



BEFIMMO

Public regulated real estate company
Limited Liability Company
Auderghem (1160 Brussels), 1945 Chaussée de Wavre
Enterprise number: 0455.835.167 – VAT number: 455.835.167
(hereinafter, the “Company”)

Special Report of the Board of Directors prepared in accordance with article 604 of the Company Code (article 7:199 of the Code of Companies and Associations)

This report was originally prepared in French and in Dutch, neither language taking preference over the other; this English version is an unofficial translation

This report was prepared by the Board of Directors of Befimmo SA/NV in accordance with article 604 of the Company Code (article 7:199 of the Code of Companies and Associations). Pursuant to this provision, when the board of directors proposes to the general meeting to grant or renew the authorisation for the board of directors to increase the capital, in one or several transactions, the board of directors is required to prepare a special report indicating the specific circumstances in which the board of directors will be entitled to make use of the authorised capital and the objectives it will thereby pursue.

The proposal to renew the authorised capital will be submitted to the Extraordinary General Meeting to be held on 2 December 2019 or, if this meeting does not reach the attendance quorum, on 19 December 2019.

I. Authorisation given by the Extraordinary General Meeting of 26 April 2016 and partial use of the authorised capital

The Extraordinary General Meeting of 26 April 2016 granted the Board of Directors of Befimmo SA/NV the authorisation to increase the share capital, in one or several stages, on the dates and pursuant to the terms and conditions to be resolved by it, up to a maximum amount of:

- 1°) 334,464,491.53 EUR, if the capital increase to carry out is a capital increase by contribution in cash, which includes a preferential subscription right for the shareholders of the Company, as foreseen in articles 592 and following of the Company Code;
- 2°) 66,892,898,30 EUR, if the capital increase to carry out is a capital increase by contribution in cash, which includes an irreducible allocation right for the shareholders of the Company, as foreseen in article 26, §1 of the law of 12 May 2014 related to real estate companies (the “BE-REIT Law”);
- 3°) 66,892,898.30 EUR, for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;

with the understanding that in all cases, the share capital may never be increased, within the framework of the authorised capital, by more than 334,464,491.53 EUR. This authorisation was granted for a period of five years from the date of publication of the minutes of the general meeting of 26 April 2016.



To date, the board of directors has partially used this authorisation by implementing, on 27 September 2016, a capital increase by contribution in cash with irreducible allocation right for the shareholders of the Company; this capital increase of 37,162,714.82 EUR (an amount of 90,093,854.93 EUR was allocated to the account "issue premium") was implemented on 27 September 2016.

II. Proposal to renew the authorised capital

(a) *Proposal*

In view of the next Extraordinary General Meeting to be held either on 2 December 2019 or, if this meeting does not reach the attendance quorum, on 19 December 2019, the Board of Directors proposes to the shareholders of the Company to cancel the balance of the authorisation granted to it by the Extraordinary General Meeting of 26 April 2016 and to replace such authorisation by a new authorisation to increase the capital in accordance with articles 603 and following of the Company Code (7:198 and following of the Code of Companies and Associations), in one or several transactions, on the dates and pursuant to the terms and conditions to be determined by it, valid for a period of five years from the date of publication of the minutes of the Extraordinary General Meeting that will approve the authorisation.

The maximum amount of the new authorised capital will be:

1°) 205,135,237.71 EUR, if the capital increase to be implemented is a capital increase by contribution in cash, (i) with preferential subscription right for the shareholders of the Company, as foreseen in articles 592 and following of the Company Code (7:188 and following of the Code of Companies and Associations), or (ii) with irreducible allocation right for the shareholders of the Company, as foreseen in article 26, §1, subparagraphs 1 and 2 of the BE-REIT Law;

2°) 41.027.047,54 EUR, if the capital increase to be implemented is a capital increase in the context of the payment of an optional dividend;

3°) 41.027,047,54 EUR, for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;

with the understanding that in any event, the capital may never be increased, within the framework of the authorised capital, by more than 287,189,332.79 EUR.

For the avoidance of doubt, should the proposed authorisation not be approved, the authorisation granted to the Board of Directors by the Extraordinary General Meeting of 26 April 2016 will remain valid until its expiry date.

(b) *Covered transactions*

The authorisation referred to in section 1°) covers both (i) capital increases by contribution in cash with preferential subscription right for the existing shareholders of the Company and (ii) capital increases by contribution in cash with cancellation of the preferential subscription right but with irreducible allocation right for the existing shareholders of the Company, as provided in Article 26, §1, subparagraphs 1 and 2 of the BE-REIT Law. The latter provision allows to limit or cancel the preferential subscription right provided that an irreducible allocation right meeting certain conditions is granted to existing shareholders when issuing new shares. For these two types of transactions, it is proposed to authorise the Board of Directors to increase the capital, in one or several transactions, for a maximum amount of 205,135,237.71 EUR, *i.e.* 50% of the amount of the capital.

The authorisation referred to in section 2°) covers capital increases in the context of the payment of an optional dividend. For this type of transaction it is proposed to authorise the Board of Directors to increase the capital, in one or several transactions, for a maximum amount of EUR 41,027,047.54, *i.e.*

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10% of the amount of the capital.

The authorisation referred to in section 3°) covers all other forms of capital increases, including, in particular, capital increases by contribution in kind (except in the context of the payment of an optional dividend), by incorporation of reserves or by contribution in cash without preferential subscription right or irreducible allocation right. The latter type of transaction became possible following the amendment of Article 26, §1 of the BE-REIT Law by the Law of May 2, 2019 containing various financial provisions. This authorisation would, for instance, allow the Board of Directors to implement a capital increase further to a private placement (for institutional investors) by means of an accelerated book building. For all these transactions, it is proposed to authorise the Board of Directors to increase the capital, in one or several transactions, for a maximum amount of EUR 41,027,047.54, *i.e.* 10% of the amount of the capital.

In any event, the capital may never be increased, within the framework of the authorised capital, by more than 287,189,332.79 EUR, *i.e.* 70% of the capital, over a period of five years from the date of publication of the minutes of the Extraordinary General *in the Annexes of the Belgian Official Gazette*.

The Board of Directors further wishes to specify that the authorisation will allow it to:

- implement capital increases as a result of the conversion of convertible bonds or the exercise of subscription rights – whether or not attached to another security – which may give rise to the creation of shares with voting right;
- limit or cancel the preferential subscription right of shareholders, as the case may be, in favour of one or more specific persons other than members of personnel, in accordance with the rules of the Company Code (the Code of Companies and Associations), the articles of association of the Company and the BE-REIT regulation; and
- implement capital increases with an issue premium, which will, as the case may be, be allocated to one or more separate equity accounts on the liabilities side of the balance sheet in accordance with applicable law.

(c) Justification

The renewal of the authorised capital will provide the Company with the opportunity to have financial flexibility allowing it, on the one hand, to react quickly to any opportunity that would arise on the market and, on the other hand, to fund, through equity, new investments falling within its strategy and which are value-creating for the shareholders, while controlling its debt level. This authorisation aims at strengthening the real estate portfolio of the Company, in the interest of the Company and its shareholders. This justification is similar to the one described in the previous reports prepared by the Company within the framework of the authorised capital.

III. **Proposed resolution and amendment of the articles of association**

The Board of Directors thus proposes to the shareholders of the Company to cancel the balance of the authorisation granted to it by the Extraordinary General Meeting of 26 April 2016 and to replace such authorisation by a new authorisation to increase the capital in accordance with articles 603 and following of the Company Code (7:198 and following of the Code of Companies and Associations), in one or several transactions, on the dates and pursuant to the terms and conditions to be determined by it, valid for a period of five years from the date of publication of the minutes of the Extraordinary General Meeting, with a maximum amount of:



1° two hundred and five million hundred thirty-five thousand two hundred thirty-seven euros and seventy-one cents (205,135,237.71 EUR), if the capital increase to be implemented is a capital increase by contribution in cash, (i) with preferential subscription right for the shareholders of the company, as foreseen in articles 592 and following of the Company Code (7:188 and following of the Code of Companies and Associations), or (ii) with an irreducible allocation right for the shareholders of the Company, as foreseen in article 26, §1, subparagraphs 1 and 2 of the BE-REIT Law;

2° forty-one million twenty-seven thousand forty-seven euros and fifty-four cents (41.027.047,54 EUR), if the capital increase to be implemented is a capital increase in the context of the payment of an optional dividend;

3° forty-one million twenty-seven thousand forty-seven euros and fifty-four cents (41,027,047.54 EUR), for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;

with the understanding that, in any event, the share capital may never be increased, within the framework of the authorised capital, by more than two hundred and eighty-seven million one hundred and eighty-nine thousand three hundred and thirty-two euros and seventy-nine cents (287,189,332.79 EUR).

It is therefore proposed to replace subparagraphs 1 to 4 of article 7 of the articles of association by the following wording:

“The Board of Directors is authorised to increase the capital, in one or several transactions, on the dates and pursuant to the terms and conditions to be determined by it, for a maximum amount of:

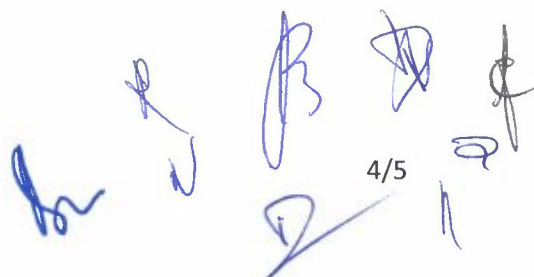
- 1° two hundred and five million hundred thirty-five thousand two hundred thirty-seven euros and seventy-one cents (205,135,237.71 EUR), if the capital increase to be implemented is a capital increase by contribution in cash, (i) with preferential subscription right for the shareholders of the company, as foreseen in articles [592 and following of the Company Code / 7:188 and following of the Code of Companies and Associations], or (ii) with irreducible allocation right for the shareholders of the company, as foreseen in article 26, §1, subparagraphs 1 and 2 of the BE-REIT law;*
- 2° forty-one million twenty-seven thousand forty-seven euros and fifty-four cents (41.027.047.54 EUR), if the capital increase to be implemented is a capital increase in the context of the payment of an optional dividend;*
- 3° forty-one million twenty-seven thousand forty-seven euros and fifty-four cents (41.027;047,54 EUR), for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;*

with the understanding that, in any event, the capital may never be increased, within the framework of the authorised capital, by more than two hundred and eighty-seven million one hundred and eighty-nine thousand three hundred and thirty-two euros and seventy-nine cents (287,189,332.79 EUR).

The preferential right of the shareholders can be limited or cancelled, as the case may be, in favour of one or more specific persons, other than members of personnel, in accordance with article 9 of the articles of association.

The Board of Directors is authorised, under the same conditions, to issue convertible bonds or subscription rights, as the case may be without preferential rights and as the case may be in favour of one or more specific persons, other than members of personnel.

This authorisation is granted for a period of five years as from the date of publication in the Annexes of the Belgian Official Gazette of the minutes of the general meeting of [date].”



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This resolution will take effect on the date of the publication of the minutes which record its adoption and will be valid for a period of five years.

The proposed amendment to the articles of association has been approved by the FSMA.

Brussels, October 21, 2019.



Benoît De Blicq
Executive Director



Alain Devos
Chairman of the Board of Directors



Benoît Godts
Director



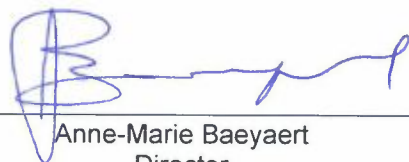
Sophie Goblet
Director



Vincent Querton
Director



Etienne Dewulf
Director



Anne-Marie Baeyaert
Director



Kurt De Schepper
Director



Wim Arousseau
Director