

# PRESS RELEASE

REGULATED INFORMATION  
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## Open minds, open spaces

- ◆ North area: controlled continuation of projects
- ◆ Silversquare @Befimmo: an innovative combination
- ◆ New visual identity

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**Befimmo announces a number of initiatives that reflect its desire to anticipate the far-reaching and rapid changes in its market. Befimmo is expanding its mission and vision of tomorrow's workspaces, and of how to design and use them. Tenants are increasingly looking for a landlord who offers them much more than a "premium" building.**

**In this context, Befimmo reaffirms its commitment to meeting the expectations of all its stakeholders. By offering its tenants evolving working spaces, services and business networks, in an environment open to multifunctionality, and by continuing to offer its shareholders a transparent and profitable investment in a "pure" product, also by seeking new sources of income.**

### **BEFIMMO, A RESPONSIBLE PLAYER IN THE RECASTING OF THE NORTH AREA IN BRUSSELS**

As owner of the Noord Building and the WTC towers, Befimmo is one of the major players in the North area.

As a corporate citizen, Befimmo is a co-founder of Up4North, which has the mission of giving a new impetus to the North area. Eventually, it will become a new, pleasant, multifunctional city district, lively and accessible to all.

Befimmo embraces this new collective vision of the North area, a natural extension of the Brussels Pentagon. Responsible and committed, it aims to help make it a neighbourhood looking resolutely towards the future.

Two iconic real-estate projects support this approach.

#### *1. The new Quatuor building<sup>1</sup>*

Located at the corner of the inner ring road and Boulevard Roi Albert II, the new "Quatuor" building (60,000 m<sup>2</sup>) will replace the existing Noord Building. The project, open to mixed use, is in line with new trends. The quality of the build and its facilities, its iconic character, proximity to the city centre, accessibility by public transport and the provision of innovative services for the occupants all make for a flagship project. Befimmo is aiming for a BREEAM "Excellent" certification in the Design phase.

Befimmo has signed a 15-year lease with Beobank, more than three years before it takes effect. This rental agreement covers a tower of 22,000 m<sup>2</sup>. This transaction is a tangible sign of major tenants' confidence in the future of the North area.

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<sup>1</sup> See the press release published on 7 March 2017 on the Befimmo website ([www.befimmo.be](http://www.befimmo.be)).

The permit has been issued and work is expected to begin in early 2018. The project will be handed over in 2020 and 2021.

The all-in construction cost of the project is estimated at €150 million. In terms of EPRA earnings, it is almost break-even after this first lease. Based on a multi-tenant occupancy with conventional leases, the expected yield on the investment value should be above 5.3%.

## 2. The "future ex-WTC I & II": a new multifunctional space

Almost all of the ownership of Towers 1 and 2 of the World Trade Center has been consolidated. Befimmo thus has control over the future of the site<sup>2</sup>.

*"WTC II will be vacated at the end of 2018. For over 45 years it has met the expectations of its occupants, providing our shareholders with an internal rate of return of 7.5% since it joined the portfolio in 1998." says Benoît De Blicq, CEO of Befimmo. "Built in the 1970s, the configuration of the site needs a rethink. The current site is mono-functional office space and no longer meets the expectations and needs of the market. With all of our teams, we are working on a redeployment of the whole space."*

### A TWOFOLD OBJECTIVE

Befimmo has set itself a twofold objective: the building must, firstly, keep in step with the changing expectations of the occupants and, secondly, take part in the evolution and revitalisation of the immediate environment in which it is located.

Befimmo has equipped itself with the means to achieve this ambitious twofold objective. After consulting a wide range of architects, Befimmo commissioned Jaspers & Evers to prepare a master project. The design team includes renowned experts in engineering, sustainability, circular economy and well-being.

A call for applications, in cooperation with the Chief Architect in Brussels, has been launched with a view to selecting an architectural firm that will be the ideal complement to the entire design team.

### PLANNING IN STEP WITH THE NEEDS OF THE MARKET

The new project would keep the same total space as today (110,000 m<sup>2</sup>). On the other hand, it will be completely redesigned to provide integrated and complementary functions.

The office space will be reduced to about two thirds of the current area, the rest being divided among several other uses, mainly housing. The mix of functions will ensure that the environment is conducive to the development of a genuine community life.

The all-in construction cost of the project is estimated at €300 million.

### THE RIGHT TIME

An initial timetable of the forthcoming deadlines has been drawn up. Applications for permits should be made during the second quarter of 2018, and the works should take place from 2020 to 2023. Befimmo firmly believes that this is the right time to develop the project.

*"We are confident in the future of the North area, we have the means to achieve our ambitions and the market is already growing well with that prospect. The project will certainly benefit from its "first-in-line" position in the North area, which we value highly. Our team is proud to be working on such a project, which illustrates our evolution." confirms Benoît De Blicq.*

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<sup>2</sup> The transaction was realised at a land value in line with the fair value estimated by the real-estate experts.

## **SILVERSQUARE @BEFIMMO: AN INNOVATIVE COMBINATION**

Befimmo has entered into a strategic partnership with Silversquare, the Belgian leader in coworking.

The two partners, both leaders and experts in their fields of activity, share the same values and the same vision of the new ways of working that are to develop significantly over the coming years.

The Silversquare @Befimmo partnership is a response to the desire to gain a foothold in the world of tomorrow and to take account of the present and future needs of office occupants. The partnership will bring about a true exchange of skills and know-how.

Silversquare @Befimmo will completely rethink the dynamics of a building. The most suitable spaces in the Befimmo buildings will be converted into coworking spaces - to complement conventional office space. They will be intended not only for external users but also for Befimmo tenants, regardless of whether or not they are occupants of the building concerned. Silversquare @Befimmo supports innovation and will allow business people to develop through direct interaction with other companies occupying the building.

Silversquare @Befimmo plans to develop four to five spaces over the next two years. The first 4,000 m<sup>2</sup> of coworking space will be set up in the Triomphe building, chosen for its excellent location. This first Silversquare @Befimmo is due to open in the first quarter of 2018. In the long run, all Befimmo multitenant buildings, and its projects, could qualify for a Silversquare @Befimmo center. In addition to its business income, Befimmo will also benefit from added value by offering a networking and exchange concept to its tenants and coworkers.

## **FORECASTS**

### **FINANCING OF PROJECTS**

The cumulative investment of the "Quatuor" and "Future ex-WTC" projects is currently estimated at €450 million, which could be committed between 2018 and 2023. Following the 2016 capital increase and the disinvestment of the Brederode building, Befimmo has a financial capacity, at constant perimeter, enabling it to implement its projects serenely. As at 30 June 2017, the loan-to-value (LTV) ratio was 39.02%.

### **DIVIDEND**

The Noord Building and WTC Tower 2 will reach the end of their first life cycle at almost the same time, which will have an adverse but temporary influence on Befimmo's EPRA earnings. As published previously<sup>3</sup>, at constant perimeter, the outlook for EPRA earnings for fiscal years 2018 and 2019 is €3.60 per share and €3.26 per share respectively.

Any property portfolio benefits from a flow of incoming and outgoing tenants. Thus, when certain buildings are not contributing to the overall EPRA earnings, this can be offset by other evolutions (acquisitions or reletting after renovation, the overall dynamic of leases in the portfolio).

This dynamic of leases is exemplified by the fact that for 2018, the EPRA earnings forecast is almost identical to the forecast for 2017, whereas only part of the Noord Building contributes to it.

Therefore, at constant perimeter, taking account of the information currently available, the analysis shows that over a five-year period, declines in EPRA earnings in relation to the current forecast dividend level (€3.45 per share) can readily be absorbed by the distributable reserves available to Befimmo. While we cannot make any promises in that regard, this should allow us to continue with the dividend policy<sup>4</sup>.

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<sup>3</sup> See pages 66 to 71 of the 2016 Annual Financial Report.

<sup>4</sup> See the "Letter to Shareholders" on pages 12 to 14 of the 2016 Annual Financial Report.

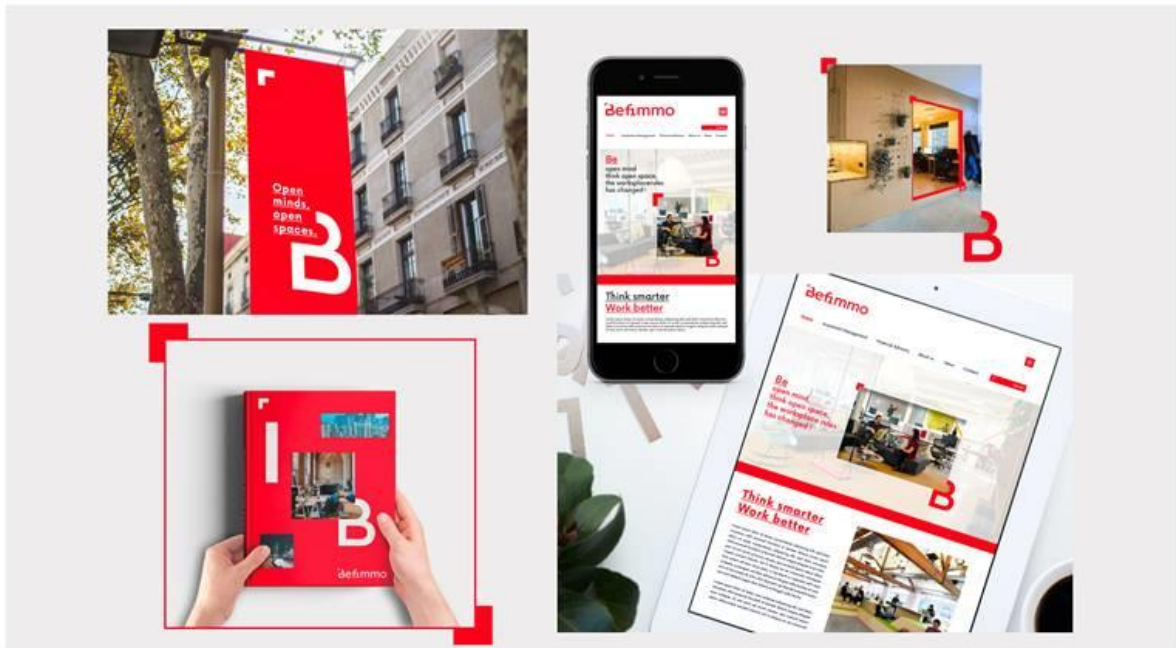
As at 31 December 2016, these reserves amounted to:

- Reserve for positive balance of changes in fair value of properties<sup>5</sup>: €111.5 million
- Distributable equity<sup>6</sup>: €176.9 million

In addition, any acquisitions over this period would contribute to EPRA earnings per share.

### **A NEW VISUAL IDENTITY FOR BEFIMMO**

Today Befimmo is presenting the initial elements of a new visual identity which will be gradually deployed and introduced in early 2018.



<sup>5</sup> Including estimated fees and costs incurred in the hypothetical disposal of investment properties.

<sup>6</sup> In accordance with Article 617 of the Code of Company Law.

Resolutely forward-looking, Befimmo offers responses appropriate to the needs of the world of work. In this context, it invests in major real-estate projects that meet quality criteria such as location, architecture, services and respect for the environment.

A human company, a corporate citizen, and responsible, Befimmo offers its occupants infrastructures that combine efficiency with a comfortable working environment. By creating added value for its users, Befimmo also creates value for its shareholders.

*Befimmo, a regulated real-estate investment trust (B-REIT), listed on Euronext Brussels, is a real-estate operator specialising in quality office buildings, mostly located in Brussels, the main Belgian towns and cities and the Grand Duchy of Luxembourg. As at 30 June 2017, the fair value of its portfolio was assessed at €2,477.1 million.*

### **EXCELLENT RESULTS FOR ITS REPORTING**

Befimmo received awards from the the EPRA<sup>7</sup> & GRESB<sup>8</sup> associations. These awards are supported by a large number of international institutional investors: (i) the "EPRA Gold Award for Financial Reporting" for its 2016 Annual Financial Report, (ii) the EPRA Gold Award for Sustainability Reporting for its 2016 Corporate Responsibility Report, and (iii) a score of 86%, earning a GRESB "Green Star" and ranking it among the best real-estate companies.



# Befimmo

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<sup>7</sup> The European Public Real-Estate Association (EPRA) is the voice of European listed real-estate companies and accounts for €250 billion in real-estate assets ([www.epra.com](http://www.epra.com)).

<sup>8</sup> GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK (GRESB) An initiative that assesses the environmental and social performance of public listed and private real-estate investments. The benchmark obtained is a starting point for improving this performance, and a collective effort to make the real-estate industry more sustainable ([www.gresb.com](http://www.gresb.com)).