

Cofinimmo

Public limited company – Regulated real estate company under Belgian law
58 Boulevard de la Woluwe
1200 Brussels

VAT No. 426.184.049
Register of Legal Entities No. 0426.184.049

(the "**Company**")

REPORT PREPARED BY THE BOARD OF DIRECTORS OF COFINIMMO PURSUANT TO ARTICLE 559 OF THE
COMPANY CODE
FOR THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON 15 JANUARY 2020
IN THE EVENT THE REQUIRED QUORUM IS NOT MET AT THE EXTRAORDINARY GENERAL MEETING OF 20
DECEMBER 2019

7 November 2019

1 INTRODUCTION

This report has been prepared pursuant to Article 559 of the Company Code and relates to the amendment of the Company's corporate purpose.

The proposed amendment of the Company's corporate purpose shall be submitted to the Company's shareholders for approval only in the event the required quorum is not met at the extraordinary general meeting of 20 December 2019 and a second extraordinary general meeting is held on 15 January 2020.

Article 559 of the Company Code currently provides for a specific procedure to be followed in the event of an amendment to the corporate purpose. In accordance with this procedure, a detailed justification for the proposed amendment must be provided by the board of directors in a special report. A document summarising the Company's assets and liabilities, prepared within the past three months, must be appended to this report. The Company's auditor must also prepare a report on the summary.

However, given that the mandatory provisions of the new Code of Companies and Associations are immediately applicable to existing companies as of 1st January 2020, Article 7:154 of the Code of Companies and Associations applies to the Company as from this date. This article abolishes, in the event of amendment of the corporate purpose, the obligation for the Company to prepare a summary of its assets and liabilities and for the auditor to prepare its own report on the summary. Only the obligation for the board to draft a special report is maintained.

As neither a summary of the Company's assets and liabilities nor an auditor's report on the summary has been prepared, it was decided that the proposed amendment of the Company's corporate purpose would be submitted to the Company's shareholders only if the required quorum is not met at the extraordinary general meeting of 20 December 2019 and a second extraordinary general meeting is held on 15 January 2020 (i.e., after the mandatory provisions of the Code of Companies and Associations, including Article 7:154, become applicable to the Company).

2 CURRENT CORPORATE PURPOSE

The corporate purpose of the Company is currently described in Article 3 of the Company's articles in the following manner:

"3.1 The company's main purpose is:

(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 RREC legislation; and

(b) within the limits fixed by the RREC legislation, holding the real estate mentioned under Article 2(5)(vi) to (x) of the RREC Act.

Real estate is understood as follows:

- (i) real property as defined by Article 517 et seq. of the Civil Code and rights in rem in real property, 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 by the Company;*
- iii. option rights for 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 by the Company;*
- v. 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 RREC 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 RREC Act, to the extent that they are subject to supervision equivalent to that applicable to public real estate investment companies;*
- ix. shares issued by companies (i) with legal personality, (ii) formed under the law of another member state of the European Economic Area, (iii) whose 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 to making it available to users or the direct or indirect holding of stakes in certain entities with a similar main purpose, 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 a portion of their income to their shareholders ("Real Estate Investment Trusts" or "REITs");*
- x. real estate certificates referred to in Article 5 §4 of the Act of 16 June 2006;*
- xii. shares of specialised real estate investment funds (FIIS).*

The real property referred to in Article 2.5(vi), (vii), (viii), (ix) and (xi) of the RREC Act which constitutes units 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 Alternative Investment Fund Managers (and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and (EU) No 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 No 716/2009/EC and repealing Commission Decision 2009/77/EC) may not be considered shares or units with voting rights issued by real estate companies, regardless of the value of the stake held directly or indirectly by the Company.

(c) conclude in the long term, if applicable in cooperation with third parties, directly or through a company in which it holds a stake in accordance with the provisions of the RREC rules, with a contracting authority or adhere to one or more:

- i. DBF agreements, so-called design-build-finance agreements;*
- ii. DB(F)M agreements, so-called design-build-(finance)-maintain agreements;*
- iii. DBF(M)O agreements, so-called design-build-finance-(maintain)-operate agreements; and/or*
- iv. public works concession contracts relating to buildings and/or other real property infrastructure and related services, on the basis of which:*
 - (i) the regulated real estate company is responsible for ensuring availability, maintenance and/or operation for a public entity and/or citizens as end users, in order to meet a societal need and/or allow the provision of a public service; and*

(ii) the regulated real estate company, without necessarily having any rights in rem, may assume, in whole or in part, the financing risk, the availability risk, the demand risk and/or the operating risk, and

(d) ensure in the long-term, if applicable in cooperation with third parties, directly or through a company in which it holds a stake in accordance with the RREC rules, the development, establishment, management or operation, with the possibility to sub-contract these activities, of:

- i. facilities and installations for the transport, distribution or storage of electricity, gas, combustible fossil or non-fossil fuels and energy in general, including assets related to such infrastructure;*

- ii. installations for the transport, distribution and storage or purification of water, including assets related to such infrastructure;*

- iii. installations for the production, storage and transport of renewable or nonrenewable energy, including assets related to such infrastructure; or*

- iv. incinerators and waste disposal facilities, including assets related to such infrastructure.*

In the context of ensuring the availability of buildings, the Company may in particular perform all activities associated with the construction, fitting out, renovation, development, acquisition, transfer, management and operation of buildings.

3.2 On a secondary or temporary basis, the Company can make investments in securities that do not constitute real estate in accordance with the RREC legislation. These investments are made, provided that the risk management policy, as adopted by the Company, is respected, and will be diversified in order to ensure an adequate risk diversification. The Company may also hold unallocated liquid funds in all currencies in the form of sight or term deposits or of any easily negotiable money market instrument.

It may also carry out operations involving hedging instruments, provided they aim exclusively at hedging interest rate and currency risks within the framework of financing and management of the real estate held by the Company. They exclude all operations of a speculative nature.

3.3 The Company can confer or take finance leasing contracts for one or more buildings. The activity of giving a finance-lease with the option to purchase real estate may only be exercised on a secondary basis, unless the real estate is intended for purposes in the public interest, including social housing and education (in which case it may be exercised on a primary basis).

3.4 The Company may acquire an interest, by means of a merger or otherwise, in all businesses, enterprises or companies having a similar or complementary purpose to its own, aimed at enhancing the corporate development and, in general, perform all operations directly or indirectly linked to its corporate purpose, as well as all useful or necessary actions to execute its corporate purpose.

The company is bound to carry out all of its activities and operations in compliance with the regulations and within the limits laid down by the RREC legislation and any other applicable legislation."

3 NEW PROPOSED PURPOSE

The board of directors proposes to amend Article 3 of the Company's articles with the following purpose:

"3.1. The Company's sole purpose is to:

(a) place, directly or through a company in which it holds a stake in accordance with the provisions of the RREC rules, properties at the disposal of users and

(b) within the limits set by the RREC rules, hold the real property mentioned in Article 2(5)(vi) to (xi) of the RREC Act.

Real property means:

i. buildings as defined in Article 517 et seq. of the Civil Code and rights in rem in buildings, excluding buildings used for forestry, agricultural or mining activities;

ii. shares or units with voting rights issued by real estate companies more than twenty-five percent (25%) of whose capital is held directly or indirectly by the Company;

iii. option rights for real property;

iv. shares of public regulated real estate companies or institutional regulated real estate companies provided, in the case of the latter, more than twenty-five percent (25%) of the capital is held directly or indirectly by the Company;

v. rights arising from financial leasing arrangements concluded by the Company for one or more properties, or contracts conferring similar rights of use;

vi. the units of a public or institutional real estate investment company (sicafi);

vii. the units of foreign real estate investment funds included on the list referred to in Article 260 of the Act of 9 April 2014 on alternative undertakings for collective investment and their managers;

viii. the units of real estate investment funds established in another Member State of the European Economic Area and not included on the list referred to in Article 260 of the Act of 19 April 2014 on alternative undertakings for collective investment and their managers, provided they are subject to supervision equivalent to that applicable to public real estate investment companies;

ix. shares or units issued by companies (i) with legal personality, (ii) governed by the law of another Member State of the European Economic Area, (iii) whose shares are admitted (or not admitted) to trading on a regulated market and that form the object (or do not form the object) of prudential control, (iv) whose main activity is the acquisition or construction of buildings in order to make them available to users or the direct or indirect holding of shares in companies engaged in a similar activity, and (v) that are exempt from income tax on profits relating to the activity referred to in point (iv) above, subject to compliance with certain constraints, taking into account at least the statutory obligation to distribute a portion of their income to shareholders (so-called real estate investment trusts or REITs);

x. the real estate certificates referred to in the Act of 11 July 2018;

xi. shares or units of specialised real estate investment funds (FIIS).

The real property referred to in Article 3.1(b), paragraph 2(vi), (vii), (viii), (ix) and (xi) of the RREC Act which constitutes units in alternative investment funds within the meaning of the European rules may not be considered shares or units with voting rights issued by real estate companies, regardless of the value of the stake held directly or indirectly by the Company.

If the RREC rules change in the future and designate other types of assets as real property within the meaning of these rules, the Company may also invest in these additional types of assets.

(c) conclude in the long term, if applicable in cooperation with third parties, directly or through a company in which it holds a stake in accordance with the provisions of the RREC rules, with a contracting authority or adhere to one or more:

i. DBF agreements, so-called design-build-finance agreements;

ii. DB(F)M agreements, so-called design-build-(finance)-maintain agreements;

iii. DBF(M)O agreements, so-called design-build-finance-(maintain)-operate agreements; and/or
iv. public works concession contracts relating to buildings and/or other real property infrastructure and related services, on the basis of which:

(i) the regulated real estate company is responsible for ensuring availability, maintenance and/or operation for a public entity and/or citizens as end users, in order to meet a societal need and/or allow the provision of a public service; and

(ii) the regulated real estate company, without necessarily having any rights in rem, may assume, in whole or in part, the financing risk, the availability risk, the demand risk and/or the operating risk, and

(d) ensure in the long-term, if applicable in cooperation with third parties, directly or through a company in which it holds a stake in accordance with the RREC rules, the development,

establishment, management or operation, with the possibility to sub-contract these activities, of:

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

ii. installations for the transport, distribution and storage or purification of water, including assets related to such infrastructure;

iii. installations for the production, storage and transport of renewable or nonrenewable energy, including assets related to such infrastructure; or

iv. incinerators and waste disposal facilities, including assets related to such infrastructure.

(e) hold initially less than 25% of the capital of a company that performs the activities mentioned in Article 3.1(c) above, provided this stake is converted through the transfer of shares, within a period of two years or any longer period required by the public entity with which the contract is concluded and upon expiry of the setting-up phase of the PPP project (within the meaning of the RREC rules), into a stake that complies with the RREC rules.

Should the RREC rules be amended in the future and authorise the performance of other activities by the Company, the Company may also exercise these new activities.

In the context of ensuring the availability of buildings, the Company may in particular perform all activities associated with the construction, fitting out, renovation, development, acquisition, transfer, management and operation of buildings.

3.2. On an ancillary or temporary basis, the Company may invest in securities not constituting real property within the meaning of the RREC rules. These investments shall be made in accordance with the Company's risk management policy and shall be diversified in order to ensure adequate risk diversification. The Company may also hold unallocated cash, in any currency, in the form of sight or term deposits or any easily negotiable money market instrument.

It may also carry out transactions involving hedging instruments, intended solely to hedge interest rate and currency risk in the context of the financing and management of the Company's activities as referred to in the RREC Act, with the exception of purely speculative transactions.

3.3. The Company may enter into finance leases, as lessor or lessee, for one or more buildings. Finance leasing activity, with the option to purchase the building, may only be performed on an ancillary basis, unless the building is intended to be used in the public interest, including for social housing or education (in which case it can be a main activity).

3.4. The Company may acquire a stake, by way of a merger or otherwise, in all businesses, undertakings or companies having a purpose similar or complementary to its own and that facilitate the development of its business and, in general, perform all transactions relating directly or indirectly to its corporate purpose as well as all acts necessary or useful to realise this purpose. In general, the Company is obliged to conduct its activities and carry out transactions in accordance

with the rules and within the limits set by the RREC provisions and any other applicable legislation."

The main proposed modifications to the Company's corporate purpose are marked in bold above.

Other modifications are made to the corporate purpose but these are purely formal and relate mainly to changes to terminology based on the Code of Companies and Associations (for example "purpose" in place of "corporate purpose") and the rules applicable to the Company (for example, "Act of 11 July 2018" in place of the "Act of 16 June 2016"), without the Company's activities being modified in any way.

4 JUSTIFICATION FOR THE PROPOSED AMENDMENT

The proposed amendment of the Company's corporate purpose, on the one hand, follows amendment of the RREC Act of 12 May 2014 by the Act of 22 October 2017 and, on the other hand, is intended to clarify and align the description of the Company's purpose with the activities that may be performed by a regulated real estate company. The objective is indeed to allow the Company to be able to conduct all of the activities which may be performed by a regulated real estate company in accordance with the RREC rules, even if these rules are amended in the future.

The board of directors believes that the proposed amendment to the corporate purpose will facilitate the development of the Company's business.

5 CONCLUSION

The board of directors consequently requests that the shareholders approve the amendment of the Company's articles to modify the Company's purpose, in accordance with the conditions described in this report.

Done in Brussels, on 7 november 2019.

For the board of directors,

Jean-Pierre Hanin
Chief Executive Officer

Jacques van Rijckevorsel
Chairman of the Board of Directors