

Cofinimmo

Public limited company - Public regulated real estate company under Belgian law

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(the "**Company**")

REPORT OF THE BOARD OF DIRECTORS OF COFINIMMO
PURSUANT TO ARTICLE 7:199 OF THE COMPANIES AND ASSOCIATIONS CODE

TO THE EXTRAORDINARY SHAREHOLDERS' MEETING ON 10 MAY 2023
AND, IF APPLICABLE, AT A SECOND EXTRAORDINARY SHAREHOLDERS' MEETING ON 30 MAY 2023 IF THE
QUORUM IS NOT MET AT THE FIRST MEETING

30/03/2023

1 INTRODUCTION

This report has been prepared in accordance with Article 7:199 of the Companies and Associations Code (hereinafter the “CAC”) and concerns the proposed renewal of the authorisation granted to the Board of Directors regarding the authorised capital.

This proposal will be submitted to the shareholders of the Company for approval at the extraordinary shareholders’ meeting to be held on 10 May 2023, and if applicable, at the second extraordinary shareholders’ meeting to be held on 30 May 2023 if the required quorum is not met on 10 May 2023.

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

2 PROPOSED AUTHORISATION RELATING TO THE AUTHORISED CAPITAL

On 7 June 2021, the extraordinary shareholders’ meeting of the Company granted the Board of Directors the authorisation to increase the capital of the Company on one or more occasions within the framework of the authorised capital for a period of five years, by a maximum amount of :

1°) EUR 804,800,000.00 by means of contributions in cash with the possibility for the Company’s shareholders to exercise a pre-emptive right or priority allocation right,

2°) EUR 321,900,000.00 for capital increases in the context of the distribution of an optional dividend,

3°) EUR 160,900,000.00 for :

a. capital increases by means of contributions in kind,

b. capital increases by means of contributions in cash 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 understood that the capital, pursuant to the exercise of these authorisations, may never be increased by an amount exceeding EUR 1,287,600,000.00 i.e. the cumulative amount of the various authorisations in terms of authorised capital.

This authorisation is granted for a renewable period of five years as from the publication in the Belgian Official Gazette of the minutes of the shareholders’ meeting of 7 June 2021.

This five-year period started on 5 July 2021 (i.e. the date of publication in the Appendices to the Belgian Official Gazette of the authorisation decision on the authorised capital adopted by the extraordinary shareholders’ meeting of 7 June 2021).

The available balance of the authorised capital was reduced as a result of:

- the capital increase of 9 May 2022, which consisted of a capital increase by contribution in kind of shares in the amount of EUR 2,139,953.75 (together with a gross issue premium of EUR 2,384,455.15);
- the capital increase of 7 June 2022, which consisted of a capital increase by contribution in kind of an optional dividend in the amount of EUR 27,658,954.46 (together with a gross issue premium of EUR 28,702,987.54);
- the capital increase of 15 December 2022, which consisted of a capital increase by contribution in kind of shares in the amount of EUR 11,882,362.08 (together with a gross issue premium of EUR 7,049,201.46);

- the capital increase of 22 December 2022, which consisted of a capital increase by contribution in kind of asset in the amount of EUR 21,673,750.38 (together with a gross issue premium of EUR 12,417,087.25);

At the date of this report, the maximum amount up to which the Board of Directors may increase the subscribed capital within the framework of the authorised capital is therefore EUR 804,800,000.00 for point 1), EUR 294,241,045.54 for point 2) and EUR 125,203,933.79 for point 3). It is specified that the Board of Directors remains free to use the amounts that remain available under the existing authorisation of the authorised capital after the date of this report, until the entry into force of the new authorisation.

It is proposed to the shareholders' meeting to replace the existing authorisation for authorised capital with a new authorisation allowing the Board of Directors of the Company to increase the capital of the Company on one or more occasions up to a maximum amount of:

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

it being specified that the capital, within the framework of this authorisation, may never be increased by an amount greater than the cumulative amount of the various authorisations in terms of authorised capital.

This proposed authorisation will be granted for a period of five years from the date of publication of the minutes of the extraordinary shareholders' meeting approving the proposed authorisation in the Appendices to the Belgian Official Gazette.

The proposal for authorisation in **point 1.** above refers, on the one hand, to the classic case of an increase (in particular by issuing shares, convertible bonds or warrants) by contribution in cash with the application of a pre-emptive right as provided for by company law and, on the other hand, the specific case of a capital increase (in particular by issuing shares, convertible bonds or warrants) with application of a priority allocation right for the shareholders of the Company, as provided for in Article 26, §1 of the Law of 12 May 2014 on regulated real estate companies (the "**RREC Law**").

The RREC Law allows derogation from the pre-emptive right by replacing it with a “priority allocation right” for the benefit of existing shareholders. This mechanism reflects market practice, as the procedure with pre-emptive rights may, depending on the case, be unsuitable for international markets, in particular because of its duration. The priority allocation right of the RREC Law is therefore comparable to the classical preferential subscription right provided for by the Companies and Associations Code.

This is an authorisation up to 50% of the amount of the capital at the date of the extraordinary shareholders’ meeting that will approve the authorisation, rounded down.

The proposed authorisation in **point 2.** above refers to the possibility to compensate shareholders in a specific way by offering them an optional dividend. This gives shareholders the possibility to contribute their (net) dividend rights to the capital in exchange for new shares in the Company.

This is an authorisation up to 20% of the amount of the capital at the date of the extraordinary shareholders’ meeting that will approve the authorisation, rounded down.

The proposed authorisation in **point 3.** above refers to capital increases (in particular by issuing shares, convertible bonds or warrants) (i) by contributions in kind or (ii) by contributions in cash without the possibility for the Company’s shareholders to exercise the aforementioned pre-emptive right or priority allocation right, or (iii) any other type of capital increase.

This is an authorisation up to 10% of the amount of capital at the date of the extraordinary shareholders’ meeting that will approve the authorisation, rounded down.

The capital increases referred to in point 3.(ii) have become possible as a result of the amendments to Article 26, §1 of the RREC Law by Article 186 of the Law of 2 May 2019 on various financial provisions. The amendment allows, for example, regulated real estate companies to carry out a capital increase by private placement with *accelerated bookbuilding*. The possibility to carry out this type of capital increase is limited by law in the sense that the total amount of the capital increases carried out in accordance with the authorisation referred to in point 3.(ii), over a period of twelve months, may not exceed 10% of the amount of the capital as it stood at the time of the decision to increase the capital.

For the avoidance of doubt, unless the Board of Directors decides otherwise, capital increases in the context of the payment of an optional dividend will be covered by the authorisation proposed in point 2.

However, in the event that the authorisation proposed in point 2 (i.e. a separate authorisation for capital increases in connection with the distribution of an optional dividend) is not approved by the extraordinary shareholders’ meeting, then such capital increases may fall under the proposed authorisation in point 3 (provided that such authorisation is approved by the extraordinary shareholders’ meeting).

In any event, within the framework of the authorised capital, the capital may never be increased by an amount greater than the amount of the Company’s capital on the date of the extraordinary shareholders’ meeting that will approve the authorisation.

This proposed authorisation will be granted for a period of five years from the date of publication of the minutes of the extraordinary shareholders' meeting that will approve the authorisation in the Appendices to the Belgian Official Gazette. The current authorisation relating to the authorised capital will be replaced by the proposed authorisation. However, if the proposed authorisation is not approved by the extraordinary shareholders' meeting, then the current authorisation relating to the authorised capital will continue to apply for the Board of Directors of the Company.

The capital increases thus decided by the Board of Directors may be subscribed to 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 through the issuance of convertible bonds, subscription rights or bonds redeemable in shares or other securities, which may result in the creation of the same securities.

When capital increases decided upon pursuant to these authorisations 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 within the meaning of the applicable IFRS rules, on an unavailable account, which shall constitute a guarantee for third parties in the same manner as the capital, and which can only be reduced or cancelled by means of a decision of the shareholders' meeting taken in accordance with the modalities required for an amendment to 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 THE 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 of association).

The calling of a shareholders' 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 shareholders' meeting, due to its timing and the disclosure thereof, is likely to compromise a proposed transaction or when the costs associated with calling a shareholders' 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 shareholders' 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 AMENDMENT TO THE ARTICLES OF ASSOCIATION

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 with the above-mentioned proposals of the Board of Directors.

"The Board of Directors is authorised to increase the capital in one or more occasions up to a maximum amount of :

1° [amount in words] EUR (€ [amount in figures])¹, i.e. 50% of the amount of the capital on the date of the extraordinary shareholders' meeting of [10 May 2023 or, if the quorum is not met, 30 May 2023], rounded down if necessary, for capital increases by contributions in cash, with the possibility for the Company's shareholders to exercise a pre-emptive right or priority allocation right,

2° [amount in words] EUR (€ [amount in figures])², i.e. 20% of the amount of the capital on the date of the extraordinary shareholders' meeting of [10 May 2023 or, if the quorum is not met, 30 May 2023], rounded down if necessary, for capital increases in the context of the distribution of an optional dividend,

3° [amount in words] EUR (€ [amount in figures])³, i.e. 10% of the amount of the capital on the date of the extraordinary shareholders' meeting of [10 May 2023 or, if the quorum is not met, 30 May 2023], rounded down if necessary, for:

a. capital increases by contributions in kind,

b. capital increases by contributions in cash 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,

¹ To be modified, if necessary, according to the amount of capital on the date of the extraordinary shareholders' meeting that will approve the authorisation.

² To be modified, if necessary, according to the amount of capital on the date of the extraordinary shareholders' meeting that will approve the authorisation.

³ To be modified, if necessary, according to the amount of capital on the date of the extraordinary shareholders' meeting that will approve the authorisation.

it being specified that the capital, within the framework of this authorisation, may never be increased by an amount greater than [amount in words] euros (€ [amount in figures])⁴, being the cumulative amount of the various authorisations in terms of authorised capital.

This proposed authorisation will be granted for a renewable term of five years from the date of publication of the minutes of the extraordinary shareholders' meeting of [10 May 2023 or, if the quorum is not met, 30 May 2023] in the Appendices to the Belgian Official Gazette.

Upon any capital increase, the Board of Directors shall determine the price, the issue premium, if any, and the conditions of issuance of the new securities.

Capital increases decided by the Board of Directors may be subscribed for 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 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 through the issuance of convertible bonds, subscription rights or bonds redeemable in shares or any other securities, which may result in the creation of the same securities.

When capital increases decided upon pursuant to these authorisations 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 shall be free to decide to place any issue premiums, possibly after deduction of an amount at most equal to the costs of the capital increase within the meaning of the applicable IFRS rules, on an unavailable account, which shall constitute a guarantee for third parties in the same manner as the capital, and which can only be reduced or cancelled by means of decision of the shareholders' meeting taken in accordance with the modalities required for an amendment to 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 limit or cancel the preferential subscription right of shareholders, even in favour of one or more specific persons other than employees of the company or one of its subsidiaries, provided that, to the extent required by the RREC rules, a priority allocation right is granted to the existing shareholders at the time of allocation of the new securities. If applicable, this priority allocation right shall comply with the conditions set out in the RREC rules and in Article 6.4 of the articles of association. In any event, it shall not have to be granted in the case of contributions in cash in accordance with Article 6.4 of the articles of association.

Capital increases by contributions 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 relate to the dividend right 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 of association".

5 CONCLUSION

The Board of Directors is of the opinion that the authorisation relating to the authorised capital is in the interest of the Company.

⁴ To be modified, if necessary, according to the amount of capital on the date of the extraordinary shareholders' meeting that will approve the authorisation.

The Board of Directors therefore invites the shareholders of the Company to vote in favour of the amendment to the Company's articles of association to grant a new authorisation relating to the authorised capital, in accordance with the terms and conditions described in this report.

Brussels, 30/03/2023.

For the Board of Directors,

Jean-Pierre Hanin
Managing Director

Jacques van Rijckevorsel
Chairman of the Board of Directors