

KBC Securities

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ATENOR (Hold, € 54 PT): Closing the sale of Vaci Greens B with a surplus

COMPANY: Atenor

Recommendation: Hold

Current Price: € 49.6

Target Price: From € 53 to € 54

ATENOR - Closing the sale of Vaci Greens B with a surplus

News:

Atenor has closed the sale of its Vaci Greens B building in Budapest. This 25.3k sqm office building (with 399 parking spaces) was sold in February to an Hungarian real estate fund OTP Prime for € 63.75m.

However, at the moment of sale, Atenor had granted rental guarantees as the office building was only 65% occupied. Meanwhile, Atenor has signed a rental contract with a reputed international group for approx. 5k sqm, enabling the company to take-back rental guarantees and up the sales value.

Atenor reiterates that the sale of its first three office buildings had a € 141m price tag.

Our View:

Atenor had already announced the sale of Vaci Greens B and the total sales amount of approx. € 141m for its first three office buildings (o.w. building C was accounted for in the FY16 results). The signing of the new rental contract creates however a positive surplus, enabling the company to take-back rental guarantees and to up the sales value.

Conclusion:

We value the impact of the lease contract at almost € 1 p.s., leading to a higher valuation. We therefore up our PT from € 53 to € 54. We believe that Atenor is benefitting from a positive momentum in Central Europe on the back of a strengthening market economy and regained market liquidity.

However, as mentioned at the moment of the FY16 results, Atenor plans to create a more recurring income stream and therefore plans the disposal of the mature Hermes Business Campus rather in FY18. We therefore no longer expect a record year in 2017, but 4% EPS growth, supporting a DPS growth of c. 2% y/y.

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