

## TEXAF

### 3Q21 update - new CAPEX announced

FINANCIAL SERVICES  
BELGIUM

CURRENT PRICE € 31.50  
TARGET PRICE € 44.00

**BUY**

RATING UNCHANGED

As usual, Texaf presented a very brief update on the 3Q21 developments. No group P&L and balance sheet are published, but Texaf can confirm that the vacancy incurred by COVID in 1HY21 has been caught up almost completely in 3Q21. Texaf also announces a relatively large investment for the Co of € 5.5m (about 5.3% of the last published portfolio). We will adjust our model and stick to our recommendation of BUY.

#### 9M21 / 3Q21 update:

- Rental income reached € 5m in 3Q21 (+3% yoy) and invoicing (annualised contracted rental income) increased to € 20.5m. COVID induced vacancies as recorded over 1HY21 have almost fully been recovered. Recall due to 1HY21 travel restrictions and general uncertainty linked to the COVID-19 crisis, arrival of new residential tenants were impaired and the occupancy rate, which averaged 98.2% over the first six months of 2020, fell to 92.8% in the 1st half of 2021.
- The 33 apartments in Bois Nobles II and the 3,200 sqm of offices in Petit-Pont have been put on the market and are fully leased.
- Texaf also announced an investment in the largest space for start-ups and digital companies in Africa. It will be phase-3 of SILIKIN VILLAGE and will include 7,500 sqm of office space and 4,000 sqm of services (conference rooms, co-working space, etc.). Investment amount is guided at € 5.5m and the project is guided to have an annual rental potential of € 1.8m (exp delivery 1Q23). Together with the project Promenade des Artistes (94 apartments as announced last Sep), this will increase group potential annual rental income with 22% (c.a. € 5.6-€ 5m) from the end of 2023 onwards.
- Carriges (sandstone quarry): Revs € 0.9m (+11% yoy). Co notes increased demand for these very cyclical activities and trying to meet it by improving production processes and improving production equipment. However, until recently the market for spare parts was poorly supplied.
- Texaf Digital: increased its leasable area for start-ups and companies interested in the digital economy by 1,000 sqm (offices and meeting rooms) in the SILIKIN VILLAGE.

#### Investment case:

Texaf offers unique unleveraged exposure to a high yielding and quality real estate portfolio in combination with huge undervalued development options. The main trigger to unlock this value is finding a finance and construction partnership to develop the large potential project "Les Jardins de Kinsuka". Based on a SOTP and a DCF we see at least 30% potential valuation upside and rate the shares BUY.



Source: Thomson Reuters Datastream

Bloomberg TEXF BB  
Reuters TEXTB.BR

[www.texaf.be](http://www.texaf.be)

Market Cap € 113.5m  
Shares outst. 3.7m  
Volume (daily) € 15,895  
Free float 28.9%

Next corporate event

€ th	2020	2021E	2022E
Sales	21,868	23,957	24,735
REBITDA	11,662	12,470	12,952
Net earnings	4,580	6,672	6,942
Adj. EPS (€)	1.28	1.83	1.87
P/E (x)	27.1	17.2	16.8
EV/REBITDA	11.0	9.2	9.1
FCF yield	2.0%	6.5%	1.2%
Dividend yield	3.7%	4.5%	5.0%

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