



BEFIMMO

Public BE-REIT (SIR/GVV)
Public Limited Liability Company
Auderghem (1160 Brussels), Chaussée de Wavre 1945
RPM n° 0455.835.167 – TVA n° 455.835.167
(hereafter the « company »)

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSED AMENDMENT TO THE CORPORATE PURPOSE IN ACCORDANCE WITH ARTICLE 559 OF THE CODE OF COMPANY LAW

Ladies, Gentlemen,

We have the honour to propose to the General meeting the amendment of the corporate purpose of the Company in the context of the recent modification of the Act of 12 May 2014 on regulated real estate companies (hereafter, the “**RREC Act**”) by the Act of 22 October 2017 modifying the Act on regulated real estate companies.

1. PROPOSED AMENDMENTS

Currently, article 4 of the articles of association of the Company states that:

“4.1. The company has as exclusive purpose:

- (a) making real estate available to users directly or through a company in which it holds a participation in accordance with the provisions of the BE-REIT regulation, and;*
- (b) within the limits set out by the BE-REIT regulation, hold real estate assets listed in article 2, 5°, vi) to x) of the BE-REIT law.*

By real estate is meant:

- i. real estate as defined in articles 517 and following of the Civil Code and the rights in rem over real estate, excluding real estate of a forestry, agricultural or mining nature;*
- ii. shares with voting rights issued by real estate companies under the exclusive or joint control of the company;*
- iii. option rights on real estate;*
- iv. shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case, joint or exclusive control over these companies is exercised by the company;*
- v. the rights arising from contracts giving one or more goods in finance-lease to the company or providing other similar rights of use;*
- 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 act of 19 April 2014 on alternative investment funds and their managers;*
- 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 act of 19 April 2014 on alternative*

investment funds and their managers, 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 in acquiring or building real estate in order to make it available to users, or the direct or indirect holding of participations in certain types of entities with a similar corporate purpose; and (v) that are exempt of income tax on profits in respect of the activity referred to in (iv) above subject to compliance with certain requirements, at least pertaining to the legal obligation to distribute part of their income to their shareholders (the Real Estate Investment Trusts, or "REITs");

x. real estate certificates referred to in article 5, § 4, of the Act of 16 June 2006.

In the context of the making available of real estate, the company can, in particular, exercise all activities related to the construction, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

4.2. On an ancillary or temporary basis, the company may make investments in securities which are not real estate within the meaning of the BE-REIT regulations. These investments will be made in compliance with the risk management policy adopted by the company and will be diversified in a way to ensure an adequate risk diversification. The company can also hold unallocated liquidities, in any currency, in the form of cash or term deposit or in any instrument of the monetary market that can be easily mobilised.

It may also trade in hedging instruments, with the exclusive aim to hedge the interest rate and exchange risk in the context of the financing and management of real estate of the company and with the exclusion of any transaction of a speculative nature.

4.3. The company may take or give one or more real estate assets in finance-lease. The activity of giving real estate assets in finance-lease with a purchase option can only be carried out in ancillary order, save where these real estate assets are intended for the public interest including social housing and education (in which case the activity can be carried out as a primary activity).

4.4. The company may by way of a merger or otherwise, take an interest in all businesses, undertakings or companies having a similar or related purpose and which are of a nature that favours the development of its business, and, in general, to do all transactions that are directly or indirectly linked to its corporate purpose as well as all acts that are useful or necessary for the realisation of its corporate purpose."

The Board of Directors proposes to replace items 4.1. and 4.2. of article 4 as follows:

"4.1. The company has as exclusive purpose:

(a) making real estate available to users directly or through a company in which it holds a participation in accordance with the provisions of the BE-REIT regulation, and;

(b) within the limits set out by the BE-REIT regulation, hold real estate assets listed in article 2, 5°, vi) to xi) of the BE-REIT law.

By real estate is meant:



- i. real estate as defined in articles 517 and following of the Civil Code and the rights in rem over real estate, excluding real estate of a forestry, agricultural or mining nature;*
- ii. shares with voting rights issued by real estate companies whose more than 25% of the share capital is held directly or indirectly by the company;*
- iii. option rights on real estate;*
- iv. shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case that more than 25% of the share capital is held directly or indirectly by the company;*
- v. the rights arising from contracts giving one or more goods in finance-lease to the company or providing other similar rights of use;*
- vi. shares in public and institutional real estate investment companies;*
- vii. shares in foreign real estate funds included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers;*
- 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 act of 19 April 2014 on alternative investment funds and their managers, 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, or not, to trading on a regulated market and are subject, or not, to prudential supervision; (iv) whose main activity consists in acquiring or building real estate in order to make it available to users, or the direct or indirect holding of participations in certain types of entities with a similar corporate purpose; and (v) that are exempt of income tax on profits in respect of the activity referred to in (iv) above subject to compliance with certain requirements, at least pertaining to the legal obligation to distribute part of their income to their shareholders (the Real Estate Investment Trusts, or "REITs");*
- x. real estate certificates referred to in article 5, § 4, of the Act of 16 June 2006 ;*
- xi. shares of FIIS/GVBF.*

Real estate assets referred to in article 4.1., (b), subparagraph 2, (vi), (vii), (viii), (ix) and (xi) above that constitute shares in alternative investment funds within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on management of alternative investment funds and amending Directives 2003/41/EC and 2009/65/EC and the Regulation (EC) n° 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and (EU) N° 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European supervisory authority (European Securities and Markets Authority) amending decision n° 716/2009/EC and repealing Commission Decision 2009/77/EC cannot be qualified as voting shares issued by real estate companies regardless of the amount of the shareholding held directly or indirectly by the company.



(c) enter into, in the long term, where appropriate in collaboration with third parties, directly or through a company in which it holds a shareholding in accordance with the regulation, with a public contracting authority or adhere to one or many:

(i) DBF contracts ("Design, Build, Finance"),

(ii) DB (F) M contracts ("Design, Build, (Finance) and Maintain");

(iii) DBF(M)O contracts ("Design, Build, Finance, (Maintain) and Ope-rate"); and / or

(iv) contracts for public works concessions relating to buildings and / or other real estate infrastructures and to services relating thereto, and on the basis of which:

- the company is responsible for the provision, maintenance and / operation for a public entity and / or citizens as end-users, in order to satisfy a social need and / or to allow the offer of a public service; and
- the company, without necessarily having rights in rem, can assume, in whole or in part, the financing risks, the availability risks, the demand risks and / or the operational risks, as well as the risk of building;

(d) ensure in the long-term, as the case may be in collaboration with third parties, directly or through a company in which it has a shareholding in accordance with the BE-REIT regulation, the development, establishment, management, and operation, with the possibility of outsourcing these activities:

(i) storage installations and facilities for the transport, distribution or storage of electricity, gas, fossil or non-fossil fuels, and energy in general, including assets related to such infrastructures;

(ii) installations for the transport, distribution, storage or purification of water, including assets related to such infrastructures;

(iii) facilities for the generation, storage and transport of renewable energy or not, including assets related to such infrastructures; or

(iv) incinerators and landfills, including assets related to these infrastructures.

(e) initially hold less than 25% in the capital of a company in which the activities referred to in this article 4.1, (c) are carried out, provided that such shareholding is converted by transfer of shares, within a period of two years, or any other longer period required by the public entity with which the contract is entered into, and after the end of the phase of constitution of the PPP project (within the meaning of the BE-REIT regulation), in a participation which is in accordance with the BE-REIT regulation.

In the context of the making available of real estate, the company can, in particular, exercise all activities related to the construction, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

4.2. On an ancillary or temporary basis, the company may make investments in securities which are not real estate within the meaning of the BE-REIT regulations. These investments will be made in compliance with the risk management policy adopted by the company and will

be diversified in a way to ensure an adequate risk diversification. The company can also hold unallocated liquidities, in any currency, in the form of cash or term deposit or in any instrument of the monetary market that can be easily mobilised.

The company may also trade in hedging instruments, with the exclusive aim to hedge the interest rate and exchange risk in the context of the financing and management of the activities of the company referred to in article 4 of the BE-REIT law and with the exclusion of any transaction of a speculative nature. ”

2. STATEMENT SUMMARISING THE ASSETS AND LIABILITIES OF THE COMPANY

The Board attaches to this report, in Annex 1, a statement summarising the assets and liabilities of the Company, as of December 31, 2017.

The Company's Auditor has also drawn up the report required by article 559 of the Companies Act.

3. JUSTIFICATION OF THE MODIFICATION OF THE CORPORATE PURPOSE

The Act of October 22, 2017, published in the *Belgian Official Journal* on November 9, 2017 and which came into force on the same day, amended the Act of May 12, 2014 on regulated real estate companies, essentially to allow regulated real estate companies ("RREC") to pursue new activities and enhance opportunities for RREC partnership with third parties or other RRECs.

On the one hand, the law removes the requirement for a public RREC to have joint or exclusive control over a real estate subsidiary or an institutional RREC and replaces it with the obligation for the public RREC to directly or indirectly hold more than 25% the capital of real estate companies and institutional RRECs in which it holds shares. The proposed new article 4.1., (b), subparagraph 2, ii. and iv., reflects this change.

On the other hand, the Act now allows the RRECs to conclude PPP (public private partnership) contracts with a public contracting authority, contracts for public works concessions for buildings and other infrastructure of a real estate nature, and contracts relating to the development, establishment, management, operation and provision of facilities in the energy, water and waste sectors. In order to carry out these activities it is necessary to extend the purpose of the Company. This is the purpose of the proposed new article 4.1., (c) and (d).

The Act also extends the notion of real estate assets to shares of institutional SICAFI/Vastgoedbevak and of specialized institutional investment funds ("FIIS/GVBF"). To



enable the Company to hold these real estate assets, a new article 4.1., (b), paragraph 2, vi. and xi has been proposed.


Finally, the Act extends the possibility for RRECs to trade in hedging instruments to hedge interest rates and foreign exchange risk, not only in the context of the financing and management of its real estate assets, but more broadly, in the context of the financing and management of its activities as they can now be broader. This is the purpose of the proposed new article 4.2., subparagraph 2.

The Board of Directors believes that the adoption of the proposed amendments to the articles of association is in the interests of the shareholders and the Company to the extent that it will allow the Company to expand its activities, in particular to PPPs, and its partnership opportunities, to diversify its investments and to purchase hedging instruments for these new businesses.

The Board of Directors therefore proposes that shareholders vote in favor of this amendment.

Brussels, February 21 2018

For the Board of Directors,



Managing Director



Chairman of the
Board of Directors

Schedule : Summary of the assets and liabilities of the Company as of December 31 2017.

Tableau Compte de résultats statutaire

	31.12.17	31.12.16
I. (+) Rental income	84 722	87 189
III. (+/-) Charges linked to letting	- 706	- 687
NET RENTAL INCOME	84 016	86 501
IV. (+) Recovery of property charges	5 447	4 909
V. (+) Recovery of rental charges and taxes normally payable by tenants on let properties	21 721	22 486
VII. (-) Charges and taxes normally paid by tenants on let properties	-19 558	-20 931
VIII. (+/-) Other revenue and charges for letting	1 655	212
PROPERTY RESULT	93 282	93 176
IX. (-) Technical costs	-8 877	-6 397
X. (-) Commercial costs	- 995	-1 267
XI. (-) Charges and taxes on unlet properties	-2 947	-4 007
XII. (-) Property management costs	-2 691	-2 661
XIII. (-) Other property charges	-3 187	-2 485
(+/-) Property charges	-18 696	-16 817
PROPERTY OPERATING RESULT	74 586	76 359
XIV. (-) Corporate management costs	-7 679	-6 323
XV. (+/-) Other operating income and charges	-1 174	- 461
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	65 733	69 575
XVI. (+/-) Gains or losses on disposals of investment properties	21 525	1 142
XVIII. (+/-) Changes in fair value of investment properties	-20 350	-8 218
OPERATING RESULT	66 908	62 499
XX. (+) Financial income	141 831	39 154
XXI. (-) Interest charges	-16 035	-18 793
XXII. (-) Other financial charges	-2 726	-2 696
XXIII. (+/-) Changes in fair value of financial assets and liabilities	-52 596	12 268
(+/-) Financial result	70 473	29 934
PRE-TAX RESULT	137 381	92 433
XXIV. (-) Corporation tax	-1 302	-2 007
(+/-) Taxes	-1 302	-2 007
NET RESULT	136 079	90 426
TOTAL BASIC NET RESULT AND DILUTED PER SHARE	5,32	3,82
Other comprehensive income - actuarial gains and losses - non-recyclable	357	- 153
TOTAL COMPREHENSIVE INCOME	136 436	90 273

Bilan statutaire

ASSETS	31.12.17	31.12.16
I. Non-current assets	2 192 936	2 341 026
C. Investment properties	1 311 296	1 377 742
D. Other property, plant and equipment	2 169	2 207
E. Non-current financial assets	878 991	961 077
F. Finance lease receivables	480	-
II. Current assets	324 443	226 678
B. Current financial assets	304 205	202 220
D. Trade receivables	15 826	15 897
E. Tax receivables and other current assets	2 664	4 638
F. Cash and cash equivalents	195	41
G. Deferred charges and accrued income	1 553	3 881
TOTAL ASSETS	2 517 378	2 567 705
SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.17	31.12.16
SHAREHOLDERS' EQUITY	1 448 500	1 401 336
A. Capital	357 871	357 871
B. Share premium account	792 641	792 641
C. Reserves	228 159	219 102
D. Net result for the fiscal year	69 829	31 721
LIABILITIES	1 068 878	1 166 369
I. Non-current liabilities	469 488	525 985
A. Provisions	3 673	257
B. Non-current financial debts	448 735	500 407
a. Credit institution	119 250	204 785
c. Other	329 485	295 622
USPP	161 916	183 206
EUPP	165 966	111 092
Guarantees received	1 603	1 324
C. Other non-current financial liabilities	17 080	25 321
II. Current liabilities	599 390	640 384
A. Provisions	5 579	3 769
B. Current financial debts	521 818	561 452
a. Credit institution	44 327	69 392
c. Other	477 491	492 061
Commercial papers	455 500	325 000
Bond issues / EUPP	15 000	161 978
Other	6 991	5 083
C. Other current financial liabilities	5	15
D. Trade debts and other current debts	44 947	38 386
b. Other	44 947	38 386
E. Other current liabilities	2 468	5 484
F. Accrued charges and deferred income	24 574	31 276
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 517 378	2 567 705