

Sector update  
28 June 2011

## Real Estate Weekly

Return overview (%)

ING's real estate update

No 34

### Citibank has substantial retail bank with 17% of market

#### Citi to leave Belgium?

Local Belgian newspaper *De Tijd* reports that Citibank is highly likely to leave Belgium and has put its branches up for sale. According to the newspaper, Citi only wants to sell its retail bank and not its considerably smaller commercial banking operations. Citibank has a substantial retail bank in Belgium with 17% of the market behind local giants ING, KBC and Dexia, as well as retail branches and ATMs.

### It rents 15,000m<sup>2</sup> in the Brussels periphery for its Belgian head-office

#### Readacross to Befimmo

Citi has 200 locations and 500,000 clients in Belgium. The bank is also a tenant of Befimmo, from whom it rents 15,000m<sup>2</sup> in the Brussels periphery for its Belgian head-office while it also has a small retail branch in Banimmo's Arts 27 redevelopment in the CBD. Citi is not a tenant of Cofinimmo, Leasinvest and Wereldhave. It remains to be seen what will happen to space rented by Citi, however it is likely that if the company sells the retail network, these locations would be re-styled in line with a new owner's image. We are also unsure as to whether a possible new owner would take over the rental contract with Befimmo for Citi's Belgian head-office. One possible outcome could be that Citi pays an exit fee for the remainder of the lease or keeps part of the space for its commercial banking operations.

### If risk appetite deteriorates further, we believe real estate could once again outperform general equity

#### European real estate universe could show total return of 10%, based on 3% target premium to 2011F IFRS NAV

Based on our average target premium of 3%, we believe that our European real estate universe could show a total return of 10%. We see particularly good value in the Dutch property stocks Corio, Wereldhave and VastNed Retail. Our other BUYs include Unibail-Rodamco, Klépierre and Beni Stabili. If risk appetite deteriorates further, we believe real estate could once again outperform general equity. In the next dip, potentially arising from euro trouble and austerity measures, we believe Mercialys, Cofinimmo, Befimmo and Deutsche Euroshop would outperform general equity and the European real estate sector.