Closing of the Blue Tower transaction: Befimmo grants a 99-year leasehold on the building

As announced on August 10th, Befimmo has reached an agreement to grant a 99-year leasehold on the Blue Tower for a total amount of about €112 million. The closing of the transaction took place on 2 October 2020.

The leasehold asset is being acquired by an entity owned by Goldman Sachs, managed by the Merchant Banking Division Real Estate team.

The Blue Tower, located in the Louise area of Brussels, is a multi-tenant office building which entered in the Befimmo portfolio in 2013. The asset was then valued at €78.5 million, which corresponded to a gross initial yield of 6.9%.

This operation was executed at the IFRS fair value as defined by the independent real-estate expert, thus confirming the relevance of the valuation of Befimmo’s real-estate assets in these uncertain times. It generates a net capital gain of some €22 million (based on the investment value), the gross exit yield amounts to 5.3% and the unleveraged IRR on the investment amounts to 7.1%.

The transaction is part of Befimmo’s asset rotation strategy in which it intends to dispose of certain assets that have reached maturity, with a good prospect of crystallization of value. As indicated in the 2020 Half-Yearly Financial Report, other similar transactions may follow.

The operation also confirms the investor appetite for the Brussels office market which is known to be a resilient market in times of crisis.

The proceeds of the transaction contribute to the financing of the ongoing development projects and ensuring a capacity for growth. The impact on the LTV ratio is -2.4% (in absolute terms and based on the data at 30 June 2020). It will have an impact on the EPRA earnings forecast\(^1\) of about -€0.04 per share in 2020. Nevertheless, the minimum dividend forecast of €2.24 per share for 2020 announced in the 2020 Half-Yearly Financial Report remains unchanged.

*The Blue Tower is not only benefiting from the compression of property yields observed in the office market but also of the added value Befimmo created during the period of detention. We have made this transaction at the right time in the life cycle of the building and of the overall Befimmo portfolio. It is a clear sign of the resilience of the Brussels office market, the quality of Befimmo’s portfolio and the capability of its teams.*\(^\) says Benoît De Blieck, CEO of Befimmo.

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\(^1\) For more information, please see the Half-Yearly Financial Report 2020.
Befimmo, a Regulated Real-Estate Investment Trust (BE-REIT), listed on Euronext Brussels, is a real-estate operator specialising in office buildings, meeting centres and coworking spaces. Those Befimmo Environments are located in Brussels, the Belgian cities and the Grand Duchy of Luxembourg. With its subsidiary, Silversquare, Befimmo aims to develop a Belux network of interconnected workspaces.

As a company that is human, a corporate citizen, and responsible, Befimmo offers its occupants contemporary office spaces and related services in buildings that are sustainable in terms of architecture, location and respect for the environment.

By creating added value for its users, Befimmo also creates value for its shareholders. At 30 June 2020, the fair value of its portfolio was €2.9 billion.

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