, companies that have large Dutch exposure are **Xior** (not FBI), **WDP** (FBI), **Montea** and **Retail Estates**. The highest impact for a Belgian company is on WDP with a <3% impact on EPRA Earnings.

**Worst case becomes base case.** We believe investors will move from wait-and-see to conservative mode. A dedicated listed REIT regime seems a big ask given its low importance politically, although there is still time to lobby.

**Key changes and forecasts**

| | Rating | | Target price (€) | | Market | Pay-out ratio | EPRA EPS |
|---|---|---|---|---|---|---|---|
| | Old | New | Old | New | Cap (€m) | 2020F (%) | Impact (%) |
| ECP | BUY | BUY | 43 | 40 | 1,807 | 90% | 0 |
| NSI | BUY | HOLD | 39.2 | 35.5 | 658 | 82% | 14 |
| Vastned | HOLD | SELL | 43 | 38 | 736 | 92% | 7 |
| Wereldhave | HOLD | HOLD | 43.4 | 34 | 1,346 | 85% | 8 |

Source: ING estimates

**Jaap Kuin**
Amsterdam +31 20 563 8780
jaap.kuin@ingbank.com

**Jason Ball**
Amsterdam +31 20 563 8522
jason.ball@ing.com

**Pieter Runneboom**
Amsterdam +31 20 501 3526
pieter.runneboom@ing.com

Real Estate Specialist Sales contact:
**Remy Treffers**
Amsterdam +31 20 501 3479
remy.treffers@ing.com

# Why the Dutch REIT is under threat

*This note is based on the assumption that Dutch real estate assets held in FBI structures will start falling under the normal corporate income tax regime as of 1 January 2020, when the government introduces and implements this element from the 2019 Tax Plan. While there is still a chance of putting in place a proper Dutch listed REIT regime in line with surrounding countries such as Belgium, France, and the UK, this is not our base case. We believe there is a potential lack of political urgency to devote resources to fixing the potential unbalanced treatment of Dutch listed FBIs vs unlisted structures and foreign competitors. In a potentially even less likely scenario, the Dutch government falls or fails to push through its tax plan, thereby not cancelling the dividend WHT and also keeping Dutch real estate assets in FBIs tax exempt.*

## Listed FBIs (Dutch REITs) to become collateral damage

Dutch listed real estate assets to become collateral damage in the broader tax plan

Since the Dutch government's preliminary plans ("regeerakkoord') were presented in October 2017 – including the abolition of the dividend withholding tax and related plans to reclaim the lost tax base by, amongst others, disallowing Dutch real estate to be held in FBIs – any presentation of the final plans has yet to become available. Final plans are expected in September, as part of a larger package (the 'Tax Plan 2019') presented traditionally on the third Tuesday of September (18 September, or 'Prinsjesdag').

However, on **7 June** the parliamentary committee on finance ("Vaste commissie voor Financien") including the government minister responsible for taxes (State Secretary of Finance Mr Snel) discussed questions on the treatment of the listed real estate sector.

The government confirmed that in the current situation the tax burden on listed Dutch real estate assets will likely be higher than non-listed, with no real likelihood of a tailor-made solution being ready or possible

Key statements include a **confirmation that the current proposals for the end of Dutch real estate in the FBI regime could end up negatively for the listed real estate sector** with a higher tax burden than the non-listed sector – it could be liable for corporation tax, with few current options to restructure legally to ensure operating in a legal level playing field.

The State Secretary also stated it would be difficult to find a tailor-made solution for listed real estate within the existing and proposed Dutch tax framework, ironically citing problems in the European context. This is while Dutch lawmakers, through the contemplated changes (and lack of contingency plans specifically designed for listed real estate), would remove The Netherlands from the majority group of EU countries that have a dedicated listed REIT regime (including countries that have no dividend withholding tax, like the UK). In our view, the Dutch government could easily reintroduce dividend withholding tax for Dutch listed REITs, similar to the UK that has a listed REIT regime and taxed REIT dividends but no 'regular dividend WHT'.

On 18 September ('Prinsjesdag') the government will present its budget and 2019 tax plan outlining its overall plans in more detail. The FBI issue will be a minor part of all changes proposed in the Tax Plan. Even while wiggle room remains post presentation, the political desire to make substantial changes for listed REITs is likely to be low. This is also due to the fact that the Tax Plan is a combination of multiple law changes, in which the Dutch real estate question is only a minor part. The Dutch parliament (where the government has a slim majority) can also propose amendments.

**Final plan approval in Dutch senate**

Dutch Senate election offers low probability for a tax plan stumble

While laws can be blocked in the Dutch senate ("1e kamer"), senators have no right to propose amendments, and can only reject the entire package. Through a quirky system the Dutch senate is indirectly voted for, by first voting for a 'provincial council' (May 2019, 570 seats) which then within 3 months votes for the 75 members of the Senate. If the government is faced with a minority in the senate, tax plan approval might become more than an administrative action. While the Senate is supposed to mainly check whether laws already approved by parliament comply with the constitution or contain intrinsic flaws or will face execution issues, it can be used for political reasons if the stakes are high.

## The case for listed real estate not well understood

We believe listed real estate should be stimulated by the Dutch government, given the generally high(er) quality of management and assets, long term orientation & low cost while providing more efficient access to an important asset class for people who need to provide for their own pensions

Political understanding and the will to address the needs of the (for now) small Dutch listed real estate sector seems to be low and unlikely to change soon. This while we believe listed real estate is a very (tax) transparent way of real estate ownership, managed with low costs to investors compared to unlisted real estate. Further long term benefits of a well-structured REIT regime (also vs unlisted funds) include the side-effects of a long term focus and investing through the cycle with lower financial leverage. These include the continued investments in the infrastructure of the country through property upgrades and new construction, bringing a real contribution to the economy. This while a REIT regime is supposed to be neutral for the fiscal budget when applied in line with comparable EU countries reinstating a dividend withholding tax specifically for listed REITs.

We find this lack of attention even more surprising given a tendency for more pension planning at the personal level and the higher number of self-employed people who are fully dependent on individual pension planning. We believe the government should allow and stimulate defensive and long term investments in an asset class that makes up an increasing part of pension allocations in a low interest rate world. This would help individuals achieve a stable and inflation-linked pension income. (We believe that in Belgium the successful special REIT regime is heavily used by individuals for pension purposes).

In addition an attractive REIT regime will attract 'new entrants', bringing into the regime currently less dependably taxed property. This will deliver dependable recurrent and sizeable tax income for the government in an internationally recognized and investable vehicle, also improving access to foreign capital for Dutch real estate.

### What is a Dutch listed REIT or FBI?

Dutch REITs (Dutch listed real estate FBIs) need to retro-actively receive confirmation of their tax status each year. The FBI is not uniquely designed for real estate and/or listed companies

Currently the Dutch REITs all apply for FBI status with each tax filing, confirmed by the tax authorities annually on a backward looking basis. No upfront ruling will be given to qualify a company as an FBI. The FBI (literally translated as: "fiscal investment vehicle") regime is not exclusively for listed companies or real estate and a company can be an FBI as long as it pays out all its fiscal profits and its main purpose is investing capital (while meeting several other requirements). Both listed and unlisted real estate FBIs pay 0% corporate income tax. When referring to Dutch REITs we mean specifically the listed Dutch real estate FBIs that could own Dutch real estate (**NSI**), foreign real estate (**ECP**) or both (**Vastned, Wereldhave**). Some but not all Belgian owners of Dutch real estate have FBI status for their Dutch assets (**WDP**, **Cofinimmo** for healthcare assets only) while **Retail Estates** and **Xior Student Housing** don't have FBI status (Xior doesn't meet certain FBI shareholder requirements). **Montea** is still waiting for retroactive confirmation of its Dutch FBI status for the past 3 years, while it has reported results as if it was (figures 1, 2 and 3 below).

## Three linked elements: Dividend withholding tax, FBI status and corporate income tax

The key linked elements for the Dutch listed real estate companies are:

**1) Dividend Withholding Tax (WHT)**, as an integral part of the '2019 Tax Plan' the government plans to abolish the tax, despite somewhat successful political opposition from Dutch left wing parties influencing public opinion against this 'gift to the rich'.

**2) FBI status**, likely to lapse in 2020 for Dutch real estate in our most likely scenario as the government needs to maintain a tax base (otherwise 0% tax overall on Dutch real estate).

**3) Corporation tax**, Dutch real estate income will likely be taxed at the corporate tax rate, which will be 22.5% in 2020 and 21% post 2020.

All elements are part of a larger overhaul of the Dutch tax regime and (2) and (3) will be dependent on (1) being implemented.

### Worst case becomes base case

We see as the most likely outcome that the Dutch listed FBIs will be entering 2019 (post September 2018 presentation of government tax plans) with the most probable scenario being that they will become taxed on Dutch earnings in a year's time and with little time to convince the government of the benefits and long term pay-off of a dedicated REIT regime. On the shareholder level some negative impact may be mitigated by the removal of dividend WHT (for ECP a net positive, given lack of Dutch earnings)

**The best case scenario** is that Dutch lawmakers will see the upside of a specific Dutch regime for listed real estate companies in time. This would maintain shareholder level taxes at a similar level as today, maintaining the tax base and level playing field in Europe as well as achieving the above-mentioned benefits of listed REITs.

# Financial impact

The shareholder level financial impact will be proportional to the amount of Dutch fiscal profits, determined mostly by rental income, management costs, leverage & cost of debt and fiscal depreciation of assets. The level of depreciation (as a % of GAV) is the most important driver in our view. We find that the tax impact ranges from c.6% to 10% of Dutch gross rents or 10-15% of the Dutch contribution to FFO. The resulting overall impact ranges from 0% if assets were already taxed to 15% for NSI with 100% Dutch assets currently paying 0% income tax.

## Dutch assets taxed at 21% post 2020, but 0-15% impact on EPS

Depreciation and cost to manage the tax load down

Companies can manage the Dutch tax load through a variety of drivers, but 2 important ones are:

1) **Tax depreciation of assets**: Property can be depreciated from fiscal value (based on historic cost) to their WOZ Value (government assigned value for municipal property taxes). This could be a 1-2% charge on market values. Relatively new portfolios or historically strongly impaired assets could benefit from higher depreciation potential (e.g. WDP or NSI)

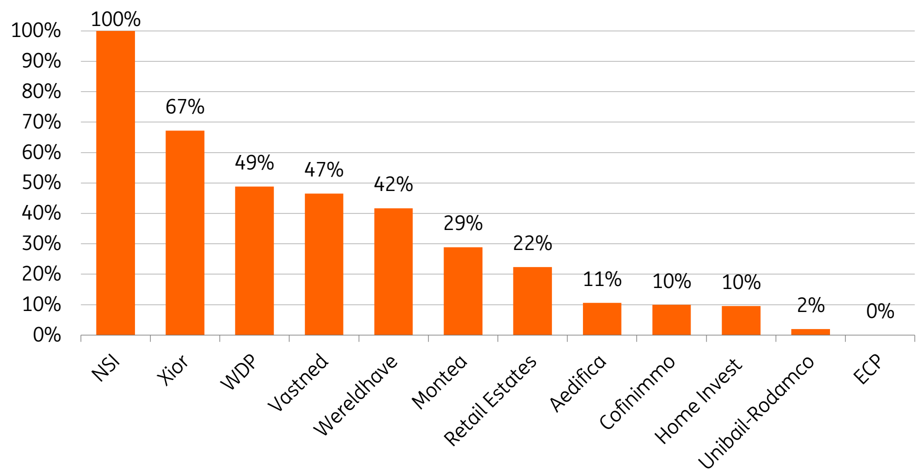
2) **Costs: loans and management**: Companies can charge higher rates on intercompany loans. We estimate that companies could increase internal lending rates by at least 75-100bp (with potentially more possible). Other types of cost could be assigned to the Dutch structure, thus lowering fiscal profits.

At higher interest rates the ATAD will limit interest deductibility from fiscal profits

As well as assigning higher costs, increasing leverage in the Dutch entity could also work. The Anti-tax Avoidance Directive (ATAD) limits interest deductibility to 30% of EBITDA. In the current low rate environment this does not affect REITs (a preliminary analysis suggests that at rates below c.2.5% the LTV limit would be 60-70%). However, if rates were to be 4.0% then this limit on interest deductibility would move to c.40% LTV

On a Dutch gross rent basis Figure 1 shows the ranking in our coverage for Dutch exposure in terms of 2017 or 2018 expected gross rents, the key determinant for the impact of the tax changes.

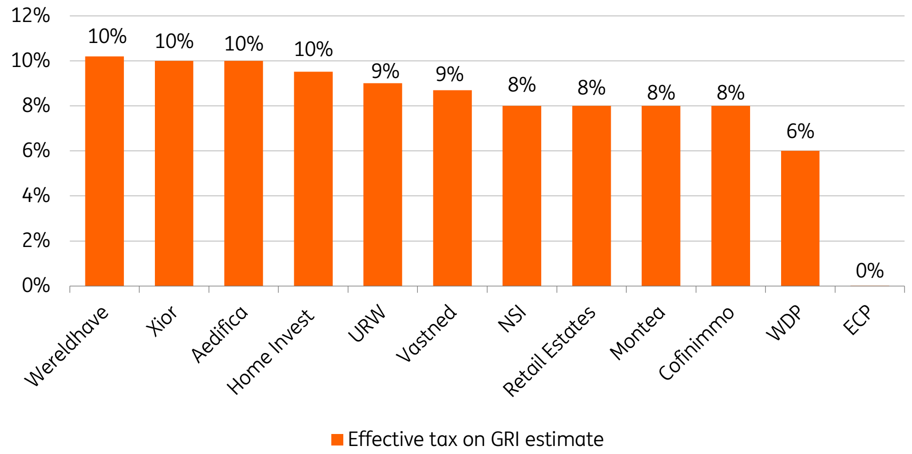
**Fig 1 Dutch gross rent exposure**




Source: Company data, ING estimates.

For ease of comparison and due to data availability we look at 'top line tax pressure'. Based on the available information and company feedback we believe the effective tax pressure would be between 6-10% on the top line, depending on operating margins, costs being attributed to Dutch earnings, leverage and tax depreciation.

**Fig 2 Effective tax rate on GRI, ING assumption**



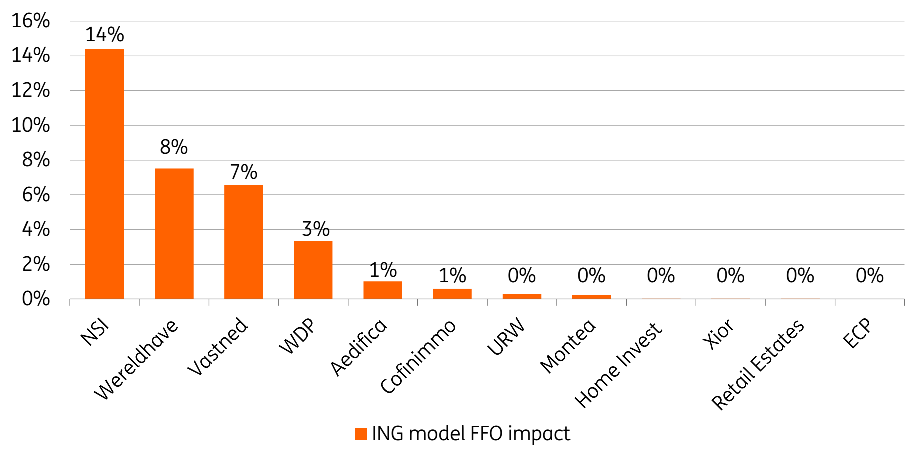

Source: ING estimates

Higher leverage applied by WDP and higher current depreciation potential generated by the recently constructed portfolio drives down the effective tax burden for WDP. We believe most Dutch companies could achieve slightly lower effective tax rates as indicated above when optimising the potential future taxes.

The resulting impact on EPRA Earnings, is roughly proportional to the Dutch income base on effective tax rate. Belgian REITs that operate through an FBI in the Netherlands usually already pay a 5% dividend tax 'roerende voorheffing' or 5% withholding tax on Dutch profits upstreamed to Belgium, causing a current tax burden at the corporate level on the 'GVV + FBI' structures as applied by WDP, Montea and Cofinimmo. This is in line with investment in foreign assets by Dutch FBIs.

HIB, Aedifica and Xior already operate on a taxed basis in the Netherlands, either due to costs of tax structuring, size or regulatory impediments (such as shareholder limitations). Cofinimmo has an FBI for its healthcare assets, but not the pub SLB portfolio

**Fig 3 Indicative impact on cash flow (EPRA earnings)**




Source: ING estimates

Belgian companies that do not have an FBI structure in place (already paying CIT) like Xior show up as not impacted (0%).

At the shareholder level, the corporate income tax impact could be partly compensated by the abolition of the 15% Dutch dividend WHT

### Corporate income tax potentially offset by lower shareholder level tax

At the shareholder level, the corporate income tax impact could be compensated for by the abolition of the 15% Dutch withholding tax. Ironically again, Dutch citizens mostly don't pay WHT anyway due to the deductibility of dividend WHT against income taxes. For certain foreign investors it might prove a valuable offset

For ECP, the scenario is potentially positive. The lack of Dutch assets means almost no impact on the P&L while foreign shareholders can now take a cash dividend without being taxed. On the other hand, when taking a stock dividend the double taxation for example for Belgian investors could already be avoided the impact of this advantage should be mostly in the 'publicity'

At current interest rates no issues with ATAD with LTV limits of 60-70% for 'Interest deductible' <30% of EBITDA. If cost of debt were to go up to 4% then LTVs of 40% and higher would become less tax efficient

#### Potential future impact of ATAD if rates go up

Even with the new Anti Tax-Avoidance Directive (ATAD) we see at current interest rates few problems with the cap on tax deductibility. It will likely limit tax structuring only above LTVs of c.60-70% (depending on cost structures). At higher interest rates, for example 4%, this limit could be much closer to 40% LTV, something to monitor if and when rates go up.

With very low asset yields, the impact will grow as 'EBITDA yields' are low and hence the tax shield becomes lower.

## Key dates

**18 September**: Presentation of the government budget and 2019 Tax Plan.

**Post 18 September**: Parliament debates the entire package, with likely limited attention to what happens to listed FBIs owning Dutch real estate.

**1 January 2020**: Plan becomes effective and listed Dutch real estate will become liable for corporate income tax.

#### REIT Status?

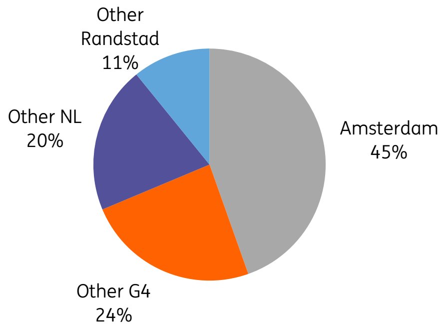
We believe there is a potential impact on the REIT status or investability of the company for investors restricted to investing in pure REITs. With the exception of NSI, it seems likely that the other 3 will maintain FBI & "REIT" status having at least partial tax-exempt status for corporate income tax. We believe all companies would still qualify for EPRA index eligibility, the most important feature.

# NSI: downgrade to HOLD, TP €35.5

**Exposure: 100% Dutch gross rent**

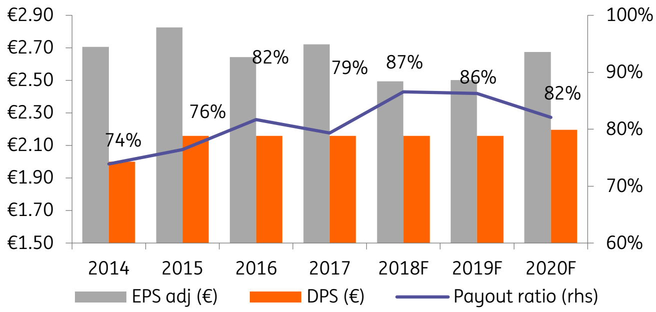
NSI is the company most impacted by the potential changes in the Dutch tax system, with a hypothetical hit to EPRA Earnings of 10-15% (mostly depending on the level of fiscal asset depreciation at 1.5-2%) We believe the market is currently underestimating the potential fallout of the government's desire to cancel the dividend withholding tax and move Dutch real estate assets to regular CIT.

**Fig 4 2017 GRI split – 100% NL**




Annualised
Source: Company data

**Fig 5 Dividend pay-out – before tax change**




Source: Company data, ING estimates

**Cash impact**:

We expect NSI to be able to maintain depreciation for over 10 years at a level of 1.5-2% of GAV (fair market value, which might differ substantially from the tax value of its assets). This is due to significant headroom between fiscal property values (based on historic cost) and the WOZ values. This mitigates FFO impact to 10-15% downside.

**Dividend:**

On our numbers NSI has just enough headroom on 2020 EPS to maintain its current dividend, but a 10-15% lower EPS will strongly limit the potential for dividend increases.

**Upside & downside:**

While being hit the most on cash flows, operating outside of the FBI/REIT regime will free NSI from restrictions on 'service income' from its flex offices (HNK), including on letting out meeting rooms to non-tenants and other services. Also it can more freely approach redevelopment projects where office transformations with, for example, a residential component are now problematic (the FBI rules restrict NSI when developing for own account). We believe the potentially increased tax burden warrants a shorter term 'wait-and-see' approach on NSI shares while we remain long-term positive about its fundamental outlook. We downgrade to HOLD and lower our TP to €35.5

**Fig 6 NSI – Key financials**

| Year to December | 2016 | 2017 | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|
| EPS adj (€) | 2.64 | 2.72 | 2.50 | 2.50 | 2.67 |
| P/E (x) | 11.4 | 11.7 | 14.4 | 14.3 | 13.4 |
| EPRA NAV per share (€) | 34.6 | 36.7 | 38.8 | 40.5 | 42.0 |
| P/EPRA NAV (%) | 0.87 | 0.87 | 0.92 | 0.89 | 0.85 |
| DPS (€) | 2.16 | 2.16 | 2.16 | 2.16 | 2.20 |
| Dividend yield (%) | 7.1 | 6.8 | 6.0 | 6.0 | 6.1 |
| RoE (%) | -3.2 | 13.1 | 11.0 | 9.6 | 8.9 |
| LTV (%) | 44.1 | 37.1 | 36.4 | 35.1 | 33.7 |
| Net implied yield (%) | 7.1 | 6.6 | 6.2 | 6.6 | 7.0 |
| Implied EBITDA yield (%) | 6.2 | 5.8 | 5.4 | 5.7 | 6.1 |

Source: Company data, ING estimates

### Fig 7 NSI – Key forecasts and financials

| | 2015 | 2016 | 2017 | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|---|
| **Profit and loss (€m)** | | | | | | |
| Gross rents | 113.8 | 94.6 | 89.1 | 82.4 | 82.8 | 85.5 |
| Net rents | 91.3 | 74.3 | 74.5 | 65.9 | 67.2 | 70.2 |
| *Margin (%)* | *80* | *79* | *84* | *80* | *81* | *82* |
| Net financing expenses | (20.3) | (18.2) | (12.2) | (11.6) | (12.0) | (11.7) |
| EBITDA | 84.4 | 64.4 | 65.2 | 57.6 | 58.1 | 61.0 |
| *EBITDA margin (%)* | *74* | *68* | *73* | *70* | *70* | *71* |
| Total revaluation of investments | 0.4 | (54.8) | 27.4 | 32.5 | 25.6 | 19.4 |
| Realized disposal result | 5.2 | (4.4) | 5.7 | 0.0 | 0.0 | 0.0 |
| Net financing expenses | (20.3) | (18.2) | (12.2) | (11.6) | (12.0) | (11.7) |
| Net result | 69.7 | (9.1) | 91.6 | 78.3 | 71.5 | 68.6 |
| Share of INTO profits | 2.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Direct result (FFO) | 50.6 | 47.3 | 49.4 | 45.8 | 46.0 | 49.1 |
| Indirect result | 13.2 | (65.2) | 42.2 | 32.5 | 25.6 | 19.4 |
| **Per share data (€)** | | | | | | |
| EPRS EPS | 2.83 | 2.64 | 2.72 | 2.50 | 2.50 | 2.67 |
| Indirect result per share | 0.74 | (3.64) | 2.33 | 1.77 | 1.39 | 1.06 |
| Dividend per share attributed | 0.27 | 0.27 | 2.16 | 2.16 | 2.16 | 2.20 |
| Recurring cash flow per share | 0.33 | 0.30 | 2.50 | 2.28 | 2.28 | 2.46 |
| IFRS NAV per share | 36.9 | 33.8 | 36.6 | 38.7 | 40.5 | 42.0 |
| EPRA NAV per share | 38.35 | 34.64 | 36.7 | 38.8 | 40.5 | 42.0 |
| **Balance sheet (€m)** | | | | | | |
| Investment properties | 1,203 | 1,160 | 1,101 | 1,149 | 1,175 | 1,194 |
| Cash | 22 | 2 | 7 | 7 | 3 | 2 |
| Total assets | 1,289 | 1,166 | 1,118 | 1,167 | 1,189 | 1,207 |
| Total shareholders' equity | 661 | 604 | 673 | 711 | 743 | 771 |
| Net debt | 542 | 512 | 408 | 418 | 412 | 403 |
| LTV (%) | 45 | 44 | 37 | 36 | 35 | 34 |
| RoE (%) | 8.5 | -3.2 | 13.1 | 11.0 | 9.6 | 8.9 |
| **Cash flow statement (€m)** | | | | | | |
| Total investment result | 69.7 | 3.8 | 92.9 | 78.3 | 71.5 | 68.6 |
| Revaluation effects | (0.4) | 4.8 | (28.3) | (32.5) | (25.6) | (19.4) |
| Cash flow from operations | 55.8 | 40.4 | 52.8 | 45.8 | 46.0 | 49.1 |
| Cash flow from investments | (26.0) | 36.8 | 86.3 | (15.8) | 0.0 | 0.0 |
| Dividend paid | (44.3) | (38.7) | (23.2) | (39.7) | (39.7) | (40.3) |
| Cash flow from financing | 13.9 | (100.9) | (140.8) | (29.7) | (49.7) | (50.3) |
| Net cash flow | 43.7 | (23.7) | (1.7) | 0.4 | (3.7) | (1.2) |
| Cash on balance sheet | 22.3 | 2.1 | 6.8 | 7.2 | 3.5 | 2.3 |

Source: Company data, ING estimates

### Fig 8 NSI: ING RE valuation

| (€m) | 2018F | 2019F | 2020F | 2021F | 2022F |
|---|---|---|---|---|---|
| Direct operating result | 57 | 58 | 61 | 65 | 67 |
| Net indirect property result | 32 | 26 | 19 | 0 | 0 |
| Total return | 90 | 83 | 80 | 65 | 67 |
| Capital employed | 1,129 | 1,155 | 1,174 | 1,174 | 1,174 |
| Average capital employed | 1,105 | 1,142 | 1,165 | 1,174 | 1,174 |
| ROIC (%) | 8.1 | 7.3 | 6.9 | 5.5 | 5.7 |
| WACC (%) | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| ROIC-WACC (%) | 1.1 | 0.3 | -0.1 | -1.5 | -1.3 |
| Value creation | 12.5 | 3.5 | -1.3 | -17.6 | -15.1 |
| EOY # shares (m) | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 |
| Value creation per share (€) | 0.7 | 0.2 | -0.1 | -1.0 | -0.8 |
| Discount factor | 0.0 | 0.5 | 1.5 | 2.5 | 3.5 |
| PV per share (€) | 0.68 | 0.19 | -0.06 | -0.81 | -0.65 |
| NPV of value creation 2018 - 2022 (€) | -0.65 | | | | |
| 1Q18 EPRA NAV per share (€) | 37.2 | | | | |
| Dividend paid (€) | -1.12 | | | | |
| Fair value per share (€) | 35.5 | | | | |

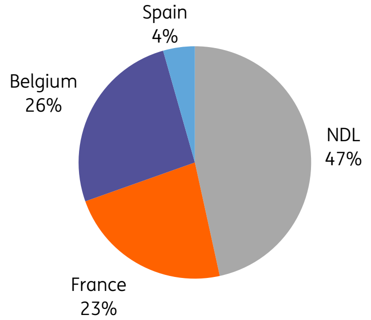
Source: ING

# Vastned: downgrade to SELL, TP €38

**Exposure: 47% Dutch gross rent**

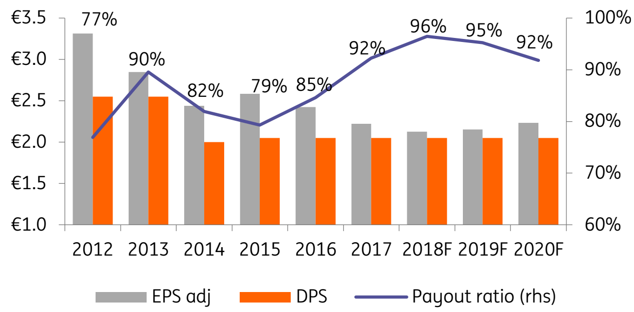
With almost half of income tied to Dutch real estate, Vastned is the second worst hit company in our coverage. On 2017 data 47% of gross rents came from the Netherlands (annualised rents at FY17). We note that the Rokin/Kalverstraat asset (c.8% of the total portfolio) recently relet to Uniqlo already sits outside the FBI regime, limiting the change in the tax position vs the current already partly taxed situation.

**Fig 9 2017 GRI split (annualised)**




Source: Company data

**Fig 10 Dividend pay-out on EPRA EPS**




Source: Company data, ING estimates

**Cash impact:**

We estimate the change in tax position for Vastned to be c.7% of EPRA EPS for 2020. As Vastned already pays a small amount of income taxes (we estimate c.€0.5m on a recurring basis for Dutch assets, see above) the change is a little lower than for REITs paying no tax at all in the current situation

**Dividend: no growth**

On our numbers also Vastned has just enough headroom on 2020 EPS to maintain its current dividend, but a 8% lower EPS will also strongly limit the potential for dividend increases and keep dividend pay-out levels at elevated (too high) levels. While we normally would promote adhering to a pay-out ratio of c.80%, we see the low capex nature of its prime high street assets as an sufficient reason to be able to pay-out 80-90% of FFO.

**Pros and Cons :**

Being the third worst hit, we see little upside for Vastned from the current situation. With key shareholders being Dutch individuals, the abolition of Dutch dividend WHT will offer little relief on the shareholder level (Van Herk owns 25-30% of the shares). The recent failure to acquire the minority in Vastned Retail Belgium and being priced at the top end of EU retail REITs on cash flow suggests more downside for the share price and we downdgrade Vastned to SELL

**Fig 11 Vastned – Key financials**

| Year to December | 2016 | 2017 | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|
| Cash EPS adj (€) | 2.42 | 2.22 | 2.13 | 2.15 | 2.23 |
| P/E (x) | 15.5 | 18.0 | 18.8 | 18.6 | 17.9 |
| EPRA NAV per share (€) | 43.6 | 47.0 | 46.8 | 47.1 | 46.4 |
| P/EPRA NAV (%) | 0.86 | 0.85 | 0.86 | 0.85 | 0.86 |
| DPS (€) | 2.05 | 2.05 | 2.05 | 2.05 | 2.05 |
| Dividend yield (%) | 5.5 | 5.1 | 5.1 | 5.1 | 5.1 |
| RoE (%) | 3.4 | 11.0 | 3.8 | 4.6 | 2.8 |
| LTV (%) | 41.6 | 38.6 | 36.4 | 35.9 | 35.8 |
| Net implied yield (%) | 5.0 | 5.0 | 5.2 | 5.3 | 5.4 |
| Implied EBITDA yield (%) | 4.4 | 4.4 | 4.6 | 4.7 | 4.8 |

Source: Company data, ING estimates

### Fig 12 Vastned – Key estimates & financials

| | 2015 | 2016 | 2017 | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|---|
| **Profit and loss (€m)** | | | | | | |
| Gross rents | 93 | 89 | 77 | 75 | 75 | 76 |
| Net rents | 83 | 79 | 70 | 68 | 67 | 68 |
| *Margin (%)* | *89.0* | *88.4* | *90.1* | *89.7* | *89.7* | *89.7* |
| EBITDA | 74.4 | 70.5 | 61.7 | 59.7 | 59.2 | 59.9 |
| *EBITDA margin (%)* | *80%* | *79%* | *80%* | *79%* | *79%* | *79%* |
| Total value movement investment properties | 29 | (20) | 62 | (7) | 0 | (15) |
| Net direct financing expenses | (27) | (20) | (16) | (16) | (15) | (14) |
| Investment result before tax | 76 | 31 | 108 | 37 | 44 | 31 |
| Investment result after taxes | 71 | 34 | 105 | 36 | 44 | 28 |
| Result after tax from discontinued operations | 0 | 0 | 2 | 0 | 0 | 0 |
| Total direct result | 54 | 50 | 46 | 43 | 44 | 45 |
| Total indirect result | 17 | (17) | 61 | (7) | 0 | (17) |
| **Per share data (€)** | | | | | | |
| EPS - Direct result per share | 2.58 | 2.42 | 2.22 | 2.13 | 2.15 | 2.23 |
| Indirect result per share | 0.86 | (1.03) | 2.89 | (0.37) | 0.00 | (0.93) |
| Total result per share | 3.44 | 1.39 | 5.11 | 1.76 | 2.15 | 1.30 |
| Dividend per share | 2.05 | 2.05 | 2.05 | 2.05 | 2.05 | 2.05 |
| EPRA NAV per share | 44.4 | 43.6 | 47.0 | 46.8 | 47.1 | 46.4 |
| **Balance sheet (€m)** | | | | | | |
| Investment properties | 1,648 | 1,615 | 1,526 | 1,470 | 1,470 | 1,455 |
| Total assets | 1,654 | 1,624 | 1,598 | 1,547 | 1,546 | 1,531 |
| Equity group share | 817 | 804 | 839 | 837 | 843 | 833 |
| Equity minority interests | 84 | 87 | 95 | 96 | 97 | 97 |
| Net debt | 692 | 637 | 634 | 583 | 576 | 571 |
| Total liabilities | 753 | 732 | 664 | 614 | 607 | 601 |
| RoE (%) | 8.8 | 3.4 | 11.0 | 3.8 | 2.8 | 0.0 |
| LTV | 41 | 42 | 39 | 36 | 36 | 36 |
| **Cash flow statement (€m)** | | | | | | |
| Total Investment result | 71 | 34 | 107 | 36 | 44 | 28 |
| Cash flow from operations | 55 | 47 | 45 | 44 | 44 | 43 |
| Cash flow from property | (82) | 9 | 87 | 49 | 0 | 0 |
| Cash flow from finance | 18 | (57) | (131) | (117) | (44) | (43) |
| Net movement in cash & equivalents | (10) | (1) | 1 | (24) | (1) | (0) |
| Closing cash balance | 3 | 1 | 2 | 8 | 7 | 7 |

Source: Company data, ING estimates

### Fig 13 Vastned: ING RE valuation

| (€m) | 2018F | 2019F | 2020F | 2021F | 2022F |
|---|---|---|---|---|---|
| Direct operating result | 54 | 54 | 55 | 55 | 56 |
| Net indirect property result | -17 | 0 | -18 | 12 | 13 |
| Total return | 37 | 54 | 37 | 68 | 69 |
| Capital employed | 1,396 | 1,395 | 1,377 | 1,388 | 1,399 |
| Average capital employed | 1,424 | 1,395 | 1,386 | 1,382 | 1,393 |
| ROIC (%) | 2.6 | 3.9 | 2.7 | 4.9 | 4.9 |
| WACC (%) | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 |
| ROIC-WACC (%) | -3.3 | -2.1 | -3.3 | -1.0 | -1.0 |
| Value creation | -46.0 | -28.8 | -44.9 | -14.2 | -14.1 |
| EOY # shares (m) | 18.2 | 18.2 | 18.2 | 18.2 | 18.2 |
| Value creation per share (€) | -2.5 | -1.6 | -2.5 | -0.8 | -0.8 |
| Discount factor | 0.0 | 0.5 | 1.5 | 2.5 | 3.5 |
| PV per share (€) | -2.53 | -1.54 | -2.26 | -0.68 | -0.63 |
| NPV of value creation 2018-22 (€) | -7.6 | | | | |
| EPRA NAV 1H17 per share (€) | 47.0 | | | | |
| Dividend paid (€) | -1.41 | | | | |
| Fair value per share (€) | 38 | | | | |

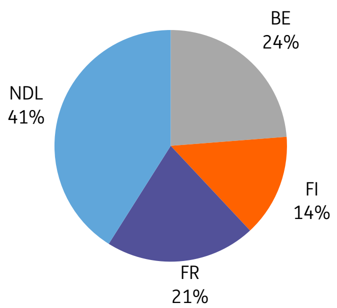
Source: ING

# Wereldhave – Hold, TP €34

**Exposure: 41% Dutch gross rent**

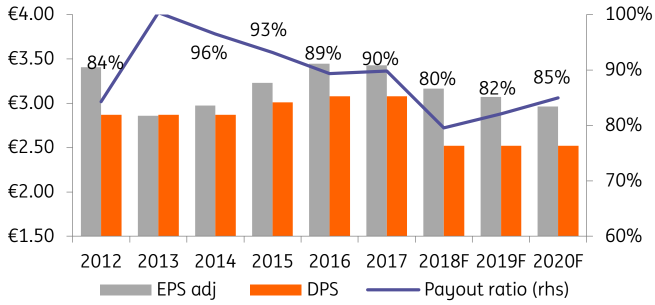
Wereldhave has the third largest headline exposure (close to Vastned's 47%) and as far as we understand currently pays no regular income tax, making the full Dutch exposure liable for income tax.

**Fig 14 2017 GRI split**




Annualised
Source: Company data

**Fig 15 Dividend pay-out on EPRA EPS**




Source: Company data, ING estimates

**Cash impact:**

We understand from Wereldhave that depreciation, one of the key drivers of the tax base, might be lower than, for example, for NSI. With likely more limited depreciation due to lower headroom between fiscal values and WOZ values (we estimate 15%) annual depreciation could be closer to 1%, we see an EPRA Earnings impact of 8%, the second highest after NSI. Potentially mitigating the lower depreciation could be offsetting internal cost transfers on loans to the Dutch business unit.

**Dividend: headroom shrinking:**

While Wereldhave recently announced a dividend cut to create more headroom and not overpay on dividends from its capex adjusted cash flow, this hit to cash flows will again close a significant part of the gap.

**Pros and Cons:**

Like Vastned, we see limited upside from the cancellation of the dividend WHT, as only an unknown but potentially relatively small part of foreign shareholders will benefit from the dividend WHT cut. We do not downgrade Wereldhave to sell as we believe the current dividend is safe for the coming 2 years (excluding large portfolio mutations), and the worst has already been priced in. We lower our estimates to reflect the higher risk on: the Dutch tax situation, French secondary mall yields & rental income and the risk of further impairments on It is, considering the increased competition in Helsinki retail and long term wish to divest the asset.

**Fig 16 Wereldhave – Key financials**

| Year to December | 2016 | 2017 | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|
| EPS adj (€) | 3.45 | 3.43 | 3.17 | 3.07 | 2.96 |
| P/E (x) | 12.9 | 12.0 | 10.5 | 10.8 | 11.2 |
| EPRA NAV per share (€) | 51.4 | 50.0 | 48.1 | 45.3 | 43.0 |
| P/EPRA NAV (%) | 0.86 | 0.83 | 0.69 | 0.73 | 0.77 |
| DPS (€) | 3.08 | 3.08 | 2.52 | 2.52 | 2.52 |
| Dividend yield (%) | 6.9 | 7.5 | 7.6 | 7.6 | 7.6 |
| RoE (%) | 5.1 | 3.5 | 0.8 | -1.0 | 0.1 |
| LTV (%) | 39 | 40 | 40 | 41 | 41 |
| Net implied yield (%) | 5.6 | 5.6 | 6.2 | 6.0 | 6.0 |
| Implied EBITDA yield (%) | 6.1 | 7.2 | 9.3 | 10.1 | 9.2 |

Source: Company data, ING estimates

### Fig 17 Wereldhave – Key estimates & financials

| | 2015 | 2016 | 2017 | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|---|
| **Profit and loss (€m)** | | | | | | |
| Gross rents | 207 | 230 | 223 | 217 | 212 | 208 |
| Total revenues | 245 | 268 | 264 | 256 | 252 | 247 |
| Net rental income | 185 | 201 | 195 | 189 | 186 | 182 |
| *Net rent margin (%)* | *89* | *88* | *87* | *87* | *88* | *88* |
| Valuation results | (16) | (18) | (16) | (16) | (16) | (16) |
| Results on disposals | 169 | 184 | 179 | 173 | 170 | 167 |
| General costs | 81.5 | 79.9 | 80.2 | 79.7 | 80.2 | 80.3 |
| Operational result | (38) | (25) | (27) | (31) | (32) | (33) |
| Total finance expenses | (5) | (30) | (65) | (106) | (134) | (112) |
| Total result | 104 | 121 | 84 | 35 | 4 | 21 |
| WHA group share | 89 | 101 | 68 | 15 | (18) | 1 |
| **Direct result WHA share** | **122** | **139** | **138** | **128** | **124** | **119** |
| Indirect result WHA share | (33) | (38) | (70) | (113) | (142) | (118) |
| **Per share data -group (€)** | | | | | | |
| Total result | 2.35 | 2.50 | 1.68 | 0.37 | -0.45 | 0.03 |
| Direct result (EPS) | 3.23 | 3.45 | 3.43 | 3.17 | 3.07 | 2.96 |
| Indirect result | -0.88 | -0.95 | -1.75 | -2.80 | -3.52 | -2.94 |
| Dividend | 3.01 | 3.08 | 3.08 | 2.52 | 2.52 | 2.52 |
| EPRA NAV per share | 52.1 | 51.4 | 50.0 | 48.1 | 45.3 | 43.0 |
| **Balance sheet (€m)** | | | | | | |
| Investment properties | 3,655 | 3,696 | 3,643 | 3,514 | 3,405 | 3,319 |
| Total fixed assets | 3,797 | 3,858 | 3,800 | 3,671 | 3,562 | 3,475 |
| Total current assets | 123 | 90 | 124 | 133 | 137 | 138 |
| Total assets | 3,920 | 3,948 | 3,924 | 3,804 | 3,699 | 3,613 |
| Equity - group share | 2,015 | 1,979 | 1,929 | 1,852 | 1,740 | 1,648 |
| Minority interest | 173 | 182 | 188 | 199 | 212 | 224 |
| Total equity | 2,188 | 2,161 | 2,117 | 2,050 | 1,952 | 1,872 |
| Long term liabilities | 1,393 | 1,641 | 1,632 | 1,578 | 1,572 | 1,565 |
| Short term liabilities | 339 | 146 | 175 | 175 | 175 | 175 |
| Total equity and liabilities | 3,920 | 3,948 | 3,924 | 3,803 | 3,699 | 3,613 |
| LTV | 38 | 39 | 40 | 40 | 41 | 41 |
| RoE | 4 | 5 | 4 | 1 | - 1 | 0 |
| **Cash flow statement (€m)** | | | | | | |
| Cash flow from operations | 130.5 | 152.6 | 138.9 | 141.0 | 137.2 | 133.1 |
| Cash flow from investing | (517.0) | (105.9) | (68.2) | 35.0 | (25.0) | (25.0) |
| Cash flow from financing | (302.9) | 43.7 | 97.8 | 167.0 | 107.7 | 107.7 |
| Increase/decrease in cash | (83.6) | 3.0 | (27.1) | 9.0 | 4.5 | 0.4 |
| Cash balance beginning of period | 119.2 | 37.7 | 40.7 | 13.6 | 22.5 | 27.1 |
| Cash & bank balances EOP | 33.5 | 40.7 | 13.6 | 22.5 | 27.1 | 27.4 |

Source: Company data, ING estimates

### Fig 18 ING RE valuation

| (€m) | 2018F | 2019F | 2020F | 2021F | 2022F |
|---|---|---|---|---|---|
| Direct operating result | 159 | 155 | 153 | 152 | 154 |
| Net indirect property result | -114 | -143 | -119 | -35 | 18 |
| Total return | 45 | 12 | 33 | 117 | 171 |
| Capital employed | 3,333 | 3,210 | 3,112 | 3,072 | 3,085 |
| Average capital employed | 3,403 | 3,272 | 3,161 | 3,092 | 3,078 |
| ROIC (%) | 1.3 | 0.4 | 1.0 | 3.8 | 5.6 |
| WACC (%) | 6.4 | 6.4 | 6.4 | 6.4 | 6.4 |
| ROIC-WACC (%) | -5.1 | -6.1 | -5.4 | -2.7 | -0.9 |
| Value creation | -174.3 | -198.1 | -170.4 | -82.3 | -26.7 |
| EOY # shares (m) | 40.3 | 40.3 | 40.3 | 40.3 | 40.3 |
| Value creation per share (€) | -4.3 | -4.9 | -4.2 | -2.0 | -0.7 |
| Discount factor | 0.0 | 0.5 | 1.5 | 2.5 | 3.5 |
| PV per share (€) | -4.3 | -4.8 | -3.9 | -1.7 | -0.5 |
| NPV of value creation 2017-22 (€) | -15.2 | | | | |
| EPRA NAV 2017 per share (€) | 50.0 | | | | |
| Dividend paid (€) | -0.8 | | | | |
| Fair value per share (€) | 34.0 | | | | |

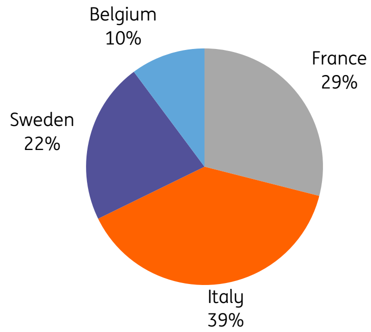
Source: ING

# ECP – maintain BUY, lower TP to €40

**Exposure: no Dutch rent exposure**

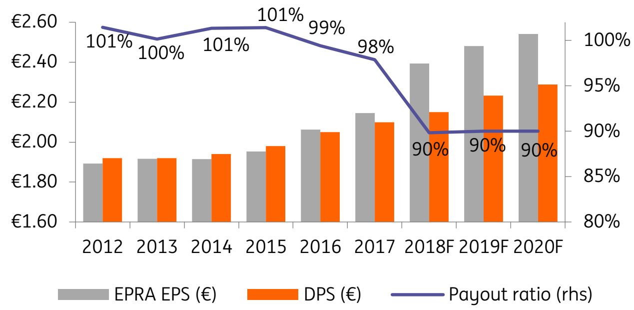
ECP is a Dutch listed real estate FBI but owns no Dutch based real estate assets that will become taxed.

**Fig 19 Pro forma GRI split***




* PF announced acquisitions and disposals
Source: ING Estimate

**Fig 20 Dividend pay-out on EPRA EPS**




Source: Company data, ING estimates

**Impact:**

ECP will likely remain an FBI (and keep its REIT status) given the advantageous treatment of foreign earnings within the structure and unchanged treatment of non-Dutch assets within FBIs. ECP will potentially lose some offset potential of foreign paid withholding taxes, but this impact should be relatively insignificant

**Dividend impact:**

As ECP has no meaningful cash flow impact from the FBI changes, the only change we see is that the company could lower its pay-out ratio more in line with industry practice (to 90%) while still growing its dividend, helped by its net portfolio expansion through acquisitions and developments, funded at very low cost.

**Pros and Cons:**

For ECP the potentially small positive impact is larger than potential negatives: with no Dutch real estate, the share will become more attractive for foreign shareholders currently liable for Dutch dividend withholding tax. For Belgian shareholders the double taxation on ECP dividends will potentially disappear. We lower our TP to reflect the increased risk perception on Italian assets and generally growing impact of e-commerce on retail assets, where we believe that on a relative basis vs its peers ECP is well positioned, especially in Italy, with low e-commerce penetration. This also incorporates our view that some of ECP's French secondary retail assets should be disposed of, if necessary at a discount to book values. This impacts our 5-year value creation outlook (while we believe this is already priced in).

**Fig 21 Vastned – Key financials**

| Year to December | FY 15/16 | FY 16/17 | FY 17/18F | FY 18/19F | FY 19/20F |
|---|---|---|---|---|---|
| EPRA EPS (€) | 2.06 | 2.15 | 2.39 | 2.48 | 2.54 |
| P/E (x) | 19.4 | 17.1 | 15.2 | 14.6 | 14.3 |
| EPRA NAV per share (€) | 42.5 | 45.6 | 45.6 | 45.3 | 44.6 |
| P/EPRA NAV (%) | 0.94 | 0.80 | 0.80 | 0.80 | 0.81 |
| DPS (€) | 2.05 | 2.10 | 2.15 | 2.23 | 2.29 |
| Dividend yield (%) | 5.1 | 5.7 | 5.9 | 6.2 | 6.3 |
| RoE (%) | 14.1 | 10.6 | 5.2 | 6.5 | 5.7 |
| LTV (%) | 39 | 40 | 42 | 40 | 40 |
| Net implied yield (%) | 5.0 | 5.4 | 5.4 | 5.6 | 5.8 |
| Implied EBITDA yield (%) | 4.5 | 4.8 | 4.8 | 5.0 | 5.2 |

Source: Company data, ING estimates

## Fig 22 ECP – Key estimates & financials

| | FY 14/15 | FY 15/16 | FY 16/17 | FY 17/18F | FY 18/19F | FY 19/20F |
|---|---|---|---|---|---|---|
| **Profit & loss (€m)** | | | | | | |
| Rental income | 173.9 | 188.2 | 197.7 | 214.6 | 221.6 | 226.5 |
| Net property income | 145.5 | 155.4 | 163.0 | 176.4 | 182.3 | 186.4 |
| *Gross/net margin (%)* | *83.7* | *82.6* | *82.5* | *82.2* | *82.3* | *82.3* |
| Company expenses | (12.3) | (14.6) | (12.4) | (13.3) | (14.6) | (14.9) |
| Direct investment expenses | (4.0) | (4.4) | (4.3) | (4.0) | (4.5) | (3.5) |
| EBITDA | 133.6 | 141.4 | 146.3 | 159.1 | 163.2 | 168.0 |
| *EBITDA margin (%)* | *77* | *75* | *74* | *74* | *74* | *74* |
| Interest cost | (45.8) | (38.7) | (39.3) | (40.8) | (39.5) | (39.1) |
| Investment revaluation | 128.0 | 180.0 | 183.4 | 7.2 | 8.0 | (17.2) |
| Fair value change derivatives | (1.4) | (44.7) | 52.5 | 9.5 | 0.0 | 0.0 |
| Result before taxation | 201.3 | 233.9 | 342.9 | 135.3 | 132.0 | 112.0 |
| Result after taxation | 167.8 | 207.4 | 260.8 | 113.0 | 130.0 | 115.0 |
| EPRA earnings (FFO) | 83.8 | 98.4 | 103.8 | 117.4 | 123.6 | 128.8 |
| Total indirect result | 81.1 | 104.6 | 152.7 | (8.3) | 1.9 | (17.3) |
| **Per share data (€)** | | | | | | |
| EPRA Earnings per share (FFO) | 1.95 | 2.06 | 2.15 | 2.39 | 2.48 | 2.54 |
| Indirect result per share | 1.89 | 2.19 | 3.16 | (0.17) | 0.04 | (0.34) |
| EPRA NAV per share | 39.0 | 42.5 | 45.6 | 45.6 | 45.3 | 44.6 |
| Dividend per share | 1.98 | 2.05 | 2.10 | 2.15 | 2.23 | 2.29 |
| **Balance sheet (€m)** | | | | | | |
| Investment properties | 2,821 | 3,276 | 3,451 | 3,447 | 3,475 | 3,458 |
| Total fixed assets | 2,871 | 3,374 | 3,646 | 3,674 | 3,632 | 3,615 |
| Total current assets | 241 | 177 | 211 | 282 | 315 | 302 |
| Total assets | 3,112 | 3,551 | 3,857 | 3,956 | 3,947 | 3,917 |
| Total current liabilities | 137 | 262 | 360 | 480 | 480 | 480 |
| Total fixed liabilities | 1,317 | 1,497 | 1,523 | 1,489 | 1,455 | 1,422 |
| Total liabilities | 1,454 | 1,759 | 1,884 | 1,969 | 1,935 | 1,902 |
| Total equity | 1,658 | 1,792 | 1,974 | 1,987 | 2,011 | 2,015 |
| RoE (%) | 10 | 14 | 11 | 5 | 6 | 6 |
| LTV (%) | 35 | 39 | 40 | 42 | 40 | 40 |
| **Cash flow statement (€m)** | | | | | | |
| Total investment result | 167.8 | 207 | 261 | 113 | 130 | 115 |
| Cash flow from operations | 79.2 | 87 | 86 | 97 | 124 | 129 |
| Cash flow from investing | (80.6) | (314) | (175) | (114) | 50 | 0 |
| Cash flow from financing | 85.2 | 182 | 44 | (13) | (140) | (141) |
| Net cash flow | 83.8 | (45) | (46) | (29) | 33 | (12) |
| Ending cash balance | 169.1 | 124 | 78 | 48 | 81 | 69 |

Source: Company data, ING estimates

## Fig 23 ECP: ING RE valuation

| (€m) | FY 17/18F | FY 18/19F | FY 19/20F | FY 20/21F | FY 21/22F |
|---|---|---|---|---|---|
| Direct operating result | 158 | 163 | 168 | 172 | 176 |
| Net indirect property result | -4 | 6 | -14 | 29 | 60 |
| Total return | 154 | 169 | 154 | 201 | 236 |
| Capital employed | 3,531 | 3,487 | 3,473 | 3,503 | 3,562 |
| Average capital employed | 3,466 | 3,509 | 3,480 | 3,488 | 3,532 |
| ROIC (%) | 4.4 | 4.8 | 4.4 | 5.8 | 6.7 |
| WACC (%) | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| ROIC-WACC (%) | -2.1 | -1.7 | -2.1 | -0.8 | 0.2 |
| Value creation | -72.6 | -59.7 | -73.3 | -26.3 | 5.4 |
| EOY # shares (m) | 48.6 | 49.6 | 50.2 | 50.2 | 51.0 |
| Value creation per share (€) | -1.5 | -1.2 | -1.5 | -0.5 | 0.1 |
| Discount factor | 0.0 | 1.0 | 2.0 | 3.0 | 4.0 |
| PV per share (€) | -1.49 | -1.13 | -1.29 | -0.43 | 0.08 |
| NPV of value creation 2018-22 (€) | -4.5 | | | | |
| 3QFY17 EPRA NAV (€) | 44.8 | | | | |
| Dividend paid (€) | | | | | |
| Fair value per share (€) | 40 | | | | |

Source: ING

## Valuation framework

We set our target prices for NSI, Wereldhave, ECP and Vastend using our ING Real Estate Valuation Model, basing our target price on the EPRA NAV and a five-year value-creation forecast as described in our, *Changing our valuation model* note of 29 July 2013.

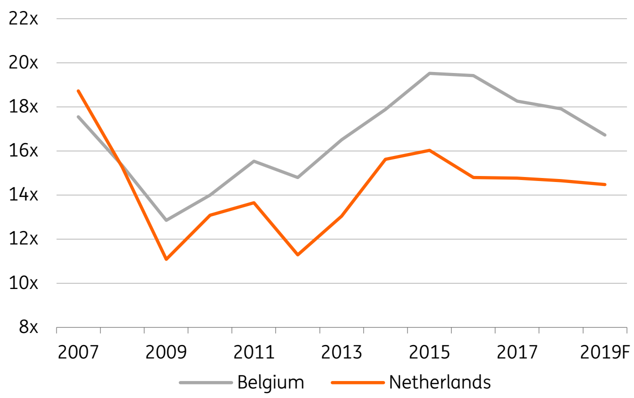
## Relative valuation

Below we show the relative valuation of key peers vs each other and key EU peers.

We see that overall Belgian and Dutch multiples peaked in 2015 when QE effects were extrapolated and share prices had a significant bounce. Belgian share prices however have developed more positively, mostly due to higher EPS and DPS growth.

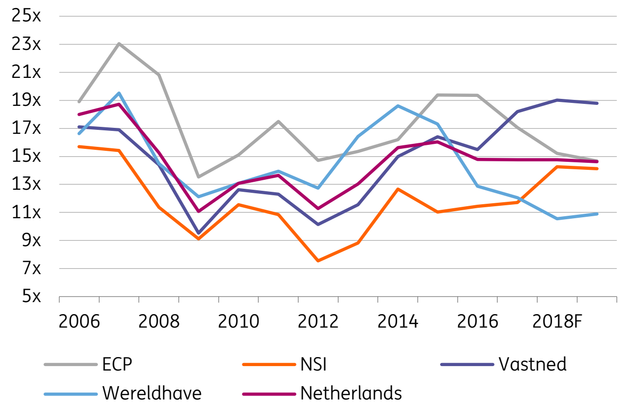
Due to its strategic transformation, Vastned is now trading at an all-time high multiple of close to 19x EPRA Earnings. Also NSI has been rewarded with a strong multiple expansion on the back of management efforts to reconfigure the business as a Dutch concentrated office play focussed on the Randstad area.

**Fig 24 EPRA EPS multiple**




Source: ING, based on yearly average share prices

**Fig 25 Dutch Listed FBI**



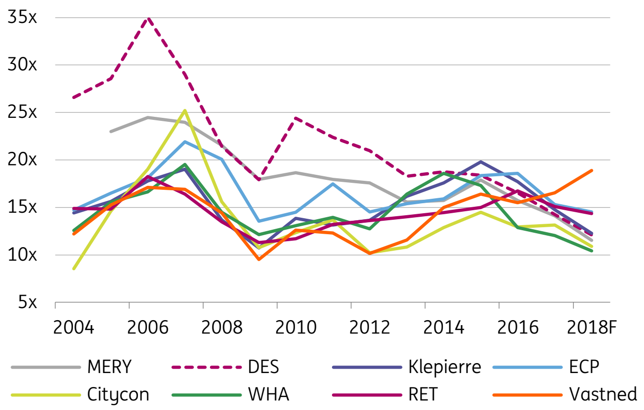

Source: Company data, ING estimates

Wereldhave has already been trading at the low end of its historical range, only temporarily trading at 10-11x earnings levels in 2009 (while currently having substantially differing segment and geographical exposure). This is mostly due to worries about the impact of e-commerce on its assets, and weak results in the French portfolio. ECP has also suffered from related retail rent sustainability worries and the impact of Italian political issues (now c.40% of rents) while remaining more expensive than ECP on the back of a higher quality portfolio.

On a European Retail peer front we see strong convergence on cash flow multiples around 12x earnings (WHA at 11x) and discounts to NAV of 25-30%, driven by a higher yield demanded on most stocks compared with low initial yields.

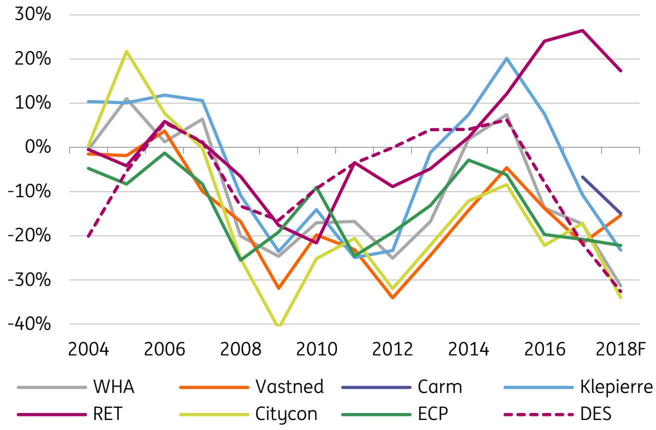
Retail Estates is the exception on discount (or rather premium) to NAV due to its higher asset yields, leverage and pricing mostly based on dividend yield by 'Belgian dentists' (income focused Belgian private investors).

**Fig 26 EU retail peers: Vastned most expensive**




Source: Company data, ING estimates

**Fig 27 EU retail peers - discount to NAV**

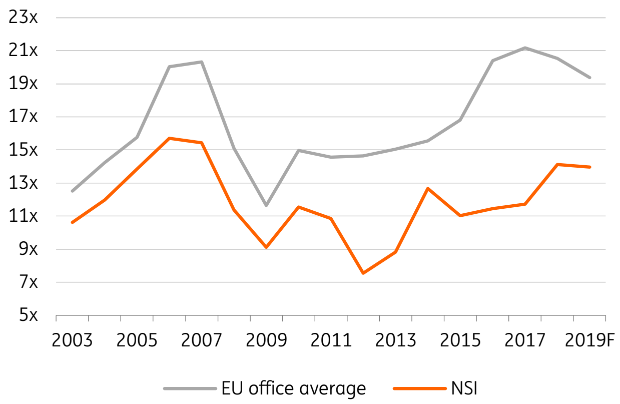



Source: Company data, ING estimates

For NSI we see the following trading history against its peer group of EU offices players. From 2003 to 2011 NSI traded at a 15-25% discount to the peer group, increasing to 40% from 2011 to 2017, while now we see a reversion back to discounts below 30% currently. While remaining a small player, and noting the temporary setback of the FBI tax impact, we believe NSI quite likely will continue to close the gap to its peers back to c.10-20% over coming years as its focused office strategy and value-add strategy show more results.

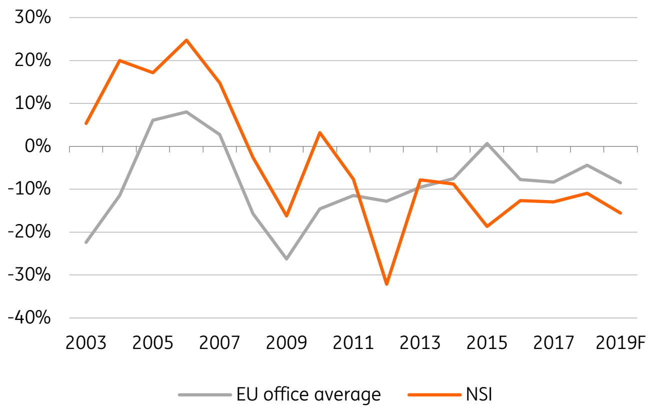
As a high dividend yield stock, NSI used to trade at a premium to NAV and, while we don't expect that to come back soon, we do see the high yielding nature of its assets as a driver for a further rerating once management has stabilised the company and started growing the dividends – obviously inhibited by potential tax issues.

**Fig 28 NSI vs EU office peers: cash flow multiple**




Peers are Cofinimmo, Befimmo, Gecina, Icade, Castellum, Fabege, Wihlborgs, Hemfosa, SPS, PSP, Axiare and Colonial
Source: Company data, ING estimates

**Fig 29 NSI vs Office peers: NAV discount**




Peers are Cofinimmo, Befimmo, Gecina, Icade, Castellum, Fabege, Wihlborgs, Hemfosa, SPS, PSP, Axiare and Colonial
Source: Company data, ING estimates

## Fig 30 ING Benelux coverage: ratings & forecasts

| | Segment | Rec | Price (€) 28-Jun-18 | 2018F (€m) Market cap | EV | Liquidity | LTV (%) | Average RoE 2013-2017 | 2016-2018F | 12M Target price | Price return (%) | Total return (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Belgium** | | | | | | | | | | | | |
| Aedifica | Healthcare | Hold | 78.0 | 1,424 | 2,591 | 1.8 | 50 | 8 | 11 | 80 | 2.6 | 6.7 |
| Ascencio | Retail Warehousing | Hold | 53.0 | 350 | 597 | 0.17 | 40 | 9 | 11 | 61 | 15.1 | 21.6 |
| Befimmo | Offices | Hold | 51.9 | 1,340 | 2,535 | 1.4 | 44 | 8 | 8 | 53 | 2.1 | 8.8 |
| Home Invest | Residential | Hold | 88 | 289 | 587 | 0.1 | 55 | 9 | 8 | 92 | 5.0 | 8.8 |
| Leasinvest | Mixed | Hold | 96 | 474 | 1,020 | 0.1 | 56 | 10 | 10 | 96 | 0.4 | 5.5 |
| Montea | Logistics | Hold | 45.2 | 544 | 975 | 0.26 | 51 | 10 | 13 | 42 | -7.1 | -2.1 |
| Retail Estates | Retail Warehousing | Buy | 76.2 | 868 | 1,544 | 1.9 | 50 | 9 | 10 | 81 | 6.3 | 11.3 |
| WDP | Logistics | Hold | 108.6 | 2,390 | 4,304 | 3.9 | 55 | 15 | 17 | 94 | -13.4 | -9.0 |
| **Netherlands** | | | | | | | | | | | | |
| ECP | Shopping centres | Buy | 36.3 | 1,807 | 3,367 | 5.0 | 40 | 10 | 7 | 40 (from 43) | 18.5 | 24.7 |
| NSI | Offices | Hold (prev: Buy) | 35.85 | 658 | 1,076 | 1.4 | 36 | -5 | 7 | 35.5 (from 39.2) | 9.3 | 15.4 |
| Vastned | High street shops | Sell (prev: Hold) | 40.0 | 728 | 1,287 | 2.2 | 36 | 4 | 6 | 38 (from 43) | 7.4 | 12.5 |
| Wereldhave | Shopping centres | Hold | 33.2 | 1,336 | 3,015 | 12.8 | 40 | 3 | 3 | 34 (from 43) | 30.8 | 38.4 |
| **Average Belgium** | | | | | | | **48** | **9** | **10** | | **1.9** | **6.8** |
| **Average Netherlands** | | | | | | | **37** | **5** | **8** | | **20.5** | **26.7** |
| **Average coverage** | | | | | | | **42** | **9** | **10** | | **7.2** | **11.9** |
| **Average office** | | | | | | | **38** | **8** | **10** | | **8** | **12** |
| **Average retail** | | | | | | | **38** | **9** | **9** | | **15** | **21** |

Restricted on Cofinimmo and Xior Student Housing

Source: ING

## Fig 31 NAV metrics and implied yields

| | Adjusted NAV per share (EPRA) € | | | NAV growth (%) | | | NAV premium / (discount) % | | | Implied yield 2018F (%) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017F | 2018F | 2019F | 2017F | 2018F | 2019F | 2016 | 2017F | 2018F | Net rental/EV | EBITDA/EV |
| **Belgium** | | | | | | | | | | | |
| Aedifica | 56.2 | 62.4 | 72.4 | 14 | 11 | 16 | 43 | 39 | 25 | 5.6 | 5.0 |
| Ascencio | 54.9 | 56.8 | 58.8 | 5 | 3 | 3 | 15 | -4 | -7 | 6.5 | 6.0 |
| Befimmo | 57.0 | 57.2 | 56.7 | 3 | 0 | -1 | -1 | -9 | -9 | 4.7 | 4.3 |
| Home Invest | 68.4 | 68.4 | 72.3 | 0 | 0 | 6 | 44 | 28 | 28 | 4.2 | 3.9 |
| Leasinvest | 84.1 | 88.9 | 95.2 | 2 | 6 | 7 | 17 | 14 | 8 | 5.2 | 4.3 |
| Montea | 29.7 | 34.7 | 38.2 | 7 | 17 | 10 | 51 | 52 | 30 | 5.5 | 5.0 |
| Retail Estates | 61.3 | 65.2 | 69.3 | 3 | 6 | 6 | 31 | 24 | 17 | 5.6 | 5.3 |
| WDP | 58.3 | 68.9 | 78.3 | 14 | 18 | 14 | 60 | 86 | 58 | 5.0 | 4.8 |
| **Netherlands** | | | | | | | | | | | |
| ECP | 45.6 | 45.3 | 44.6 | 0 | -1 | -2 | -20 | -20 | -20 | 5.5 | 5.0 |
| NSI | 36.7 | 38.8 | 40.5 | 6 | 6 | 4 | -19 | -2 | -8 | 6.2 | 5.4 |
| Vastned | 47.0 | 46.8 | 47.1 | 8 | 0 | 1 | -14 | -15 | -14 | 5.2 | 4.6 |
| Wereldhave | 50.0 | 48.1 | 45.3 | -3 | -4 | -6 | -14 | -34 | -31 | 6.2 | 9.3 |
| **Average Belgium (unweighted)** | | | | **6** | **7** | **7** | **33** | **28** | **18** | **5.3** | **4.8** |
| **Average Netherlands (unw)** | | | | **4** | **1** | **0** | **-10** | **-17** | **-18** | **5.6** | **5.8** |
| **Average coverage** | | | | **8** | **5** | **5** | **9** | **7** | **0** | **5.0** | **4.5** |
| **Average office** | | | | **9** | **5** | **5** | **-3** | **-3** | **-8** | **4.6** | **4.0** |
| **Average retail** | | | | **5** | **2** | **1** | **-1** | **-10** | **-12** | **5.6** | **5.4** |

Restricted on Cofinimmo and Xior Student Housing
Prices as of 28 June 2018
Source: ING

## Fig 32 Earnings metrics and dividend + pay out

| | | EPRA EPS | | | EPS growth (%) | | | Cash PER | | DPS | Payout ratio (%) | Dividend yield (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018F | 2019F | 2017 | 2018F | 2019F | 2017 | 2018F | 2019F | 2018F | 2017F | 2018F |
| **Belgium** | | | | | | | | | | | | |
| Aedifica | 3.24 | 4.28 | 5.20 | 3 | 32 | 21 | 24.1 | 18.2 | 15.0 | 3.21 | 99 | 4.1 |
| Ascencio | 4.04 | 4.24 | 4.44 | 3 | 5 | 5 | 13.1 | 12.5 | 11.9 | 3.45 | 85 | 6.5 |
| Befimmo | 3.74 | 3.71 | 3.11 | 2 | -1 | -16 | 13.9 | 14.0 | 16.7 | 3.45 | 92 | 6.6 |
| Home Invest | 3.08 | 3.06 | 3.37 | 16 | -1 | 10 | 28.4 | 28.6 | 26.0 | 3.30 | 107 | 3.8 |
| Leasinvest | 5.57 | 5.59 | 6.27 | -1 | 0 | 12 | 17.2 | 17.1 | 15.3 | 4.90 | 88 | 5.1 |
| Montea | 2.58 | 2.72 | 2.92 | 5 | 5 | 7 | 17.5 | 16.6 | 15.5 | 2.24 | 87 | 5.0 |
| Retail Estates | 5.13 | 5.14 | 5.40 | 17 | 0 | 5 | 14.8 | 14.8 | 14.1 | 3.80 | 74 | 5.0 |
| WDP | 5.60 | 6.09 | 6.58 | 6 | 9 | 8 | 19.4 | 17.8 | 16.5 | 4.80 | 86 | 4.4 |
| **Netherlands** | | | | | | | | | | | | |
| ECP | 2.39 | 2.48 | 2.54 | 12 | 4 | 2 | 15.2 | 14.6 | 14.3 | 2.23 | 93 | 6.2 |
| NSI | 2.72 | 2.50 | 2.50 | 3 | -8 | 0 | 13.2 | 14.4 | 14.3 | 2.16 | 79 | 6.0 |
| Vastned | 2.22 | 2.13 | 2.15 | -8 | -4 | 1 | 18.0 | 18.8 | 18.6 | 2.05 | 92 | 5.1 |
| Wereldhave | 3.43 | 3.17 | 3.07 | 0 | -8 | -3 | 9.7 | 10.5 | 10.8 | 2.52 | 73 | 7.6 |
| **Average Belgium (unweighted)** | | | | **8** | **6** | **7** | **19.1** | **18.1** | **16.9** | | **89** | **4.9** |
| **Average Netherlands (unw)** | | | | **17** | **-27** | **3** | **13.0** | **2.4** | **3.5** | | **79** | **6.2** |
| **Average coverage** | | | | **14** | **8** | **8** | **21** | **16** | **15** | | **89** | **4.8** |
| **Average office** | | | | **15** | **13** | **8** | **24** | **21** | **19** | | **92** | **4.4** |
| **Average retail** | | | | **16** | **4** | **0** | **15** | **5** | **6** | | **87** | **6.0** |

Restricted on Cofinimmo and Xior Student Housing
Prices as of 28 June 2018
Source: ING

# Equities Team

| | | | |
|---|---|---|---|
| **Head of Equities** | | | |
| Nils ten Berg \| Head of Equities | | nils.ten.berg@ing.com | +31 20 5638122 |
| **Research** | | | |
| **Amsterdam** | | | |
| Marc Zwartsenburg \| Head of Equity Research | Staffing, Logistics, Technology, Leisure | marc.zwartsenburg@ing.com | +31 20 563 8721 |
| Jason Ball | Real Estate | jason.ball@ing.com | +31 20 563 8522 |
| Tijs Hollestelle | Construction, Dredging, Industrials | tijs.hollestelle@ing.com | +31 20 563 8789 |
| Jaap Kuin | Real Estate | jaap.kuin@ing.com | +31 20 563 8780 |
| Quirijn Mulder | Oil Services, Utilities, Shipping, Engineering | quirijn.mulder@ing.com | +31 20 563 8757 |
| Albert Ploegh | Financials | albert.ploegh@ing.com | +31 20 563 8748 |
| Pieter Runneboom | Real Estate | pieter.runneboom@ing.com | +31 20 501 3526 |
| Rosine van Velzen | Financials | rosine.van.velzen@ing.com | +31 20 501 3476 |
| Reg Watson | Food Manufacturers, HPC, Bio-chemicals | reg.watson@ing.com | +31 20 563 8758 |
| **Brussels** | | | |
| Stijn Demeester | Chemicals, Metals, Steel | stijn.demeester@ing.com | +32 2 557 1692 |
| Giel-Jan Triest | Materials, Holding Companies, Technology | giel-jan.triest@ing.com | +32 2 557 1698 |
| David Vagman | Telecommunications, Media, Industrials | david.vagman@ing.com | +32 2 557 1694 |
| **Sales** | | | |
| **Amsterdam** | | | |
| Richard Koning \| Head of Equity Sales | Amsterdam | richard.koning@ing.com | +31 20 563 8083 |
| Thijs Buitenhuis | Amsterdam | thijs.buitenhuis@ing.com | +31 20 563 2109 |
| Alyssa Gammoudy | Amsterdam | alyssa.ouled.gammoudy@ing.com | +31 20 563 8902 |
| Dennis Kools | Amsterdam | dennis.kools@ing.com | +31 20 563 8077 |
| Mark Prins | Amsterdam | mark.prins@ing.com | +31 20 563 3814 |
| Eric Schrauwen | Amsterdam | eric.schrauwen@ing.com | +31 20 563 8908 |
| Remy Treffers \| Specialist sales Real Estate | Amsterdam | remy.treffers@ing.com | +31 20 501 3479 |
| **Brussels** | | | |
| Anthony Della Faille \| Head of Equities Belgium | Brussels | anthony.dellafaille@ing.com | +32 2 557 1377 |
| Gilles Delcroix | Brussels | gilles.delcroix@ing.com | +32 2 557 1366 |
| Sebastien Fuki | Brussels | sebastien.fuki@ing.com | +32 2 557 1369 |
| **New York** | | | |
| Remko van Moll | New York | remko.vanmoll@ing.com | +1 646 424 7175 |
| **Sales Trading** | | | |
| **Amsterdam** | | | |
| Gert Berendse \| Head of Equity Sales Trading | Amsterdam | gert.berendse@ing.com | +31 20 563 8089 |
| Albert Buysing Damste | Amsterdam | albert.buysing.damste@ing.com | +31 20 563 8119 |
| Sjoerd Stienstra | Amsterdam | sjoerd.stienstra@ing.com | +31 20 563 8100 |
| **Brussels** | | | |
| Mikaël Gueye | Brussels | mikaël.gueye@ing.com | +32 2 557 1364 |
| David Letens | Brussels | david.letens@ing.com | +32 2 557 1368 |
| **Traders** | | | |
| Robert Roberti | Amsterdam | robert.roberti@ing.com | +44 207 767 8395 |
| **Corporate Access** | | | |
| Jacqueline Lenterman | Amsterdam | jacqueline.lenterman@ing.com | +31 20 576 7456 |
| Eva van Groen | Amsterdam | eva.van.groen@ingcf.com | +31 20 563 3811 |
| Hélène van Loon | Amsterdam | helene.van.loon@ing.com | +31 20 563 3812 |
| **ECM Syndicate** | | | |
| Björn Krook \| Head of Equity Syndicate | Amsterdam | bjorn.krook@ing.com | +31 20 563 8992 |
| Dagmar Brands | Amsterdam | dagmar.brands@ing.com | +31 20 563 8984 |
| **Sales desks** | | | |
| Amsterdam | | | +31 20 563 2121 |
| Brussels | | | +32 2 547 1377 |
| New York | | | +1 646 424 7175 |

# Disclosures Appendix

**ANALYST CERTIFICATION**

The analyst(s) who prepared this report hereby certifies that the views expressed in this report accurately reflect his/her personal views about the subject securities or issuers and no part of his/her compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this report.

**IMPORTANT DISCLOSURES**

*For disclosures on companies other than the subject companies of this report visit our disclosures page at http://research.ing.com or write to The Compliance Department, ING Financial Markets LLC, 1133 Avenue of the Americas, New York, USA, 10019.*

**US regulatory disclosures**

- The following subject company/ies of this report are or have been a client of ING Financial Markets LLC or an affiliate within the last 12 months and have received investment banking services: Eurocommercial Properties NV, Wereldhave Belgium SCA

*Valuation & risks:* For details of the methodologies used to determine our price targets and risks related to the achievement of these targets refer to main body of report and/or the most recent equity company report at http://research.ing.com.

*Research analyst(s):* The research analyst(s) for this report may not be registered/qualified as a research analyst with the NYSE and/or NASD. The research analyst(s) for this report may not be an associated person of ING Financial Markets LLC and therefore may not be subject to Rule 2241 and Rule 2242 restrictions on communications with a subject company, public appearances and trading securities held by the research analyst's account.

**European regulatory disclosures**

- The following subject company/ies of this report are or have been party to an investment services agreement with one or more members of ING Group over the last 12 months: Eurocommercial Properties NV, Wereldhave Belgium SCA
- One or more members of ING Group is a liquidity provider, or acts as designated sponsor or market maker for the following subject company/ies of this report: Wereldhave Belgium SCA

*The remuneration of research analysts* is not tied to specific investment banking transactions performed by ING Group although it is based in part on overall revenues, to which investment banking contribute.

*Financial interests:* One of more members of ING Group may hold financial interests in the companies covered in this report other than those disclosed above.

*Securities prices:* Prices are taken as of the previous day's close on the home market unless otherwise stated.

*Job titles.* The functional job title of the person/s responsible for the recommendations contained in this report is equity research analyst unless otherwise stated. Corporate titles may differ from functional job titles.

*Conflicts of interest policy.* ING manages conflicts of interest arising as a result of the preparation and publication of research through its use of internal databases, notifications by the relevant employees and Chinese walls as monitored by ING Compliance. For further details see our research policies page at http://research.ing.com.

**Other disclosures**

Target prices, where included, are based on reasonable assumptions supported by objective data. Unless otherwise stated, neither historic share price performance data nor ING projections on potential share price performance reflect the impact of commissions, fees and charges. Past performance is not indicative of future results. Forecasts are not a reliable indicator of future performance.

**FOREIGN AFFILIATES DISCLOSURES**

Each ING legal entity which produces research is a subsidiary, branch or affiliate of ING Bank N.V. See back page for the addresses and primary securities regulator for each of these entities.

**RATING DISTRIBUTION (as of end 1Q18)**

| | Equity coverage | Investment Banking clients* |
|---|---|---|
| Buy | 48% | 72% |
| Hold | 50% | 54% |
| Sell | 2% | 100% |
| | **100%** | |

* Percentage of companies in each rating category that are Investment Banking clients of ING Financial Markets LLC or an affiliate.

**RATING DEFINITIONS**

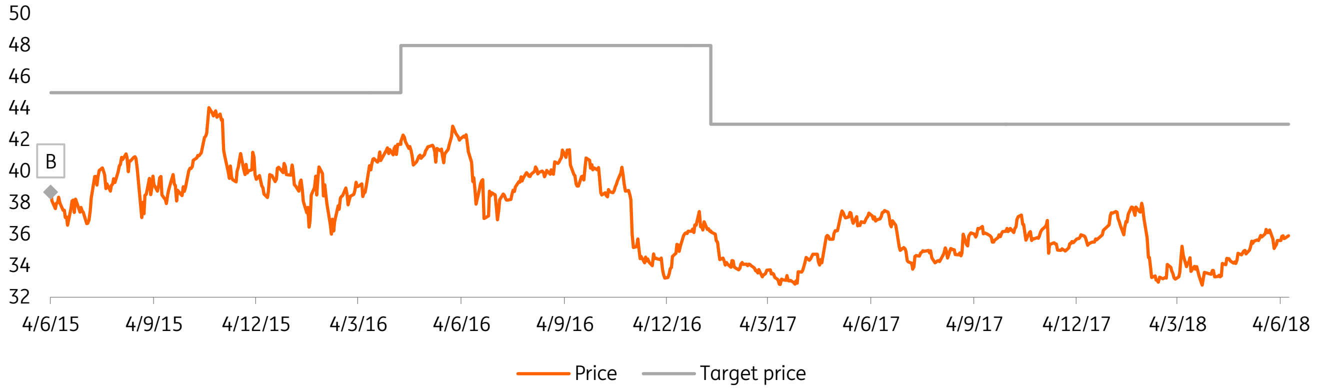
**Buy:** Forecast 12-mth absolute total return greater than +15%

**Hold:** Forecast 12-mth absolute total return of +15% to -5%

**Sell:** Forecast 12-mth absolute total return less than -5%

Total return: forecast share price appreciation to target price plus forecast annual dividend. Price volatility and our preference for not changing recommendations too frequently means forecast returns may fall outside of the above ranges at times.

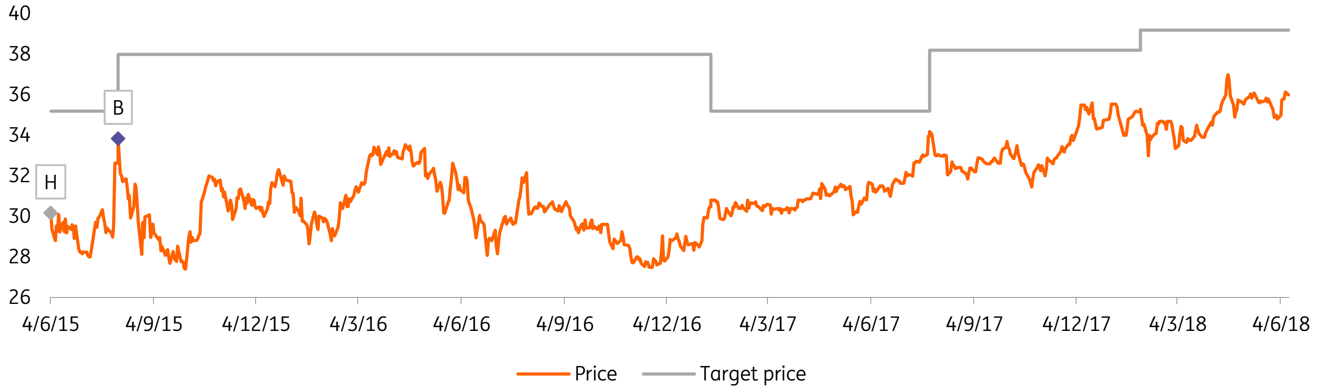
**Price & ratings history to 06/11/18: Eurocommercial Properties (SIPFc.as)**




B = Buy; H = Hold; S = Sell; NR = Not Rated; R = Restricted; UR = Under Review
Chart shows ING coverage: current analyst may or may not have covered the stock for the entire period shown
Where ING coverage is longer than three years, chart shows recommendation current at start of the share price history

Source: ING

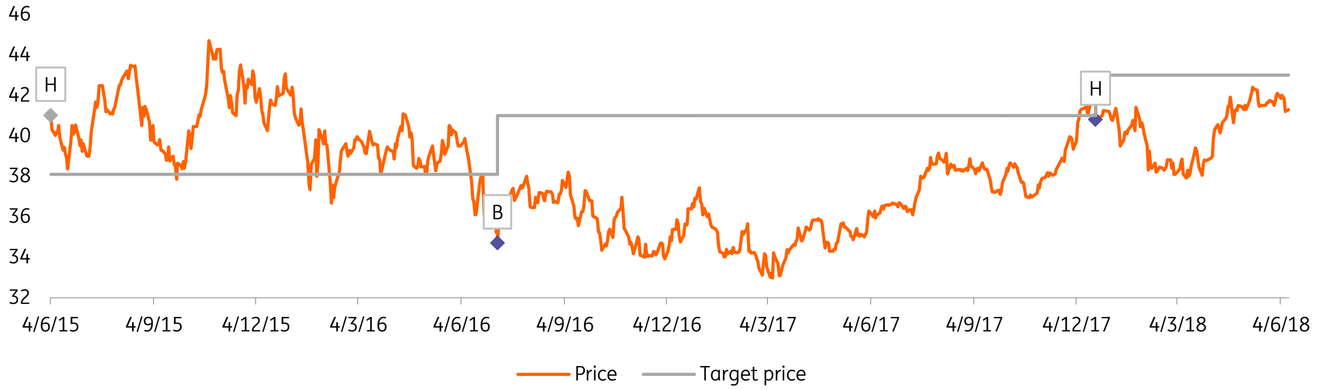
**Price & ratings history to 06/11/18: NSI (NSTEc.AS)**




B = Buy; H = Hold; S = Sell; NR = Not Rated; R = Restricted; UR = Under Review
Chart shows ING coverage: current analyst may or may not have covered the stock for the entire period shown
Where ING coverage is longer than three years, chart shows recommendation current at start of the share price history

Source: ING

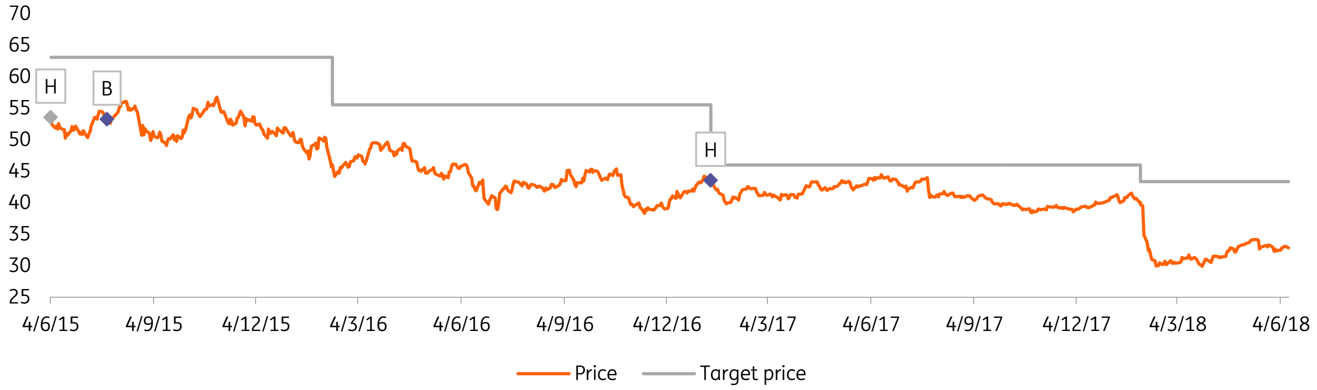
**Price & ratings history to 06/11/18: Vastned (VASN.AS)**




B = Buy; H = Hold; S = Sell; NR = Not Rated; R = Restricted; UR = Under Review
Chart shows ING coverage: current analyst may or may not have covered the stock for the entire period shown
Where ING coverage is longer than three years, chart shows recommendation current at start of the share price history

Source: ING

**Price & ratings history to 06/11/18: Wereldhave (WEHA.AS)**




B = Buy; H = Hold; S = Sell; NR = Not Rated; R = Restricted; UR = Under Review

Chart shows ING coverage: current analyst may or may not have covered the stock for the entire period shown

Where ING coverage is longer than three years, chart shows recommendation current at start of the share price history

Source: ING

**AMSTERDAM**
Tel: 31 20 563 8758

**BRUSSELS**
Tel: 32 2 547 7534

**LONDON**
Tel: 44 20 7767 1000

**NEW YORK**
Tel: 1 646 424 6000

**SINGAPORE**
Tel: 65 6535 3688

**Bratislava**
Tel: 421 2 5934 6111
**Bucharest**
Tel: 40 21 222 1600
**Budapest**
Tel: 36 1 235 8800
**Buenos Aires**
Tel: 54 11 4310 4700
**Dublin**
Tel: 353 1 638 4000

**Frankfurt**
Tel: 49 69 75936 519
**Geneva**
Tel: 41 22 592 3079
**Hong Kong**
Tel: 852 2848 8488
**Istanbul**
Tel: 90 212 335 1000
**Kiev**
Tel: 380 44 230 3030

**Madrid**
Tel: 34 91 789 8880
**Manila**
Tel: 63 2 479 8888
**Mexico City**
Tel: 52 55 5258 2000
**Milan**
Tel: 39 02 55226 2468
**Moscow**
Tel: 7 495 755 5400

**Paris**
Tel: 33 1 56 39 32 84
**Prague**
Tel: 420 257 474 111
**Sao Paulo**
Tel: 55 11 4504 6000
**Seoul**
Tel: 82 2 317 1800
**Shanghai**
Tel: 86 21 2020 2000

**Sofia**
Tel: 359 2 917 6400
**Taipei**
Tel: 886 2 8729 7600
**Tokyo**
Tel: 81 3 3217 0301
**Warsaw**
Tel: 48 22 820 5018


**Research offices:** legal entity/address/*primary securities regulator*

| | |
|---|---|
| **Amsterdam** | ING Bank NV, Foppingadreef 7, Amsterdam, Netherlands, 1102BD. *Netherlands Authority for the Financial Markets* |
| **Brussels** | ING Belgium SA/NV, Avenue Marnix 24, Brussels, Belgium, B-1000. *Financial Services and Market Authority (FSMA)* |
| **Bucharest** | ING Bank NV Amsterdam - Bucharest Branch, 48 Iancu de Hunedoara Bd, 011745, Bucharest 1, Romania. *Financial Supervisory Authority, Romanian National Bank* |
| **Budapest** | ING Bank NV Hungary Branch, Dozsa Gyorgy ut 84\B, H - 1068 Budapest, Hungary. *National Bank of Hungary* |
| **Frankfurt** | ING-DiBa AG, Theodor-Heuss-Allee 2, 60486 Frankfurt, Germany. *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)* |
| **Hong Kong** | ING Bank NV, Hong Kong Branch, 8/F, Three Pacific Place, 1 Queens' Road East, Hong Kong. *Hong Kong Securities and Futures Commission* |
| **Istanbul** | ING Bank AS, ING Bank Headquarters, Resitpasa Mahallesi Eski Buyukdere Cad. No.8, 34467 Sariyer, Istanbul, Turkey. *Capital Markets Board* |
| **London** | ING Bank NV London Branch, 8-10 Moorgate, London EC2R 6DA, United Kingdom. *Financial Conduct Authority* |
| **Manila** | ING Bank NV Manila Branch, 20/F Tower One, Ayala Triangle, Ayala Avenue, 1226 Makati City, Philippines. *Philippine Securities and Exchange Commission* |
| **Milan** | ING Bank NV Milano, Via Arbe, 49, Milano, Italy, 20125. *Commissione Nazionale per le Società e la Borsa* |
| **Moscow** | ING Bank (Eurasia) JSC, 36, Krasnoproletarskaya ulitsa, 127473, Moscow, Russia. *The Central Bank of Russia* |
| **New York** | ING Financial Markets LLC, 1133 Avenue of the Americas, New York, United States,10036. *Securities and Exchange Commission* |
| **Prague** | ING Bank NV, Prague Branch, Českomoravská 2420/15, Prague 9, Czech Republic. *Czech National Bank* |
| **Singapore** | ING Bank NV Singapore Branch, 1 Wallich Street, 12-01 Guoco Tower, Singapore 078881. *Monetary Authority of Singapore* |
| **Warsaw** | ING Bank Slaski SA, Ul. Pulawska 2, Warsaw, Poland, 02-566. *Polish Financial Supervision Authority* |

## Disclaimer





**Additional information is available on request**