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Message of the Chairman & the CEO.

Befimmo



The global context is changing rapidly and we are on the front foot anticipating and adopting these changes.

The Befimmo portfolio offers an excellent base for the challenges of the new world of work.

Dear Shareholders,

It is with a clear mind and much optimism that we take up the pen for the first time to write to you about your company.

We started our mandate within Befimmo less than a year ago. Now is the time to share our findings and reflections on one hand and our commitments and strategy for the future on the other.

The findings of these first months have strengthened our trust in Befimmo's fundamentals.

The level of skill and expertise of the Befimmo team is only equalled by its historic commitment & responsibility towards the company, its stakeholders and the context in which it evolves. It is probably Befimmo's best asset to face the challenges of an ever-changing world. Getting to know the team gives much confidence that great things can and will be achieved in the short and long-term.

Well-located, high-quality, flexible, designed to meet the most demanding criteria in terms of sustainability, performance and technology, the Befimmo portfolio offers a solid base for the evolution of the world of work that has been ongoing for a few years. Well before the public debate that arose these last two years, Befimmo was already transforming its real-estate business in a hybrid model, especially since the arrival of its subsidiary Silversquare, Befimmo's own coworking branch, with a view to providing the full range of solutions for tomorrow's needs in terms of work environment.

For these solid fundamentals, we want to thank our predecessors, who leave us with very sound foundations on which to build the New Befimmo.

The mandate of Mr Kurt De Schepper will end at the Ordinary General Meeting of 26 April 2022. The Board of Directors thanks him for his contribution to the development of the Company over many years.

A LOOK BACK ON 2021

As far as ongoing construction projects are concerned, the Quatuor Building was delivered in August with a pre-letting rate of 81%, which lowers the development pipeline of Befimmo to 13.8% of the total value of the portfolio.

The ZIN will be 6 months behind schedule, with the office part, 95% pre-let to the Flemish Authority, delivered end of 2023. This delay is mainly due to the Pandemic crisis and has also impacted the total construction cost. The new management plan foresees the finding of a financial partner for the subsidiary ZIN IN NO(O)RD by 2024. The Paradis Express in Liège, the office part of which is 100% pre-let, will be delivered in early 2022.

Befimmo's letting activity for 2021 is a good sign that premium buildings do find occupiers, in spite of the pandemic. Lease contracts were signed or renewed for a total of ±69,000 m². The occupancy rate of the portfolio at the end of 2021 was 95.5% and the average lease duration 8.8 years.

In 2021, we successfully acquired 3 core assets for a total of €72 million: The Cubus, in the Grand Duchy of Luxembourg, the office building in the "Esprit Courbevoie" project in Louvain-la-Neuve and three floors in the Antwerp Tower, where the first Antwerp Silversquare will operate as from mid-2022.

The development of the coworking activity further expanded in 2021 with the opening of the eighth coworking centre,

Central (where Befimmo now has its HQ). Three new coworking spaces, including the one in the Antwerp Tower, should open their doors in 2022 and bring the total coworking surface to 51,800 m² by the end of 2022. In 2021, Befimmo entered a partnership with Sparks, a new brand that will operate tailor-made meeting venues, with its first location opening in the Central.

In order to live by its vision, Befimmo moved its HQ to the Central in summer 2021. The new Befimmo offices, located at the Central Station in Brussels, reflect the new hybrid world of work. We do need real-life gatherings, informal contacts and flexible work contexts based on our activity.

As far as asset rotation is concerned, the disposals in 2021 amounted to €115 million, with the cession of the Wiertz (€43.2 million capital gain), a good example of value crystallisation, the divesting from 7 non-strategic assets in the Brussels periphery and provincial towns and the selling of the residential part of the Paradis Express project.

Finally, the 2021 financial results are in line with the forecasts, with a consolidated net result of €3.31 per share (up 55% versus 2020) and EPRA earnings of €2.30 per share (group share) as per new way of calculating¹ (compared to €2.87 per share for 2020, on a restated basis), which allows Befimmo to confirm its 2021 dividend of €1.84 gross per share.

Furthermore, we draw your attention to the key events after closing of the financial year on page 27.

1. For more information, please refer to page 95 of this Report.

GLOBAL TRENDS AND FUTURE STRATEGY

Increased urbanisation, digitalisation, sustainability requirements and changing demographics in the years to come are impacting rapidly the mix of working & living segments and stimulate the need for multipurpose neighbourhoods. These trends have been accelerated by the impact of the pandemic on consumer behaviour and outlook.

As a result, a significant shift towards hybrid work & meet ecosystems is expected to prevail over the longer term. Although this will lead to a change in traditional workspace requirements, the office will remain essential as a place for collaboration and face-to-face communication.

In addition, we expect an increased focus on service to be a key competitive advantage in attracting and retaining our evolving clientele.

Given the societal focus on environmental wellbeing and with cities being a major GHG emitter, it is clear there will need to be continual investments in driving positive change. With the latest proposals adopted by the EU on reducing and ultimately completely neutralizing emissions by 2050, making all buildings energy efficient will be a necessity. Buildings of the future will have to be smart, hyper-connected, digitally performant and sustainable, which will not only enable energy efficiency but also boost productivity and improve the urban quality of life.

Given our position as an innovative market leader we want to accelerate Befimmo's transformation to meet the needs of tomorrow, as from today.

Firstly, we aim to accelerate capital recycling through **asset rotation and value-creation** in the portfolio thanks to a smart and sustainable Investment Strategy.

Befimmo will develop an **inner-city approach** and will limit the Befimmo portfolio's exposure to non-core location risks.

By accelerating the rotation, selling at maturity, reinvesting, and developing in larger, inner-city and multi-modal assets with highest possible environmental & smart standards, we will drive value creation through the entire asset cycle.

We aim to accelerate this trend in the coming years and provide Befimmo with a strong financial base to further develop its core strategy.

As from this year on, Befimmo will be organized in an **activity-based operational model** with the creation of three separate Business Lines: **Investor, Operator and Developer**.

Our new operational business model will allow for **more transparency** as far as each activity is concerned, with a strict discipline and limited development risks.

Along with the new operating model, our ambition is to achieve a disciplined **financial management**. The three business lines will reflect the new operating model and are incentivized to optimise overheads and improve operational margins.

Befimmo will also focus on driving **sectorial diversification** and limit its exposure to traditional office buildings. The ambition is to create places where **you work, live or do both**. By that time, we aim to have an increased share of mixed-use work & life hubs and develop inner-city PRS¹ projects.

The hybrid model already offers a wide range of solutions to our clients, including traditional leases, full flexible

solutions and a mix of both. The coworking activity, or more recently, the partnership with Sparks, the one-stop shop for organizing meetings, are good examples of this approach. We want to further develop this **client-centric approach** with our **Operator business line**, create real proximity with our users, meet their satisfaction and be able to answer all their needs, with the further development of **workspace-as-a-service**: offices, coworking areas, meetings organisation and a dedicated advisory cell on office planning.

The global context is changing rapidly and we are on the front foot anticipating and adopting these changes.

With the experience and skills of the team, the portfolio, this fit strategy and clear priorities, we are confident that the path to growth lays right in front of us.

Brussels, March 7th 2022

Jean-Philip Vroninks

Vincent Querton

Given our position as an innovative market leader *we want to accelerate to meet the needs of tomorrow*, as from today.



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Jean-Philip Vroninks
CEO



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Vincent Querton
Chairman of the Board
of Directors

1. PRS: Private Rented Sector