

Regulated information

Inside information

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COVID-19 | Befimmo's business update

Following the spread of the coronavirus COVID-19 on Belgian and European territory, the Belgian State has taken various binding measures (by Royal Decree of 18 March 2020) aimed at protecting the population but having the collateral effect of slowing down all economic activity. The Belgian State also took various measures in order to support the economy in these difficult times.

The aim of this press release is to give a first overview of the measures taken by Befimmo and of the potential impact of this health crisis on its activities. The actual impact will depend on the duration and evolution of the pandemic, it is therefore too early for a detailed quantified update. Befimmo intends to further communicate as and when needed.

Befimmo's attention goes first and foremost to the health and safety of its employees, clients, and all other stakeholders, insuring the activity of the Group and the continuity of the services delivered to clients.

In these exceptional circumstances, the dedication of our teams and the digitalization of our activities make it possible to remain at the service of our clients. We have implemented the first measures internally on 28 February and since 13 March our teams have been successfully working remotely.

Since the beginning of March we've been updating our clients regularly and have implemented measures to protect their health and safety. Since 16 March, the Belgian Government obliges all companies to work remotely, or, if this is not possible, to apply social distancing at workspaces.

Rental income

Unlike the retail sector, there has been no governmental compulsory order to close the offices, the full payment of rents and charges by tenants remains applicable. We are nevertheless conscious of the challenges some of our clients are facing and are responsibly monitoring the situation on a case by case basis.

With regard to the Befimmo real-estate operator business, our buildings remain open and we guarantee the service to our clients. Nevertheless restaurants, gyms, etc. are not accessible (0.8% of the consolidated rental income of €142 million at 31 December 2019) following the measures taken by the Government.

Befimmo has a solid tenant base with 60% of revenues (from the real-estate operator business) coming from long term leases with Belgian and European public institutions. The rest is spread over tenants from various sectors, amongst them strong corporates, with a very limited portion coming from retail (0.2% of the consolidated rental income). The weighted average duration of current leases (at 31 December 2019) amounts to 7.1 years up to next break and 7.8 years up to final expiry. The spot occupancy rate (at 31 December 2019) amounts to 94.4%.

Concerning the letting of the available office space in the portfolio and of the ongoing development project Quatuor, the discussions and negotiations which were initiated before the health crisis are still ongoing. However, due to the “containment”, new interest is limited as site visits are forbidden.

With regard to the Silversquare coworking business (accounting for $\pm 5\%$ of the consolidated Befimmo rental income of €142 million at 31 December 2019), the coworking spaces remain also open and operational but members are encouraged to work remotely as much as possible. The normal services are provided to members but catering has been stopped and events have been cancelled. Responsibly the fully flex and dedicated desks membership fees in the open space of the coworking have been suspended for the duration of the “containment”. Fully flex memberships, dedicated desks memberships and revenues from coworking catering and events represent about 0.8% of the consolidated rental income at 31 December 2019. A lot of initiatives are being taken to keep the coworking members community alive in a virtual way (via blogs, virtual afterworks, etc.).

Projects under development

At present, Befimmo has €492 million¹ of ongoing projects under development of which 77% is already pre-let. As a result of the crisis, the works - mainly the Brederode Corner, Quatuor, ZIN and Paradis Express - are gradually being halted which shall have an impact on their delivery date, depending on the duration of the “containment” in Belgium.

The Brussels authorities delivered the permits of the ZIN project to Befimmo on 19 March 2020.

Planned “value add” acquisitions and disposals

At present the business continues but at a slower pace and Befimmo takes the necessary precautions under the present circumstances.

Fair value of the portfolio

At the end of Q1, experts indicated that they do not anticipate significant changes in the fair values caused by the present health crisis, but point out that valuations in these circumstances are reported on the basis of “material valuation uncertainty” as foreseen by the guidelines of the RICS².

Financial structure and liquidity

Befimmo has a solid financial structure, reinforced in December 2019 by the additional 80 million € equity shareholders entrusted to the Company.

LTV (Loan-to-Value) amounts to 39% (at 31 December 2019). The financing needs are at present covered until 31 March 2021. Needless to say that the commercial paper program (€352 million at 31 December 2019) is fully backed by committed bank lines. This represents the largest share of our current financial debt (€497 million at 31 December 2019). At the same date, Befimmo has €330 million of unused committed bank lines (on top of the lines for the back-up of the commercial paper).

The hedge ratio is 102.3% at 31 December 2019. The ratio remains above 70% until the second quarter of 2022 and above 50% until the fourth quarter of 2025 included.

¹ Remaining investment value as at 31 December 2019.

² Royal Institute of Chartered Surveyors.

Final dividend of the 2019 fiscal year

Considering what is explained above, Befimmo does not call into question the final 2019 dividend of €0.86 gross per share proposed to the General Meeting of 28 April.

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 31 December 2019, the fair value of its portfolio was €2.8 billion.

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