



MANAGEMENT REPORT

Vision, mission, strategy & business model



OUR VISION	10
OUR MISSION	12
OUR STRATEGY & BUSINESS MODEL	14
TAKEOVER OFFER	17
ESG, INNOVATION & DIGITALISATION	18
BEFIMMO'S BUILDING VISION: HIGH PERFORMANCE, USER-CENTRIC & FLEXIBLE	19
OUR VALUE-CREATION MODEL	20

OUR VISION

*Befimmo aims to create,
build and animate thriving
Work & Life communities
for a sustainable future.*

Our vision

Befimmo aims to create, build and animate thriving work & life communities for a sustainable future.

Over time, Befimmo has the intention to diversify itself geographically, covering the major cities in the BeNeLux over the next years. Our ambition is to create and operate high-quality, mixed-use projects in growing economic, academic and research hubs.

We want to accompany our clients throughout their real-estate journey, offering them an ultimate experience, as a one-stop-shop they can entrust with all their needs and expectations in terms of work and living space.

The user is at the heart of our business model and we mean to offer him an increased range of facilities and services to make his life easier.

We envision places where all users can enjoy a pleasant, safe and connected work experience, with a focus on hospitality as a booster of inspiration, well-being and productivity.

Befimmo's priority of creating value is about offering integrated hybrid, sustainable work & life solutions answering to the major trends shaping today, the world of tomorrow. ESG criteria have become a natural extension to this strategy and drives us towards innovation.

Our ambition is to *create and operate high-quality, mixed-use projects* in growing economic, academic and research hubs.

OUR MISSION

The way we *Work & Live* is changing. We aim to accompany this change and *offer our users* an unrivalled *client-experience*.

Our mission

Our mission is to invest in, develop and operate green work and life ecosystems in growth cities while creating value for our stakeholders.

Our buildings are user-centric, high-quality, ideally located, sustainable, mixed-use and respond to the highest standards in terms of performance and flexibility.

The “buy and hold” approach of real estate belongs to the past. We aim to provide “workspace-as-a service” to our users, through a wide range of solutions.

The way we work and live is changing. We aim to accompany this change and offer our users an unrivalled client experience.

Our buildings are *user-centric*, *high-quality*, *ideally located*, *sustainable*, and *mixed-use*.



Our strategy & business model

→ SIX STRATEGIC OBJECTIVES

In order to achieve our vision, we will be accelerating our transformation journey towards our six strategic objectives we have adopted.

01

Activity-based
operating model

02

Sector
diversification

03

Adjusted
footprint

04

Portfolio
management

05

Client-centric
organisation

06

Disciplined financial
management

→ SIX STRATEGIC OBJECTIVES

01

Activity-based operating model

Befimmo is organised in an activity-based operational model structured into three separate business lines: Portfolio, Operator and Developer.

This allows each activity to maintain the focus on its core business with a full dedication to the final user. For each activity, we rely on the track record and existing expertise and competencies of our team.

02

Sector diversification

Befimmo also focuses on driving sectorial diversification and limits its exposure to traditional office buildings while driving towards faster growing segments.

The mid-term ambition is to have an increased share of mixed-use work, flex & life hubs and develop residential assets.

This will allow for a new balance in our portfolio and the subsequent revenue diversification.

03

Adjusted footprint

Over time, Befimmo has the intention to diversify itself geographically, covering the major cities in the BeNeLux over the next years. Our ambition is to create and operate high-quality, mixed-use projects in growing economic, academic and research hubs.

04

Portfolio management

Befimmo accelerates capital recycling through asset rotation and value-creation in the portfolio thanks to a smart and sustainable investment strategy. The portfolio is continuously assessed with a view to divest mature buildings.

By accelerating the rotation, selling at maturity, reinvesting, and developing larger, inner-city and multi-modal assets with highest possible environmental and smart standards, we drive value creation through the entire asset cycle. The focus is maintained on total return, revenues, value creation and healthy LTV.

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

05

Client-centric organisation

We want to further develop our client-centric approach thanks to our Operator business line.

In order to offer our client an outstanding experience, our ambition is to develop into a one-stop-shop and stand close to our clients throughout their journey within our spaces. To develop this workspace-as-a-service approach, we brought together our in-house coworking activity by Silversquare, the tailor-made and user-centric meeting rooms by Sparks, and a dedicated advisory cell on office planning, which guides clients in defining, designing and building spaces that meet their expectations. The focus lays on hospitality, as a way to boost both well-being and productivity within our workspaces.

This strategic objective will develop new revenue streams with the expansion of Silversquare, Sparks and the creation of new design and build, hospitality- and community-based subsidiaries, which should also provide additional sources of income in the mid-term.

In the following years, we aim to keep expanding the Silversquare coworking network with the objective to reach a surface of 85,000 m². Moreover, in 2022, we opened our first meeting solutions concept Sparks, which represents a surface of 2,500 m² in a core location in front of the Central Station (other cities have been identified).

06

Disciplined financial management

Befimmo continuously aims to strengthen its financial management and to enhance its reporting structures. Our three-business-lines model allows us to drive synergies, improve cost management, deliver improved margins and offer more transparency.

Our new strategy accelerates capital recycling through assets rotation with a positive impact on the balance sheet. We want to adopt a strict financial discipline and limit our development risks.

→ THREE-BUSINESS-LINE MODEL

From the classic business model of the past, Befimmo is shifting to a user-centric business model.

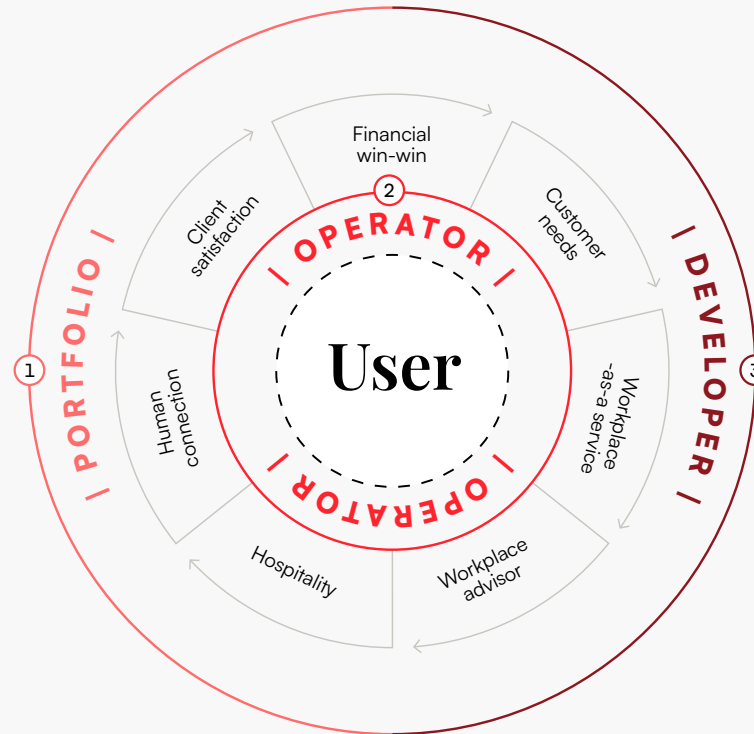
In the course of 2022, we re-organised Befimmo into three business lines:

- ① **PORTFOLIO:** Creating value by investing in and managing work and life hubs in growth cities;
- ② **OPERATOR:** Creating value by operating and designing work and life hubs that meet user needs and offer an ultimate experience;
- ③ **DEVELOPER:** Creating value by developing sustainable, SMART and high-performance buildings.

We aim at creating real proximity with our users through smart services, among others digital tools to connect us to our users, create a community and bring forward services related to coworking, meeting, mobility, catering or even leisure.

By adopting a user-centred behaviour, the customer is at the heart of the organisation and the B2B approach becomes a B2B2C approach. Our ambition is to observe, analyse and understand customers' ever-changing needs and to make it the starting point for all our actions.

We intend to achieve a strict financial management, enhance opportunities and limit risks for each individual business line.



FINANCIAL WIN-WIN

Offer a fair price & reasonable investments for all parties

CUSTOMER NEEDS

Observe, analyse & understand customers' ever-changing needs

WORKSPACE-AS-A SERVICE

Offer flexible, hybrid, or HQ workspace solutions and meetings to our clients

WORKSPACE ADVISOR

Define, design & build space meeting client expectations
Accompanying teams in change management

HOSPITALITY

Offer service & continuously enhance well-being, health & security

HUMAN CONNECTION

Animate the community, organising inspiring events and rich exchanges & encounters

CLIENT SATISFACTION

Measure & ensure the highest level of client satisfaction

Takeover offer

At the end of February 2022, Alexandrite Monnet Belgian Bidco SA, (the “Bidder”), an entity fully controlled by one of Brookfield’s real-estate private funds, filed a formal notice with the FSMA with a view to launching an all-cash voluntary and conditional public offer to acquire all shares of Befimmo at an offer price of €47.50 per share.

The Board of Directors expressed its support for the transaction, subject to review of the final offer prospectus.

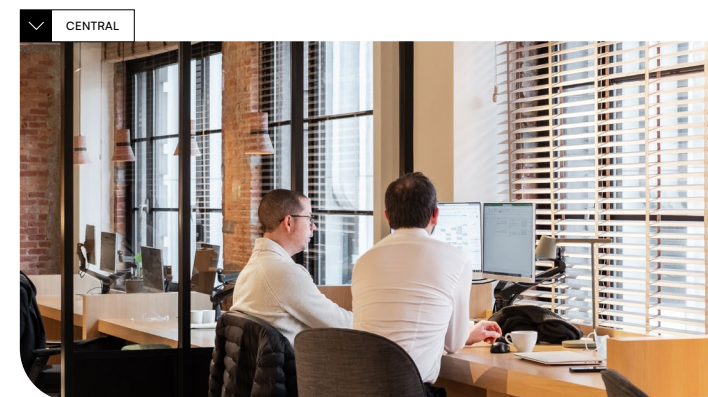
Befimmo’s two largest shareholders, AXA Belgium and AG Finance, have each entered into a soft irrevocable undertaking to tender Befimmo shares, representing respectively 9.6% and 5.6% of Befimmo’s share capital. Moreover, in August 2022, AG Real Estate, acting on behalf of its affiliate AG Finance, decided to tender the remaining stake of 3.5% in Befimmo that it had initially decided to retain. It ended the shareholders’ agreement between the Bidder and AG Finance.

Three different acceptance periods have been opened between early June and October 2022 to allow existing Befimmo shareholders to sell their shares at the price offered. As a result, the Bidder owned 96.9% of the Befimmo shares (including treasury shares held by Befimmo).

Early October, the Bidder decided to proceed to a final reopening of the offer for acceptance given that he held (directly and indirectly) more than 95% of the Befimmo shares. This had the effect of a simplified squeeze-out and resulted in the delisting of Befimmo SA, which occurred after the end of 2022.

▶ KEY EVENTS AFTER CLOSING, P.24

The prospectus relating to the Offer (including the response memorandum and the acceptance form) can be consulted on the corporate website: www.befimmo.be/en/takeover-offer.



ESG, innovation & digitalisation

Environmental, Social and Governance (ESG) regulations have significantly expanded in the past years. Climate change is a global issue and is especially relevant for the real-estate sector, which contributes nearly 40% of carbon emissions globally and nearly 70% of emissions in urban areas.

Befimmo's 2030 Action Plan is aligned with global trends, as described in detail in the ESG section of this Report.

Befimmo's strategy maintains the focus on efficiency, sustainability and responsible value creation. In that context, ESG aspects are a natural extension to Befimmo's corporate strategy, focused on creating value for all its stakeholders, both now and in the long-term.

Accordingly, an acceleration in the strategic transformation of the Company goes along with a strong expansion of ESG considerations, next to the other, global, external trends and factors.

ESG aspects have become a source of innovation for the real-estate sector, to reinvent itself and move towards driving the solution rather than purely seeking conformity with official norms. That is why ESG and digitalisation are topics close to one another.

ESG REPORT, P.54

In Befimmo's vision, the building of the future is highly performant, user-centric & flexible.

Our digitalisation strategy is oriented towards our tenants, our teams and our buildings:

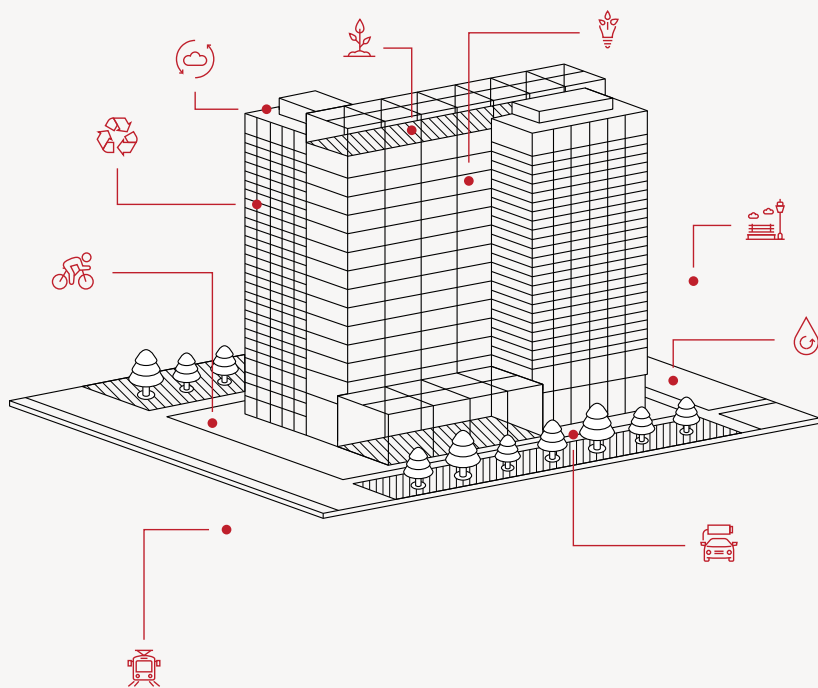
- It allows us to achieve our goals, measure the satisfaction of our customers, better understand and meet their ever-changing needs and communicate with our end-users;
- It allows our teams to focus on tasks with added value for our stakeholders, while automating processes and generating more agility;
- With the implementation of the Building Information Management (BIM), it contributes to an improved building performance, better cost management and the constant availability of building data throughout the building's life cycle;
- It makes buildings SMART, highly flexible, connected to an efficient network, offering an improved user experience and new services and facilities while allowing for a premium operational management and societal innovations thanks to data intelligence.

In Befimmo's vision, the building of the future is highly performant, user-centric and flexible. Accordingly, we have set up a series of targets we aim to achieve in the coming years.



BEFIMMO'S BUILDING VISION

High performance, user-centric & flexible



Accessible & integrating multimodality

- > Inner-city location
- > Public transport accessibility
- > Green transport solutions
- > Bicycle and scooter parks

Smart & highly performant

- > SMART visitor and user access
- > Opening windows linked to sensors with the ability to adjust ventilation
- > Demand-controlled ventilation linked to sensors
- > SMART energy & water consumption monitoring
- > SMART car parks with electric charging stations
- > SMART lighting

User-centric - work & life

- > Sport facilities, showers and lockers
- > Restaurants
- > Hospitality services
- > Comfort (daylight, sound insulation, demand-controlled ventilation and heat)
- > Terrace for wellness and relaxation
- > Specific amenities for occupiers and local communities

Connecting to communities

- > Coworking, coliving, student housing, etc.
- > Accessible outside space (to local communities)
- > Connecting corporates to scale ups, entrepreneurs, enterprises, etc.
- > Direct dialogue with the users through the Befimmo App
- > Workspace-as-a-service (coworking, hybrid, meetings, etc.)

Sustainable

- > Limiting soil sealing
- > Enhanced biodiversity (green roofs)
- > Water and energy-efficient installations
- > Low emission building materials
- > Well-insulated building envelope
- > Rainwater recovery
- > Geothermal heat pumps and photovoltaic panels
- > Dedicated space for waste storage

Our value-creation model

Befimmo's business model aims to create value through each business line, in a long-term sustainable way, for all stakeholders.

INPUTS

HUMAN AND INTELLECTUAL CAPITAL

- > 89 team members
- > Expertise and training

FINANCIAL CAPITAL

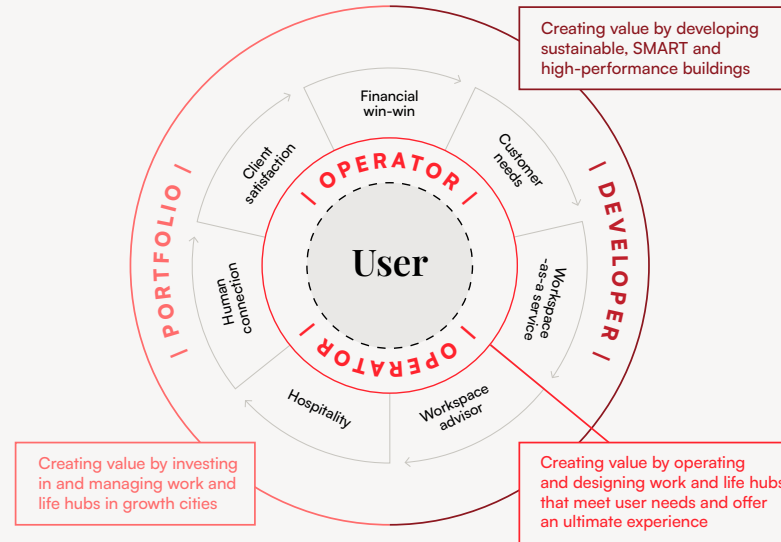
- > Fair value of €2,750 million
- > Confirmed credit facilities of €2,093 million (as of year-end 2022)

NATURAL CAPITAL

- > 50.39 GWh of electricity consumption
- > 49.42 GWh of fuel consumption
- > 174,559 m³ of water consumption
- > 2,119 tonnes of operational waste
- > 2,824 tonnes of construction waste

INFRASTRUCTURE

- > Around 40 buildings representing more than 830,000 m²
- > 10 coworking centres representing 46,050 m²



OUTPUTS

HUMAN AND INTELLECTUAL CAPITAL

- > Employee gender diversity: 57% (M) - 43% (F)
- > Employee training: 33.7 hours/emp/year

FINANCIAL CAPITAL

- > Consolidated EPRA earnings of €65.94 million

NATURAL CAPITAL

- > 38% reduction of absolute scope 1 & 2 GHG emissions (vs 2018)
- > 81% construction waste diverted from landfill and incineration

INFRASTRUCTURE

- > 157,000 m² letting activity
- > Around 170 corporate tenants
- > 88% occupancy rate of coworking spaces open since more than three years

MAIN GLOBAL TRENDS → URBANISATION, CLIMATE EMERGENCY, GROWING POPULATION WORLDWIDE, EXPONENTIAL DIGITAL TECHNOLOGIES & NEW ECONOMIES