

Regulatory Information

The information contained in this Information Document constitutes regulated information within the meaning of the royal decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

This document has been drafted under the responsibility of the board of directors of Befimmo SA.

INFORMATION DOCUMENT OF BEFIMMO SA
(THE “COMPANY”)

The Company is considering adopting the status of a public regulated real estate company, created by the act of 12 May 2014 on regulated real estate companies (“**RREC Act**”) instead of the status of a real estate investment company (“*vastgoedbevak*”/“*sicafi*”).

The purpose of this Document is to explain, in general terms, the reasons, the conditions and the consequences of the proposed change of status and to describe the exit right that the RREC Act provides for the benefit of the shareholders in this context. A calendar of the proposed procedure is set out at the end of this Document.

The attention of the shareholders is drawn to the fact that the proposed change of status is subject to the condition that the percentage of shares for which the “exit right” (as set out in more detail below) is validly exercised, does not exceed the smaller of the following percentages:

- **2 % of the shares issued by the Company at the time of the general meeting approving the amendments to the articles of association;**
- **X % of the shares issued by the Company, where “X” is calculated as follows:**

$$\text{EUR 30,000,000} \times 100$$

$$\frac{(\text{Price at which the exit right is exercised}) \times (\text{total number of shares issued by the Company at the time of the general meeting approving the amendments to the articles})^1}{}$$

subject to the possibility for the board of directors to waive this condition.

Should the exit right be exercised for a percentage of shares exceeding the smaller of these percentages and should the board of directors not waive this condition, this exit right would be extinguished, the Company would maintain its status as a public real estate investment company and would in that case be required to apply for authorisation as an alternative investment fund manager (“AIFM”).

¹ On the day of the issuance of this Information Document, the total number of shares issued by the Company amounts to 22,062,701.

This Information Document has been approved by the FSMA on 26 August 2014. This approval does not imply any judgment on the opportunity of the proposed change of status or the situation of the Company.

I. REASONS FOR THE PROPOSED CHANGE OF STATUS

The RREC Act makes it possible for certain operational entities active in the real estate sector to obtain a specific status.

It also allows, subject to certain conditions and within a certain time frame, real estate investment companies to change their status in order to adopt the status of a “regulated real estate company” (“**RREC**”).

The Company wishes to suggest its shareholders to use this possibility, on the conditions set out in this Document.

Taking into account the entering into force of the act of 19 April 2014 on alternative investment funds and their managers (hereafter the “**AIFMD Act**”)², the Company has indeed to make a choice: as real estate investment companies will going forward automatically be considered as AIFMs, it will have to opt either for maintaining its status as real estate investment company and therefore the new AIFM status, or for the new RREC status (excluding the AIFM status).

The board of directors is of the opinion that it is in the interest of the shareholders and the Company to adopt the RREC status.

The RREC status is indeed characterised by the carrying out of an activity of making real estate available (which corresponds with what the Company does), by a shareholders protection similar to the shareholder protection under the real estate investment company rules and by “tax transparency” (these points are further dealt with hereafter, II).

The choice “by default” is the real estate investment company / AIFM status, in the sense that, if the Company does not opt for the RREC status, it will, as of 16 November 2014, be considered as an AIFM and will have to obtain its authorisation as such (s. 509 of the AIFMD Act).

AIFM status in itself would not affect the level of shareholders protection or the tax treatment of the Company, but it would cause a set of additional rules to apply, such as:

- the obligation to appoint a depositary (generally a credit institution or an investment firm, responsible, in particular, for ensuring the follow-up of the cash-flows, for ensuring the holding in custody of financial instruments and for verifying ownership of the real estate assets);
- the obligation to implement liquidity management systems;
- the obligation to regularly conduct stress tests with regard to the management of liquidity risks.

Applying these rules will noticeably increase the costs of the Company.

² This act (the “**AIFMD Act**”) transposes the Directive on Alternative Investment Fund Managers (the “**AIFMD directive**”).

AIFM status will also cause other regulations to be applicable, in particular in respect of derivatives (EMIR), implying potentially an increase in the indebtedness in order to cover collateral exposure in connection with derivatives, and in respect of financing (Basel III), a strengthening of the margins imposed by credit institutions on credit lines, which would lead to a significant increase in the financial costs for the Company, without this being justified by any reason from the point of view of the operational model that it intends to adopt.

Adopting RREC status excludes the application of these regulations, as the “RREC” status excludes the “AIFM” status.

As set out in the explanatory memorandum of the RREC Act³, in the neighbouring European countries, *“the competent supervising authorities of the neighbouring countries will need to analyse on a case by case basis whether or not a company that presents itself as a REIT, is an AIF”* (p. 7). *“For that reason, in order to maintain the competitive position of public real estate companies, (...), it seemed necessary to create a new legal status for these firms, based on what is provided for in the laws of other neighbouring European countries, that of a ‘regulated real estate company’”* (p. 11). *“This new orientation will be more in line with the orientation followed in the neighbouring countries with the implementation of various legislative acts since early 2000 and will favour the understanding of international investors of the status of the firms in question. The introduction of this tailored legal status will therefore allow these firms to maintain their competitive position (‘level playing field’) vis-à-vis foreign law structures that are comparable from an operational point of view”*. (p. 12).

II. CONSEQUENCES OF A CHANGE OF STATUS TO A REGULATED REAL ESTATE COMPANY

In the event of a change of status, the Company will be subject to the RREC Act and its implementing decree (the royal decree of 13 July 2014, hereafter the “**RREC RD**”).

In substance, as set out in more detail below, the Company will be able to continue to carry out the same activities and to hold the same real estate assets as in its current situation (below, 1); it will be subject to the same constraints in respect of the obligation to distribute, the debt ratio and the diversification of real estate assets (below, 2); the same rules will apply to it with respect to management structure and organisation (below, 3), shareholders protection (FSMA⁴ supervision, compulsory appointment of one or more independent real estate experts and auditors approved by the FSMA) (below, 4) and the holding of subsidiaries (below, 5); it will remain subject to a “tax transparency” regime (below, 7). The main changes relate to the concept of the exclusive interest of the shareholders being replaced by the interest of the company, greater flexibility for the management body in relation to the orientation of the strategy of the Company and the prohibition for the Company to delegate management functions (below, 6).

I. Activities

The RREC must exclusively carry out an activity which consists of making, directly or through a company in which it holds a participation in accordance with the provisions of the RREC Act and the RREC RD, real estate available to users (for example by way of rental). The RREC can, in this context, carry out all

³ Draft bill on regulated real estate companies, *Doc. parl.*, Ch. Repr., sess. 2013-2014, Explanatory memorandum, nr 3497/001.

⁴ Financial Services and Market Authority.

activities related to the construction, fitting-out, renovation, development, acquisition, disposal, management and exploitation of real estate (RREC Act, s. 4, § 1).

The RREC must carry out its activities itself without delegating in any way the carrying out of any activities to a third party other than a connected company, must have direct relations with its clients and its suppliers and must have operational teams, representing a substantial part of its personnel. In other words, the RREC must be a self-managed operational company.

It can hold the following real estate:

Ordinary real estate:

- i.) real estate and rights *in rem* on real estate (emphyteusis right, usufruct, ...), with the exclusion of forestry, agricultural or mining real estate;
- ii.) shares with voting rights issued by real estate companies that are under exclusive or joint control;
- iii.) option rights on real estate;
- iv.) shares in public regulated real estate companies (“**PRREC**”) or institutional regulated real estate companies (“**IRREC**”), provided, in the latter case, the IRREC is under joint or exclusive control;
- v.) rights arising from contracts giving one or more goods in finance lease to the RREC or providing other similar rights of use;

Other real estate:

- vi.) shares in public real estate investment companies;
- vii.) shares in foreign real estate funds included in the list referred to in article 260 of the AIFMD Act;
- viii.) shares in real estate funds established in another member state of the European Economic Area not included in the list referred to in article 260 of the AIFMD Act, to the extent that they are subject to supervision equivalent to the supervision that is applicable to public real estate investment companies;
- ix.) shares issued by companies (i) with legal personality; (ii) under the law of another member state of the European Economic Area; (iii) which shares are admitted to trading on a regulated market and/or are subject to prudential supervision; (iv) whose main activity consists of acquiring or constructing real estate with a view of making it available to users, or the direct or indirect holding of participations in companies with a similar activity; and (v) that are exempt from income tax on profits from the activity referred to in (iv) above subject to compliance with certain requirements, at least with respect to the legal obligation to distribute part of their income to their shareholders (the “REITs”);
- x.) real estate certificates referred to in article 5, § 4 of the act of 16 June 2006.

The Company cannot invest more than 20 % of its consolidated assets in real estate property that forms a single real estate development (a rule that is identical to the rule that applies to real estate investment companies) and is only allowed to hold the “other real estate property” (mentioned in points vi) to x)) and option rights on such assets to the extent that their fair value does not exceed 20 % of its consolidated asset.

The Company can in this new context continue to carry out and develop the activities that it carries out currently, in the same manner as it carries them out currently and will not be required to dispose of any real estate assets currently held by it.

Indeed, the Company is specialised in making available to users office buildings in Brussels, in other Belgian cities and in the Grand Duchy of Luxembourg. Its real estate business places the Company at all the levels of the value chain of the real estate sector: investment, use of its real estate reserves, construction, fitting-out, renovation, development, finding tenants, property management and disposal.

Befimmo does not currently hold real estate assets set out in points vi) to x) above.

2. Obligations

In order to accede to the status of a public regulated real estate company and the “tax transparency” regime for this type of company, the Company has to comply with the following obligations:

- Obligation to distribute (the “pay-out ratio”): the PRREC has to distribute by way of return of capital an amount that corresponds to at least the positive difference between 1) 80 % of the sum of adjusted earnings and net capital gains on the disposal of real estate property not exempt from the distribution requirement and 2) the net reduction, during the fiscal year, of the indebtedness;
- Limitation of the debt ratio: the consolidated level of indebtedness of the PRREC and its subsidiaries and the statutory level of indebtedness of the PRREC must not exceed, other than due to variations in the fair value of its assets, 65 % of the consolidated or statutory assets, as the case may be, less authorised hedging instruments; in the event the consolidated debt ratio of the PRREC and its subsidiaries exceeds 50 % of the consolidated assets less authorised hedging instruments, the PRREC must draw up a financial plan together with an implementing calendar, setting out the measures aimed at avoiding the consolidated debt ratio exceeding 65 % of the consolidated assets;
- Diversification of real estate assets: the assets of the PRREC must be diversified so as to ensure an appropriate allocation of risk in terms of real estate assets, by geographical region and by category of user or tenant; no transaction of the PRREC should have the effect that more than 20 % of its consolidated assets are invested in real estate assets that constitute a “single real estate development” (subject to exceptions granted by the FSMA and to the extent that the consolidated debt ratio of the PRREC and its subsidiaries does not exceed 33 % of the consolidated assets less authorised hedging instruments).

These obligations are in substance identical to those that are applicable to real estate investment companies.

The debt ratio of the Company amounts to 46.92 % on 30 June 2014. The Company does not benefit from a derogation with respect to the diversification of the real estate assets.

3. Structure

The change does not cause any change to the structure:

- Risk management: the Company will be required, as a PRREC, to have a suitable risk management function and a suitable risk management policy; it will only be able to subscribe for hedging instruments if it is authorised to do so by its articles of association, within the limits of a

financial risk management policy (excluding any transactions of a speculative nature), that will have to be published in the annual and half yearly financial reports;

- Management and organisation structure: the Company will be required, as a PRREC, to have its own management structure and a suitable administrative, accounting, financial and technical organisation that allows it to carry out its activities in accordance with the RREC regime, an appropriate internal control system, an appropriate and independent internal audit function, an appropriate and independent internal compliance function and an appropriate integrity policy; the rules in respect of prevention of conflicts of interest are identical to those that apply to real estate investment companies.

The change of status does not cause any change to the structure of the Company. The Company will remain party to the agreements it has entered into and, subject to any contracts that contain specific clauses dealing with the loss of the real estate investment company status and/or any of its consequences, the contracting parties of the Company will in principle not be able to use the change of status as an excuse to terminate contracts entered into with the Company.

With regard to the contracts that contain such a clause (credit agreements and the American private placement), the Company has contacted its co-contractors who have confirmed that the proposed change of status would have no impact on the ongoing contracts.

4. Shareholders protection

The RREC must act in the interest of the company, and not in the exclusive interest of its shareholders, a funds specific concept. The interest of the shareholders being an important element of the interest of the company, in practice, the Company will, like any other listed company, be brought to defend the interest of all the stakeholders, including its shareholders.

The Company will as a PRREC remain subject to the supervision of the FSMA.

It will have to appoint one or more independent experts and one or more auditors approved by the FSMA.

The mission of the auditors and the independent experts will be identical to their current mission.

The rules regarding integrity and conflicts of interest policies are identical to the rules that apply to real estate investment companies.

The Company will be required to appoint persons that are responsible for the independent control functions (compliance officer, risk manager and internal auditor) and their appointment will now be subject to the prior approval of the FSMA.

Also, the RREC Act provides an absolute allocation right in favour of its shareholders in the event of a removal of, or a limitation to, the “ordinary” preference right in the context of a capital increase of the Company in cash, these rules being identical to the rules that apply to real estate investment companies.

5. Consequences for the subsidiaries of the Company

The rules relating to the participation by the Company in other companies and the limits to shareholdings in other companies are similar to those that applied to real estate investment companies (before the transposition of the AIFMD directive), subject to the following:

- Foreign REITs: the RREC can hold, subject to certain conditions, shares issued by foreign REITs (see point I above).

The Company does not hold shares in foreign REITs.

- Institutional regulated real estate companies: a public regulated real estate company can control one or more institutional regulated real estate companies (and not institutional real estate investment companies), the regime of which is similar to the regime for institutional real estate investment companies.

By way of reminder, the Company is the sole shareholder of the limited liability company Fedimmo, institutional real estate investment company, having its registered office in Chaussée de Wavre 1945, 1160 Brussels registered with the *Banque Carrefour des Entreprises* under the number 886,003,839.

In accordance with article 78, § 1, of the RREC Act, the approval of the Company as a public regulated real estate company will entail simultaneously and by operation of law, the approval of Fedimmo as institutional regulated real estate company.

- Services subsidiaries: as it is the case for real estate investment companies, a PRREC and its subsidiaries can hold participations in (wholly owned) companies with legal personality and with limited liability having a corporate purpose that is ancillary to theirs, carried out for their own account or for the account of the PRREC or its subsidiaries, such as the management or the financing of real estate assets of the PRREC and its subsidiaries.

The Company has a services subsidiary: the limited liability company Befimmo Property Services having its registered office in chaussée de Wavre 1945, 1160 Brussels, registered with the *Banque Carrefour des Entreprises* under the number 444,052,241 (hereafter, "BPS"). Befimmo and its subsidiary Fedimmo delegate to BPS the property management (administrative, accounting and technical management) of their real estates.

6. No application of the rules relating to funds

- In respect of the strategy of the Company: unlike a real estate investment company, a RREC does not follow an investment policy that has to be described in its articles of association, but establishes a strategy that it will communicate in its yearly and half yearly reports.

The annual financial report will contain information regarding the strategy that the Company has followed during the fiscal year and intends to follow for the coming fiscal years; the board of directors of the Company will be able to amend this strategy in function of the circumstances and opportunities.

The repealing of article 5 of the articles of association of the Company, relating to the investment policy, is included in the proposed amendments of the articles of association.

- In respect of the management of the Company: the RREC must act in the interest of the company, and not in the exclusive interest of its shareholders, a funds specific concept. The interest of the shareholders being an important element of the interest of the company, in practice, the Company will, like any other listed company, be brought to defend the interests of all stakeholders, including the shareholders.
- In respect of the powers to delegate: taking into account the operational character of RRECs, the RREC Act limits the powers to delegate; in particular, a RREC can only delegate the management of its portfolio to a connected company specialised in real estate management.

In this respect, subject to what is stated below, the Company carries out all of its activities itself.

The Company delegates the property management (administrative, accounting and technical management) of its real estate portfolio (including real estate properties owned by Fedimmo SA) to BPS, which is allowed since BPS is a 100 % subsidiary of Befimmo.

Axento SA (an 100 % subsidiary of Befimmo) delegates the technical and administrative management of its "Axento" real estate building, located in Luxemburg. This agreement organises a reporting procedure to Axento and the decision to be taken (with the exception of minor agreements and urgent situations) are subject to the agreement of Axento. Therefore, Axento retains the power of decision as well as the responsibility of the supervision of the maintenance activities of this building.

This agreement therefore constitutes an outsourcing agreement of material tasks, and does not constitute a delegation of the property management and does not affect the exercise of its own activities by Befimmo.

Moreover, Befimmo temporarily delegates the property management of the Blue Tower real estate building located in the "Louise" area (this situation is justified by the recent acquisition by Befimmo of the Blue Tower). This agreement will expire at the end of 2014 and BPS will carry out the property management of this building.

7. Tax consequences

It was the intention of the legislator that the change of status of real estate investment company to RREC be without any tax consequences for the Company and that the tax regime of the RREC be identical to that of the real estate investment company.

Change of status

The income tax act (CIR) states that the changing over from real estate investment company status to RREC status takes place in a tax neutral manner.

Tax regime of the RREC

The corporate tax regime of the RREC is identical to that of the real estate investment company: the taxable base is limited to expenses that are non-deductible as professional expenses, abnormal or gratuitous advantages received and the so-called "on secret commissions" special taxation on expenses

that have not been duly justified. As for real estate investment companies, a RREC cannot benefit from a deduction for risk capital, nor from reduced corporate tax rates.

As it is the case for real estate investment companies, if a RREC takes part in a merger, a de-merger or a transaction that is treated like one, this transaction will not benefit from the tax immunity regime but will give rise to an exit tax at the rate 16.995 % being applied. The contribution of a branch of activity or a universality to a RREC will not benefit, as is the case for real estate investment companies, from the immunity regime.

The RREC is, as the real estate investment company, subject to the so-called “subscription tax” set out in articles 161 to 162 of the Inheritance Tax Act.

Tax regime of the shareholders of the RREC

The paragraphs below summarise certain consequences of the ownership and transfer of RREC shares under Belgian tax law. This summary is based on the tax laws, the regulation and the administrative interpretations by the authorities that are applicable in Belgium as of the date this Information Document was created and is provided subject to any modifications under Belgian law, including changes with retroactive effect. This summary does not take into account, and does not deal with, the tax laws of any countries other than Belgium and does not take the particular circumstances of each shareholder into account. The shareholders are invited to consult their own advisers.

○ Natural persons resident in Belgium

Dividends paid by a RREC to a natural person resident in Belgium give rise to a withholding tax of 25 %. As is the case for real estate investment companies, this rate is reduced to 15 % if the RREC qualifies as being “residential”, i.e. if at least 80 % of the real estate assets of the RREC are directly invested in real estate assets in a member state of the European Economic Area and exclusively used for or aimed at residential use.

The withholding tax retained by the RREC discharges shareholders who are Belgian natural persons in full.

Gains realised by Belgian natural persons who have not used the RREC shares for the carrying out of a professional activity are not taxable if they form part of the normal management of private wealth. Losses are not deductible.

○ Companies resident in Belgium

Dividends paid by a RREC to a company resident in Belgium give rise to a withholding tax at a rate of 25 % or 15 % (residential RREC).

These dividends give generally not rise, as is the case for dividends of real estate investment companies, to a deduction for finally taxed income with the Belgian company shareholder.

Gains on RRECs shares are not exempt from corporate tax, as it is also the case for gains on shares of real estate investment companies.

The withholding tax levied on dividends distributed by RRECs is in general applied to the corporate tax and any potential excess is repayable as long as the shareholder company has had the full ownership of

the shares at the point of the allocation or the paying out of the dividend and to the extent that this allocation or payment does not create a reduction in value or a loss for those shares.

- Non-resident shareholders

Dividends paid by a RREC to a non-resident shareholder give generally rise to a withholding tax levy of 25% or 15% (residential RREC).

Dividends paid by a RREC to a non-resident shareholder don't benefit from withholding exemptions under Belgian law. Note that the legislator has announced his intention in the parliamentary proceedings of the RREC Act to abolish the withholding tax exemptions under Belgian law that currently apply to dividends paid by real estate investment companies to non-resident savers from article 106, §7 of the RD executing the CIR.

The Belgian withholding tax regime applicable to pension funds established in member states of the European Union seems to be discriminatory since it subjects them to a more onerous regime than Belgian pension funds. The sector is currently considering the possible measures that could remedy this situation.

Certain non-residents who are established in countries with which Belgium has entered into a preventive double tax agreement can, subject to certain conditions and provided certain formalities are complied with, benefit from a reduction of, or an exemption from, the withholding tax.

Tax on stock exchange operations

As is the case for real estate investment companies, the purchase and the sale and any other acquisition and disposal for a consideration in Belgium, through a "professional intermediary" of existing shares of a RREC (secondary market) will in principle be subject to a tax on stock exchange operations, currently at a rate of 0.09 % with a cap of EUR 650 per transaction and per party.

III. PROCEDURE TO CHANGE STATUS

The RREC Act makes the change of status for public real estate investment companies subject to the following conditions:

- the public real estate investment company must submit the application for an approval as a PRREC within four months after the entry into force of the RREC Act (16 July 2014), i.e. at the latest on 16 November 2014 ;
- the public real estate investment company must amend its articles of association and in particular its corporate purpose within three months of the approval being obtained from the FSMA;
- the public real estate investment company must organise an exit right for its shareholders who vote against the change of status.

The RREC Act also allows the public real estate investment company to make the change of status subject to the condition that the number of shares for which the exit right is exercised does not exceed a certain percentage of the capital that it determines (see below).

1. Application for an approval

The Company has submitted an application with the FSMA with a view to obtain an approval as a PRREC.

The Company has obtained an approval as a RREC on 26 August 2014.

2. Change of articles of association

The Company has convened an extraordinary general shareholder meeting on 2 October 2014 with, on the agenda, mainly the proposed change of the articles of association as well as, for the reasons set out below, changes to the authorisation given to the Company to buy its own shares.

If the required quorum is not reached at this general meeting, a second extraordinary general meeting will be convened on 21 October 2014, which will validly vote on the same agenda, regardless of the number of actions present or represented.

The change in status implies inter alia the following amendments to the articles of association (which, as they constitute a whole, will be the subject of a single proposal):

- amendments to the provisions in the articles of association that contain a reference to the concepts of collective real estate investment trust or real estate investment company or refer to the legislation applicable to them;
- amendments to the provisions in the articles of association relating to the corporate purpose in order to make it conform to the definition of “RREC” set out in the RREC Act and article 4 of the RREC Act, which states that the PRREC exclusively carries out an activity consisting of making real estate available to users, directly or through a company in which it holds a participation in accordance with the provisions of the RREC Act and the RREC RD; in the context of such making real estate available to users, the PRREC can, in particular, carry out all activities related to construction, fitting-out, renovation, development, acquisition, disposal, management and exploitation of buildings;
- amendments of the provisions in the articles of association relating to the company name, in order to ensure, in accordance with article 11, § 4, of the RREC Act, that the name of the Company and all the documents created by the Company contain the words “public regulated real estate company under Belgian law” or “public RREC under Belgian law” or “PRREC under Belgian law” or that its name is immediately followed by these words;
- removal of the provision in the articles of association relating to the real estate investment policy;
- adapting the provisions in the articles of association to the RREC Act and the RREC RD.

The proposed amendments are in their entirety set out in the agenda of the notice convening the general meeting and is available on the website of the Company in the format of a document showing the amendments to the current articles of association in “track changes”. The notice convening the general meeting is published in parallel with this Document.

The amendment to the corporate purpose requires the approval of the general meeting with a majority of four fifths of the votes cast.

If this majority is not reached, the proposed change of status will not be able to take place.

3. Time frame

The attention of the shareholders is drawn to the fact that the change of status is only possible in a certain time frame, determined by the RREC Act and the AIFMD Act.

Having submitted an application for an approval as a RREC within the legal time limits, the Company must amend its articles of association within three months after the decision to grant the approval is made by the FSMA, i.e. for the 26 November 2014. Moreover, legal certainty calls for the status of RREC to be obtained before 16 November 2014, which corresponds to the date on which, under the AIFMD Act, real estate investment funds who have not applied for an approval or who cannot amend their articles of association must apply for approval as AIFM.

In practice, the Company considers it therefore essential that its status be changed at the extraordinary general meeting that is convened or, if the quorum is not reached at this meeting, at the second general meeting that will be convened.

IV. EXIT RIGHT FOR SHAREHOLDERS

1. Principle

Assuming that the general meeting of the public real estate investment company approves the proposed amendments to the articles of association, each shareholder who has voted against this proposal can, within the strict limits set out in article 77 of the RREC Act, exercise an exit right, at a price which is the higher of (a) the closing price on 1st September 2014⁵, and (b) the average closing price of the thirty calendar days preceding the date of the extraordinary general meeting approving the amendments to the articles of association. The Company will communicate this average, as well as the price at which the exit right is exercised, before the opening of the markets the day of the general meeting.

2. Conditions

During the general meeting approving the proposed amendments to the articles of association, immediately after this approval, the shareholders who will have voted against this proposal will indicate if they exercise – or not – their exit right, and this within the following limits:

- the shares for which the exit right will be able to be exercised will represent maximum EUR 100,000 per shareholder, taking into account the price at which the exit right will be exercised;

⁵ Closing price on the eve of the publication of the notice convening the extraordinary general meeting of 2 October 2014.

- the exit right can only be exercised with respect to the shares with which the shareholder will have voted against the amendments to the articles of association;
- the exit right can only be exercised with respect to the shares of which the shareholder will have remained owner in an uninterrupted manner since the 30th day preceding the general meeting, the case being, where the quorum was not reached, until the end of the general meeting approving the amendments to the articles of association.

The condition relating to uninterrupted ownership will be established as follows:

- (i) for registered shares, by the registered shareholders register of the Company;
- (ii) for dematerialised shares, the shareholder wishing to exercise his exit right will need to communicate to the Company before the general meeting (the case being, where the quorum was not reached), within the time frame set out in article 536, § 2, subparagraph 3 of the Code of Company Law, i.e. at the latest on the sixth day preceding the date of the general meeting, a certificate issued by the approved account holder or the clearing house, noting the number of shares of which he is uninterrupted owner since the 30th day preceding the general meeting, the case being, where the quorum was not reached, and noting the unavailability of those shares until midnight of the third business day following the general meeting approving the proposed amendments to the articles of association or until the end of the general meeting rejecting the proposed amendments to the articles of association. In the event of death or merger or de-merger, the ownership will be considered to continue in the hands of the successors. The blocking until midnight of the third business day following the general meeting approving the proposed amendments to the articles of association of the dematerialised shares for which the shareholder has reserved the possibility of exercising the exit right, by delivering the blocking certificate (even if, in the end, the shareholder does not exercise his exit right), is linked to the financial market practices regarding the clearing and settlement of securities.

Regarding the certificate to be communicated for dematerialised shares, the Company has agreed the necessary arrangements with ING Belgium (centralizing paying agent), and the shareholder is asked to contact the institution that keeps his shares for delivery of this certificate.

3. Exercise procedure

The shareholders wishing to exercise their exit right will be invited to complete the form which is available on the website of the Company and to hand it over to the Company during the extraordinary general meeting that will approve the amendments to the articles of association.

The identity of the shareholders that will have exercised their exit right, as well as the number of shares for which they will have exercised their exit right, will be the subject of a verification by the Notary drawing up the documents.

The attention of the shareholders is drawn to the fact that the RREC Act provides for the exit right to be exercised during the general meeting immediately after the approval of the articles of association (art. 77, § 4), in such manner that **the shareholders will not be able to exercise the exit right before or after the general meeting approving the amendments to the articles of association, but only during this general meeting.**

They will therefore not be able to exercise the exit right by mail before the general meeting.

Therefore, in order to exercise their exit right, **the shareholders must either be present at the general meeting** that will approve the amendments to the articles of association, **or be represented**, and in the latter case have given express power of attorney to vote against the amendments of the articles of association and, at the maximum, for the number of shares with which they have voted against, exercise their exit right (within the limit of EUR 100,000 per shareholder as mentioned above). **The Company and its representatives cannot accept any proxy for the exercise of the exit right.**

Any voting form sent to the Company before the extraordinary general meeting or completed otherwise than by the shareholder or his/her representative during the extraordinary general meeting shall be deemed null and void.

In respect of shares that are jointly owned or shares of which the ownership right is split, shareholders will need to appoint one single person to exercise the voting right and the exit right.

4. Buy-back of own shares

In principle, this exit right will be exercised against the Company itself (which will therefore acquire its own shares) but the Company retains the right to be substituted by a third party, at the latest during the month following the general meeting approving the amendments to the articles of association. If it makes use of this possibility, the Company will publish a press announcement in relation to this.

In this respect, one is reminded that the acquisition by the Company of its own shares is subject to the conditions set out in articles 620 and following of the Code of Company Law and its implementing decrees and regulations or the provisions of the RREC Act and its implementing decrees and regulations, and can only be exercised within the limits of the authorisation given by the general meeting on 22 June 2011. The attention of the shareholders is in particular drawn to the condition that the amounts used for this acquisition, increased by the amount earmarked for shares previously acquired by the Company and which it would have in its portfolio and the shares acquired by someone in its own name but for the account of the Company, must be distributable in accordance with article 617 of the Code of Company Law; in this respect:

- The EUR 30 million amount that the company is allowed to distribute, as referred above, is significantly lower than the maximum amount that the company may distribute as indicated in its 2013 annual financial report.
- On 30 June 2014, the company had EUR 124 million of unused financing lines at its disposal; the Company continually works on the setting up of new financings.
- On 30 June 2014, the debt ratio amounted to 46.92 % ; on the basis of the figures as of 30 June 2014, the acquisition by the company, within the framework of the exercise of the exit right, of shares up to an amount of EUR 30 million would lead to an increase of the debt ratio of 1.3 %, i.e. a lower level than the maximum level provided for in the RREC regulation (65 %).

One of the points on the agenda of the extraordinary general meeting is the amendment to the authorisation of the Company to buy its own shares, in order to, only in respect of the exercise of the exit right described in this Document, set the purchase price at the price determined as set out above. Indeed, this price will only be known on the eve of the general meeting that will vote on the amendments to the articles of association and it could be that it would be higher than the maximum consideration set by the general meeting of 22 June 2011 for the acquisition of own shares.

5. In the event the percentage of shares for which the exit right is exercised exceeds the percentage determined by the Company

In the event that

either the percentage of shares for which the exit right will be validly exercised exceeds the smaller of the following percentages:

- 2 % of the shares issued by the Company at the time of the general meeting approving the amendments to the articles of association;
- X% of the shares issued by the Company, where X is calculated as follows:

$$\text{EUR } 30,000,000 \times 100$$

$$\frac{(\text{Price at which the exit right is exercised}) \times (\text{Total amount of shares issued by the Company at the general meeting approving the amendments to the articles of association})^6}{}$$

and where the board of directors of the Company does not waive this condition,

or the exercise of the exit right would cause the Company (or the third party by which the Company would have been substituted) to be in breach of the provisions of articles 620 and following of the Code of Company Law and its implementing decrees and regulations or the provisions of the RREC Act and its implementing decrees and regulations:

- the Company will maintain its status as a public real estate investment company (and its articles of association will not be amended);
- the Company will be required to apply for its authorisation as AIFM, with the consequences set out in point I;
- the exit right will be extinguished (the shareholders will keep their shares and will not be entitled to the price).

6. In the event the percentage of shares for which the exit right is exercised does not exceed the percentage determined by the Company

In the event the percentage of shares for which the exit right will be validly exercised does not exceed the percentage determined by the Company (or exceeds it, but where the Company would waive this condition), and where the exercise of the exit right would not cause the Company (or the third party by which the Company would have been substituted)] to be in breach of the articles 620 and following of the Code of Company Law and its implementing decrees and regulations or the provisions of the RREC Act and its implementing decrees and regulations:

- subject to the payment of the price, the Company will change its status (and its articles of association will be amended), with the consequences set out in point II;

⁶ On the day of the issuance of this Information Document, the total number of shares issued by the Company amounts to 22,062,701.

- the shareholders that would have exercised their exit right at the conditions and within the time limits set out above will be entitled to the exit price, calculated on the basis of the price set out above and the number of shares for which they will have exercised their exit right, with a cap of EUR 100,000 per shareholder.

7. Consequences of a negative vote regarding the proposed amendments to the articles of association and the exercising of the exit right

The exercising of the exit right by a shareholder requires on the one hand a negative vote by him on the amendments to the articles of association on the agenda of the general meeting and on the other hand an individual decision by him to exercise the exit right.

The attention of the shareholders is drawn to the following consequences of such a negative vote and such an individual decision by him:

- the risk that the proposal does not reach a majority of 80 % and is therefore rejected, with the consequence that the Company would maintain its status as a public real estate investment company and would need to apply for its authorisation as AIFM, with the exit right becoming extinguished;
- the risk that, even if the proposal reaches the majority of 80 %, the percentage of shares for which the exit right would be validly exercised exceeds the percentage determined by the Company, with the consequence that the condition precedent to which the proposal regarding the articles of association is subject would not be completed, that the Company would maintain its status as a public real estate investment company and would need to apply for its approval as an AIFM, with the exit right becoming extinguished;
- the risk that, even if the percentage of shares for which the exit right would be validly exercised does not exceed the percentage determined by the Company, the Company would not be able to buy those shares (taking into account the legal limits in respect of the buy-back of own shares and does not find a third party willing to buy those shares, with the consequence that the proposed amendments to the articles of association would not take place, the Company would maintain its status as a public real estate investment company and would need to apply for its authorisation as an AIFM, with the exit right becoming extinguished.

Finally, it is reminded that when the law or the articles of association set out a special majority quorum for the approval of the resolutions of a general meeting, which is the case of this general meeting, the abstentions are deemed to be negative votes, making it more difficult to reach majority quorum. However, under the law, the abstentions are not deemed to be negative votes in relation to the exercise of the exit right.

8. Press release

In the event the general meeting approves the amendments to the articles of association, the Company will, as soon as possible after the general meeting, publish a press release in which it will state 1) the number of shares for which the exit right will have been validly exercised; 2) if the condition to which the amendments to the articles of association were subject has been fulfilled (and if not, if the Company (already) waives this condition or if it reserves the right to do so at a later stage; 3) if it buys back the

shares for which the exit right has been validly exercised itself, or if it reserves the right to be substituted to that effect by a third party.

If the Company has reserved the right to waive the condition to which the amendments of the articles of association are made subject at a later stage and/or to be substituted by a third party to buy back the shares, the board of directors of the Company would convene at the latest within a month following the general meeting to waive (or not) the percentage condition, and/or to designate a third party to buy the shares for which the exit right has been exercised.

Within seven days of the date on which it will have either decided to buy the shares itself, or designated a third party to this end (order declaration / “declaration de command” / “commandverklaring”), the Company will publish a press release in which it will state: 1) if the condition to which the amendments to the articles of association were made subject has been fulfilled (or if it waives this condition); 2) if it buys itself the shares for which the exit right has been validly exercised or if it will be substituted to that effect by a third party; 3) in the latter case, the identity of the third party; and 4) the date of the payment of the exercise price (which has to take place in the month following the general meeting).

9. Payment of the price and transfer of ownership

In the event set out in 6 above), (event where the percentage of shares for which the exit right is exercised does not exceed the percentage determined by the Company), the Company (or the third party by which it would be substituted) will check that the shareholders have validly exercised the exit right in relation to the shares for which they have declared to exercise the exit right.

The Company reserves the right to indicate, at the general meeting, that it will buy the shares either for itself, or for a third party that it will designate within one month (order declaration), or that a third party will buy its shares.

In any event, the transfer of ownership will take place at the end of the extraordinary general meeting during which the shareholder will have validly exercised his exit right, for the number of shares for which the exit right will have been validly exercised (provided that the percentage of shares for which the exit right is validly exercised does not exceed the percentage determined by the Company (or the Company waives this condition), and that the exercising of the exit right does not cause the Company (or the third party by which the Company would have been substituted) to be in breach of the articles 620 and following of the Code of Company Law and its implementing decrees and regulations or the provisions of the RREC Act and its implementing decrees and regulations.

Within one month following the general meeting, the Company or the third party by which it would have been substituted will pay the price, in cash, into the account given by the shareholder in the form that it will have returned to the Company.

The shareholder who exercises the exit right gives power to the Managing Director of the Company, with power to delegate, to (i) in respect of dematerialised shares: give the necessary instructions to the account holder in respect of the transfer of shares for which the exit right has been exercised and (ii) in respect of registered shares: enter the changes in the registered shareholders register of the Company.

10. Tax consequences for the shareholder

The Belgian tax regime that is applicable to the exiting shareholder can be summarised as follows:

1. Buy-back of own shares or transfer to a third party if the transferring shareholder is a natural person who is tax resident in Belgium

In the event of a buy-back of own shares, article 186 CIR92 states that the difference between the acquisition price – or in its absence the value of the shares – and their corresponding proportion of the (possibly re-valued) paid-up fiscal capital, is considered as a distributed dividend for the distributing company. In parallel, and through a legal fiction, article 18, 2^oter CIR92 states that the sums that are defined as a distributed dividend by article 186 CIR92 mentioned above, are also to be considered as received dividends, in the hands of the shareholder. In other words, this dividend falls in the category of income from moveable assets.

However, an exception to this above-mentioned legal fiction is set out in article 21, 2^o CIR92, which states that the income of shares on an acquisition of own shares by an investment company, that benefits in the country of its tax domicile from an excessive common law regime is not considered to be income from moveable property. In other words, the fiction that qualifies the acquisition surplus as income from moveable assets – including dividends – will not come into play in the case of a buy-back of own shares carried out by a real estate investment company (that benefits from an excessive common law regime).

As the legal fiction created by article 18, 2^oter CIR92 does not apply, one needs therefore to proceed to the legal qualification of the acquisition surplus in accordance with common law. It follows from the case law of the Cour de Cassation^[1] that the buy-back of own shares has to be qualified as a sale and purchase agreement and, as a result, the tax regime for the acquisition of own shares by the real estate investment company will be identical to the regime that applies to a transfer to a third party and will therefore give rise to a possible gain on shares in the hands of the shareholder.

If the shares of the real estate investment company don't form part of the business assets of the shareholder who is a natural person and if the gain on the shares forms part of the normal management of his private assets, this gain will not be subject to taxes on natural persons and will not need to be declared.

2. Buy-back of own shares or transfer to a third party where the transferring shareholder is a resident company

The reasoning to be followed for the qualification of the buy-back of own shares is similar to the reasoning that applies if the transferor is a shareholder who is a natural person, therefore it will also be a gain on shares. For corporation tax, article 192 CIR92 exonerates the gains on shares under certain conditions.

The so-called “taxation” condition forms part of those exempting conditions. Under this condition, any income generated by shares must be able to benefit from the regime of finally taxed income (“FTI”).

This requires that the company issuing the shares is subject to Belgian corporation tax (or a similar taxation) without benefiting from an excessive common law regime.

A real estate investment company benefits from an excessive common law regime on the basis of article 185bis CIR92. As a result, a gain on shares of a real estate investment company will not be able to

^[1] Cass. 29 January 1934, Pas., I, 158: “That in that case [a buy-back of shares by the company] the shareholder transfers its corporate rights with its shares and ceases to be a shareholder; that it receives in exchange of its share, not a share of the profits, but a sale price; that, for the company, the transaction consists of an acquisition and that the sum paid is a purchase price”.

benefit from the exemption set out in article 192 CIR92 and will therefore be fully taxable under corporation tax in the hands of shareholding company.

3. Tax on stock exchange transactions

The purchase and the sale and any other acquisition and transfer for a consideration in Belgium, through a “professional intermediary” of existing shares (secondary market) of a real estate investment company are subject to a tax on stock exchange transactions, currently at the rate of 0.09 % with a cap of EUR 650 per transaction and per party.

Any tax on stock exchange transactions or any other tax or charge due because of or on the occasion of the exercise of the exit right will be borne by the shareholder exercising the exit right.

Exercising the exit right will give rise to a tax on stock exchange transactions if a professional intermediary is involved.

Are exempt from the tax on stock exchange transactions, transactions entered into for his own account (i) by an intermediary referred to in article 2, 9° et 10° of the act of 2 August 2002 on the supervision of the financial sector and the financial services, (ii) by an insurance firm referred to in article 2, § 1, of the act of 9 July 1975 on the supervision on insurance firms, (iii) by an institution for occupational retirement referred to in article 2, 1°, of the act of 27 October 2006 on the supervision of institutions for occupational retirement, (iv) by an collective real estate investment trust, or (v) by a non-resident.

11. No initial public offering

In accordance with article 77, § 8, of the RREC Act, the publication of this Document does not constitute a public offering in the meaning of the act of 16 June 2006 on the public offering of investment instruments and the admission of investments instruments to the trading on a regulated market.

Therefore, no prospectus will be drawn up in relation to the purchase of shares of the Company following the exercising of the exit right.

12. Public takeover bid

The publication of the documents relating to the exit right does not constitute, in itself, a public takeover bid in the meaning of the act of 1 April 2007 on public takeover bids and its implementing decrees and regulations.

However, article 5 of the act of 1 April 2007 on public takeovers does apply. According to this provision, if a person holds directly or indirectly, following an acquisition done by itself, by persons acting in concert with it, or by persons acting for the account of these persons, more than 30% of the voting shares of a company having its registered seat in Belgium and for which at least part of the voting shares are admitted to trading on a regulated market, it is required to make a public takeover bid on the entirety of the voting shares or shares giving access to a voting right, issued by this company.

V. CALENDAR

1.	26 August 2014	Provisional approval by the FSMA
2.	2 September 2014	Publication by the Company of: <ul style="list-style-type: none"> - the press release relating to the change of status - the Information Document - the notice convening the 1st EGM (and sending of the letters to the registered shareholders)
3.	2 September 2014	Start of the uninterrupted ownership period (condition to the exercising of the exit right)
4.	18 September 2014	Shareholders registration date for the EGM of 2 October 2014.
5.	26 September 2014	Final reception date by the Company of : <ul style="list-style-type: none"> - the notification by the shareholders to the Company of their intention to attend the EGM of 2 October 2014 - if applicable, of the proxy form duly filled-in by the shareholders - if applicable, for the shareholders who wish to exercise the exit right, of the de certificate of uninterrupted ownership (condition to the exercising of the exit right)
6.	2 October 2014	EGM (potentially “non proceeding” if the attendance quorum is not reached)
7.	3 October 2014	Publication by the Company of the notice convening the 2 nd EGM (if the quorum was not reached at the EGM of 2 October 2014) (and sending of the letters to registered shareholders)
8.	7 October 2014	Shareholders registration date for the 2 nd EGM (which will take place on 21 October 2014)
9.	15 October 2014	Final reception date by the Company of : <ul style="list-style-type: none"> - the notification by the shareholders to the Company of their intention to participate at the 2nd EGM - if applicable, sending of the proxy form duly completed by the shareholders - if applicable, for the shareholders wishing to exercise the exit right, of the certificate of uninterrupted ownership (save if they have previously communicated this to the Company)
10.	20 October 2014	Last closing price: allows for the calculation of the average of the closing prices of the last 30 days and the determination of the price at which the exit right is exercised.

11	21 October 2014	<p>Before the opening of the markets: publication by the Company relating to the price at which the exit right is exercised</p> <p>EGM (in the presence of a notary public) voting on the amendments to the articles of association</p> <p>→ either the EGM does not approve these amendments: the EGM is closed and the process stops here</p> <p>→ or the EGM approves these amendments:</p> <ul style="list-style-type: none"> - vote on the amendments to the authorisation given to the Company to buy its own shares - announcement by the Company of the price at which the exit is exercised - exercising (or not) of the exit right by the shareholders who voted against the amendments to the articles of association - submission of the form relating to the exercising of the exit right to the Company - determination of the number of shares for which the exit right has been validly exercised
12	21 October 2014	<p>In the event where the percentage of shares for which the exit has been exercised does not exceed the percentage determined by the Company and where the exercise of the exit right will not cause the Company (or the third party by which it is substituted) to be in breach of the articles 620 and following of the Code of Company Law:</p> <ul style="list-style-type: none"> - subject to payment of the price, the Company changes its status and obtains the status of a regulated real estate company, and - the articles of association are amended (provided, of course, the Company has previously obtained its approval from the FSMA and has complied with article 77 of the RREC Act)

13	21 October 2014	<p>In the event where the percentage of shares for which the exit right has been exercised exceeds the percentage determined by the Company:</p> <p>Board of directors of the Company:</p> <ul style="list-style-type: none"> - decision to waive (or not) the condition relating to the percentage - verification of compliance with the conditions relating to the purchasing of own shares - if applicable, appointment of a third party to buy the shares for which the exit right has been exercised or election of order <p>Hypothesis 1° : In the event where the board of directors of the Company does not waive this condition, <u>or</u> exercising the exit right would cause the Company (or the third party by which it is substituted) to be in breach of the provisions of articles 620 and following of the Code of Company Law :</p> <ul style="list-style-type: none"> - the Company maintains its status as a real estate investment company - its articles of association are not amended - the exit right is extinguished <p>Hypothesis 2°: In the event where the board of directors of the Company waives this condition <u>and</u> exercising the exit right would not cause the Company (or the third party by which it is substituted) to be in breach of the provisions of articles 620 and following of the Code of Company Law:</p> <ul style="list-style-type: none"> - subject to payment of the price, the Company changes its status and obtains the status of a regulated real estate company, and the articles of association are amended (provided, of course, the Company has previously obtained its approval from the FSMA and has complied with article 77 of the RREC Act).
14	ASAP after the EGM	Publication by the Company of a press release (results of the EGM)
15	At the latest within one month following the EGM	Payment by the Company (or by the third party by which it is substituted) of the price relating to the shares for which the exit right has been validly exercised

VI. CONTACT

All information and documents relating to this proposal of change of status and to the participation modalities to the extraordinary general meeting are available on the website of the Company (<http://www.befimmo.be/en/oga-ega/all>) or upon simple request at the registered office (contact@befimmo.be):

- Convening notice, including the agenda and the participation practical formalities to the extraordinary general meeting;
- Information document;
- Special reports of the board of directors and of the auditor;
- Draft of new articles of association;
- Proxy;

- Voting form;
- Form relating to the exercising of the exit right.

For further information in respect with the proposed change of status, the shareholder can contact the Company (contact@befimmo.be). For any question concerning to the participation to the extraordinary general assembly, the shareholders holding dematerialised shares can contact the financial institution that keeps their shares or ING Belgium, 1000 Brussels, avenue Marnix, 24 at its headquarters, branches and offices (acting as paying agent for the Company).

This information document does not constitute a recommendation with respect to any offer whatsoever. This information document and any other information that is made available in the context of the exit right do not constitute an offer to buy or a solicitation to sell shares in the Company. The distribution of this information document and any other information which are made available in the context of the exit right can be subject to legal restrictions and any person that has access to this information document and such other information will need to find out about, and comply with, any such restrictions.