
Befimmo completes the first transaction under its dynamic portfolio management programme

Granting of a 99-year leasehold on the Pavilion building



Befimmo has reached an agreement¹ on the assignment of usufruct fees and the grant of a leasehold on the Pavilion building for a total amount of €93 million.

The Pavilion building, located in the Leopold district of Brussels, is still fully occupied by the European Commission for a period of some 6 years.

This operation will generate a net distributable capital gain of €14.6 million (in relation to the investment value), €8.4 million² of which will be recorded at 30 June 2019. The exit yield amounts to 4.95%. In 2011, Befimmo acquired the company (and has since absorbed it) that owned this building, which had been renovated in 2005. The IRR amounts to 7.12%.

The transaction falls under the dynamic portfolio management programme³ and will contribute to the financing of ongoing redevelopment projects. Furthermore, the capital gain generated, €0.57 per share, will reduce the difference between the EPRA earnings and the dividend⁴ forecast during the transitional period over which Befimmo carries out its programme of works.

For the transaction an assignment of receivables (arranged in 2011 at fixed rate) was settled, which will entail a one-off financial charge of €2.7 million as at 30 June 2019.

The impact of this operation on the LTV ratio is -2.06% (in absolute terms and based on the data as at 31 December 2018). It will have an impact on the EPRA earnings forecast⁵ of -€0.09 per share in 2019, -€0.13 per share in 2020 and -€0.13 per share in 2021, with no impact on the dividend forecast for the financial year.

"The Pavilion is benefiting from the compression of property yields observed in the office market. We have made this transaction at the right time in the life cycle of the building and of the overall Befimmo portfolio," says Benoît De Blicq, CEO of Befimmo.

1 The operation is due to be completed on 3 May 2019.

2 The unrealised capital gain at 31 December 2018 was €6.2 million.

3 For more information, please see page 17 of the [press release on the annual results as at 31 December 2018](#).

4 The dividend forecast for the 2019 financial year is €3.45 per share.

5 For more information, please see pages 91 to 97 of the [2018 Annual Financial Report](#).

The Real Estate Investment Trust (BE-REIT) Befimmo, listed on Euronext Brussels, is a real-estate operator specialising in high-quality workspaces. These Befimmo environments are located in Brussels, in Belgian cities and in the Grand Duchy of Luxembourg. With its subsidiary Silversquare, Befimmo's ambition is to develop a BeLux network of interconnected workspaces.

As a responsible company focused on people and society, Befimmo offers its users inspiring workspaces and the accompanying services in sustainable buildings, with regard to architecture as well as location and care for the environment.

By thus creating added value for its users, Befimmo creates value for its shareholders. On 31 December 2018 its portfolio has a fair value of € 2.6 billion.



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