

Cofinimmo

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

VAT No. 426,184,049
RPM 0426.184.049

(the "**Company**")

REPORT PREPARED BY THE BOARD OF DIRECTORS OF COFINIMMO
IN ACCORDANCE WITH ARTICLE 7:199 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE
FOR THE EXTRAORDINARY GENERAL MEETING OF 28 JULY 2020
AND, IF APPLICABLE, THE SECOND EXTRAORDINARY GENERAL MEETING OF 25 AUGUST 2020 IF THE
QUORUM IS NOT MET AT THE FIRST MEETING

23 June 2020

1 INTRODUCTION

This report has been drawn up pursuant to Article 7:199 of the Companies and Associations Code (hereafter: "CAC") and concerns the proposal to renew and extend the authorisation granted to the board of directors relating to the authorised capital.

This proposal will be submitted to the Company's shareholders for approval at the extraordinary general meeting to be held on 28 July 2020 and, if applicable, at the second extraordinary general meeting to be held on 25 August 2020, if the required quorum is not met on 28 July 2020.

This special report describes the circumstances under which the Company's management body is authorised to increase the capital and the objectives it can pursue in this regard.

2 PROPOSED AUTHORISATION RELATING TO THE AUTHORISED CAPITAL

On 15 January 2020 the Company's extraordinary general meeting granted the board of directors an authorisation to increase the Company's capital in one or more times, for a period of five years, by a maximum amount of:

1°) 692.000.000 EUR, by means of cash contributions with the possibility for the Company's shareholders to exercise a pre-emptive right or priority allocation right,

2°) 277.000.000 EUR, for capital increases in the context of the distribution of an optional dividend,

3°) 138.000.000 EUR, for:

a. capital increases by means of contributions in kind,

b. capital increases by means of cash contributions without the possibility for the Company's shareholders to exercise a preemptive right or priority allocation right, or

c. any other type of capital increase,

it being understood that the capital, pursuant to the exercise of these authorisations, may never be increased by an amount in excess of 1.107.000.000 EUR, being the cumulated amount of these authorisations in terms of authorized capital.

This authorisation is granted for a renewable period of five years as from the publication date in the *Moniteur belge* of the minutes of the general meeting of 15 January 2020.

This five-year period began on 28 January 2020 (i.e. the publication date in the Annexes to the *Moniteur belge* of the decision approving the authorisation relating to the authorised capital adopted by the extraordinary general meeting of 15 January 2020) and runs until 25 January 2025.

The available balance of the authorized capital has been reduced following these capital increases:

- On 9 June 2020 in the context of the distribution of an optional dividend of 20.750.901,02 EUR (accompanied by a gross issue premium of 23.268.950,66 EUR),
- On 10 June 2020 in the context of a contribution in kind, the capital has been increased with an amount of 44.232.462,98 EUR (accompanied by a gross issue premium of 54.288.235,90 EUR),

with the consequence that, at the time of writing of this report, the maximum amount by which the Board may increase the subscribed capital within the framework of the authorized capital is 692.000.000 EUR for point 1), 256.249.098,98 EUR for point 2) and 93.767.537,02 EUR for point 3).

It is thus proposed that the general meeting replace the existing authorisation relating to the authorised

capital with a new authorisation allowing the Company's board of directors to increase the Company's capital on one or more occasions by a maximum amount of:

1. 50% of the capital on the date of the extraordinary general meeting that approves the authorisation, rounded down, for capital increases **by means of cash contributions with the possibility for the Company's shareholders to exercise a pre-emptive right or priority allocation right;**
2. 20% of the capital on the date of the extraordinary general meeting that approves the authorisation, rounded down, for capital increases in the context of the **distribution of an optional stock dividend;**
3. 10% of the capital on the date of the general meeting that approves the authorisation, rounded down, for (i) capital increases **through contributions in kind**, (ii) capital increases **through cash contributions without the possibility for the Company's shareholders to exercise a pre-emptive right or priority allocation right** and (iii) **any other type of capital increase,**

it being specified (i) that the capital, within the framework of the authorized capital, may in no case be increased by an amount greater than the cumulative amount of the authorizations referred to in points 1 °, 2 ° and 3 ° and (ii) that any capital increase must take place in accordance with RREC-regulations.

The proposed authorisation will be granted for a period of five years as from the publication date in the Annexes to the Moniteur belge of the minutes of the extraordinary general meeting that approves it.

The proposed authorisation set out in **point 1** above covers, on the one hand, a classic capital increase (with the issuance of shares, convertible bonds or warrants) through a cash injection with the application of a pre-emptive right as provided for by company law and, on the other hand, a capital increase (with the issuance of shares, convertible bonds or warrants) with the application of a priority allocation right for the Company's shareholders, as provided for by Article 26 §1 of the Act of 12 May 2014 on regulated real estate companies (the "**RREC Act**").

The RREC Act indeed allows derogation from the pre-emptive right of shareholders, which it replaces with a "priority allocation right" in favour of existing shareholders. This mechanism reflects market practice, as a pre-emptive right can, depending on the circumstances, be unsuited to international markets, particularly due to its duration. The priority allocation right provided for by the RREC Act is thus regarded as equivalent to the traditional preferential subscription right provided for by the Company Code.

This is an authorisation to increase the capital by up to 50% of the amount of capital on the date of the extraordinary general meeting that approves it, rounded down.

The proposed authorisation set out in **point 2** above refers to the possibility to compensate shareholders in a specific way by proposing an optional dividend. The shareholders thus have the possibility to contribute to the Company's capital their (net) dividend entitlements in exchange for new shares of the Company.

This is an authorisation to increase the capital by up to 20% of the amount of capital on the date of the

extraordinary general meeting that approves it, rounded down.

The proposed authorisation set out in **point 3** above refers to capital increases (in particular with the issuance of shares, convertible bonds or warrants) (i) through contributions in kind or (ii) through cash contributions without the possibility for the Company's shareholders to exercise a pre-emptive right or the above-mentioned priority allocation right or (iii) any other type of capital increase.

This is an authorisation to increase the capital by up to 10% of the amount of capital on the date of the extraordinary general meeting that approves it, rounded down.

The capital increases referred to in point 3(ii) were made possible by the amendment of Article 26 §1 of the RREC Act by Article 186 of the Act of 2 May 2019 containing various financial provisions. The amendment allows, for example, regulated real estate companies to carry out a capital increase by means of a procedure known as *accelerated bookbuilding* (accelerated private placement with the creation of an order book). The possibility to conduct this type of capital increase is limited by law in that the total value of the capital increases carried out in accordance with the authorisation set out in point 3(ii), over a period of twelve months, may not exceed 10% of the capital as it stood at the time of the decision to increase the capital.

For the sake of clarity, it is noted that unless the board of directors decides otherwise, capital increases in the context of the payment of an optional dividend are deemed to fall under the authorisation proposed in point 2.

However, if the authorisation proposed in point 2 (that is, a distinct authorisation for capital increases in the context of the distribution of an optional dividend) is not approved by the extraordinary general meeting, such capital increases may then fall under the authorisation proposed in point 3 (provided this authorisation is approved by the extraordinary general meeting).

In any case, pursuant to the exercise of these authorisations, the capital may never be increased by an amount in excess of the cumulated amount of these authorisations.

The proposed authorisation will be granted for a period of five years as from the publication date of the minutes of the extraordinary general meeting that approves it in the Annexes to the Moniteur belge. The current authorisation relating to the authorised capital will be replaced with the proposed authorisation. However, if the proposed authorisation is not approved by the extraordinary general meeting, the current authorisation relating to the authorised capital will continue to apply to the Company's board of directors.

Capital increases thus determined by the board of directors may be subscribed in cash, in kind or by a combination of both or effected through the incorporation of reserves, including profits carried forward and issue premiums, as well as all components of equity reflected in the Company's IFRS financial statements (drawn up pursuant to the applicable RREC rules) capable of being converted into capital, with or without the creation of new securities. Such capital increases may also be realised through the issuance of convertible bonds, subscription rights or mandatory convertibles, which may give rise to creation of the same securities.

When capital increases decided on pursuant to this authorisation include an issue premium, the amount thereof shall be credited to one or more distinct accounts in the equity section on the liability side of the balance sheet. The board of directors is free to decide to place any issue premiums, possibly after deduction

of an amount at most equal to the costs of the capital increase in the meaning of the applicable IFRS-rules, on an unavailable account, which will provide a guarantee for third parties in the same manner as the capital and which can only be reduced or abolished by means of a resolution of the general meeting deciding in accordance with the quorum and majority requirements for an amendment of the Articles of Association, except in the case of the conversion into capital. If the capital increase is accompanied by an issue premium, only the amount of the capital increase will be deducted from the remaining available amount of the authorised capital.

3 OBJECTIVES PURSUED BY THE USE OF AUTHORISED CAPITAL

The purpose of this request for an authorisation to increase the capital within the limits of the authorised capital is, as in the past, to allow the Company to react quickly and flexibly to all opportunities and proposals for contributions in cash or in kind that meet the criteria mentioned in its corporate purpose (Article 3 of the articles).

The calling of a general meeting to proceed with a capital increase, and the burdensome procedure this entails, is not always in the Company's interest. This is especially true, for example, when the calling of a general meeting, due to its timing and the disclosure thereof, is liable to compromise a proposed transaction or when the costs associated with calling a general meeting are disproportionate compared to the amount of the proposed capital increase. The board of directors may thus have recourse to the authorised capital in all cases when calling a general meeting is not advisable.

The authorised capital may also be used in cases where it is important to make the most of market developments and conditions in order to respond to interest expressed by investors and, in general, take advantage of all opportunities to strengthen the Company's own funds, adapt the Company's financial structure to business development needs and statutory and regulatory provisions, improve the Company's capacity to act, and promote the development of its activities.

It also appears appropriate to use the authorised capital when there is a need for quick financing or when it is necessary to respond swiftly to a financing opportunity, without the possibility for the Company's shareholders to exercise a pre-emptive right or priority allocation right.

The authorised capital may be used when the board of directors wishes to proceed with a capital increase in the context of an optional dividend, regardless of whether the dividend is (fully or partially) paid directly in shares or in cash and, thereafter, it is possible to subscribe, in whole or in part, to the new shares, with or without a balancing cash adjustment.

Finally, the board of directors may also use the authorised capital in the context of the remuneration policy, including to grant, for example, shares, or warrants to employees of the Company or its subsidiaries (as defined by applicable company law).

Due to its flexibility, this technique of the authorised capital facilitates continued pursuit of the growth policy successfully followed by the board of directors for many years.

The specific circumstances in which the authorised capital may be used and the objectives described in this report are not exhaustive and should be interpreted as broadly as possible.

4 PROPOSED AMENDMENTS TO THE ARTICLES

In view of the foregoing, the board of directors proposes to amend and replace Article 6.2 relating to the authorised capital in order to align it to the aforementioned proposals.

"The board of directors is authorised to increase the capital on one or more occasions by a maximum amount of:

1° seven hundred and twenty five million euros (725.000.000 EUR), being 50 % of the capital on the date of the extraordinary general meeting of [28 july 2020 or, if the quorum is not met, 25 august 2020], rounded down if necessary, for capital increases by means of cash contributions with the possibility for the Company's shareholders to exercise a pre-emptive right or priority allocation right,;

2° two hundred ninety million euros (290.000.000 EUR), being 20% of the capital on the date of the extraordinary general meeting of [28 july 2020 or, if the quorum is not met, 25 august 2020], rounded down, for capital increases in the context of the distribution of an optional dividend;

3° one hundred and forty-five million euros (145.000.000 EUR), being 10% of the capital on the date of the extraordinary general meeting of [28 july 2020 or, if the quorum is not met, 25 august 2020], rounded down, for :

a. capital increases by means of contributions in kind,

b. capital increases by means of cash contributions without the possibility for the Company's shareholders to exercise a pre-emptive right or priority allocation right, or

c. any other type of capital increase,

it being specified (i) that the capital, within the framework of the authorized capital, may in no case be increased by an amount greater than one billion one hundred and sixty million euros (1.160.000.000 EUR), being the cumulative amount of the authorizations referred to in points 1°, 2° and 3° and (ii) that any capital increase must take place in accordance with RREC-regulations.

The proposed authorisation will be granted for a period of five years as from the publication date in the Annexes to the Moniteur belge of the minutes of the extraordinary general meeting of [28 july 2020 or, if the quorum is not met, 25 august 2020].

Upon any capital increase, the board of directors shall determine the price, the issue premium, if any, and the conditions for issuance of the new securities.

Capital increases thus determined by the board of directors may be subscribed in cash, in kind or by a combination of both or effected through the incorporation of reserves, including profits carried forward and issue premiums, as well as all components of equity reflected in the Company's IFRS financial statements (drawn up pursuant to the applicable RREC rules) capable of being converted into capital, with or without the creation of new securities. These capital increases may also be carried out by the issue of convertible bonds, subscription rights or any other securities representing the capital or giving access thereto.

When capital increases decided on pursuant to this authorisation include an issue premium, the amount thereof shall be credited to one or more distinct accounts in the equity section on the liability side of the balance sheet. The board of directors is free to decide to place any issue premiums, possibly after deduction of an amount at most equal to the costs of the capital increase in the meaning of the applicable IFRS-rules, on an unavailable account, which will provide a guarantee for third parties in the same manner as the capital and which can only be reduced or abolished by means of a resolution of the general meeting deciding in accordance with the quorum and majority requirements for an amendment of the Articles of Association, except in the case of the conversion into capital.

If the capital increase is accompanied by an issue premium, only the amount of the capital increase will be

deducted from the remaining available amount of the authorised capital.

The board of directors is authorised to restrict or cancel the preferential subscription right of shareholders, even in favour of one or more specific persons other than employees of the company or of one of its subsidiaries, under the conditions applicable under the RREC regulations. If and insofar as an irreducible allocation right must be granted to existing shareholders when the new shares are allocated, it meets the conditions provided for by the RREC regulations. In any event, it does not need to be granted in those cases of contribution in cash described in accordance with Article 6.4 of the articles.

Capital increases by way of a contribution in kind shall be carried out in accordance with the requirements of the RREC rules and the conditions set out in Article 6.4 of the articles of association. Such contributions may also concern dividend entitlements in the context of the distribution of an optional dividend.

The board of directors is authorised to have set down in a notarised document the resulting amendments to the articles."

5 CONCLUSION

The board of directors believes that the authorisation relating to the authorised capital is in the Company's interest.

The board of directors therefore requests that the Company's shareholders vote in favour of the amendment to the Company's articles for the purpose of granting to the board a new authorisation relating to the authorised capital, at the terms and conditions set out in this report.

Done in Brussels, 23 June 2020.

For the board of directors,

Jean Kotarakos
Director

Françoise Roels
Director