S&P Global
Ratings

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Befimmo S.A.

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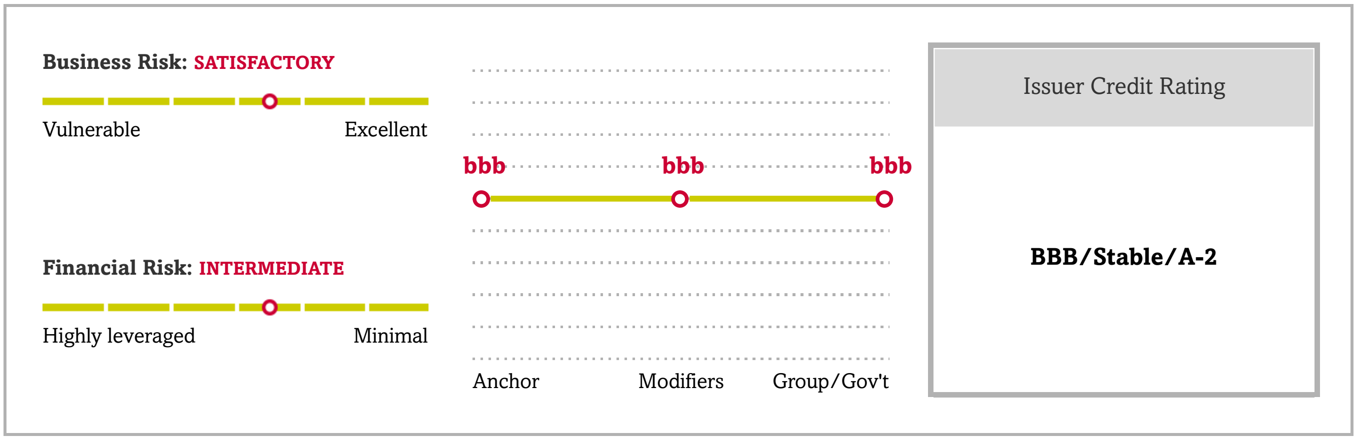
Table Of Contents

Befimmo S.A.



Credit Highlights

Overview

Key strengths	Key risks
Well located office asset portfolio, with over 50% of portfolio gross value-added (GAV) in the Brussels central business district (CBD), where supply and demand dynamics remain supportive.	Large redevelopment pipeline (18% of gross asset value), which will lead to a temporary increase in leverage.
Large public sector tenant base (60% of rental income) and long-term leases (7.0 years on average), supporting rental income stability and predictability.	Social distancing measures to contain COVID-19 may result in rent concessions and case-by-case renegotiations with some of Befimmo's tenants, which could weaken revenue in 2020.
Strong pre-letting activity, with 77% of current committed ongoing projects already pre-let, mitigating risk of vacancy inherent in redevelopment projects.	Concentration on one market (95% of the portfolio is Belgian offices), whose growth could be affected by the increased prevalence of remote working.
Relatively prudent debt leverage, with adjusted debt-to-debt-plus-equity of 40%-45% and EBITDA-interest-coverage exceeding 4x, although debt-to-EBITDA is high, at close to 10x.	Capital market turmoil and the economic downturn could weigh on cost of debt and heighten refinancing risk.

S&P Global Ratings expects Befimmo's rental income to remain relatively stable in the coming years. Befimmo collected 97% of rents due in second-quarter 2020, as of May 4, 2020, despite COVID-19's impact on economic activity. This compares positively with other rated peers in the office real estate segment and is reflective of Befimmo's high quality tenant base. Still, we expect rent concessions and case-by-case renegotiations with tenants may affect rental income generation for office property owners in 2020. We therefore assume a small contraction in revenue on an organic basis for Befimmo for this year.

The weakened economy and increased remote working could erode the need for traditional office space over the longer term. Over the longer term, we anticipate that the pandemic and its aftermath will dampen companies' growth plans and need for additional office space. The cost-cutting and staff reductions that may result from prolonged disruption will exert pressure on office occupancy rates. More generally, office space increasingly has to justify its use as an alternative to working from home; almost to the same extent as shopping centers have to justify the journey to their location, when shoppers can simply buy goods online. In this context, central locations and adjacent services will be key factors (see "How Are Lockdown Measures and Remote Working Affecting European Office Landlords," published May 27, 2020, on RatingsDirect). In this context, we believe Befimmo should benefit from its large proportion of public tenants (60% of revenue) whose need for traditional office space should persist and which tend to sign long average leases (7.1 years to next break option), and from its investments in co-working that may provide more solutions to meet the needs of corporate tenants, even if we view this activity as more risky.

Befimmo improved its debt-to-debt-plus-equity ratio in 2019, leaving headroom for a debt increase to fund its development pipeline. Following a €69 million private placement, dividends partly paid in shares (24% of the interim dividend for financial year 2019), the €93 million disposal of the Pavillion building, and 4.7% upward revaluation of its portfolio, the company reduced its S&P Global Ratings-adjusted debt-to-debt-plus-equity ratio to 41.1% at year-end 2019, from 44.6% a year earlier. This improvement provides the company with more headroom to maintain its debt to debt-plus-equity below 45% in the coming years and therefore within the threshold for our rating on Befimmo. We expect the company to fund its upcoming development pipeline (14% of portfolio) partially with debt.

Strong pre-leasing characteristics should mitigate the risks associated with its redevelopment pipeline. We acknowledge the company's particularly strong ability to lease its redevelopment projects well in advance, with 77% of its committed ongoing projects already pre-let. This partially shields Befimmo from the risk of future vacancy, and attests to the attractiveness of its projects under redevelopment, which are mainly located in Brussels CBD. Despite a slowdown in letting activity due to social distancing and lockdown measures, we expect leasing activity to resume, at least partly, as office market fundamentals remain sound in Brussels CBD, which historically has had a low supply of prime office space.

Outlook: Stable

The stable outlook continues to reflect Befimmo's stable and predictable rental income from its good-quality office property portfolio and long-term leases with trustworthy tenants. The outlook also reflects our expectation that Befimmo will maintain an EBITDA interest coverage ratio of at least 3.5x and an adjusted debt-to-debt-plus-equity ratio of less than 45% over the next two years.

Downside scenario

We could lower our ratings on Befimmo in the next 24 months if the company's credit metrics were to deteriorate more than anticipated, with debt to debt-plus-equity (S&P Global Ratings-calculated) sustainably exceeding 45%. This could result from lower-than-anticipated asset disposals, higher-than-expected development capital expenditure (capex), or an unexpected decline in valuations.

At the same time, a negative rating action could follow an extended deterioration of Befimmo's portfolio's quality and size, which could result in the EBITDA-interest-coverage ratio decreasing close to 3.5x. This could happen if Befimmo were to sell off more prime assets than anticipated.

We might also consider lowering the rating if the company's business model became riskier, with for example a substantial proportion of revenue coming from co-working spaces management, or if more redevelopment activities drain liquidity.

Credit stress could also come from lower-than-anticipated sources to cover upcoming debt maturities, dividends, and large redevelopment capex in the next 12 months that could deteriorate liquidity.

Upside scenario

An upgrade would depend on Befimmo's ability to improve its adjusted debt-to-debt-plus-equity ratio to near 35% on a sustainable basis, with EBITDA interest coverage remaining comfortably above 3.5x.

An upgrade would also require Befimmo to build a track record of rental growth on a like-for-like basis and a marked change in the company's earnings base, with improved diversification of income streams.

Our Base-Case Scenario

We expect GDP in Belgium will shrink by 7.2% in 2020, due to COVID-19 impacts, before rebounding by 5.2% in 2021. The economic impact is mainly due to a drop in household consumption, which has been severely affected by social distancing measures, in particular lockdowns. This will lead to rising unemployment to about 6.0% in 2020, versus 5.4% in 2019, and lower inflation, which we expect to be about 0.9% in 2020 and 1.4% in 2021.

Assumptions

- A 0%-5% decline of Befimmo's gross rental income on a like-for-like basis in 2020. A limited rebound, with 1%-2% like-for-like rental income growth in 2021.
- Stable occupancy, at 94%-95% in 2020, since few leases expire this year (less than 4% of gross rental income) and average lease duration is long at 7.8 years.
- A slight negative revaluation of the office portfolio in 2020, given lower expected cash flow and market uncertainty.
- A stable EBITDA margin, reflecting cost containment and prudent risk management.
- Redevelopment capex of about €150 million per year during 2020-2022 as main projects have resumed (Quatuor: €110 million, delivery 2022; ZIN: €250 million, delivery 2023; Paradis express: €45 million, delivery 2021).
- No large disposal proceeds in 2020. Small asset sales (€3 million) from the existing Fedimmo portfolio. Disposals of about €80 million in 2021 and €100 million in 2022.
- Dividends of about €70 million in 2020, corresponding to the minimum legal distribution requirement of B-REIT companies.

Key Metrics

	--Fiscal year ended Dec. 31--				
(Mil. €)	**2018a**	**2019a**	**2020e**	**2021f**	**2022f**
EBITDA	116.6	108	95-100	100-105	100-105
EBITDA margin (%)	81	75.8	70-75	70-75	70-75
EBITDA interest coverage (x)	6.2	5.6	4.0-4.5	4.0-4.5	4.0-4.5
Debt/debt+equity (%, fair value)	44.6	41.1	44-46	43-45	43-45
Debt to EBITDA (x)	10	10.4	11-13	10-12	10-12

a-Actual. e--Estimate. f--Forcast.

Our revised base case anticipates a small drop in like-for-like net rental income for 2020 and a slow recovery in 2021. We anticipate Befimmo may have to offer rent discounts or even cancellations to some of its weakest tenants. We expect only a mild recovery in 2021 as we expect a slow economic recovery as a result of depressed business and investor confidence.

Planned asset disposals should limit leverage increases from the growing redevelopment pipeline. Although Befimmo has identified potential assets for sale, the company may decide to postpone asset disposals for one year, given current uncertain market conditions. We now expect the company to sell €100 million-€200 million in office assets over 2021-2022 to finance the current committed redevelopment pipeline.

Company Description

Befimmo operates in the office real estate segment, with a focus on Brussels (68.8% of portfolio value) and, to a lesser extent, Luxembourg (5.0%). The company's portfolio consists of more than 100 buildings, with a total value of €2.8 billion as of year-end 2019. It is listed on Euronext Brussels with a market capitalization of about €1.1 billion (as of May 2020). Befimmo has B-REIT status (regulated Belgian Real Estate Investment Trust).

Befimmo's largest shareholders are the insurance companies AXA Belgium SA and Agias, which respectively owned

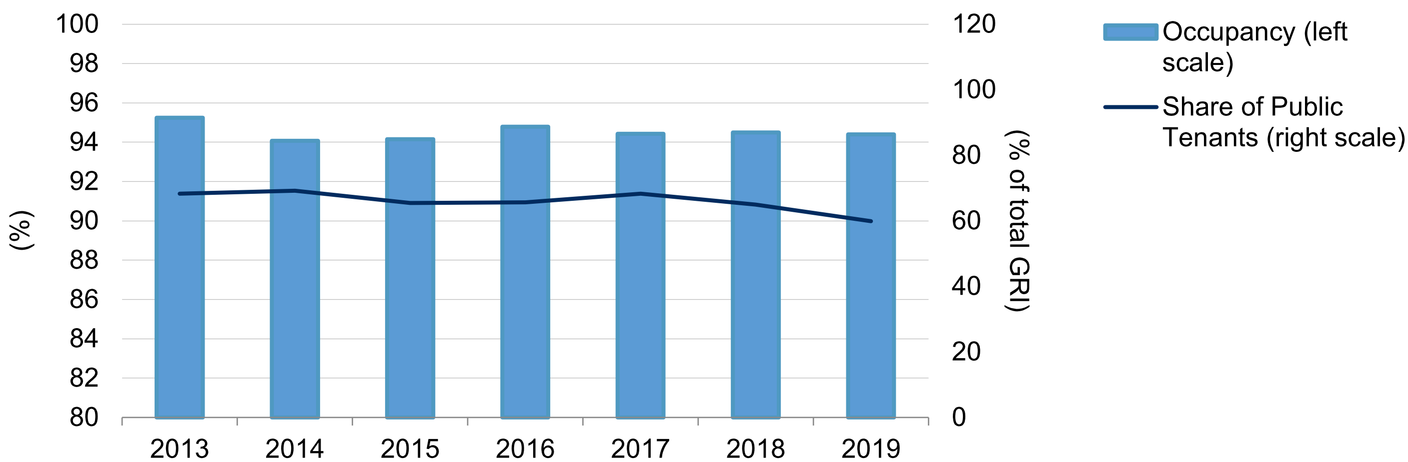
9.6% and 9.3% of the company as of June 30, 2020. In addition, Norges Bank and BlackRock owned 3%, Befimmo owned 4.9% of its own shares, and 70.2% of shares are split among investors holding each less than 3% of the company.

Business Risk: Satisfactory

Our business risk assessment reflects Befimmo's predictable cash flow, including long lease terms of 7.1 years up to next break option, stable occupancy of about 94%, and a significant portion of public tenants, which we view as creditworthy. These tenants include the Belgian public sector (51.3% of rents) and the European public sector (8.6%). The share of public tenants has slightly reduced from historical levels (about 70%) because two major leases came to end last year, but we note that Befimmo has managed to obtain new public tenants recently (such as the Flemish authorities in ZIN project).

Chart 1

Befimmo S.A. Has Stable Occupancy And Cash Flow
Occupancy And Public Sector Tenant Concentration



Source: S&P Global Ratings.GRI--Gross rent income.

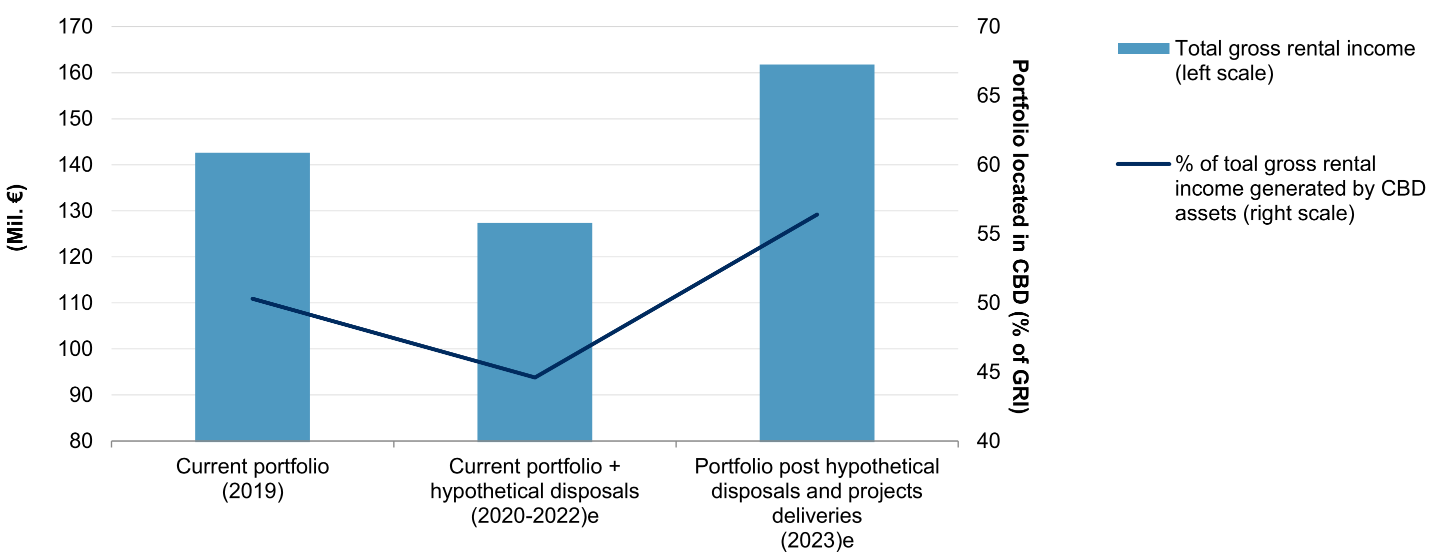
Befimmo's redevelopment activities are part of its asset rotation and value-creation strategy, partially funded by core asset disposals. The total committed redevelopment pipeline represents about 18% of the portfolio value (increased after two leases came to maturity and these spaces entered the redevelopment pipeline). This is higher than the company's long-term average and that of most rated real estate peers, which generally limit their exposure to more risky redevelopment activities to 5%-10% of their portfolio value. We believe redevelopment activities typically carry risks such as cost overrun, vacancy at completion, or unexpected drops in rental market rates during the construction cycle. However, to mitigate the risks, Befimmo has pre-let 77% of its committed pipeline as of today, such as the full office pre-leasing of 70,000 square meters (sqm), to Flemish authorities with an 18-year lease starting in 2023, of the

ZIN tower, or the 33% pre-lease rate of the Quatuor project leased to a large financial institution. Befimmo has now obtained a building permit for its 110,000 sqm mixed-used ZIN redevelopment project for a total investment of €375 million and the Quatuor project is advancing well, with the structure having emerged from the ground floor.

To fund this development pipeline, Befimmo will be selling off mature and high-quality centrally located assets, in line with the Pavillion asset disposal in 2019 and capitalizing on investor appetite for the Brussels office market. As a result, the company's share of rents generated by assets in the Brussels CBD will temporarily shrink to about 45% in 2021 from about 50% currently. However, the deterioration in portfolio size and quality should be only temporary because the majority of the projects under redevelopment are large buildings in Brussels CBD.

Chart 2

Befimmo's Asset Quality Should Improve After Its Project Deliveries
Portfolio located in CBD in terms of gross rental income



e--Estimate. CBD--Central business district. Source: S&P Global Ratings.

The business risk profile also reflects Befimmo's relatively small portfolio size of about €2.8 billion as of Dec. 31, 2019, which compares negatively with that of similarly rated peers such as Merlin Properties (€12.8 billion as of December 2019), CPI Property Group (€9.1 billion as of December 2019), or Alstria Office REIT-AG (€4.5 billion as of December 2019). We believe a small-scale portfolio exposes holding companies to the risk of revenue volatility in the case of asset or tenant rotation. In addition, Befimmo has high rent concentration, with a single-market exposure to Brussels, which we consider as less liquid than other Western European office markets such as Paris and Berlin.

Peer comparison

Table 1

Befimmo S.A. -- Operating Peer Comparison

Companies	Befimmo S.A.	Merlin Properties, Socimi, S.A.	Alstria Office REIT-AG	CPI Property Group SA	Cofinimmo S.A./N.V.
	--Fiscal year ended Dec. 31, 2019--				
Ratings	BBB/Stable/A-2	BBB/Stable/--	BBB/Positive/--	BBB/Negative/--	BBB/Stable/A-2
Portfolio value (bil. €)	2.8	12.8	4.4	9.1	4.2
% of development	<15%	<5%	<5%	<10%	<10%
WAULT (years)	7.1	5.6	6.3	3.4	12
Occupancy (%)	94.4	94.8	91.2	94.3	97
Top 5 tenants as % of GRI	67.1 (Of which 56.6% in public sector)	26.0	33.3	8.2	48.4
Geographic diversity	Belgium 95%, Luxembourg 5%	Spain 91%, Portugal 9%	Germany 100%	Czech Republic 46%, Germany 27%, Poland 10%, Hungary 7%, Western Europe 5%, and other CEE countries 5%	Belgium 66%, France 12%, Germany 12%, Netherlands 10% and Spain 0.3%)
Assets diversity	Offices 100%	Offices 49%, Shopping centers 20%, Bank branches 15%, Logistics 10% Hotels and others 6%	Offices 100%	Offices 46%, Retail 24%, Residential 8%, Hotels 9%, Land bank 8%, Development 2%, Others 2%	Healthcare 56%, Offices 31%, Distribution networks (pubs and insurances) 13%

Table 2

Befimmo S.A. -- Peer Comparison

Industry Sector: Real Estate Investment Trust Or Company

	Befimmo S.A.	Merlin Properties, Socimi, S.A.	Alstria Office REIT-AG	CPI Property Group SA	Cofinimmo S.A./N.V.
Ratings as of June 30, 2020	BBB/Stable/A-2	BBB/Stable/--	BBB/Positive/--	BBB/Negative/--	BBB/Stable/A-2
	--Fiscal year ended Dec. 31, 2019--				
(Mil. €)					
Revenue	142.4	517.7	162.9	488.0	232.6
EBITDA	108.0	409.5	139.1	283.8	165.1
Funds from operations (FFO)	83.0	283.9	114.5	214.6	140.4
Interest expense	19.1	110.1	27.0	75.6	27.0
Cash interest paid	24.2	110.7	24.7	56.0	24.6
Cash flow from operations	65.2	294.9	121.7	225.9	157.3
Capital expenditure	68.5	240.7	116.6	337.0	42.5
Free operating cash flow (FOCF)	(3.3)	54.2	5.1	(111.1)	114.8
Discretionary cash flow (DCF)	(92.6)	(133.6)	(87.1)	(238.7)	(9.7)
Cash and short-term investments	2.9	254.0	298.2	778.1	31.6
Debt	1,120.0	5,269.6	1,219.3	3,879.5	1,772.4

Table 2

Befimmo S.A. -- Peer Comparison (cont.)					
Industry Sector: Real Estate Investment Trust Or Company					
	Befimmo S.A.	**Merlin Properties, Socimi, S.A.**	**Alstria Office REIT-AG**	**CPI Property Group SA**	**Cofinimmo S.A./N.V.**
Equity	1,603.9	6,708.7	3,175.6	4,919.5	2,466.0
Debt and equity	2,723.9	11,978.3	4,394.9	8,799.0	4,238.4
Valuation of investment property	2,790.3	12,516.1	4,458.2	8,933.8	4,218.5
Adjusted ratios					
Annual revenue growth (%)	(1.1)	6.6	(3.6)	8.4	9.6
EBITDA margin (%)	75.8	79.1	85.4	58.2	71.0
Return on capital (%)	4.0	3.6	3.3	3.3	4.3
EBITDA interest coverage (x)	5.6	3.7	5.2	3.8	6.1
FFO cash interest coverage (x)	4.4	3.6	5.6	4.8	6.7
Debt/EBITDA (x)	10.4	12.9	8.8	13.7	10.7
FFO/debt (%)	7.4	5.4	9.4	5.5	7.9
Cash flow from operations/debt (%)	5.8	5.6	10.0	5.8	8.9
FOCF/debt (%)	(0.3)	1.0	0.4	(2.9)	6.5
DCF/debt (%)	(8.3)	(2.5)	(7.1)	(6.2)	(0.5)
Debt/debt and equity (%)	41.1	44.0	27.7	44.1	41.8

Financial Risk: Intermediate

We base Befimmo's financial risk profile on relatively prudent leverage, with our adjusted debt-to-debt-plus-equity ratio at 41.1% as of Dec. 31, 2019 (44.6% at year-end 2018) and a solid EBITDA interest coverage of about 5.6x at year-end 2019. The strong coverage ratio is supported by the relatively high-yield environment in Befimmo's main markets (4.9% of the European Public Real Estate Association [EPRA] net initial yield at year-end 2019 versus 3.0% for Societe Foncière Lyonnaise in Paris, for example). This ratio also reflects the company's low cost of debt, which remained stable at 2.0% in 2019 (2.01% in 2018). We believe that Befimmo will maintain an average hedging rate of about 90%-95% of financial obligations and backup credit lines to limit any significant interest-rate-related risks in the medium to long term.

Befimmo's credit metrics are burdened by a relatively high debt-to-EBITDA ratio at about 10.4x, highlighting the capital-intensive nature of Befimmo's business, especially due to its significant development pipeline; and still lower yield than some other riskier asset classes or geographical exposures.

Our assessment also takes into account the company's financial policy, targeting a loan-to-value (LTV) ratio of maximum 50%. The company carried out capital-supportive financing operations in 2019, including a private equity placement for a total amount of €69 million as well as a dividend payment in kind, leading to a further increase in equity of €11 million.

In addition, we expect Befimmo to dispose of €100 million-€200 million of assets during 2021-2023 to partially fund its redevelopment pipeline. We now expect disposals to occur one year later than initially expected because of potential delays in construction sites due to social distancing and supplemental health and safety considerations in light of COVID-19.

Overall, we expect our adjusted debt-to-debt-plus-equity ratio to deteriorate toward 45% in 2020 and 2021, close to our rating downside threshold. Our ratio of debt to EBITDA will also increase to 11x-13x. However, we believe the deterioration is only temporary, with the company's disposal proceeds and development project deliveries likely to restore its credit metrics back to our requirements for the current rating level.

We expect the company's ability to cover interest payments to remain solid, with EBITDA interest coverage close to 4x, or above.

Financial summary

Table 3

Befimmo S.A. -- Financial Summary					
Industry Sector: Real Estate Investment Trust Or Company					
	--Fiscal year ended Dec. 31--				
	2019	**2018**	**2017**	**2016**	**2015**
(Mil. €)					
Revenue	142.4	144.1	143.2	137.8	140.1
EBITDA	108.0	116.6	117.7	112.2	115.1
Funds from operations (FFO)	83.0	95.3	94.6	90.1	86.3
Interest expense	19.1	18.9	19.5	25.0	30.6
Cash interest paid	24.2	20.2	21.8	20.9	27.4
Cash flow from operations	65.2	90.9	105.4	90.1	87.7
Capital expenditure	68.5	51.0	40.5	32.8	30.1
Free operating cash flow (FOCF)	(3.3)	39.9	64.8	57.3	57.6
Dividends paid	88.2	88.2	89.3	78.5	57.5
Discretionary cash flow (DCF)	(92.6)	(48.3)	(24.4)	(24.2)	(0.3)
Cash and short-term investments	2.9	0.6	0.3	0.2	0.2
Gross available cash	2.9	0.6	0.3	0.2	0.2
Debt	1,120.0	1,160.6	990.2	1,065.1	1,091.2
Equity	1,603.9	1,443.2	1,448.5	1,401.3	1,265.3
Debt and equity	2,723.9	2,603.9	2,438.7	2,466.4	2,356.5
Valuation of investment property	2,790.3	2,655.3	2,494.4	2,511.7	2,387.8
Adjusted ratios					
Annual revenue growth (%)	(1.1)	0.6	3.9	(1.6)	0.3
EBITDA margin (%)	75.8	81.0	82.2	81.5	82.2
Return on capital (%)	4.0	4.6	4.8	4.7	5.0
EBITDA interest coverage (x)	5.6	6.2	6.0	4.5	3.8
FFO cash interest coverage (x)	4.4	5.7	5.3	5.3	4.1

Table 3

Befimmo S.A. -- Financial Summary (cont.)					
Industry Sector: Real Estate Investment Trust Or Company					
	--Fiscal year ended Dec. 31--				
	2019	**2018**	**2017**	**2016**	**2015**
Debt/EBITDA (x)	10.4	10.0	8.4	9.5	9.5
FFO/debt (%)	7.4	8.2	9.6	8.5	7.9
Debt/debt and equity (%)	41.1	44.6	40.6	43.2	46.3

Liquidity: Adequate

We view Befimmo's liquidity as adequate over the coming 12 months, with a ratio of liquidity sources to uses above 1.2x as of March 31, 2020.

Principal Liquidity Sources	Principal Liquidity Uses
• Unrestricted cash balance of €2 million; • About €740 million available under committed undrawn credit facilities, maturing in more than 12 months; • Our forecast of cash funds from operations of €75 million-€80 million in the next 12 months.	• Short-term debt maturities of about €400 million, including drawn commercial paper of €315 million. We understand that the commercial paper is backed by long-term bank facilities, which are included in the €740 million credit facilities mentioned in the sources; • Committed capex of about €120 million; • Dividend payment of about €70 million.

Covenant Analysis

Befimmo has maintained substantial headroom under its financial covenants as of Dec. 31 2019. We expect the company will maintain adequate headroom (more than 10%) under all maintenance covenants over the next 12-24 months.

Reconciliation

Table 4

Befimmo S.A.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts

	--Fiscal year ended Dec. 31, 2019--			
Befimmo S.A. reported amounts (Mil. €)				
	Debt	**EBITDA**	**Operating income**	**S&P Global Ratings' adjusted EBITDA**
	1,106.7	121.0	228.8	108.0
S&P Global Ratings' adjustments				
Cash taxes paid	--	--	--	(0.9)
Cash interest paid	--	--	--	(24.2)
Reported lease liabilities	28.0	--	--	--
Postretirement benefit obligations/deferred compensation	0.8	--	--	--
Accessible cash and liquid investments	(2.9)	--	--	--
Nonoperating income (expense)	--	--	0.8	--
Debt: Fair value adjustments	(12.6)	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	(13.0)	(13.0)	--
Depreciation and amortization: Asset valuation gains/(losses)	--	--	(110.1)	--
Total adjustments	13.3	(13.0)	(122.3)	(25.0)
S&P Global Ratings' adjusted amounts				
	Debt	EBITDA	EBIT	Funds from operations
	1,120.0	108.0	106.5	83.0

Ratings Score Snapshot

Issuer Credit Rating

BBB/Stable/A-2

Business risk: Satisfactory

- **Country risk:** Low
- **Industry risk:** Low
- **Competitive position:** Satisfactory

Financial risk: Intermediate

- **Cash flow/leverage:** Intermediate

Anchor: bbb

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)

- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Related Criteria

- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- COVID-19 Dampens The Prospects Of EMEA Real Estate Developers And Homebuilders, April 22, 2020
- COVID-19 Will Likely Ruin European Retail Property Companies' Efforts To Contain Competition From E-Commerce, April 1, 2020
- Shopping Center Owner Klepierre Outlook Revised To Negative; 'A-/A-2' Ratings Affirmed, March 27, 2020
- COVID-19: Implications For European Real Estate Investment, As Tenants Begin To Suspend Rent Payments, March 26, 2020
- Various Rating Actions Taken On Dubai-Based Real Estate Firms On Economic Pressure And COVID-19 Uncertainty, March 26, 2020
- Berlin's Rent Freeze, As Adopted, To Have Little Effect On The Credit Quality Of Rated Residential Real Estate Companies, March 24, 2020
- Spotlight On European Retail Real Estate, March 3, 2020

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	**bbb/bbb-**	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of July 1, 2020)*

Befimmo S.A.	
Issuer Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Short-Term Debt	A-2
Issuer Credit Ratings History	
18-Jun-2007	BBB/Stable/A-2
27-Dec-2006	BBB/Watch Neg/A-2
25-Feb-2004	BBB/Positive/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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