

# Investments - Flash



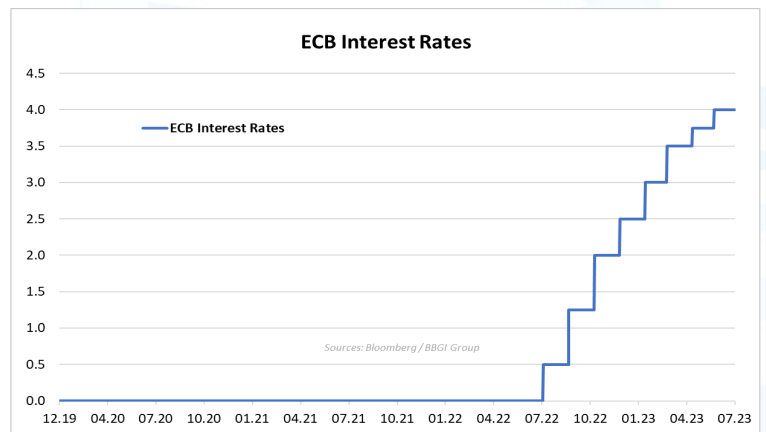
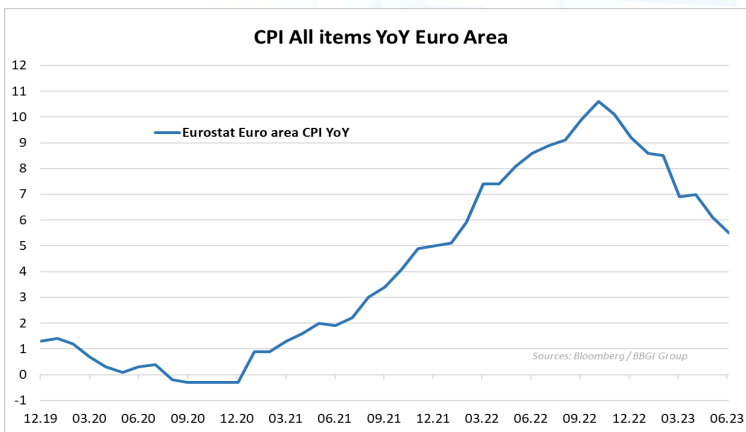
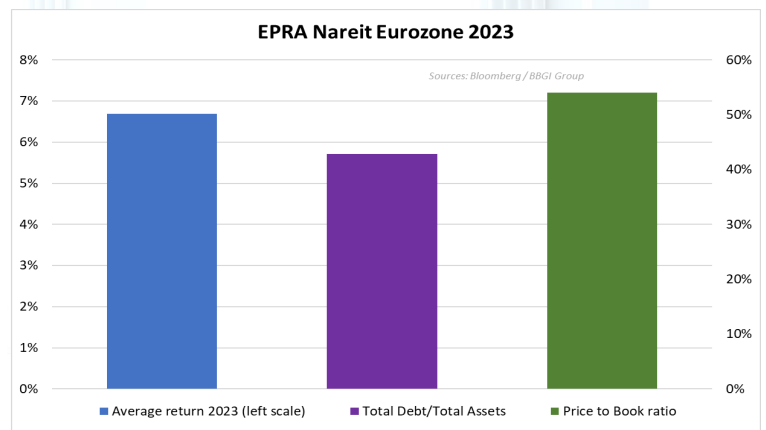
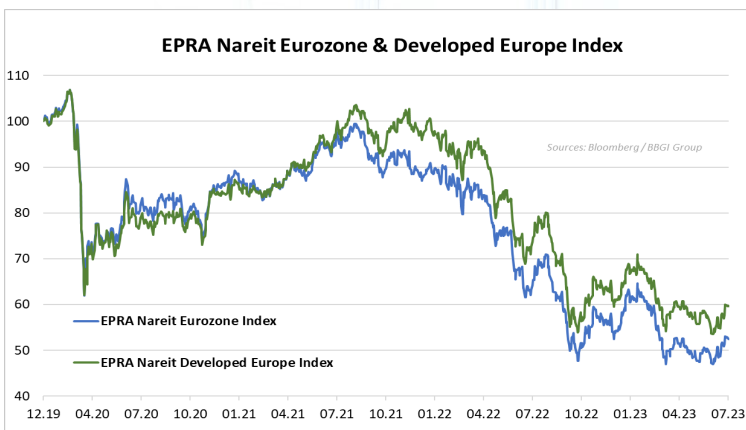
M. Alain Freymond - Partner & CIO

## OPPORTUNITIES IN SECURITIZED REAL ESTATE

### High discounts compared to intrinsic values

The fall in listed real estate values has now reached levels which, in our view, already largely reflect the risks associated with a possible increase in debt refinancing difficulties for lots of real estate companies. For many of them, current price levels do not reflect their true financial situation. Securitized real estate in Europe is still suffering from the effects of inflation, the ECB's restrictive monetary policy and interest rate pressures over the past twenty-four months. The risks of financial system instability caused by the bankruptcy of the SVB had once again created uncertainty that was damaging to the valuation of securitized real estate investments, considering the possible effects of an eventual tightening of credit access conditions for real estate companies. Against this backdrop, the EPRA

Nareit Eurozone index was struggling to stabilize after falling by -28% between February and March, and was close to its lowest level just a few days ago, down by -53% since August 2021. In our view, the collapse in listed European real estate prices is clearly excessive, even in the context of further rising interest rates and more difficult access to credit. EPRA Nareit Eurozone offers an average yield of 5.23%, of 6.69% for 2023 and 7.02% for 2024. Its total debt/total assets ratio is 42.8% and a price/net assets ratio of 0.54. At less than 50% of their book value, some European stocks have already taken these risks into account, even though their financing and rental income are not really threatened. In our view, the European real estate market offers rare investment opportunities.



Important information: This document is confidential and intended exclusively for its recipient and may not be transmitted or reproduced, even partially, without the express written consent of BBGI Group. It is provided for information purposes only and does not constitute an offer or solicitation to buy, sell or subscribe. BBGI Group cannot be held responsible for any decisions taken on the basis of the information provided. The figures are based on quantitative and judgmental analysis. The client remains fully responsible for the management decisions made in relation to this document. We endeavour to use information that is deemed reliable and cannot be held responsible for its accuracy and completeness. The opinions and all information provided are subject to change without notice. The data mentioned is indicative only and is subject to change without notice in the light of changing market conditions. Past performance and simulations are not indicative of future results.