

PRESS RELEASE

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BE-REITS ALLOWED TO RAISE CAPITAL THROUGH ABB

The BE-REIT Association announces an important change in the Regulated Real Estate Companies (GVV/SIR) Law. The voted amendment extends the possibilities for GVV/SIRs with respect to raising capital. More specifically, BE-REITs are now allowed to flexibly issue equity through the form of an Accelerated BookBuild (ABB).

Background

Real estate is by nature a capital intensive industry. Considering the fact that REITs are restricted in terms of leverage and have a recurring dividend model, a solid access to capital markets is important. Whereas the Belgian REITs are genuine commercial companies, historical regulation prevented them from raising equity through overnight placements of shares. This has caused BE-REITs not to be placed on equal footing versus other Belgian companies and their European peers leading to a material disadvantage in terms of access to capital markets and in terms of cost of capital.

Amendment to legislation

The Law of 12 May 2014 on Regulated Real Estate Companies has been amended in the sense that GVV/SIRs will now be allowed to raise equity in cash without preferential subscription right or irreducible priority allocation right for existing shareholders, as long as the capital increase is executed within the limits of the authorized capital and as long as the cumulative capital increases through this format over a period of 12 months do not exceed 10% of the capital at the moment of the decision to raise capital.

The possibility for Belgian REITs to also execute ABBs creates substantially more flexibility to access equity markets and a far better capacity to manage the debt ratio throughout the cycle. This implies that, next to (limited) retained earnings, the stock dividend, contributions in kind and traditional rights issues, another instrument is added to the toolbox to raise equity.

Practical aspects

The above implies that the companies concerned will need to act within the limits of the authorized capital as approved by the shareholders. Provided there is an existing mandate, the Board can thus decide to issue new shares within the limits of the authorized capital through ABB and with a legal maximum of shares to be issued through this format of 10% during any trailing-twelve-month period.

Laurent Carlier, President of the BE-REIT Association: *“This is an important milestone for the Belgian REIT sector, especially considering the fast growth and the internationalization of the sector.”*

Mickaël Van den Hauwe, Treasurer of the BE-REIT Association, confirms: *“This will become an important instrument for Belgian REITs providing them with a far greater ability to react fast to opportunities or risks requiring additional capital, and will ensure a level playing field versus European peers and companies in other sectors in general.”*

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The BE-REIT Association represents the 17 Belgian Regulated Real Estate Companies (GVV/SIR), representing a market capitalization of around 12 billion euros and a property portfolio of around 17 billion euros. These companies are active in the main segments of the real estate market (offices, logistics, healthcare, residential, retail etc.).

Members of the BE-REIT Association

