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BE 455.835.167 RPM - RPR Brussels  
Limited liability company (*société anonyme / naamloze vennootschap*)  
and public regulated real estate company (*société immobilière réglementée (SIR) / gereguleerde  
vastgoedvennootschap (GVV)*) incorporated under Belgian law

**PUBLIC OFFERING OF 2,557,921 NEW SHARES  
WITHIN THE FRAMEWORK OF A CAPITAL INCREASE IN CASH WITH PRIORITY ALLOCATION  
RIGHT**

**ADMISSION TO TRADING AND LISTING ON EURONEXT BRUSSELS OF THE NEW SHARES**

Befimmo SA/NV (the “**Issuer**” or the “**Company**”), whose shares are listed on the regulated market of Euronext Brussels (“**Euronext Brussels**”) under the trading symbol “BEFB”, is offering 2,557,921 new shares without nominal value (the “**New Shares**”) for a total amount of gross proceeds of up to EUR 127,256,570. The subscription price is EUR 49.75 per New Share (the “**Issue Price**”). The Issuer reserves the right to proceed with a capital increase for a lower number of New Shares than the maximum determined by the board of directors of the Issuer (the “**Board of Directors**”).

Subject to the restrictions in this Securities Note and limitations that may apply under applicable securities laws, each holder of ordinary shares of the Issuer (the “**Existing Shareholders**”) will be granted one priority allocation right (each, a “**Priority Allocation Right**”) per ordinary share of the Issuer (each, a “**Share**”) it holds on 14 September 2016 at the closing of Euronext Brussels (the “**Record Date**”). The offering of the New Shares to be issued upon the exercise of the Priority Allocation Rights is referred to in this Securities Note as the “**Priority Offering**”.

Each Priority Allocation Right will be represented by Coupon n°31 (as defined below), which will be detached from the underlying Share on the Record Date after closing of Euronext Brussels. Holders of Priority Allocation Rights will be entitled, subject to applicable securities laws, to subscribe for New Shares at the Issue Price on the basis of a ratio of one (1) New Share for nine (9) Priority Allocation Rights (the “**Ratio**”) from 15 September 2016 until 22 September 2016 (included) (the “**Subscription Period**”). Once exercised, the holders of Priority Allocation Rights cannot revoke the exercise of their Priority Allocation Rights, except as set out in Section 5.2.9 (*Supplement to the Prospectus*) of this Securities Note. Holders of Priority Allocation Rights which have not exercised such rights during the Subscription Period will no longer be able to exercise them. Priority Allocation Rights will be admitted to trading and will be listed on Euronext Brussels during the Subscription Period. Priority Allocation Rights have been accepted for clearance through Euroclear Bank NV/SA, as operator of the Euroclear system (“**Euroclear**”), under ISIN BE0970151545.

Priority Allocation Rights that are not exercised during the Subscription Period will be converted into an equal number of scrips (the “**Scrips**”). The Scrips will be offered by ING Belgium SA/NV, Kempen & Co N.V., Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Securities SA/NV (the “**Joint Bookrunners**” or the “**Underwriters**”) on behalf of the Issuer in an accelerated bookbuilding process to qualified investors (outside the United States of America pursuant to Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”)) that is expected to take place on 23 September 2016 (the “**Scrips Private Placement**”), together with the Priority Offering, hereafter referred to as the “**Offering**”). Purchasers of Scrips in the Scrips Private Placement shall irrevocably undertake to subscribe to a number of New Shares equal to the number of Scrips purchased by them multiplied by the Ratio at the Issue Price.

The results of the Priority Offering are expected to be announced by a press release of the Company on or about 23 September 2016. The results of the Offering, including the number of New Shares subscribed for and, as the case may be, the amount payable to the holders of unexercised Priority Allocation Rights, are expected to be announced by a press release of the Company on or about 23 September 2016.

The Existing Shares (as defined below) are admitted to trading and listed on Euronext Brussels under the trading symbol “BEFB”, and an application will be submitted to admit the New Shares to trading and listing on Euronext Brussels under the same symbol. The New Shares are expected to be accepted for clearance through Euroclear, under the same ISIN code as the Existing Shares (ISIN BE0003678894). It is expected that payment for and delivery of the New Shares will be made on 27 September 2016.

The New Shares shall only be profit sharing as from the Closing Date (as defined below), *i.e.*, the New Shares will be entitled to the dividend in respect of the current financial year (which started on 1 January 2016) to be declared by the ordinary general shareholders’ meeting of 2017 calculated *pro rata temporis* as from the Closing Date until 31 December 2016. The New Shares will therefore be issued ex-Coupon n°32 (as defined below), *i.e.*, the coupon representing the right to a dividend *pro rata temporis* as from 1 January 2016 until the day before the Closing Date. The New Shares will be issued with Coupon n°33 (as defined below) attached.

**Investing in the New Shares, the Scrips or trading in the Priority Allocation Rights involves risks. See Section 1 (“Risk Factors”) of this Securities Note, the section of the Registration Document (as defined below) starting on page 2 and the section of the Half-Yearly Financial Report 2016 (as defined below) starting on page 4 for a discussion of the factors that should be carefully considered in connection with an investment in the New Shares, the Scrips and trading in the Priority Allocation Rights.**

This Securities Note was prepared in accordance with the Belgian Law of 16 June 2006 on public offering of financial instruments and on the

admission of financial instruments to trading on a regulated market (the “**Prospectus Law**”) and in accordance with Chapter II and Annex III of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing the Prospectus Directive (as defined below), as amended from time to time (the “**Prospectus Regulation**”). This Securities Note has been approved by the Belgian Financial Services and Markets Authority (the “**FSMA**”).

This Securities Note does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the New Shares, Priority Allocation Rights or Scrips in any jurisdiction in which such an offer or solicitation would be unlawful. The New Shares, the Priority Allocation Rights and the Scrips have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or exercised except in transactions exempt from registration under the U.S. Securities Act. The New Shares and the Scrips are being offered and sold hereunder only outside the United States in reliance on Regulation S.

The New Shares, the Priority Allocation Rights and the Scrips are not being offered to the public in any Member State of the European Economic Area or elsewhere other than Belgium. The distribution of this Securities Note outside Belgium may in certain jurisdictions be restricted by law. Persons in possession of this Securities Note must therefore inform themselves about and observe such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. In particular, this Securities Note must not be distributed, forwarded to or transmitted in or into the United States, Japan, Canada or Australia. Shareholders who have a registered address in, or who are resident or located in, jurisdictions other than Belgium and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Securities Note to a jurisdiction outside Belgium should read Section 2.6 (*Certain restrictions on the Offering*).

*Global Coordinators*



*Joint Bookrunners*



SECURITIES NOTE DATED 13 SEPTEMBER 2016

This Securities Note constitutes, together with the Issuer's 2015 annual financial report approved by the FSMA as registration document on 22 March 2016 (the "**Registration Document**"), the summary dated 13 September 2016 (the "**Summary**") and the documents incorporated by reference, including the financial report of the Issuer relating to the period from 1 January 2016 to 30 June 2016, published on 20 July 2016 (the "**Half-Yearly Financial Report 2016**") and the interim statement of the Board of Directors for the period from 1 January 2016 to 31 March 2016 published on 4 May 2016 (the "**First Quarter Financial Results 2016**"), the prospectus (the "**Prospectus**") relating to (i) the public offering of 2,557,921 New Shares within the framework of a capital increase in cash with Priority Allocation Rights in the ratio of one (1) New Share for nine (9) Priority Allocation Rights pursuant to exemptions from, or in transactions not subject to, the registration requirements of the U.S. Securities Act, and the offering of the Scrips in an accelerated bookbuilding process to qualified investors (outside the United States of America pursuant to Regulation S under the US Securities Act) that is expected to take place on 23 September 2016 and (ii) the admission to trading and listing on Euronext Brussels of the New Shares (the "**Listing**").

The Registration Document contains a description of the Issuer and this Securities Note contains a description of the New Shares and certain additional information relating to the Issuer. The Summary contains a summary of the main characteristics of the New Shares and the Offering, as well as a summary description of the Issuer. In case of inconsistency between the Summary and this Securities Note or the Registration Document, the latter documents shall prevail.

The Prospectus will be made available to investors as from 15 September 2016 at no cost at the registered offices of the Issuer, as well as at their temporary address (Avenue Arnaud Fraiteur 15/23, 1050 Brussels). The Prospectus will also be made available to investors at no cost from ING Belgium SA/NV, Kempen & Co N.V., Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Securities SA/NV (see Section 2.12 (*Available information*) for more details. Subject to certain conditions, the Prospectus is also available on the website of the Issuer ([www.befimmo.be](http://www.befimmo.be)).

The Registration Document has been prepared and is available in French, Dutch and English. This Securities Note has been prepared and is only available in English. The Summary has been prepared in English and has been translated into Dutch and French. The Summary is therefore available in English, Dutch and French. The Issuer is responsible for the consistency between the English, Dutch and French versions of the Summary and of the Registration Document. In connection with the public offering in Belgium and the admission to trading and listing of the New Shares on Euronext Brussels, in case of inconsistencies between the versions in different languages, the English version shall prevail as it is the sole legally binding version.

**Any decision to invest in the New Shares or the Scrips or any decision to trade in the Priority Allocation Rights should be based on a careful review of the Prospectus.**

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## 1. RISK FACTORS

Investing in the New Shares, the Scrips or trading of the Priority Allocation Rights involves a certain degree of risk. Investors should carefully consider the following risk factors, together with the other information contained in the Prospectus, before making any investment decision concerning the New Shares, the Priority Allocation Rights or the Scrips. If any risk described below were to materialise, the Issuer's business, prospects, financial condition and/or results of operation could be negatively affected and this may have an impact on the market price of the ordinary shares of the Issuer (the "Shares"). These risks are not the only risks to which the Issuer is currently exposed or may in the future be exposed. The order in which the individual risks are presented is not indicative of their likelihood to occur nor of the severity or significance of the individual risks. One or more of the risks described below could affect the Issuer, the Shares, the Priority Allocation Rights and the Scrips simultaneously. Additional risks or uncertainties not presently known to the Issuer, or that the Issuer currently considers to be immaterial, or that may not specially relate to the Issuer or the Issuer's business may also have a negative effect on its business, future prospects, financial condition and results of operations and thus affect the market price of the Shares, the Priority Allocation Rights or the Scrips.

### 1.1 Risks relating to the Issuer and its business

Reference is made to the risks described in the section (*Risk Factors*) of the Registration Document starting on page 2 and, as updated, in the section (*Risk Factors*) of the Half-Yearly Financial Report 2016 starting on page 4.

### 1.2 Risks relating to the Offering and the Shares

*The market price of the Shares or the Priority Allocation Rights could be negatively affected by actual or anticipated sales of substantial numbers of Shares or Priority Allocation Rights.*

Sales of a substantial number of Shares or Priority Allocation Rights in the public markets, or the perception that such sales might occur, could cause the market price of the Shares or Priority Allocation Rights to decline. The Issuer cannot make any prediction as to the effect of any such sales or perception of potential sales on the market price of the Shares or Priority Allocation Rights.

Axa Belgium SA SA/NV has committed to exercise its Priority Allocation Rights and to subscribe for the New Shares up to the percentage of its participation in the share capital of the Company (*i.e.*, 10.7%). AG Insurance SA/NV (and its affiliates) has indicated on 6 September 2016 that it has the intention to participate in the Offering *pro rata* its participation in the share capital of the Company, provided that a number of criteria, relating among other things to market conditions and to the terms and conditions of the Offering, are met. AG Insurance SA/NV (and its affiliates) currently holds 10.35% in the share capital of the Company (see Section 5.3.2 (*Intention of major shareholders*)).

*The market price of the Shares may be volatile and could decrease, which may lead to the Company's shareholders not being able to sell their Shares at a price equal to or above the Issue Price.*

The Issue Price of the New Shares may not be indicative of the future market price of the Shares as of the Closing Date. From time to time, publicly traded securities experience significant price fluctuations that may be unrelated to the actual financial performance of the companies that have issued them. The market price of the Shares may be volatile as a result of various factors, many of which are beyond the Issuer's control. These factors include, but are not limited to, the following:

- market expectations for the Issuer's financial performance;
- actual or anticipated fluctuations in the Issuer's business, results of operations and financial condition;
- actual or anticipated dividend payments;
- the level of the Debt Ratio and LTV ratio (as defined below);

- changes in the estimates of the Issuer’s results by securities analysts or the Issuer’s failure to meet such expectations;
- investor perception of the impact and success of the Offering;
- potential or actual sales of blocks of Shares in the market or short selling of Shares;
- general market conditions;
- volatility in the market as a whole or investor perception of the Issuer’s industries and competitors;
- fluctuations in the interest rates; and
- the risk factors described in the Registration Document under Section 3 (starting on page 2) (*Risk Factors*).

The market price of the Shares may be adversely affected and the Shares may trade at a price below the value of the Issuer’s net assets as a result of any of the preceding or other factors regardless of the Issuer’s actual results of operations and financial condition. Therefore, the Issuer cannot make any predictions about the market price of the New Shares.

*The Shares may not be traded actively, and there is no assurance that the Offering will improve the trading activity.*

On 31 December 2015, the velocity of the free float was 116%<sup>1</sup> (calculated over a twelve (12)-month period); on 30 June 2016, it was 51%<sup>2</sup> (calculated over a six (6)-month period). The Offering will result in an increase of the number of outstanding Shares. The Issuer cannot make any predictions as to the effect of the Offering on the liquidity of the Shares in the short or long term. Reduced liquidity may lead to difficulties to sell the Shares and may lead to a discounted market price for the Shares. No Existing Shareholder is bound by a lock-up commitment in the context of the Offering.

*Future dividends declared by the Issuer and/or the dividend yield on the Shares may be less than historically paid.*

The level of future dividends will be determined on the basis of the available profits which may vary over time. The historical amounts of dividend payments and dividend yield are not necessarily predictive of future dividend payments and/or dividend yield on the Shares.

Pursuant to the BE-REIT Legislation (as defined below), the Company must distribute at least 80% of an amount corresponding to the “cash flow”<sup>3</sup> (thus not taking into account the change in fair value of investment properties and certain other non-cash items that are included in the net result). Such amount is calculated in accordance with Article 13 of the BE-REIT Royal Decree (as defined below).

*There is no assurance that a trading market will develop for the Priority Allocation Rights. If a trading market does develop, the market price for the Priority Allocation Rights may be subject to greater volatility than the market price for the Shares.*

The Priority Allocation Rights relating to Existing Shares are expected to be traded on Euronext Brussels from 15 September 2016 to 22 September 2016 (included). There is no assurance that an active trading market in the Priority Allocation Rights will develop or will be sustained during that period. If an active trading market fails to develop or be sustained, the liquidity and market price of the Priority Allocation Rights may be adversely affected. The market price of the Priority Allocation Rights will depend on a variety of factors, including but

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<sup>1</sup> Source: Bloomberg. Based on trading on all platforms.

<sup>2</sup> Source: Bloomberg. Based on trading on all platforms.

<sup>3</sup> “Cash flow” refers to the amount corresponding to the positive difference between (i) 80% of the amount determined in accordance with the table in Chapter III of Annex C of the BE-REIT Royal Decree (as defined below) and (ii) the net decrease, in the course of the same financial year, of the indebtedness of the Company as specified in Article 13 of the BE-REIT Royal Decree.

not limited to the performance of the market price of the Shares, but may also be subject to greater volatility than the Shares.

*There is no minimum amount for the Offering.*

The Issuer has the right to proceed with a capital increase corresponding to a number of shares lower than the maximum number offered. No minimum number of shares has been set for the Offering. The actual number of New Shares subscribed for through the exercise of Priority Allocation Rights as well as through the Scrips Private Placement will be confirmed in press releases. If the Offering is not fully subscribed, a lower number of New Shares will be available for trading in addition to the Existing Shares. The Issuer's financial means available for the purposes set forth in Section 3.4 (*Reasons for the Offering and use of proceeds*) might be reduced if the capital increase is completed at a level lower than the maximum amount. The Issuer might in such a case be required to reduce its level of future investments or to seek further external funding, which could have an impact on the Issuer's operational and financial results and dividend payments.

*Existing Shareholders will experience dilution as a result of the Offering if they do not or could not exercise their Priority Allocation Rights in full.*

To the extent that an Existing Shareholder fails to exercise the Priority Allocation Rights allocated to it in full by the closing of Euronext Brussels on the last day of the Subscription Period, its *pro rata* ownership and voting interest in the Issuer will be diluted. An Existing Shareholder may also be diluted to the extent that the number of Priority Allocation Rights it is granted does not entitle it to a round number of New Shares in accordance with the Ratio, unless such Existing Shareholder purchases additional Priority Allocation Right(s) on the secondary market and exercises such Priority Allocation Right(s) accordingly. In addition, Existing Shareholders who fail to exercise their Priority Allocation Rights may be subject to financial dilution (see section 5.13.3 (*Financial dilution*)).

For an illustration of the dilution of *pro rata* ownership and voting rights in the Issuer that an Existing Shareholder could suffer in the context of the above, see Section 5.13.1 (*Dilution of participation in the share capital*).

*Priority Allocation Rights not exercised during the Subscription Period will become null and void.*

Any Priority Allocation Right not exercised by the closing of Euronext Brussels on the last day of the Subscription Period will become null and void and will automatically convert into an equal number of Scrips. Each holder of an unexercised Priority Allocation Right at the closing of the Subscription Period will be entitled to receive a proportional part of the Net Scrips Proceeds, unless the Net Scrips Proceeds divided by the number of unexercised Priority Allocation Rights is less than EUR 0.01 (as described in Section 5.2 (*Terms and conditions of the Offering*)). There is, however, no assurance that any Scrips will be sold during the Scrips Private Placement or that there will be any such Net Scrips Proceeds.

*Withdrawal of subscription in certain circumstances may not allow sharing in the Net Scrips Proceeds and may have other adverse financial consequences.*

Subscriptions to New Shares are binding and irrevocable. However, if a supplement to the Prospectus is published (see Section 5.2.9 (*Supplement to the Prospectus*)), subscribers in the Priority Offering and subscribers in the Scrips Private Placement will have the right to withdraw subscriptions made by them prior to the publication of the supplement. Such withdrawal must be made within the time limits set forth in the supplement (which shall not be shorter than two business days after publication of the supplement). Any Priority Allocation Rights or Scrips in respect of which the subscription has been withdrawn as permitted by law following the publication of a supplement to the Prospectus shall be deemed to have been unexercised for purposes of the Offering. Accordingly, holders of such unexercised Priority Allocation Rights shall be able to share in the Net Scrips Proceeds (under the conditions set out below). Subscribers withdrawing their subscription during or after the Scrips Private Placement will not be entitled to share in the Net Scrips Proceeds and will not be compensated in any other way, including for the purchase price (and any related costs or taxes) paid in order to acquire any Priority Allocation Rights or Scrips.

*Termination of the Offering pursuant to a decision of the Issuer will result in the Priority Allocation Rights and the Scrips becoming null and void.*

The Company reserves the right to terminate or suspend the Offering if the Board of Directors determines that (i) the market conditions prevent the Offering from taking place under satisfying conditions or (ii) the Underwriting Agreement (as defined below) has not been signed or has been terminated in accordance with its terms.

If the Board of Directors decides to terminate the Offering, the Priority Allocation Rights (and the Scrips, as the case may be) will become null and void. Investors will not be compensated, including for the purchase price (and any related costs or taxes) paid in order to acquire any Priority Allocation Rights on the secondary market. Investors who have acquired any such Priority Allocation Rights on the secondary market may thus suffer a loss.

*Termination of the Underwriting Agreement could have a material adverse effect on the market price and underlying value of the Shares.*

An Underwriting Agreement is expected to be entered into between the Underwriters and the Issuer immediately after closing of the Scrips Private Placement and prior to delivery of the New Shares. Pursuant to such Underwriting Agreement, the Underwriters are expected to agree on the terms and, subject to the conditions stipulated therein, to underwrite and procure payment for such number of New Shares as will be agreed in the Underwriting Agreement. The Underwriting Agreement will entitle the Global Coordinators (as defined below), acting on behalf of the Underwriters, to terminate the Underwriting Agreement under certain circumstances, as more fully described in Section 5.6 (*Underwriting Agreement*) below, whereupon the Underwriters would be released from their obligations under the Underwriting Agreement. These circumstances include, but are not limited to, the occurrence of a material adverse change affecting the Issuer or the occurrence of force majeure events, including disruption to certain financial markets.

If the Underwriting Agreement is terminated prior to the start of trading of the New Shares, the Issuer will publish a supplement to the Prospectus. If a supplement to the Prospectus is published, subscribers in the Offering will have the right, within two (2) business days, to withdraw subscriptions made by them prior to the publication of the supplement, as further described in Section 5.2.9 (*Supplement to the Prospectus*). The termination of the Underwriting Agreement, the circumstances giving rise to such termination, or the publication of a supplement to the Prospectus could have a material adverse effect on the market price of the Shares, regardless of the Issuer's actual results of operations and financial condition.

*A substantial decline in the market price of the Shares may result in the Priority Allocation Rights having a reduced or no value.*

If there is a substantial decline in the market price of the Shares, this may have a material adverse effect on the market price of the Priority Allocation Rights. Any volatility in the market price of Shares may also adversely affect the market price of the Priority Allocation Rights and the Priority Allocation Rights may as a result have a reduced or no value.

*Investors outside of Belgium may be restricted, pursuant to securities laws applicable in the jurisdictions in which they are located, from participating in the Priority Offering, and may be subject to dilution or other financial adverse consequences.*

The Priority Allocation Rights and the New Shares are being publicly offered only in Belgium through the publication of the Prospectus. The Issuer has not registered the New Shares or the Priority Allocation Rights under the securities laws of any other jurisdiction, including but not limited to the United States, Japan, Canada and Australia, and does not intend to do so. The Priority Allocation Rights and the New Shares may not be offered or sold in any jurisdiction in which the registration or qualification of the Priority Allocation Rights or the New Shares for sale or for subscription is required but has not taken place, including but not limited to the United States, Japan, Canada and Australia, unless an exemption from the applicable registration or qualification requirements is available. Investors outside Belgium may therefore not be entitled to purchase,



sell, or otherwise transfer Priority Allocation Rights, or to purchase, sell, otherwise transfer or subscribe for New Shares and as a consequence may be subject to dilution or other adverse financial consequences as a result of the Priority Offering.

*The Company may in the future increase its share capital. Investors may not be entitled to participate in future capital increases, and may be subject to dilution.*

The Issuer may decide in the future to increase its share capital by various means, including public offerings or contributions in kind, with or without transfer and selling restrictions, and with or without preferential subscription rights or priority allocation rights. Belgian law and the Articles of Association (as defined below) grant preferential subscription rights to the Company's shareholders in case of a share capital increase in cash (no preferential allocation rights apply in the event of a contribution in kind), unless such rights are disappplied by a resolution of the shareholders' meeting or the Board of Directors, if so authorised by a resolution of the shareholders' meeting. Pursuant to the BE-REIT Law (as defined below), such preferential subscription rights may only be disappplied if replaced by a priority allocation right offered to the existing shareholders *pro rata* to their participation in the share capital of the Issuer. Additionally, certain investors residing outside of Belgium may also not be able to participate in future capital increases unless the securities offered are registered or qualified for sale under the relevant securities laws. Therefore, a risk exists that investors may be subject to dilution of voting rights and *pro rata* ownership in the Issuer's share capital to the extent they are not entitled to participate in future share capital increases.

*Investors should not place undue reliance on forward-looking statements, as such information could differ materially from the actual results.*

The Prospectus includes the Issuer's EPRA earnings outlook with respect to financial years 2016, 2017 and 2018 and dividend forecast for the financial year 2016. The forecasts are based on a number of assumptions and estimates, which, while considered reasonable by the Issuer on the date of the Registration Document, are inherently subject to significant business, operational, economic and other risks and uncertainties, many of which are beyond the Issuer's control.

The forecasts with respect to financial years 2016, 2017 and 2018 are forward-looking and involve known and unknown risks, estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in the forecasts. New factors will emerge in the future and it is not possible for the Issuer to predict such factors. In addition, the Issuer cannot assess the impact of each factor on the Issuer's business or the extent to which any factor, or combination of factors, may cause its actual results of operations to differ materially from those described in the forecasts.

The last forecasts were released on 18 February 2016 in the press release relating to the Issuer's annual results 2015 and also appears on pages 69 to 74 of the Registration Document. It contained forecasts on EPRA earnings for financial years 2016, 2017 and 2018 and on the dividend for the financial year 2016.

In the context of this Offering, the Issuer has reviewed the forecasts to include the expected effects on income, charges, assets, shareholders' equity and liabilities of significant changes to the assumption in terms, among others, of rentals, disposals and of the related financings which took place since February 2016 and until the date of publication of this Securities Note and which were not included in the original forecasts. This review has confirmed that the forecasts published on 18 February 2016 are still accurate, without taking into consideration the impact of the Offering on the financial costs and the number of issued Shares of which the impact is discussed in Section 6.2 (*EPRA earnings and dividend forecasts*).

Because changes in assumptions, estimates and risks could cause the actual results to differ materially from those expressed in the forecasts (see Section 6.2 (*EPRA earnings and dividend forecasts*)), investors should not place undue reliance or importance on such information. For more information regarding risks relating to forward-looking statements, see Section 2.7 (*Forward-looking statements*).

*Legal investment considerations may restrict certain investments.*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Shares are legal investments for it, (ii) the Shares can be used as collateral for various types of borrowing, or (iii) other restrictions apply to its purchase or pledge of any Shares.

Investors should consult their legal advisers to determine the appropriate treatment of New Shares under any applicable risk-based capital or similar rules.

Applicable foreign securities laws may limit the ability of certain investors and shareholders to participate in the Offering or to own, purchase or sell the New Shares.

*Shareholders in jurisdictions with currencies other than the Euro face additional investment risk from currency exchange rate fluctuations in connection with their investment in the Priority Allocation Rights or the Shares.*

The Priority Allocation Rights and the Shares are denominated and quoted in Euro only and any future payments of dividends on the Shares will be denominated in Euro. An investment in the Priority Allocation Rights or the Shares by an investor whose principal currency is not Euro may expose the investor to currency exchange rate risk, which may adversely affect the value of its investment in the Priority Allocation Rights or the Shares (e.g., in case of appreciation of such investor's principal currency relative to the Euro).

*If securities or industry analysts do not publish research reports about the Issuer's business or industry, or if such analysts change their recommendation regarding the Shares adversely, the market price and trading volume of the Shares could decline.*

The trading market for the Shares may be influenced by the research reports that securities or industry analysts publish about the Issuer's business or industry. If one or more of the analysts who cover the Issuer's business or industry downgrades the Shares, the market price of the Shares could decline. If one or more of these analysts ceases to cover the Issuer's business or industry or fail to regularly publish reports on it, the Issuer's profile in the financial markets could become less prominent, which could cause the market price of the Shares or trading volume to decline.

*Any sale, purchase or exchange of the Shares may become subject to the Financial Transaction Tax.*

On 14 February 2013, the European Commission published a proposal (the "**FTT Commission Proposal**") for a directive on a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**FTT Participating Member States**"). However, Estonia has since stated that it will no longer participate.

The FTT Commission Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Shares (including secondary market transactions) in certain circumstances. The issuance and subscription of the New Shares should, however, be exempt.

Under the FTT Commission Proposal, the FTT could apply in certain circumstances to persons both within and outside of the FTT Participating Member States. Generally, it would apply to certain dealings in the New Shares where at least one party is a financial institution, and at least one party is established in an FTT Participating Member State. A financial institution may be, or be deemed to be, "established" in an FTT Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in an FTT Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in an FTT Participating Member State. However, the FTT Commission Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective investors are advised to seek their own professional advice in relation to the FTT.

*Investors' rights as shareholders will be governed by Belgian law and may differ in some respects from the rights of shareholders in other companies under the laws of other countries.*

The Issuer is a limited liability company (*société anonyme / naamloze vennootschap*) and a regulated real estate company (*société immobilière réglementée / gereguleerde vastgoedvennootschap*) (“**BE-REIT**”) organised under the laws of Belgium. The rights of holders of the Shares are governed by Belgian law and by the Articles of Association. These rights may differ in material respects from the rights of shareholders in companies organised outside of Belgium. In addition, the Issuer’s directors and members of senior management may not be resident in the jurisdiction of investors and the Issuer’s assets and the assets of its directors, executive officers and managers may be located outside the jurisdiction of investors. As a result, it may be difficult for investors to prevail in a claim against the Issuer or to enforce liabilities predicated upon the securities laws of jurisdictions outside of Belgium and, in general, for investors outside of Belgium to serve process on or enforce foreign judgments against the Issuer, its directors, executive officers or managers.

*It may be difficult for investors outside Belgium to serve process on or enforce foreign judgments against the Issuer in connection with the Offering.*

As the Issuer is incorporated in Belgium, it may be difficult for investors outside of Belgium to serve process on or enforce foreign judgments against the Issuer, its directors, executive officers or managers in connection with the Offering.

*Several provisions of Belgian law and actions by the Board of Directors may create hurdles to unsolicited tender offers, mergers, change in management or other change of control.*

There are several provisions of the Belgian Company Code and Belgian law that may discourage potential takeover attempts and could thereby adversely affect the market price of the Shares (*e.g.*, the obligation to disclose major holdings, merger control and the obligation to ensure that at least 30% of the Issuer’s shares are held by the public) (see Section 4.9.1 (*Notification of major holdings*) and Section 4.9.2 (*Public takeover bids*)). In addition, the Belgian Company Code allows the Board of Directors, in certain circumstances, and subject to prior authorisation by the Company’s shareholders, to take actions aimed at deterring or frustrating public takeover bids (see Section 4.9.2 (*Public takeover bids*), Section 4.8.4 (*Changes to the share capital*) and Section 4.8.5 (*Purchase and sale of own shares*)). Hurdles to successfully effecting a takeover bid may also deprive shareholders of the possibility to sell their Shares at a premium (which is typically offered in the framework of a takeover bid).

*Reliance on the procedures of Euroclear.*

The New Shares will be dematerialised shares and will be delivered in book-entry form through the settlement system of Euroclear, the Belgian central securities depository, except for the New Shares subscribed for by registered shareholders that will be delivered in the form of registered Shares recorded in the Issuer’s share register. Transfers of Shares in dematerialised form will be effected between participants to Euroclear in accordance with their respective rules and operating procedures. Neither the Issuer nor any of the Underwriters will have any responsibility for the proper performance by Euroclear and its participants (other than the relevant Underwriter itself) of their obligations under their respective operating rules and procedures.

## **2. IMPORTANT INFORMATION AND CAUTIONARY STATEMENTS**

### **2.1 Approval by the FSMA**

The Registration Document was approved by the FSMA on 22 March 2016.

This Securities Note and the Summary were approved by the FSMA on 13 September 2016. This Securities Note constitutes, together with the Registration Document, the Summary and the documents incorporated by reference (in particular the First Quarter Financial Results 2016 and the Half-Yearly Financial Report 2016), the Prospectus.

This Securities Note and the Summary have been prepared in English. The FSMA approved the English version of the Securities Note and the Summary for the purpose of the Offering and the Listing in accordance with Article 23 of the Prospectus Law. The Summary has been translated into Dutch and French. The Issuer is responsible for the consistency between the English, Dutch and French versions of the Summary. In case of inconsistencies between the versions in different languages, the English version shall prevail as it is the sole legally binding version.

This Securities Note has been prepared in accordance with Chapter II and Annex III of the Prospectus Regulation.

The FSMA's approval does not imply any judgments on the merits or the quality of the Offering, the New Shares or the Issuer.

The Offering and the Prospectus have not been submitted for approval to any supervisory body or governmental authority outside Belgium.

### **2.2 Person responsible**

The Issuer, Befimmo SA/NV, with registered office Chaussée de Wavre 1945, 1160 Brussels, represented by its Board of Directors<sup>4</sup>, assumes responsibility for the content of the Prospectus. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

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<sup>4</sup> The composition of the Board of Directors is, on the date of this Securities Note, as mentioned on page 43 of the Half-Yearly Financial Report 2016.

## 2.3 Definitions

<b>Articles of Association</b>	The coordinated articles of association of Befimmo, as last amended, dated of 26 April 2016.
<b>Befimmo</b>	Befimmo SA/NV, a limited liability company ( <i>société anonyme / naamloze vennootschap</i> ) and BE-REIT incorporated under Belgian law with registered seat at Chaussée de Wavre 1945, 1160 Brussels, Belgium, BE 455.835.167 RPM-RPR Brussels.
<b>BE-REIT</b>	A regulated real estate company ( <i>société immobilière réglementée / gereglementeerde vastgoedvennootschap</i> ).
<b>BE-REIT Decree</b>	The Belgian Royal Decree of 13 July 2014 on regulated real estate companies ( <i>Arrêté royal relatif aux sociétés immobilières réglementées / Koninklijk besluit met betrekking tot gereglementeerde vastgoedvennootschappen</i> ).
<b>BE-REIT Law</b>	The Belgian Law of 12 May 2014 on regulated real estate companies ( <i>Loi relative aux sociétés immobilières réglementées / Wet betreffende de gereglementeerde vastgoedvennootschappen</i> ).
<b>BE-REIT Legislation</b>	The BE-REIT Decree and the BE-REIT Law.
<b>Board of Directors</b>	The board of directors of the Issuer.
<b>Closing Date</b>	The date on which the New Shares are issued, <i>i.e.</i> , on or about 27 September 2016.
<b>Company</b>	Befimmo.
<b>Coupon n°31</b>	The relevant coupon representing the Priority Allocation Right.
<b>Coupon n°32</b>	The relevant coupon representing the right to a dividend for the first part of the current financial year, <i>pro rata temporis</i> as from 1 January 2016 until the day before the Closing Date.
<b>Coupon n°33</b>	The first coupon attached to all Shares as from the Closing Date (the New Shares will be issued with Coupon n°33 attached).
<b>Debt Ratio</b>	The legal ratio calculated in accordance with the BE-REIT Legislation: (Liabilities - provisions - other financial liabilities (permitted hedging liability instruments) – deferred tax liabilities – accruals) / (total balance sheet assets – permitted hedging instruments, booked to the asset side of the balance sheet).
<b>Euroclear</b>	Euroclear Bank SA/NV, as operator of the Euroclear system.
<b>Euronext Brussels</b>	The regulated market of Euronext Brussels.
<b>Existing Shareholders</b>	The holders of Shares on 14 September 2016, after market close on Euronext Brussels.
<b>Existing Shares</b>	The existing 23,021,293 shares of the Issuer outstanding prior to the issuance of the New Shares.

<b><i>First Quarter Financial Results 2016</i></b>	The interim statement of the Board of Directors for the period from 1 January 2016 to 31 March 2016, published on 4 May 2016.
<b><i>FTT</i></b>	The common financial transaction tax provided in the FTT Commission Proposal.
<b><i>FTT Commission Proposal</i></b>	The European Commission proposal for a directive on a common financial transaction tax, published on 14 February 2013.
<b><i>FTT Participating Member States</i></b>	The following Member States participating in the FTT Commission Proposal: Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.
<b><i>FSMA</i></b>	The Belgian Financial Services and Market Authority ( <i>Autorité des services et des marchés financiers / Autoriteit financiële diensten en markten</i> ).
<b><i>Global Coordinators</i></b>	ING Belgium SA/NV and Kempen & Co N.V.
<b><i>Half-Yearly Financial Report 2016</i></b>	The financial report of the Issuer relating to the period from 1 January 2016 to 30 June 2016, published on 20 July 2016.
<b><i>IFRS</i></b>	International Financial Reporting Standards.
<b><i>Issue Price</i></b>	The issue price of the New Share, <i>i.e.</i> , EUR 49.75.
<b><i>Issuer</i></b>	Befimmo.
<b><i>ITC</i></b>	The Belgian Income Tax Code 1992.
<b><i>Joint Bookrunners</i></b>	ING Belgium SA/NV, Kempen & Co N.V., Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Securities SA/NV.
<b><i>Listing</i></b>	The admission to trading and listing of the New Shares on Euronext Brussels.
<b><i>Listing Agent</i></b>	ING Belgium SA/NV.
<b><i>LTV</i></b>	Loan-to-Value being the amount of nominal financial debts minus cash divided by the fair value of portfolio ((nominal financial debts – cash)/fair value of portfolio).
<b><i>Member State</i></b>	A member state of the European Economic Area.
<b><i>Net Scrips Proceeds</i></b>	The net proceeds from the sale of Scrips (rounded down to a whole Eurocent per unexercised Priority Allocation Right) after deducting all expenses, charges and all forms of expenditure which the Issuer has to incur for the sale of the Scrips.
<b><i>Net Scrips Proceeds Payment</i></b>	The payment of the Net Scrips Proceeds, if any, to holders of unexercised Priority Allocation Rights.
<b><i>New Shares</i></b>	The 2,557,921 Shares to be issued by the Company on the Closing Date.
<b><i>Offering</i></b>	The Priority Offering and the Scrips Private Placement.

<b>Order</b>	The Financial Services and Markets Act (Financial Promotion) Order 2005, as amended.
<b>Priority Allocation Right</b>	The priority allocation right attached to the Existing Shares, represented by Coupon n°31.
<b>Priority Offering</b>	The public offering of 2,557,921 New Shares within the framework of a capital increase in cash with Priority Allocation Right in the ratio of one (1) New Share for nine (9) Priority Allocation Rights.
<b>Prospectus</b>	This Securities Note, the Registration Document, the Summary and the documents incorporated by reference.
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (and amendments thereto, including Directive 2010/73/EU, as implemented in the Relevant Member State).
<b>Prospectus Law</b>	The Belgian Law of 16 June 2006 on public offering of financial instruments and on the admission of financial instruments to trading on a regulated market ( <i>Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés / Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt</i> ).
<b>Prospectus Regulation</b>	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended by the Commission regulations (EC) No 211/2007 and No 1289/2008 as well as the Commission delegated regulations (EU) No 486/2012, No 862/2012 and No 759/2013.
<b>Ratio</b>	The ratio of one (1) New Share for nine (9) Priority Allocation Rights.
<b>Record Date</b>	14 September 2016 at the closing of Euronext Brussels.
<b>Registration Document</b>	The annual financial report of the Issuer for the year 2015 approved by the FSMA as a registration document on 22 March 2016.
<b>Regulation S</b>	Regulation S under the U.S. Securities Act.
<b>Relevant Member State</b>	Each Member State that has implemented the Prospectus Directive.
<b>Royal Decree of 14 November 2007</b>	The Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a regulated market ( <i>Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis à la négociation sur un marché réglementé / Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een gereguleerde markt</i> ).
<b>Scripts</b>	The instruments representing the Priority Allocation Rights which have not been exercised during the Subscription Period.
<b>Scripts Private Placement</b>	The offering of the Scripts in an accelerated bookbuilding process with

<b><i>Securities Note</i></b>	qualified investors that is expected to take place on 23 September 2016. This securities note approved by the FSMA.
<b><i>Shares</i></b>	The ordinary shares of the Issuer.
<b><i>Subscription Period</i></b>	The period during which the holders of Priority Allocation Rights may subscribe for the New Shares, <i>i.e.</i> , from 15 September 2016 to 22 September 2016 included.
<b><i>Statutory Auditor</i></b>	Deloitte Réviseurs d'Entreprises SC/SCRL, a civil company adopting the form of a cooperative company with limited liability ( <i>burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid/société civile sous la forme d'une société coopérative à responsabilité limitée</i> ), having its registered office at Berkenlaan 8b, 1831 Diegem, Belgium and registered with the Crossroads Bank for Enterprises ( <i>Kruispuntbank van Ondernemingen / Banque-Carrefour des Entreprises</i> ) under number 0429.053.863 (LER Brussels), represented by Rik Neckebroeck.
<b><i>Summary</i></b>	The summary approved by the FSMA in relation to the Offering.
<b><i>Takeover Bid Legislation</i></b>	The Belgian Law of 1 April 2007 on takeover bids ( <i>Loi relative aux offres publiques d'acquisition / Wet op de openbare overnamebiedingen</i> ) and the Belgian Royal Decree of 27 April 2007 ( <i>Arrêté royal relatif aux offres publiques d'acquisition / Koninklijk besluit op de openbare overnamebiedingen</i> ).
<b><i>TERP</i></b>	The theoretical ex-rights price.
<b><i>Underwriters</i></b>	The Joint Bookrunners.
<b><i>Underwritten Shares</i></b>	All New Shares, except those subscribed for by Axa Belgium SA/NV, AG Insurance SA/NV (and its affiliates) and any (other) New Shares issued in registered form.
<b><i>Underwriting Agreement</i></b>	The underwriting agreement which is expected to be entered into on or about 23 September 2016 by the Underwriters and the Issuer.
<b><i>U.S. Securities Act</i></b>	The U.S. Securities Act of 1933, as amended.



## 2.4 No representation

Neither the Underwriters nor their affiliates or any person acting on their behalf make any representation or warranty, express or implied, as to, nor assume any responsibility for, the accuracy or completeness of any of the information in this Securities Note, in the Summary or the Registration Document, and nothing in this Securities Note, in the Summary or in the Registration Document is, or shall be relied upon as, a promise or representation by any of the Underwriters and their advisors whether as to the past or the future. The Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or Underwriters that any recipient of any part of the Prospectus should subscribe for the New Shares or purchase any Priority Allocation Rights or Scrips.

The Prospectus is intended to provide information to the Existing Shareholders and to prospective investors in the context of and for the sole purpose of evaluating a possible investment in the New Shares and the Priority Allocation Rights or Scrips. It contains selected and summarised information, does not express any commitment or acknowledgement or waiver and does not create any right, expressed or implied, towards anyone other than a potential investor. It cannot be used except in connection with the Offering. The content of the Prospectus is not to be construed as an interpretation of the rights and obligations of the Issuer, of the market practices or of contracts entered into by the Issuer.

The Underwriters and their affiliates are acting exclusively for the Issuer and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of any part of the Prospectus) as their respective clients in relation to the Offering and will not be responsible to any other person for providing the protections afforded to their client or for providing advice in relation to the Offering or any transaction or arrangement referred to in the Prospectus.

None of the Issuer or the Underwriters, or any of their respective representatives, is making any representation to any offeree, subscriber for the New Shares or purchaser of the Priority Allocation Rights or Scrips regarding the legality of an investment in the New Shares by such offeree or subscriber under the laws applicable to such offeree or subscriber. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a subscription for the New Shares or purchase of Priority Allocation Rights or Scrips.

Each investor also acknowledges that: (i) it has not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in the Prospectus or its investment decision; and (ii) it has relied only on the information contained in the Prospectus and no person has been authorised to give any information or to make any representation concerning the Issuer or the New Shares (other than as contained in the Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer or the Underwriters.

## 2.5 Notices to Existing Shareholders and prospective investors

### 2.5.1 *Notice to Existing Shareholders and prospective investors in the EEA*

The Prospectus has been prepared on the basis that all offers of the New Shares, the Priority Allocation Rights and the Scrips (other than the public offering in Belgium contemplated in the Prospectus once the Prospectus has been approved by the FSMA and published in accordance with the Prospectus Directive, as implemented in Belgium) will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States, from the requirement to produce a prospectus for offers of securities.

The New Shares, the Priority Allocation Rights and the Scrips are not being offered to the public in any Member State or elsewhere other than Belgium. Neither the Issuer nor the Underwriters have authorised or authorise the making of any offer of the New Shares, the Priority Allocation Rights and the Scrips through any financial intermediary, other than offers made through the Underwriters and their affiliates which constitute the final placement of New Shares contemplated herein.

In relation to each Member State which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of the New Shares, the Priority Allocation Rights and the Scrips contemplated by

the Prospectus may not be made in that Relevant Member State unless the Prospectus has been approved by the competent authority in such Relevant Member State and published in accordance with the Prospectus Directive as implemented in such Relevant Member State (which approval and publication is only being obtained and performed in relation to the Offering in Belgium), unless such offer in such Relevant Member State is made under the following exemptions under the Prospectus Directive, if and to the extent such exemptions under the Prospectus Directive have been implemented in that Relevant Member State:

- to qualified investors within the meaning of the law in that Relevant Member State implementing article 2(1)(e) of the Prospectus Directive;
- to less than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Underwriters and the Issuer for any such offer; or
- in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer to the public of New Shares, Priority Allocation Rights or Scrips shall result in a requirement for the publication by the Issuer of a prospectus pursuant to article 3 of the Prospectus Directive.

For the purposes of this Section, the expression an “offer to the public” in relation to any New Shares, Priority Allocation Rights or Scrips in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any New Shares, Priority Allocation Rights or Scrips so as to enable an investor to decide to purchase or subscribe to the New Shares, the Priority Allocation Rights or Scrips, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

#### *2.5.2 Notice to Existing Shareholders and prospective investors in the United States of America*

The Prospectus may not be distributed, forwarded to or transmitted in or into the United States (as defined in Regulation S under the U.S. Securities Act). The New Shares, the Priority Allocation Rights and the Scrips have not been and will not be registered under the U.S. Securities Act and may not be offered, sold or exercised, directly or indirectly, in the United States except pursuant to registration, or an available exemption from, registration under the U.S. Securities Act.

Subject to certain limited exceptions, and at the discretion of the Issuer, the New Shares, the Priority Allocation Rights and the Scrips are only being offered and sold in offshore transactions outside the United States in accordance with Regulation S.

Accordingly, subject to such limited exceptions, none of the New Shares, the Priority Allocation Rights or the Scrips may be offered, sold, issued or transferred to any person with a registered address in, or who is resident in, the United States, and no envelope containing subscription requests may be mailed from the United States.

None of the financial information used or incorporated by reference in the Prospectus has been prepared in accordance with U.S. generally accepted accounting principles. The financial information included or incorporated by reference in the Prospectus is not intended to comply with the reporting requirements of the U.S. Securities Exchange Commission.

#### *2.5.3 Notice to Existing Shareholders and prospective investors in Switzerland*

The New Shares, the Priority Allocation Rights or the Scrips may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the “**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. The Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither the Prospectus nor any other offering or marketing material relating to the New Shares, the Priority Allocation Rights, the Scrips or the Offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither the Prospectus nor any other offering or marketing

material relating to the Offering, the Issuer, the New Shares, the Priority Allocation Rights or the Scrips have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the New Shares, the Priority Allocation Rights or the Scrips will not be supervised by, the Swiss Financial Market Supervisory Authority (the “**FINMA**”).

#### 2.5.4 *Notice to Existing Shareholders and prospective investors in the United Kingdom*

The Prospectus is being distributed only to and is directed solely at (i) persons outside the United Kingdom or (ii) persons inside the United Kingdom who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive and who: (a) are persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), (b) are persons who are high net worth entities falling within article 49(2)(A) to (D) of the Order, or (c) are otherwise persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). Any investment or investment activity to which the Prospectus relates in the United Kingdom is available only to Relevant Persons and will be engaged in only with Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on the Prospectus or any of its contents.

#### 2.5.5 *Notice to Existing Shareholders and prospective investors in Canada, Australia, Japan or South Africa*

The Prospectus may not be circulated or otherwise be made available in Canada, Australia, Japan or South Africa and the New Shares, the Priority Allocation Rights and the Scrips may not be offered, sold, or exercised, directly or indirectly, by any person in Canada, Australia, Japan or South Africa unless such circulation, offering, sale or exercise is allowed under applicable securities laws of the relevant jurisdiction.

### 2.6 **Certain restrictions on the Offering**

*Because of the following restrictions, Existing Shareholders and prospective investors are advised to consult legal counsel prior to making any offer, purchase, subscription for, resale, pledge or other transfer of the New Shares, the Priority Allocation Rights or the Scrips.*

The Offering is comprised of (i) the public offering of New Shares within the framework of a capital increase in cash with Priority Allocation Rights pursuant to exemptions from, or in transactions not subject to, the registration requirements of the U.S. Securities Act, and (ii) the offering of Scrips in an accelerate bookbuilding process to qualified investors (outside the United States of America pursuant to Regulation S under the U.S. Securities Act) that is expected to take place on 23 September 2016.

The Issuer and the Underwriters are not taking any action to authorise any offer of the New Shares or of the Scrips to, or allow exercise of the Priority Allocation Rights by, the public in any Member State of the European Economic Area or elsewhere other than in Belgium. The Offering and the Prospectus have not been and will not be submitted for approval to any supervisory authorities outside Belgium. Therefore, no steps may be taken that would constitute or result in a public offering of the New Shares, the Priority Allocation Rights or the Scrips outside Belgium. The distribution of the Prospectus, the granting or exercise of the Priority Allocation Rights, the Offering and the delivery of the New Shares may, in certain jurisdictions, be restricted by law, and the Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Accordingly, the New Shares, the Priority Allocation Rights or the Scrips may not be offered or sold, directly or indirectly, and neither the Prospectus nor any other documents related to the Offering may be distributed or published in any jurisdiction outside Belgium, except in circumstances that will result in the compliance with all applicable laws and regulations. Investors must inform themselves about, and observe, any such restrictions and neither the Issuer nor the Underwriters assume any responsibility in respect thereof.

Investors must comply with all applicable laws and regulations in force in any jurisdiction in which they purchase, offer, sell or receive New Shares, the Priority Allocation Rights and the Scrips or possess or distribute

the Prospectus and must obtain any consent, approval or permission required for the purchase, offer or sale of the New Shares, the Priority Allocation Rights and the Scrips under the laws and regulations in force in any jurisdiction in which any purchase, offer or sale is made. Neither the Issuer nor the Underwriters are making an offer to sell the New Shares, the Priority Allocation Rights and the Scrips or soliciting an offer to purchase any of the New Shares, the Priority Allocation Rights and the Scrips to any person in any jurisdiction where such an offer or solicitation is not permitted.

Without prejudice to any of the foregoing, the Issuer and the Underwriters reserve the right to reject any offer to purchase the New Shares, the Priority Allocation Rights and the Scrips which the Issuer or the Underwriters believe may give rise to a breach of any laws, rules or regulations.

## 2.7 **Forward-looking statements**

Investors are advised to form their own opinions on the Issuer and the terms of the Offering, including the advisability of investing and the risks involved.

The Prospectus contains forward-looking information, forecasts and estimates prepared by the Issuer regarding the expected future performance of the Issuer and the market in which the Issuer operates.

Some of these declarations, forecasts and estimates may be recognised by the use of the following words, though the list is not exhaustive: “believes”, “thinks”, “anticipates”, “expects”, “envisages”, “understands”, “intends”, “counts”, “aims”, “plans”, “seeks”, “estimates”, “should”, “may”, “will” and “continues”, and similar expressions or using verbs in the future tense. They all contain information which is not historical fact.

These declarations, forecasts and estimates are based on various assumptions and assessments of the Company of known or unknown risks, uncertainties and other factors, which seemed reasonable when they were made, but which may or may not prove to be correct. Real events are difficult to predict and can depend on factors that are outside the Issuer’s control. This uncertainty is all the greater in the current general economic climate, more specifically its impact on the financial markets, which in particular is reducing the predictability of changes in interest rates and the development of the financial health of tenants, and its impact on property valuations.

Consequently, the reality of the earnings, financial situation, performance or achievements of the Issuer or of the market may prove substantially different from the earnings, financial situation, performance or achievements described or suggested in those declarations, forecasts and estimates.

Given these uncertainties, Existing Shareholders and potential investors should not give undue credence to these declarations, forecasts and estimates. Furthermore, the declarations, forecasts and estimates are valid only as of the date of the Prospectus and the Issuer makes no commitment to update these declarations, forecasts or estimates to reflect any changes in its expectations in this regard or any changes in the events, conditions or circumstances on which such declarations, forecasts or estimates are based, except where an update is required by Article 34 of the Prospectus Law, in which case the Issuer will publish a supplement to the Prospectus.

Regarding the current economic conditions and the risks that the Issuer may face, please refer to Section 1 of this Securities Note.

In the context of the Offering, the Statutory Auditor has been asked to review the forecasts mentioned in Section 6.2 (*EPRA earnings and dividend forecasts*) of this Securities Note. The Statutory Auditor has agreed that its report on the review of the forecast data be incorporated into this Securities Note.

## 2.8 **Rounding adjustments**

Certain amounts that appear in this Securities Note, the Summary or the Registration Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them.

## 2.9 Industry and other statistical information

Unless otherwise mentioned in the Prospectus, industry data and market size/share data provided in the Prospectus are derived from independent publications by leading organisations, from reports by market research firms and from other independent sources or from the Issuer's management own estimates, believed by management to be reasonable. When information has been derived from third parties, the Prospectus refers to such third parties.

The information provided by third parties has been accurately reproduced with their agreement and as far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer and its advisors have not independently verified any of the abovementioned information.

Certain market share information and other statements in the Prospectus regarding the industry and the Issuer's position relative to its competitors may not be based on published statistical data or information obtained from independent third parties. Rather, such information and statements reflect the Issuer's best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industry. This information from the Issuer's internal estimates and surveys has not been verified by any independent sources.

Market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of primary data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent to any statistical survey of market information. As a result, prospective investors should be aware that market share, ranking and other similar data in the Prospectus, and estimates and beliefs based on such data, may not be reliable.

## 2.10 Statutory Auditor

Deloitte Reviseurs d'Entreprises SC/SCRL, with registered office at Berkenlaan 8B, 1831 Diegem, entered in the trade register under number 0429.053.863, RPM Brussels, represented by Mr. Rik Neckebroeck has been reappointed as statutory auditor of the Issuer (the "**Statutory Auditor**") on 29 April 2014 for a term ending immediately after the closing of the ordinary general shareholders' meeting to be held in 2017.

The statutory financial statements and the consolidated financial statements of the Issuer for the year ended on 31 December 2015 were prepared in accordance with IFRS. They have been audited by the Statutory Auditor, who delivered an unqualified opinion.

The consolidated financial statements of the Issuer for the half-year ended on 30 June 2016 were prepared in accordance with IFRS. They were subject to a limited review by the Statutory Auditor, who delivered an unqualified opinion.

The Statutory Auditor has reviewed the EPRA earnings forecasts mentioned in the section of the Registration Document starting on page 68 and its report has been incorporated into the Registration Document on page 75.

The Statutory Auditor has reviewed the forecasted EPRA earnings taking into account the Offering mentioned in Section 6.2 (*EPRA earnings and dividend forecasts*) and has agreed that its reports be incorporated in this Securities Note.

## 2.11 Documents incorporated by reference

The following documents are incorporated by reference to this Securities Note: (i) the First Quarter Financial Results 2016 and (ii) the Half-Yearly Financial Report 2016.

## 2.12 Available information

### *Prospectus*

The Prospectus, which is composed of this Securities Note, the Summary, the Registration Document and the documents incorporated by reference, is available in English (the official version of the Registration Document is the French version, the English version being a translation). The Summary of the Prospectus has been translated into Dutch and French.

The English version of the Prospectus and the documents incorporated by reference therein, as well as the Dutch and French versions of the Registration Document and the Summary will be made available to investors at no cost at the registered offices of the Issuer, as well as at their temporary address (Avenue Arnaud Fraiteur 15/23, 1050 Brussels). The Prospectus will also be made available to investors at no cost from any of the Joint Bookrunners upon request, as follows:

<b>Party</b>	<b>Website / Email</b>	<b>Telephone</b>
ING Belgium SA/NV	Dutch: <a href="http://ing.be/aandelentransacties">ing.be/aandelentransacties</a> French: <a href="http://ing.be/transactionsdactions">ing.be/transactionsdactions</a> English: <a href="http://ing.be/equitytransactions">ing.be/equitytransactions</a>	Dutch: +32 2 464 60 01 French: +32 2 464 60 02 English: +32 2 464 60 04
Kempen & Co N.V.	<a href="mailto:ECM@kempen.com">ECM@kempen.com</a>	Not applicable
Belfius Bank SA/NV	<a href="http://www.belfius.be/befimmo">www.belfius.be/befimmo</a>	Dutch: +32 2 222 12 02 French: +32 2 222 12 01
BNP Paribas Fortis SA/NV	Dutch: <a href="http://www.bnpparibasfortis.be/sparenenbeleggen">www.bnpparibasfortis.be/sparenenbeleggen</a> French: <a href="http://www.bnpparibasfortis.be/epargneretplacer">www.bnpparibasfortis.be/epargneretplacer</a>	Dutch: +32 2 433 40 31 French: +32 2 433 40 32 English: +32 2 433 40 34
KBC Securities SA/NV	<a href="http://www.kbc.be/corporateactions">www.kbc.be/corporateactions</a> <a href="http://www.kbcsecurities.be">www.kbcsecurities.be</a> <a href="http://www.bolero.be">www.bolero.be</a> <a href="http://www.cbc.be/corporateactions">www.cbc.be/corporateactions</a>	KBC Bank: +32 3 283 29 70 KBC Securities: +32 2 429 37 05 Bolero: +32 78 353 353 CBC Banque: +32 800 92 020

Subject to certain conditions, the Prospectus, as well as the Dutch and French versions of the Registration Document and the Summary, are also available on the website of the Issuer: [www.befimmo.be](http://www.befimmo.be).

The documents incorporated by reference in the Prospectus include the First Quarter Financial Results 2016 and the Half-Yearly Financial Report 2016.

### *Company documents and other information*

The Issuer must file its (amended and restated) Articles of Association and all other deeds that are to be published in the Annexes of the Belgian Official Gazette with the Clerk's office of the Commercial Court of Brussels, where they are available to the public. A copy of the most recently restated Articles of Association (as amended for the last time on 26 April 2016) and the corporate governance charter is also available on the Issuer's website.

In accordance with Belgian law, the Issuer must also prepare annual and consolidated audited statutory financial statements. The annual and consolidated statutory financial statements and the reports of the Board of Directors and statutory auditor relating thereto are filed with the National Bank of Belgium, where they are available to the public. Furthermore, as a company listed on a regulated market, the Issuer publishes an annual financial report, a half-yearly financial report and interim statements. These documents are made publicly available to the Belgian financial press in the form of a press release. Copies thereof are also available on the Issuer's website.

The Company has to disclose inside information, information about its shareholders' structure, and certain other information to the public. In accordance with the Royal Decree of 14 November 2007, such information and documentation is made available through press releases, the financial press in Belgium, the Issuer's website, the communication channels of Euronext Brussels or a combination of these media.

The Issuer's website is [www.befimmo.be](http://www.befimmo.be) and the Issuer can be reached at +32 (0) 2 679 38 60.

### 3. KEY INFORMATION

The figures are presented on a consolidated basis unless stated otherwise.

#### 3.1 Working capital statement

As at the date of this Securities Note, the Issuer believes it does not have sufficient working capital available to cover its requirements over the 12-month period subsequent to the date of this Securities Note. Without any further action, it is expected that the working capital shortfall will be 3.3 EUR million as at 30 September 2017. The working capital requirement is evaluated by comparing the confirmed credit facilities and available cash with the expected cash flows over the next 12-month period.

		<i>(EUR million)</i>
<i>As at 30 June 2016</i>	Committed revolving bank financing lines	855.0
	Used part of revolving bank financing lines	-249.8
	Available cash	0.1
	<b>Working capital</b>	<b>605.3</b>
<i>Expected cash flows on the period from 1 July 2016 to 30 September 2017</i>	Cash from operations	135.9
	Other cash flow elements	2.9
	<b>Expected cash flows from operations</b>	<b>138.8</b>
	Investments	-86.5
	Divestments	4.4
	<b>Expected cash flows from investment activities</b>	<b>-82.1</b>
	Maturing financing lines	-110.0
	Maturing commercial paper	-351.0
	Maturing retail bond	-162.0
	Amortisation of other financing instruments	-15.7
	Optional interim dividend payment (Q4/2016) assuming 30% participation	-46.6
	Final dividend payment (Q2/2017)	-20.0
	Credit facility entered after 30/06/2016	40.0
	<b>Expected cash flows from financing activities</b>	<b>-665.3</b>
<i>As at 30 September 2017</i>	<b>Expected net cash position without refinancing</b>	<b>-3.3</b>

To assess the working capital sufficiency over the next 12 months, the following items have been taken into account:

- Undrawn part of existing credit facilities as of 30 June 2016;
- Available cash and cash equivalents as of 30 June 2016;
- Credit facility entered into between 30 June 2016 and the date of this Securities Note; and
- Expected cash flow from operations, cash flow from investing activities (corresponding to portfolio committed investments and divestments) and cash flow from financing activities (including repayment of maturing debt instruments, financing amortisation and foreseen dividends).

However, for the purpose of the working capital statement it is considered that a credit facility is no longer available to the Company after its maturity date. In addition, the Company takes into account the proposed



dividend for the financial year ending on 31 December 2016, which is subject to the approval by the ordinary general shareholders' meeting.

Without taking into account the net proceeds of the Offering nor any unexpected event, the Company's working capital will be in a shortfall position as from the third quarter of 2017.

It is worth noting that the expected operation cash flow (sum of the cash flow from operations (EUR 138.8 million) and from investment activities (EUR -82.1 million)) is positive over the period by EUR 56.7 million.

The working capital shortfall, mainly caused by maturing debts and credit facilities, is expected to be financed in the coming months through renegotiation and/or extension of existing maturing credit facilities, and/or by establishing new credit facilities and/or new financing through the debt capital market. Moreover, the Company could use the net proceeds of the Offering to cover this shortfall.

The Company is confident that the abovementioned measures will allow it to meet its working capital needs for a 12-month period starting from the date of this Securities Note.

### 3.2 Capitalisation and indebtedness

As at 30 June 2016, the shareholders' equity of the Issuer amounted to EUR 1,252.8 million as detailed in the table below:

<i>(EUR million)</i>	<b>30 June 2016</b>
<b>Shareholders' equity</b>	<b>1,252.8</b>
A. Capital	323.7
B. Share premium	702.5
C. Reserve	217.3
(a) Legal reserve	1.3
(b) Reserve for the balance of changes in fair value of investment properties	118.4
(c) Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-42.1
(e) Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	-1.9
(j) Reserve for actuarial gains and losses for the defined benefit pension plan	-2.1
(m) Other reserves	19.8
(n) Result brought forward from previous years	123.9
D. Net result as of 30 June 2016	9.3
<b>Non-controlling interests</b>	<b>-</b>

As at 30 June 2016, the consolidated debt of the Issuer amounted to EUR 1,278.8 million as shown in the table below:

<i>(EUR million)</i>	<b>30 June 2016</b>
<b>Liabilities</b>	<b>1,278.8</b>
<b><i>I. Non-current liabilities</i></b>	<b>606.2</b>
A. Provisions	2.1
B. Non-current financial debts	568.4
C. Other non-current financial liabilities	35.8
D. Deferred taxes	0
<b><i>II. Current liabilities</i></b>	<b>672.6</b>
A. Provisions	2.6
B. Current financial debts	570.6
C. Other current financial debts	0.2
D. Trade debts and other current debts	65.8
E. Other current liabilities	4.6
F. Accrued charges and deferred income	28.8

As at 30 June 2016, the nominal consolidated financial debts of the Issuer amounted to EUR 1,107.6 million<sup>5</sup>, comprising of:

- EUR 423.5 million raised from the debt capital market (retail bond, private placement in EUR and private placement in USD and GBP);
- EUR 351.0 million in commercial papers, for which the Company has confirmed bank lines at more than one year as a back-up;
- EUR 249.8 million in bilateral loans; and
- EUR 83.3 million from assignment of future rents and future usufruct fees (unindexed).

Current financial liabilities are mostly made up of:

- short-term commercial paper (for an amount to EUR 351 million) for which the Company has confirmed bank lines at more than one year as a back-up; and
- a “retail bond” (for an amount of EUR 162 million), issued in April 2011 and to be reimbursed in April 2017.

No mortgage has been assigned on buildings, but the assignment of future rents and future usufruct fees may be considered as a quasi-security (EUR 83.3 million).

<sup>5</sup> The difference between nominal and accounted financial debt is mainly explained by the fact that the US PP is booked at its fair value.

As at 30 June 2016, the Debt Ratio amounts to 48.53% and the LTV ratio to 45.64%.

### 3.3 Interest of natural and legal persons involved in the Offering

The Underwriters are expected, but do not have any obligations, to enter into an Underwriting Agreement with the Issuer on or about 23 September 2016. In addition, ING Belgium SA/NV provides financial services to the Issuer in connection with the Offering.

ING Belgium SA/NV, Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Bank SA/NV and some of their affiliates have entered into credit and derivative agreements with the Issuer. In addition, each of the Underwriters and each of their affiliates have or may have, in the past, performed investment banking and advisory services and various banking services for the Issuer and the Befimmo group, for which they have received customary fees and expenses. They may, from time to time, engage in further transactions with, and perform services for, the Issuer and the Befimmo group in the ordinary course of their businesses.

Axa Belgium SA/NV has committed to exercise its Priority Allocation Rights and to subscribe for the New Shares up to the percentage of its participation in the share capital of the Company (*i.e.*, 10.7%). AG Insurance SA/NV (and its affiliates) has indicated on 6 September 2016 that it has the intention to participate in the Offering *pro rata* its participation in the share capital in the Company, provided that a number of criteria, relating among other things to market conditions and to the terms and conditions of the Offering, are met. AG Insurance SA/NV (and its affiliates) currently holds 10.35% in the share capital of the Company.

The following members of the Board of Directors or executive officers hold Existing Shares: Mr. Benoît Godts, non-executive director, holds 998 Existing Shares and Mr. Laurent Carlier, chief financial officer, holds 180 Existing Shares. Mr. Benoît Godts and Mr. Laurent Carlier have each informed the Company that they have the intention to participate in the Offering (see Section 5.3.3 (*Intention of members of the Board of Directors (and managers)*)).

### 3.4 Reasons for the Offering and use of proceeds

With the Offering the Company intends to raise new financial means to pursue its investment strategy in its core market of quality office buildings located in Belgium (mainly in Brussels and the other main Belgian cities) and the Grand Duchy of Luxemburg, while maintaining a solid balance sheet in line with the Company's financial strategy (characterised by a target LTV ratio of around 50%).

The net proceeds of the Offering, provided it is fully subscribed for, are estimated to amount to EUR 124,351,184 (as estimated in Section 5.2.2 (*Size of the Offering*)). These proceeds will mainly be used in the framework of the ongoing and future redevelopment, renovation and construction projects financed through equity combined with long-term debt, which will allow the Company to continue to create value for its shareholders while maintaining a well-balanced LTV ratio.

The Company intends to use part of the net proceeds in the framework of the redevelopment of the Noord building into the new **Quatuor building** (60,000 m<sup>2</sup>). The urban development and environmental permits were applied on 23 September 2014 and are expected to be obtained by the end of 2016. The works are expected to start early 2018, after the end of the current lease in the Noord Building (no later than early 2018), and last approximately 30 to 36 months. The Quatuor building will consist of four independent office towers enjoying a strategic location in the Brussels North area and forming a fine architectural unit. The project's total investment amount is estimated at approximately EUR 150 million (of which, as at 30 June 2016, EUR 1.1 million has been realised in total and EUR 0.1 million committed). The redevelopment project could generate a gross initial yield on construction cost of more than 6.5%.

In addition, the Company intends to use part of the net proceeds of the Offering to strengthen its balance sheet in the framework of its other committed ongoing construction, redevelopment and renovation projects, which mainly include the following:

- (i) The Gateway (34,000 m<sup>2</sup>) project (leasehold of 97 years) which was acquired by Befimmo early 2015 for a total amount of about EUR 148.3 million (paid in tranches and of which, as at 30 June 2016, about EUR 47.6 million still had to be invested). It embodies the comprehensive redevelopment of the old Brussels airport terminal and is fully pre-let to Deloitte for an 18-year period. The transaction will be finalised in the fourth quarter of 2016 as of when the lease will generate an annual current rent of EUR 6.9 million.
- (ii) The Guimard building (5,400 m<sup>2</sup>) located in the heart of the Leopold district in Brussels which is undergoing a full renovation for an amount of EUR 12.5 million (of which, as at 30 June 2016, about EUR 10.1 million had to be invested). The building will be ready to welcome new tenants as from the second quarter of 2017 and is currently being commercialised.

Part of the net proceeds of the Offering could also be used in the framework of the following construction and redevelopment projects in case certain preconditions are met:

- (i) The construction of a new passive office tower in the North area of Brussels, the WTC IV (53,500 m<sup>2</sup>). The project's total investment size is estimated at approximately EUR 140 million (of which, as at 30 June 2016, EUR 16.2 million had been realised in total. The development project could generate a gross initial yield on construction cost of more than 6.5%.
- (ii) The Paradis Express project (35,000 m<sup>2</sup>) in Liège involves the construction of an eco-neighbourhood offering a mix of offices (20,000 m<sup>2</sup>), housing and local shops. The project's total investment size for the offices part is estimated at approximately EUR 50 million (of which, as at 30 June 2016, EUR 0.4 million had been realised in total and EUR 0.1 million is committed). The Company plans to sell the residential portion of the project to a specialised partner (subject to planning permission), while it will develop the office space according to commercialisation. The permit will be applied for after finalisation of the negotiations with a potential partner for the residential part, which are currently ongoing.

In order to keep its buildings attractive to tenants and to maintain a high occupancy rate, other renovation projects and energy investments are ongoing in line with the Company's corporate strategy.

For treasury management reasons, the net proceeds of the Offering are initially intended to be used to partially repay amounts drawn under credit facilities which remain available until maturity to fund current and future construction, redevelopment, renovation and acquisition projects when required.

Based on a fully subscribed offering, the Company's LTV ratio, which amounted to 45.64% as at 30 June 2016 would decrease to an estimated 40.52%. This pro-forma calculation based on the information available as at 30 June 2016 does not take into account any other element that could have an impact on the total assets and on the debt position of the Company and hence on the LTV ratio.

The Company retains a large degree of discretion in determining the amounts and the timing of the effective allocation of the proceeds of the Offering which will depend on numerous factors, such as the market conditions, the evolution of the LTV ratio, the availability of alternative financing instruments, the obtaining of environmental and building permits, the availability of external value creating growth projects in the segment of quality offices in Belgium and Luxemburg, the conclusion of lease agreements with potential tenants, the operational expenses of the Company and/or the actual net proceeds of the Offering.

In addition to the proceeds of the Offering, the Company may use other sources of financing (bank loans, *etc.*) and the proceeds of potential divestments to (partially) fund its envisaged construction, redevelopment and renovation projects.

## **4. INFORMATION RELATING TO THE NEW SHARES**

### **4.1 General**

This section summarises the Issuer's share capital and the main rights of the Company's shareholders under Belgian law and the Articles of Association. It is based on the Articles of Association dated 26 April 2016.

The description provided below is only a summary and does not purport to give a complete overview of the Articles of Association nor of all relevant provisions of Belgian law, and should not be considered as legal advice regarding these matters.

The Shares are listed on Euronext Brussels under the symbol BEFB and ISIN BE0003678894.

Information about past performance of the Shares and their volatility can be obtained on the Issuer's website ([www.befimmo.be](http://www.befimmo.be)) and on the website of Euronext ([www.euronext.com](http://www.euronext.com)).

The Issuer has agreed to use all reasonable endeavours to ensure that the New Shares will be admitted to trading and listing on Euronext Brussels and will be listed, quoted or dealt in on any other stock exchange or securities market on which the shares may then be listed, quoted or dealt in.

### **4.2 Share capital and shares**

On the date of this Securities Note, the share capital of the Issuer amounts to EUR 334,464,491.53 and is fully paid-up. It is represented by 23,021,293 Shares, without nominal value.

### **4.3 Form and transferability of the Shares**

Existing Shares of the Issuer are in registered or dematerialised form.

The Shares in dematerialised form are held in book-entry form through the settlement system of Euroclear, the Belgian central securities depository.

Shareholders may at any time ask the Issuer for their Shares in book-entry form to be converted into registered shares, or vice versa, at the cost of the shareholder, in accordance with the Articles of Association.

All Shares are fully paid-up and freely transferable.

### **4.4 Currency**

The Shares are denominated in Euro.

### **4.5 Governing law and jurisdiction**

The Shares and any non-contractual obligations arising out of, or in connection with, them are governed by, and shall be construed in accordance with, Belgian law.

In the event of litigation initiated in Belgium, the Belgian courts which will have jurisdiction will, in principle, be those where the registered office of the Issuer is located if the Issuer is defendant in such litigation, and will be designated according to the nature of the litigation, unless otherwise provided by Belgian law, applicable treaties or contractual jurisdiction or arbitration clauses.

## 4.6 Issuance of the New Shares

The New Shares will be issued pursuant to a decision of the Board of Directors of 13 September 2016 to increase the Issuer's share capital within the framework of the authorised capital. The New Shares will in principle be issued on the Closing Date.

## 4.7 The New Shares offered

### 4.7.1 *The New Shares in general*

The New Shares will be ordinary shares of the Issuer, without nominal value, fully paid-up in cash upon their delivery and each representing an identical fraction of the Issuer's share capital.

The New Shares will be dematerialised shares delivered in book-entry form through the settlement system of Euroclear<sup>6</sup>, the Belgian central securities depository, or registered shares recorded in the Company's share register. Shareholders may at any time ask the Issuer for their New Shares in book-entry form to be converted into registered shares, or vice versa, at the cost of the shareholder, in accordance with the Articles of Association.<sup>7</sup>

### 4.7.2 *Dividends*

To ensure the fungibility of the Existing Shares and the New Shares, the New Shares will be issued ex-Coupon n°32. This Coupon n°32 gives right to a dividend for the current financial year, *pro rata temporis* as from 1 January 2016 until the day before the Closing Date. Such dividend may be paid as from December 2016 if the Board of Directors decides to grant an interim dividend, or as from 5 May 2017 if no such decision is made. The Company could also decide to propose this dividend, in line with the dividend distributed in the previous financial years, in the form of an optional dividend.

After the Closing Date, the New Shares and Existing Shares will have the right to a dividend, subject to approval by the ordinary general shareholders' meeting of the financial year ending on 31 December 2016 for the second part of the current financial year, *pro rata temporis* as from the Closing Date until 31 December 2016. This final dividend, if any, shall be paid as from 5 May 2017.

After analysis of the forecasts as described in Section 6.2 (*EPRA earnings and dividend forecasts*) and provided the absence of any unexpected event, the Board of Directors confirms the dividend forecast of EUR 3.45 per Existing Share for the financial year 2016, which was announced on 18 February 2016, and disclosed in the Registration Document on page 74. On this basis the Company currently estimates that the gross dividend represented by Coupon n°32 amounts to EUR 2.55 per Existing Share (*i.e.*, *pro rata temporis* as from 1 January 2016 until the day before the Closing Date) and that the final dividend (*i.e.*, *pro rata temporis* as from the Closing Date until 31 December 2016) will amount to EUR 0.90 per Share. The dividend for the full financial year 2016 is subject to approval by the ordinary general shareholders' meeting to be held on 25 April 2017.

## 4.8 Rights attached to the shares

Under Belgian law, the main rights attached to shares in a *société anonyme / naamloze vennootschap* are the right to vote, the right to attend shareholders' meetings and the right to receive dividends and liquidation proceeds.

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<sup>6</sup> Euroclear Bank SA, Rue des Deux Églises 1, 1210 Brussels, Belgium.

<sup>7</sup> Conversion costs charged by ING Belgium SA/NV amount to approximately EUR 50.00 (excluding VAT). Conversion costs charged by BNP Paribas Fortis SA/NV amount to approximately EUR 40.00 (excluding VAT). Conversion costs charged by KBC Securities SA/NV amount to EUR 30.25 (including VAT) for the conversion of dematerialised securities into registered securities; the conversion of registered securities into dematerialised securities is done free of charge. Any conversion by Belfius Bank SA/NV is done free of charge. Investors should inquire about the actual costs with their financial institution.

#### 4.8.1 *Voting rights attached to the shares*

Each Share entitles its holder to one vote.

Each shareholder has the right to participate in and to vote at a shareholders' meeting in person or by proxy. In accordance with the Articles of Association, proxies must be delivered to the Issuer no later than six days prior to the meeting. Any shareholder may vote by post using a form available from the Company. The postal vote form must be received by the Company no later than six days prior to the date of the meeting.

The joint owners, usufructuaries and bare owners, pledgee creditors and pledgee debtors must be represented respectively by one and the same person.

Voting rights can be suspended in the circumstances provided for in the Belgian Company Code and in particular if the shareholder has not complied with its notification of major holdings obligations (see Section 4.9.1 (*Notification of major holdings*)). In addition, in accordance with the Belgian Company Code, the voting rights attached to shares owned by the Issuer are suspended.

The agenda of the ordinary general shareholders' meetings includes at least the approval of annual accounts, the granting of discharge to the directors and auditor, the approval of the remuneration report by the general shareholders' meeting and the distribution of profits.

An extraordinary meeting may be convened at any time when the Company's interest so requires. It must be convened at the request of shareholders jointly holding one-fifth of the share capital.

#### 4.8.2 *Right to attend general shareholders' meetings*

The ordinary general shareholders' meeting takes place at the registered office of the Issuer or at any other location in Belgium, which shall be specified in the notice. The ordinary general shareholders' meeting takes place on the last Tuesday of April at 10.30am (CET). If this date is a public holiday in Belgium, the ordinary general shareholders' meeting is held on the next business day at the same time.

The general shareholders' meeting, whether annual or extraordinary, is held following a convening notice by the Board of Directors or the auditor. The notices contain all topics required by the Belgian Company Code and by any other regulation.

The general shareholders' meeting must also be convened if one or more shareholders holding shares representing at least 20% of the Company's share capital so request.

Shareholders holding at least 3% of the Issuer's share capital are entitled to request that one or more items be put on the agenda of a general shareholders' meeting already convened and to make proposal of resolutions with respect to items already existing or to be put on the agenda.

The notice convening the general shareholders' meeting must state the place, date and hour of the meeting and must include an agenda indicating the items to be discussed as well as any motions for resolutions. The notice must be published at least 30 days prior to the meeting in the Belgian Official Gazette (*Moniteur Belge / Belgisch Staatsblad*), in a nation-wide newspaper as well as in media that can reasonably be relied upon for the dissemination of information within the EEA. The convening notice must in addition be sent by ordinary mail to the holders of registered shares or registered bonds. The annual financial statements, the annual report of the Board of Directors and the annual report of the statutory auditor must be made available to the public at the Company's registered office from the date of the convening notice. The Company must also publish on its website various information including the convening notice and all documents to be submitted to the general shareholders' meeting.

Any shareholder may participate in a general shareholders' meeting and exercise its right to vote:



1. if its Shares are registered in its name on the fourteenth day prior to the shareholders' meeting, at 24 hours (midnight, Belgian time), either: by registration of the Shares in the Company's share register; or a registration of the Shares in the account of an authorised holder or settlement institution (the aforementioned day and time being the record date); and
2. if the Company has been informed, no later than the sixth day prior to the date of the meeting, of the Company's shareholders' desire to participate in the shareholders' meeting, as the case may be, directly by the shareholder for holders of registered shares or by a financial intermediary, authorised account holder or settlement institution for holders of dematerialised shares.

Any shareholder may, as of the date of notice and no later than six (6) days prior to the date of the meeting, ask questions in writing, which will be answered during the meeting provided the relevant shareholder has complied with the requirements for admission to the meeting.

During any general shareholders' meeting, shareholders have the right to ask questions to directors in connection with any item on the agenda. They may also ask questions to directors or to the statutory auditor in connection with their respective reports presented during the meeting.

In general, there is no attendance quorum requirement for a general shareholders' meeting and decisions are passed with a simple majority of the votes of the shares present or represented. However, capital increases (other than those decided by the Board of Directors pursuant to the authorised capital), decisions with respect to the Company's dissolution, mergers, de-mergers and certain other reorganisations of the Company, amendments to the Articles of Association and certain other matters referred to in the Belgian Company Code require that at least 50% of the share capital of the Issuer be present or represented and that at least 75% (or 80% with respect to a change of corporate purpose) of the votes cast be in favour of the resolution. When there is an attendance quorum requirement and such quorum is not met at the first meeting, a second meeting must be convened and the second meeting can validly deliberate and vote on the items of the agenda irrespective of the shares present or represented.

Any proposal to amend the Articles of Association is subject to prior approval of the FSMA due to the Issuer's BE-REIT status.

#### 4.8.3 *Right to dividends*

All Shares entitle their holders to an equal right to participate in Befimmo's profits (if any).

To that extent, the Existing Shares give right to a dividend for the full financial year 2016 as well as for the following financial years. The New Shares give right to a dividend<sup>8</sup> for the current financial year, *pro rata temporis* as from the Closing Date until 31 December 2016, as well as for the following years.

The distribution of a dividend is a matter of principle decided by the general shareholders' meeting. The Board of Directors may however declare an interim dividend in accordance with the conditions set forth in the Belgian Company Code.

Dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves.

The distribution of a dividend by the Issuer to its shareholders constitutes an obligation under the BE-REIT Legislation, which applies without prejudice to the provisions of Articles 617 and following of the Belgian Company Code and of their accounting implications. The Issuer must in that respect distribute at least 80% of an amount to be calculated pursuant to the BE-REIT Legislation. This amount corresponds essentially to the cash flow (thus not taking into account the change in fair value of investment properties and certain other cash

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<sup>8</sup> Subject to approval by the ordinary general shareholders' meeting of the current financial year to be held on 25 April 2017.

and non-cash items that are included in the net result). A BE-REIT can also waive the distribution of an amount equal to the decrease of its net debt between the beginning and the end of the financial year.

The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future revenue, capital requirements, financial conditions, general economic and business conditions, future prospects and such other factors as the Board of Directors and the committee of executive officers may deem relevant. The payment of dividends will in any case be subject to the approval of the general shareholders' meeting, without prejudice to the possibility for the Board of Directors to declare an interim dividend.

Claims against the Issuer for payment of dividend shall be prescribed and become void unless made within five years (in the case of interest) from the due date for such payment. As of that date, the Issuer is no longer obliged to pay the dividends.

#### 4.8.4 *Changes to the share capital*

As a matter of principle, changes to the share capital are decided by the general shareholders' meeting. The general shareholders' meeting may at any time decide to increase or decrease the share capital. Such resolution must satisfy the quorum and majority requirements that apply to amendments of the Articles of Association (see Section 4.8.2 (*Right to attend general shareholders' meetings*)).

Subject to the same quorum and majority requirements, the general shareholders' meeting may authorise the Board of Directors, within certain limits, to increase the share capital without any further approval of the Company's shareholders. This is the so-called authorised capital. This authorisation needs to be limited in scope and in time (it can only be granted for a renewable period of maximum five years). As reflected in Article 7 of the Articles of Association, the Board of Directors has been authorised by the general shareholders' meeting held on 26 April 2016 to increase the Issuer's share capital: (i) in the case of a capital increase in cash with preferential subscription right, pursuant to Article 592 of the Belgian Company Code, for an amount not exceeding the amount of the registered capital at the time of the authorisation (*i.e.*, EUR 334,464,491.53); (ii) in case of a capital increase in cash with priority allocation right, for an amount not exceeding 20% of the amount of the registered capital at the time of the authorisation (*i.e.*, EUR 66,892,898.30); and (iii) for all other forms of capital increases, for an amount not exceeding 20% of the amount of the registered capital at the time of the authorisation (*i.e.*, EUR 66,892,898.30); provided that the share capital may never be increased, in the framework of the authorised capital, in an aggregate amount exceeding the share capital at the time of the authorisation. This authorisation, granted to the Board of Directors under Article 7 of the Articles of Association, is valid until 13 May 2021. On the date of this Securities Note, the Board of Directors has not used the authorised capital (in the context of any type of capital increase) granted by the general shareholders' meeting of 26 April 2016, except in relation to the Offering (see Section 5.1 (*Information related to the capital increase*)) for an overview of the outstanding authorised capital).

The BE-REIT Legislation provides for specific rules to be complied with in case of capital increases, in addition to the requirements laid down in the Belgian Company Code.

In the event of a capital increase in cash with the issue of new shares, or convertible bonds or warrants, the existing shareholders have a preferential subscription right to subscribe, *pro rata*, to the new shares, convertible bonds or warrants. These preferential subscription rights are transferable during the subscription period. The general shareholders' meeting or the board of directors, as the case may be, may decide to limit or cancel this preferential subscription right, provided that certain conditions are satisfied. However, pursuant to the BE-REIT Legislation, in case the preferential subscription right is limited or cancelled, existing shareholders must be granted a priority allocation right under the following conditions:

- the priority allocation right relates to the total amount of the new securities to be issued;
- it is granted to the existing shareholders *pro rata* their stake in the share capital of the issuer at the launch of the offering;
- the public offer period may not be shorter than three (3) business days; and
- the maximum issue price per security is announced at the latest the day before the start of the public offer.

Capital increases by contribution in kind must comply with the following conditions, which are laid down in the Belgian Company Code and in the BE-REIT Legislation, and summarised in the Articles of Association:

1. the identity of the contributor must be mentioned in the Board of Directors' report specified in article 602 of the Belgian Company Code, as well as, as the case may be, in the notice to the shareholders' meeting that will decide on the capital increase;
2. the issue price may not be lower than the lesser of (a) the net value per share determined no later than four months prior to the contribution agreement or, at the Company's choice, prior to the date of the capital increase and (b) the average stock exchange closing price over a 30 day period preceding such date, provided that the Issuer may further deduct an amount equal to the portion of undistributed gross dividend of which the new shares may be deprived, if the Board of Directors specifically evidences in its special report the amount of accrued dividend to be deducted and describes the financial conditions of the transaction in the annual financial report;
3. unless the issue price or, in the case of a merger, spin-off or a similar transaction as referred to in Articles 671 to 677, 681 to 758 and 772/1 of the Belgian Company Code, the exchange ratio and the terms of such transaction are determined and published no later than the business day following the conclusion of the contribution agreement, with mention of the term upon which the capital increase will take effect, the capital increase deed is executed within a maximum term of four months;
4. the report referred to under point 1 must also describe in detail the impact of the proposed contribution on the situation of the existing shareholders, particularly with respect to their share in the profits, the net value per share and the capital, as well as the impact in terms of voting rights;
5. the above conditions do not apply in case of optional dividend distributions, by contribution of the right to receive dividends, offered to all shareholders; and
6. the above conditions apply *mutatis mutandis* to mergers, spin-offs and similar transactions as referred to in Articles 671 to 677, 681 to 758 and 772/1 of the Belgian Company Code.

#### 4.8.5 *Purchase and sale of own shares*

In accordance with Article 11 of Articles of Association and the Belgian Company Code, the Issuer may, pursuant to a decision of the shareholders' meeting in accordance with Articles 620 and 630 of the Belgian Company Code, acquire or pledge the Shares that have been fully paid-up in cash, for a price which may not be inferior to 85% and superior to 115% of the share price at the closing of the trading day preceding the day of the transaction, without holding at any time more than 10% of the total number of outstanding Shares. Such authorisation has been granted to the Board of Directors by the general shareholders' meeting held on 26 April 2016 for a period of five (5) years and is valid until 13 May 2021.

The conditions for the disposal of shares acquired by the Issuer are determined by the shareholders' meeting or by the Board of Directors as the case may be in accordance with Article 622, § 2 of the Belgian Company Code.

The Board of Directors is authorised, to dispose of the Company's own shares in the following cases:

- (i) on or outside the stock market when these shares are admitted to trading on a regulated market; and
- (ii) in all other cases permitted by the Belgian Company Code.

As at the date of this Securities Note, the Issuer and its subsidiaries held no treasury Shares.

#### 4.8.6 *Rights in case of dissolution and liquidation*

The Issuer can only be dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes cast at an extraordinary general shareholders' meeting where at least 50% of the share capital is present or represented.

If, as a result of losses incurred, the ratio of the Issuer's net assets to share capital is less than 50%, the Board of Directors must convene an extraordinary general shareholders' meeting within two months of the date upon which the Board of Directors became aware or should have become aware of these losses. At this general shareholders' meeting, the Board of Directors must, in its report, propose either the dissolution or the continuation of the Issuer. In the latter case, the Board of Directors must propose measures to redress the financial situation. Shareholders representing at least 75% of the votes validly cast at this meeting have the right to dissolve the Issuer, provided that at least 50% of the share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of the Issuer's net assets to share capital is less than 25%, the same procedure must be followed. However, in that case, shareholders representing 25% of the votes validly cast at the meeting can decide to dissolve the Company.

If the amount of the Company's net assets drops below EUR 61,500 (*i.e.*, the minimum amount of share capital of a *société anonyme / naamloze vennootschap*), any interested party may request the competent court to dissolve the Company. The court can order the dissolution of the Company or grant a grace period within which the Company is to remedy the situation.

### 4.9 **Applicable Legislation**

#### 4.9.1 *Notification of major holdings*

Belgian law imposes disclosure requirements on any natural or legal person acquiring or transferring voting securities or securities which give a right to acquire voting securities, as soon as, following such acquisition or transfer, the total number of voting rights directly or indirectly held by such person, alone or in concert with others, crosses upward or downward the threshold of 5%, or any multiple of 5%, of the total number of voting rights attached to the Company's securities. The Articles of Association provide for an additional threshold of 3%.

When a threshold is crossed, a notification must be made to the Issuer and to the FSMA. Forms for the latter notification can be found on the website of the FSMA ([www.fsma.be](http://www.fsma.be)). Breaches of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The FSMA may also impose administrative fines.

The Issuer is required to publicly disclose any notifications received regarding increases or decreases in major holdings of the Issuer's securities, and must mention these notifications in the notes to its financial statements. A list as well as a copy of such notifications can be found on Befimmo's website ([www.befimmo.be](http://www.befimmo.be)).

Notifications are also required when, as a result of events changing the allocation of voting rights, the percentage of voting rights attached to securities with voting rights reaches, exceeds or falls below the applicable thresholds, even where no acquisition or disposal of securities occurred (*e.g.*, share capital increase or cancellation of treasury shares) as well as when natural or legal persons enter into, change or terminate an agreement to act in concert, where as a result of such event, the percentage of voting rights subject to the action in concert or the percentage of voting rights of one of the parties acting in concert, reaches, exceeds or falls below the applicable thresholds.

#### 4.9.2 *Public takeover bids*

Public takeover bids for the Issuer's shares and other securities giving access to voting rights (such as warrants or convertible bonds) are subject to supervision by the FSMA. Any public takeover bid must be extended to all

of the company's voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus, approved by the FSMA.

According to the Takeover Bid Legislation, a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by a Royal Decree. This requirement applies to the Shares.

There are several provisions of the Belgian Company Code and certain other provisions of Belgian law, such as the obligation to disclose major holdings (see Section 4.9.1 (*Notification of major holdings*)), which may be applicable with respect to the Issuer and which may create hurdles to an unsolicited tender offer, merger, change in management or other change in control. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Shares. Such provisions may also have the effect of depriving the Company's shareholders of the opportunity to sell their shares at a premium. In addition, pursuant to the Belgian Company Code, the Board of Directors may in certain circumstances, and subject to prior authorisation by the Company's shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the authorised capital) or through share buy-backs (see Section 4.8.4 (*Changes to the share capital*) and Section 4.8.5 (*Purchase and sale of own shares*)).

Pursuant to the BE-REIT Legislation, an offeror which would control the Issuer as a result of a takeover bid would be considered as a sponsor (*promoteur/promotor*) of the Issuer. As long as the Issuer has a BE-REIT status, the sponsor must ensure that at least 30% the Shares are held by investors who do not act in concert with such sponsor or who do not have a shareholding interest (*lien de participation/deelnemingsverhouding*) (within the meaning of the Belgian Company Code) with the sponsor. Non-compliance with this requirement may result in the termination of the BE-REIT status by the FSMA in accordance with the provisions of the BE-REIT Legislation.

No public takeover bid for the Shares and other securities of the Issuer giving access to voting rights has been launched as at the date of this Securities Note.

#### 4.9.3 *Squeeze-out*

Pursuant to Article 513 of the Belgian Company Code, a person or entity, or different persons or entities acting alone or in concert, who, together with the relevant company, own 95% of the voting securities in a public company, can acquire all securities conferring (potential) voting rights in that company following a squeeze-out offer. The voting securities that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the offer period. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders and is, for these purposes, verified by an independent expert.

A squeeze-out offer is also possible upon completion of a public takeover, provided that the bidder holds at least 95% of the voting securities and, in case of a voluntary takeover bid, that the bidder has acquired 90% of the voting securities to which the offer relates. The bidder may require that all remaining shareholders sell their securities to the bidder at the offer price of the takeover bid. Securities that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the offer period.

The 95% ownership would be contrary to the free float requirement discussed in Section 4.9.2 (*Public takeover bids*) above and the de-listing which would follow a squeeze-out is contrary to the requirement for a BE-REIT such as the Issuer to have its shares admitted to trading on Euronext Brussels. This could result in the termination of the Issuer's BE-REIT status.

#### 4.9.4 *Sell-out right*

Holders of securities conferring (potential) voting rights may require an offeror who, acting alone or in concert, following a takeover bid, owns 95% of the securities conferring voting rights in a public company to buy their

securities at the price of the bid, upon the condition that the offeror has acquired, through the bid, securities conferring at least 90% of the voting rights subject to the takeover bid.

The 95% ownership would be contrary to the free float requirement discussed in Section 4.9.3 (*Squeeze-out*) above.

## **5. INFORMATION ON THE OFFERING**

### **5.1 Information related to the capital increase**

On 13 September 2016, the Board of Directors resolved to increase the share capital of the Company within the limits of the authorised capital by issuing up to 2,557,921 New Shares.

Pursuant to the authorisation granted by the general shareholders' meeting held on 26 April 2016 and to Article 7 of the Articles of Association, the Board of Directors has the authority to increase the share capital of the Issuer through a capital increase in cash with priority allocation right, for an amount not exceeding 20% of the amount of the registered capital at the time of the authorisation (*i.e.*, EUR 66,892,898.30).

So far, the Board of Directors has not used the authorised capital in the context of a capital increase in cash with priority allocation rights. On the date of this Securities Note, the amount by which the Board of Directors could increase the share capital under the authorised capital therefore amounts to EUR 66,892,898.30. On 13 September 2016, the Board of Directors resolved to increase it for a maximum amount of EUR 37,162,715 (excluding issue premium).

The Issuer reserves the right to revoke or suspend the Offering if, among other things, it determines that (i) the market conditions prevent the Offering from taking place under satisfying conditions, or (ii) the Underwriting Agreement has not been signed or has been terminated in accordance with its terms and conditions (see Section 5.2.5 (*Withdrawal or suspension of the Offering*)).

### **5.2 Terms and conditions of the Offering**

#### **5.2.1 *Offering***

The Offering is comprised of (i) the public offering of New Shares within the framework of a capital increase in cash with Priority Allocation Rights pursuant to exemptions from, or in transactions not subject to, the registration requirements of the U.S. Securities Act, and (ii) the offering of Scrips in an accelerated bookbuilding process to qualified investors (outside the United States of America pursuant to Regulation S under the U.S. Securities Act) that is expected to take place on 23 September 2016.

#### **5.2.2 *Size of the Offering***

On 13 September 2016, the Board of Directors resolved to increase the share capital of the Company within the limits of the authorised capital by issuing up to 2,557,921 New Shares, with cancellation of the statutory preferential subscription rights of the Existing Shareholders, provided that such Existing Shareholders will be granted an irreducible priority allocation right.

The capital increase will take place to the extent that the New Shares are subscribed for (i) by holders of Priority Allocation Rights in accordance with the Ratio, or (ii) by qualified investors participating in the Scrips Private Placement. Subject to the Ratio, there is no minimum or maximum amount that may be subscribed by a single holder of Priority Allocation Rights or Scrips pursuant to the Offering.

The maximum amount of gross proceeds of the Offering is EUR 127,256,570. No minimum amount has been determined and the Company reserves the right to proceed with a capital increase for a lower number of New Shares than the maximum determined by the Board of Directors.

The results of the Offering (*i.e.*, the final amount of the capital increase and the final number of New Shares issued) are expected to be announced by a press release on or about 23 September 2016.

### 5.2.3 *Priority Allocation Rights*

Each Existing Share will entitle its holder on the Record Date to receive one Priority Allocation Right, represented by Coupon n°31.

Holders of Coupon n°31 will be entitled to subscribe for New Shares, at the Ratio, provided that their subscription is accompanied by the required number of Coupons n°31.

Coupons n°31 will be detached after market closing on Euronext Brussels on the Record Date and will be tradable during the Subscription Period on Euronext Brussels, under ISIN BE0970151545.

Coupons n°31 will only be valid during the Subscription Period and, if not submitted as part of a subscription order or traded on Euronext Brussels, will expire and be null and void at the end of the Subscription Period.

Holders of dematerialised shares booked on a securities account on the Record Date will automatically receive the number of Priority Allocation Rights they are entitled to by book-entry into their securities account, subject to the restrictions in the Prospectus and subject to applicable securities laws. Their financial intermediary will, in principle, inform them on the procedures that must be followed to exercise their Priority Allocation Rights.

Holders of registered shares recorded in the Company's share register on the Record Date will receive at the address indicated in the share register a letter from the Company informing them on the aggregate number of Priority Allocation Rights to which they are entitled in respect of their registered shares, and of the procedures that they must follow in order to exercise their Priority Allocation Rights, subject to the restrictions in the Prospectus and to applicable securities laws.

### 5.2.4 *Issue Price and Ratio*

The Issue Price is EUR 49.75 per New Share. The Issue Price was determined on 13 September 2016 by the Board of Directors, in consultation with the Global Coordinators, based among other things on the market price of the Existing Shares on Euronext Brussels after deduction of the right to a dividend *pro rata temporis* as from 1 January 2016 until the day before the Closing Date, on which (as usual in similar transactions) a discount was applied, as determined by the Board of Directors in consultation with the Global Coordinators, in light of market conditions and the requirements applicable at that time.

The Issue Price is below the closing price of EUR 57.90 per Share quoted on Euronext Brussels on 13 September 2016. Based on the closing price on such date, the theoretical ex-rights price ("**TERP**") is EUR 54.79, the theoretical value of one Priority Allocation Right is EUR 0.56, and the discount of the Issue Price to TERP is 9.2%, taking into account the detachment of Coupon n°32, *i.e.*, the coupon representing the right to a dividend *pro rata temporis* as from 1 January 2016 until the day before the Closing Date.

A portion of the Issue Price per New Share equal to the fractional value of the Existing Shares (*i.e.*, EUR 14.53 (rounded)), will be allocated to the Company's share capital. The portion of the Issue Price in excess of such fractional value will be booked in the undistributable reserves as issue premium.

The holders of Priority Allocation Rights may subscribe for New Shares in the proportion of nine (9) Priority Allocation Rights for one (1) New Share.

### 5.2.5 *Withdrawal or suspension of the Offering*

The Company has the right to proceed with a capital increase in a reduced amount. The actual number of New Shares subscribed for will be announced by a press release. The Company reserves the right to suspend or withdraw the Offering, before or after the start of the Subscription Period. In case of withdrawal of the Offering, all subscription orders received will automatically be cancelled and withdrawn and subscribers will not have any claim for the delivery of the New Shares or for any compensation.



The Offering is subject to (i) the Board of Directors deciding that the quantity and the quality of the subscriptions received is such that the Offering can be closed in the interest of the Company and (ii) the Company and the Underwriters reaching a final agreement on the Underwriting Agreement, and the Underwriting Agreement not having been terminated (see Section 5.6 (*Underwriting Agreement*)). In the event that the Underwriting Agreement is not executed or is executed but subsequently terminated, a supplement to the Prospectus will be published (see Section 5.2.9 (*Supplement to the Prospectus*)).

If the Board of Directors decides to suspend or withdraw the Offering, a press release will be published and, to the extent legally required, the Company will publish a supplement to the Prospectus (see Section 5.2.9 (*Supplement to the Prospectus*)). If the Company decides to withdraw the Offering, the Issue Price already paid by investors shall be reimbursed as soon as possible and, in any case within a period of five (5) business days from the publication of the decision to withdraw the Offering, to the bank account from which the amount was paid. Investors will not be compensated, including for the purchase price (and any related costs or taxes) paid in order to acquire Priority Allocation Rights or Scrips in the secondary market. Investors who have acquired any such Priority Allocation Rights in the secondary market will thus suffer a loss, as trades relating to such Priority Allocation Rights will not be unwound once the Offering is withdrawn (see Section 1.2 (*Risks relating to the Offering and the Shares*)).

In the event that a suspension of the Offering delays the clearing and settlement of the New Shares after 27 September 2016, the Company will publish a supplement to the Prospectus (see Section 5.2.9 (*Supplement to the Prospectus*)).

#### 5.2.6 *Rules for subscription*

The Priority Offering will be open to holders of Coupon n°31 during the Subscription Period (*i.e.*, from 15 September 2016 to 22 September 2016 (included)).

Holders of Coupon n°31 may only exercise and subscribe for New Shares in accordance with the Ratio during the Subscription Period, to the extent permissible under the restrictions in this Securities Note and subject to applicable securities laws (see Section 2.6 (*Certain restrictions on the Offering*)).

Holders of Coupon n°31 must be aware that any New Shares subscribed for by exercising their Priority Allocation Rights will be fully allocated to them. Subscriptions made by exercising Priority Allocation Rights are binding and irrevocable, except as described in Section 5.2.9 (*Supplement to the Prospectus*).

Holders of Coupon n°31 can only subscribe for the New Shares at the Issue Price and are legally bound to acquire the number of New Shares indicated in their subscription order at the Issue Price, except (i) if the Offering has been withdrawn in which case the subscription orders will become null and void, or (ii) in the event of the publication of a supplement to the Prospectus, in which case the subscribers will have the right to withdraw their orders made prior to the publication of the supplement within the time limit set forth in the supplement, which shall not be shorter than two (2) business days after publication of the supplement, in accordance with Article 34, § 3 of the Prospectus Law.

Holders of dematerialised Priority Allocation Rights wishing to exercise and subscribe for New Shares should instruct their financial intermediary accordingly. The financial intermediary is responsible for obtaining the subscription request and for duly transmitting the subscription request to the Underwriters. Subscription requests may be submitted directly and free of charge during the Subscription Period at the counters of ING Belgium SA/NV, Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Securities SA/NV, or any other financial intermediary in Belgium which shall then transmit such requests to the Underwriters. Holders of Coupon n°31 are advised to enquire about any costs that may be charged to them by other financial intermediaries. The Underwriters shall not be responsible for the actions of other financial intermediaries in relation to the timely transmission of the subscription requests.

Holders of registered Priority Allocation Rights wishing to exercise their rights and subscribe for New Shares should comply with the instructions delivered to them in the letter received from the Company.

### 5.2.7 *Scripts Private Placement*

At the closing of the Priority Offering, the unexercised Priority Allocation Rights will convert automatically into an equal number of Scripts.

After the Subscription Period has ended, the Underwriters will, subject to the terms and conditions of the Underwriting Agreement and this Securities Note and for the account of holders of Priority Allocation Rights that have not been exercised, commence the sale of Scripts, in an accelerated bookbuilding process to qualified investors in Belgium and in such other jurisdictions as shall be determined by the Company in consultation with the Global Coordinators (but outside the United States of America pursuant to Regulation S of the U.S. Securities Act).

The number of Scripts offered in the Scripts Private Placement will be equal to the number of Priority Allocation Rights that have not been exercised at the closing of the Subscription period. If all Priority Allocation Rights are exercised during the Subscription Period, the Scripts Private Placement will not take place.

The Scripts Private Placement is expected to last less than one (1) business day and to take place on 23 September 2016.

Investors who acquire Scripts irrevocably commit to subscribe at the Issue Price to a number of New Shares corresponding to the Scripts acquired by them and in accordance with the Ratio.

The net proceeds from the sale of Scripts after deducting all expenses, charges and all forms of expenditure which the Company has to incur for the sale of the Scripts (the “**Net Scripts Proceeds**”), if any, will be distributed proportionally between all holders of unexercised Priority Allocation Rights (rounded down to a whole Eurocent per unexercised Priority Allocation Right).

The Net Scripts Proceeds will be announced by a press release and will be paid to the holders of such unexercised Priority Allocation Rights upon presentation of Coupon n°31. Holders of Priority Allocation Rights should consult their financial intermediary if they have any questions concerning the Net Scripts Proceeds Payment. There is, however, no assurance that any Scripts will be sold during the Scripts Private Placement, or that there will be any Net Scripts Proceeds (see Section 1.2 (*Risks relating to the Offering and the Shares*)). Neither the Company nor the Underwriters nor any other person will be responsible for any lack of Net Scripts Proceeds arising from the sale of the Scripts in the Scripts Private Placement. If the Net Scripts Proceeds, divided by the number of unexercised Priority Allocation Rights, are less than EUR 0.01 per unexercised Priority Allocation Right, the holders of such unexercised Priority Allocation Rights will not be entitled to receive any payment and, instead, the Net Scripts Proceeds will be transferred to the Company. In case insufficient proceeds are raised to cover the costs of the Scripts Private Placement, the uncovered costs will be borne by the Company.

If the Company announces that the Net Scripts Proceeds are available for distribution to holders of unexercised Priority Allocation Rights and such holders who have not received payment thereof within a reasonable time after the closing of the Scripts Private Placement are advised to contact their financial intermediary, except for holders of registered Shares who are advised to contact the Company.

The results of the Scripts Private Placement are expected to be announced by a press release on or about 23 September 2016.

### 5.2.8 *Publication of the results of the Offering*

The results of the Priority Offering are expected to be announced by a press release of the Company on or about 23 September 2016.

The results of the Offering, including the number of New Shares subscribed for and the amount due to holders of unexercised Priority Allocation Rights, are expected to be announced by a press release of the Company on or about 23 September 2016.

### 5.2.9 *Supplement to the Prospectus*

Every significant new factor, material mistake or any inaccuracy relating to the information included in the Prospectus, which is likely to affect the assessment of the New Shares, and which arises or is noted between the approval of the Prospectus and the admission to trading of the New Shares on Euronext Brussels, shall be disclosed by the Company in a supplement to the Prospectus. Such supplement shall be approved by the FSMA and be published by the Company. The Summary, and any translations thereof, shall also be supplemented, if necessary, to take into account the new information included in the supplement. Any supplement to the Prospectus (including any translation of supplements to the Summary) will be made available to investors in the same manner as the Prospectus itself. See Section 2.11 (*Available information*).

Investors who have agreed to subscribe for New Shares before publication of a supplement will have the right, exercisable within the time limits set forth in the supplement (at least (2) two business days after publication of the supplement), to withdraw their subscriptions in accordance with Article 34, § 3 of the Prospectus Law.

### 5.2.10 *Payment and settlement*

Payment for the New Shares subscribed for with Priority Allocation Rights is expected to take place on 27 September 2016. Payment shall be done by debiting the subscribers account, or for registered shareholders through a wire instruction. Payment for the New Shares subscribed for in the Scrips Private Placement will be made by delivery against payment.

Delivery of the New Shares will take place on or around 27 September 2016. The New Shares will be delivered in the form of dematerialised securities (booked in the securities account of the subscriber) or in registered form recorded in the Company's share register.

### 5.2.11 *Expected timetable*

Decision of the Board of Directors to proceed to a capital increase	T-2BD	Tuesday 13 September 2016
Determination of the Issue Price and Ratio	T-2BD	Tuesday 13 September 2016
Announcement of the Offering and the terms (including the Issue Price and Ratio) of the Offering before market opening of Euronext Brussels (press release on the Company's website)	T-1BD	Wednesday 14 September 2016
Detachment of Coupon n°31 (representing the Priority Allocation Right) after closing of Euronext Brussels	T-1BD	Wednesday 14 September 2016
Detachment of Coupon n°32 (representing the right to a dividend for the current financial year, <i>pro rata temporis</i> as from 1 January 2016 until the day before the Closing Date) after closing of Euronext Brussels	T-1BD	Wednesday 14 September 2016
Publication of the Prospectus	T	Thursday 15 September 2016
Trading of the Shares <i>ex</i> -Coupons n°31 and 32	T	Thursday 15 September 2016
Listing and start trading of the Priority Allocation Rights relating to the Existing Shares on Euronext Brussels	T	Thursday 15 September 2016
First day of the Subscription Period	T	Thursday 15 September 2016

End of listing and trading of the Priority Allocation Rights on Euronext Brussels	T+5BD	Thursday 22 September 2016
Last day of the Subscription Period	T+5BD	Thursday 22 September 2016
Announcement of the results of the Priority Offering and of launch of the Scrips Private Placement (with suspension of trading) (press release on the Company's website)	T+6BD	Friday 23 September 2016
Scrips Private Placement	T+6BD	Friday 23 September 2016
Announcement of the results of the Offering, including the Scrips Private Placement (press release on the Company's website)	T+6BD	Friday 23 September 2016
End of suspension of trading of the Shares on Euronext Brussels	T+6BD	Friday 23 September 2016
Payment of the Issue Price by or on behalf of the subscribers	T+8BD	Tuesday 27 September 2016
Completion of the capital increase	T+8BD	Tuesday 27 September 2016
Delivery of the New Shares to the subscribers	T+8BD	Tuesday 27 September 2016
Trading and Listing of the New Shares on Euronext Brussels	T+8BD	Tuesday 27 September 2016
Payment to holders of unexercised Priority Allocation Rights	T+11BD	As from Friday 30 September 2016

The Company may amend the dates and times of the capital increase and periods indicated in the above timetable and throughout the Prospectus. In such event, the Company will notify Euronext Brussels and inform investors through a publication on the Company's website. In addition, to the extent required by law, the Company will publish a supplement to the Prospectus in accordance with Section 5.2.9 (*Supplement to the Prospectus*).

### 5.3 Plan of distribution and allocation of the New Shares

#### 5.3.1 *Distribution*

##### (a) Categories of potential investors

The Offering is comprised of (i) the public offering with irreducible priority allocation of New Shares to Existing Shareholders pursuant to exemptions from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and (ii) the offering of Scrips in an accelerated bookbuilding process to qualified investors (outside the United States of America pursuant to Regulation S under the U.S. Securities Act) that is expected to take place on 23 September 2016.

Investors who can subscribe to the New Shares include (i) the holders of the Coupon n°31 and (ii) qualified investors participating in the Scrips Private Placement.

(b) Jurisdictions in which the Priority Offering will be open

The Priority Offering will be open to the public only in Belgium.

Holders of Coupon n°31 may only exercise the Priority Allocation Rights and subscribe for New Shares to the extent they can lawfully do so under any applicable securities laws. The Company has taken all necessary actions to ensure that New Shares may be subscribed for by holders of Coupon n°31 upon exercise of the Priority Allocation Rights in accordance with the Ratio. The Company has not taken any action to permit any public offering in any jurisdiction other than Belgium.

The distribution of the Prospectus, the exercise, sale or purchase of Priority Allocation Rights and the subscription for and the acquisition of New Shares may, under the laws of certain jurisdictions other than Belgium, be subject to restrictions under applicable securities laws. Persons in the possession of the Prospectus outside Belgium, or considering the acceptance, exercise outside Belgium of Priority Allocation Rights or the subscription for, or acquisition of, New Shares, must read Section 2.6 (*Certain restrictions on the Offering*) and must inform themselves about applicable securities laws in their jurisdiction and possible restrictions resulting from them and comply with those restrictions. Financial intermediaries cannot permit the acceptance, sale or exercise of Priority Allocation Rights or the subscription for, or acquisition of, New Shares, by clients located in any jurisdiction where such restrictions apply, except in conformity with applicable securities laws and any corresponding orders in violation of applicable securities laws will be deemed null and void. No person receiving the Prospectus may distribute it in, or send it to, such jurisdictions, except in conformity with applicable securities laws. The Company expressly disclaims responsibility for any non-compliance by persons disregarding these aforementioned restrictions.

(c) Jurisdictions in which the Scrips Private Placement may take place

The offering of Scrips will be made to qualified investors outside the United States of America pursuant to Regulation S under the U.S. Securities Act by way of an accelerated bookbuilding process. The New Shares are not being offered to any other persons or in any other jurisdiction.

(d) United States

The New Shares, the Priority Allocation Rights and the Scrips have not been registered under the U.S. Securities Act or under the laws of any state or other jurisdiction within the United States, and may not be offered or sold within the United States except pursuant to an exemption under the U.S. Securities Act. None of the New Shares, the Priority Allocation Rights, the Scrips or this Securities Note has been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. state securities commission or any other U.S. regulatory authority nor has any such authority passed upon or endorsed the merits of the Offering or the accuracy or the adequacy of this Securities Note. Any representation to the contrary is a criminal offence in the United States.

Until 40 days after the commencement of the Offering, an offer, sale or transfer of New Shares, Priority Allocation Rights or Scrips within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act.

5.3.2 *Intention of major shareholders*

Axa Belgium SA/NV has committed to exercise its Priority Allocation Rights and to subscribe for the New Shares up to the percentage of its participation in the share capital of the Company (*i.e.*, 10.7%). AG Insurance SA/NV (and its affiliates) has indicated on 6 September 2016 that it has the intention to participate in the Offering *pro rata* its participation in the share capital of the Company, provided that a number of criteria, relating among other things to market conditions and to the terms and conditions of the Offering, are met. AG Insurance SA/NV (and its affiliates) currently holds 10.35% in the share capital of the Company.

### 5.3.3 *Intention of members of the Board of Directors (and managers)*

Mr. Benoît Godts, non-executive director, holds 998 Existing Shares and Mr. Laurent Carlier, chief financial officer, holds 180 Existing Shares. Mr. Benoît Godts and Mr. Laurent Carlier have each informed the Company that they have the intention to participate in the Offering.

### 5.3.4 *Allocation*

Investors holding the relevant Coupons n°31 after the closing of the Subscription Period will benefit from a Priority Allocation Right and will be allotted New Shares subscribed for, in accordance with the terms and subject to the conditions in the Prospectus, in full. The results of the Offering will be publicly disclosed as set forth in Section 5.2.8 (*Publication of the results of the Offering*).

The Scrips Private Placement will be organised by an accelerated bookbuilding process. The modalities of the Scrips Private Placement, such as criteria for admissibility of investors, the price and the criteria for allocation in case of oversubscription, will be determined by the Company in consultation with the Global Coordinators.

## 5.4 **Pricing of the New Shares**

The Issue Price is EUR 49.75. It is a single price in Euro, exclusive of the Belgian tax on stock exchange transactions, if applicable (see Section 7 (*Taxation*)), and costs, if any, charged by financial intermediaries for the submission of applications, and will apply to all investors, whether Existing Shareholders, investors or qualified investors (see Section 5.2.4 (*Issue Price and Ratio*)).

## 5.5 **Jurisdiction and competent courts**

The New Shares will be issued in accordance with Belgian law.

The Offering is subject to Belgian law and the courts of Brussels are exclusively competent to adjudicate any and all disputes with investors concerning the Offering.

## 5.6 **Underwriting Agreement**

The Underwriters are expected (but have no obligation) to enter into an underwriting agreement (the “**Underwriting Agreement**”) immediately after the closing of the Scrips Private Placement and prior to the delivery of the New Shares. The Underwriters shall have no obligation to underwrite any of the Underwritten shares prior to the execution of the Underwriting Agreement.

The obligations of the Underwriters pursuant to the Underwriting Agreement are several and not joint.

Pursuant to such Underwriting Agreement, the Underwriters are expected to agree, on the terms and subject to the conditions stipulated therein, to subscribe, in their own name but for the account of final investors, for such number of Underwritten shares as will be agreed in the Underwriting Agreement, with a view to immediately after receipt deliver such Underwritten shares to the subscribers in the Offering, in the following proportions:

<b>Underwriter</b>	<b>Percentage</b>
ING Belgium SA/NV	29%
Kempen & Co N.V.	29%
Belfius Bank SA/NV	14%
BNP Paribas Fortis SA/NV	14%
KBC Securities SA/NV	14%

The Company reserves the right to terminate or suspend the Offering if the Underwriting Agreement has not been signed or has been terminated in accordance with its terms. In such case, to the extent that the Company has not waived this right, the capital increase will not take place, as described in Section 5.2.5 (*Withdrawal or suspension of the Offering*). Any subscriptions procured by the Underwriters may lapse and the Underwriters shall be under no obligation to pass on any subscriptions to the Company.

The Underwriters' commitment to subscribe and deliver the Underwritten shares is expected to be subject to the fulfilment of certain conditions on or prior to the completion of the capital increase, including:

- the accuracy of the representations and warranties by the Company in the Underwriting Agreement and the performance by the Company of its obligations to be performed pursuant to the Underwriting Agreement;
- the receipt of certain documents, including legal opinions from the Company's counsel and the Underwriters' counsel, closing certificates, comfort letters from the Statutory Auditor and evidence of the approval of the Prospectus by the FSMA;
- no change, event or development that could result in (i) any material adverse effect on, or any development which can reasonably be expected to result in a material adverse effect on the value, state or condition (financial or otherwise) of the shareholders' equity or on the properties, assets, rights, business, management, prospects (business or financial), funds, net worth or results of operations of the group, whether or not arising in the ordinary course of business, (ii) any adverse effect which negatively and significantly affects, or could reasonably be expected so to affect, the market for or the value of the Shares, or (iii) any material adverse effect on the Company's ability to perform its obligations under the Underwriting Agreement or to consummate the Offering, shall have occurred or been announced since the entering into the Underwriting Agreement;
- no material adverse change having occurred on the stock markets and no outbreak or escalation of emergency or crisis having occurred.

provided, however, that the Global Coordinators, acting on behalf of the Joint Bookrunners, may, at their discretion, waive satisfaction of any of these conditions.

In addition, the Underwriting Agreement is further expected to provide that the Global Coordinators, acting on behalf of the Underwriters may terminate the Underwriting Agreement before the realisation of the capital increase in relation to the Offering upon the occurrence of certain events, such as:

- the application for admission to listing and trading on Euronext Brussels having been withdrawn or refused;
- a breach of the representations and warranties by the Company in the Underwriting Agreement and the failure by the Company to perform any of its obligations pursuant to the Underwriting Agreement;
- a change, event or development that could result in (i) any material adverse effect on, or any development which can reasonably be expected to result in a material adverse effect on the value, state or condition (financial or otherwise) of the shareholders' equity or on the properties, assets, rights, business, management, prospects (business or financial), funds, net worth or results of operations of the group, whether or not arising in the ordinary course of business, (ii) any adverse effect which negatively and significantly affects, or could reasonably be expected so to affect, the market for or the value of the Shares, or (iii) any material adverse effect on the Company's ability to perform its obligations under the Underwriting Agreement or to consummate the Offering having occurred since the entering into the Underwriting Agreement;
- a material adverse change having occurred on the stock markets or outbreak or escalation of emergency or crisis having occurred.

In case of termination of the Underwriting Agreement, the Underwriters will be released from their obligation to subscribe for the Underwritten shares. Investors will be informed thereof by a publication in the Belgian financial press and, to the extent legally required, the Company will publish a supplement to the Prospectus (see Section 5.2.9 (*Supplement to the Prospectus*)).

Finally, the Company is expected to agree in the Underwriting Agreement to pay certain costs and expenses incurred by the Underwriters in connection with the Offering, to make certain representations, warranties and undertakings to the Underwriters and to indemnify the Underwriters against certain liabilities in connection with the Offering.

## 5.7 Lockup and standstill

In the Underwriting Agreement, the Company will agree that it will not, without the prior written consent of the Global Coordinators, for a period of ninety (90) calendar days from the day on which the New Shares start trading on Euronext Brussels, directly or indirectly, issue or sell (or attempt to issue or sell) any shares in the Company or grant or issue any options, warrants, convertible securities or other rights to subscribe for or purchase shares in the Company, with the exception of (i) the issue of the New Shares, (ii) the acquisition of real estate by contribution in kind, merger and/or (partial) demerger and (iii) the issuance of optional shares in the context of a dividend distribution.

No Existing Shareholder is bound by a lock-up undertaking in the context of the Offering.

## 5.8 Admission to trading and listing

### 5.8.1 *Priority Allocation Rights*

Coupon n°31, representing the Priority Allocation Right, will be detached on 14 September 2016 after market closing on Euronext Brussels.

Coupon n°32, representing the right to a dividend for the current financial year, *pro rata temporis* as from 1 January 2016 until the date before the Closing Date, will be detached on 14 September 2016 after market closing on Euronext Brussels.

The application for the listing and admission to trading of the Priority Allocation Rights on Euronext Brussels was submitted on 12 September 2016 and was granted on 15 September 2016. As a result, the Priority



Allocation Rights will be tradable on Euronext Brussels under ISIN code BE0970151545 during the Subscription Period.

As from 15 September 2016, the Shares will trade *ex*-Coupons n°31 and n°32 on Euronext Brussels. Any sale of Shares prior to market closing on Euronext Brussels on 14 September 2016, and settled after such closing will be *cum* Coupon n°32. Any shares sold after the closing on Euronext Brussels on 14 September 2016, will be sold and settled *ex*-Coupon n°32.

#### 5.8.2 *Scripts*

No application for the listing and admission to trading of the Scripts will be submitted.

#### 5.8.3 *New Shares*

An application for the listing and admission to trading of the New Shares on Euronext Brussels will be submitted. The admission is expected to take place on 27 September 2016. The New Shares will be listed and traded under ISIN code BE0003678894 and trading symbol BEFB, the same as the Existing Shares.

### 5.9 **Stabilisation**

No stabilisation shall be undertaken by the Global Coordinators and/or Underwriters in connection with the Offering.

### 5.10 **Liquidity contract**

The Issuer has appointed Kempen & Co N.V. to act as liquidity provider (the “**Liquidity Provider**”) in order to increase liquidity in the trading of the Shares. The Liquidity Provider may quote bid and ask prices and effect purchases and sales of Shares in its own name and for its own account and risk.

### 5.11 **Costs and remuneration of the intermediaries**

Expenses in relation to the Offering are estimated to be EUR 2,905,386 and will include, among other items, the fees due to the FSMA and Euronext Brussels, the costs of printing, the costs of translating the Summary, the remuneration of the Underwriters, legal and administrative costs and publication costs. The remuneration of the Underwriters has been determined at EUR 1,676,351. The Company will bear those expenses.

The net proceeds of the Offering are therefore expected to be EUR 124,351,184.

### 5.12 **Financial service**

The financial service for the New Shares of the Issuer is provided in Belgium by ING Belgium SA/NV free of charges for the Issuer’s shareholders. If the Issuer alters its policy in this respect, this will be announced in accordance with applicable law.

### 5.13 **Impact on the Issuer and dilution**

#### 5.13.1 *Consequences in terms of intrinsic value*

The Issue Price is below the intrinsic value of the Share as at 30 June 2016 which amounted to EUR 54.42 per Share (or EUR 52.70 per Share on a pro-forma basis assuming a dividend correction of EUR 1.725 per Share being the pro rata dividend for the first half of the financial year 2016).

Based on the assumption that the maximum number of New Shares is issued, the intrinsic value of the Share would decrease from EUR 54.42 as at 30 June 2016 to EUR 53.84, or from EUR 52.70 to EUR 52.29 on a pro-

forma basis, assuming a dividend correction of EUR 1.725 per Share being the *pro rata* dividend for the first half of the financial year 2016.

### 5.13.2 *Dilution of participation in the share capital*

Existing Shareholders will not be subject to dilution of their voting rights or their share in the Issuer's share capital if they exercise the Priority Allocation Rights allocated to them in full. To the extent that an Existing Shareholder fails to do so, its *pro rata* ownership and voting interest in the Issuer will be diluted. Moreover, an Existing Shareholder may also be diluted to the extent that the number of Priority Allocation Rights it is granted does not entitle it to a round number of New Shares in accordance with the Ratio. The dilution (in percentage terms) of the Existing Shareholder who fails to exercise (all or part) of their Priority Allocation Rights may be calculated as follows:

$$\frac{(S - s)}{S}$$

S = the total number of Shares after the issuance of the New Shares pursuant to the Offering, *i.e.*, maximum 25,579,214.

s = the total number of Existing Shares prior to the issuance of the New Shares pursuant to the Offering, *i.e.*, 23,021,293 Existing Shares.

The consequences of the issuance of the New Shares pursuant to the Offering are described below, assuming that an Existing Shareholder who holds 1% of the Issuer's share capital prior to the Offering (i) does not subscribe for the New Shares or (ii) exercises 50% of its Priority Allocation Rights:

	<b>Ownership in %</b>
Prior to the issuance of the New Shares	1%
After the issuance of the New Shares, when not subscribing for the New Shares	0.90%
After the issuance of the New Shares, when exercising 50% of its Priority Allocation Rights	0.95%

### 5.13.3 *Financial dilution*

Existing Shareholders who do not exercise the Priority Allocation Rights allocated to them (whether in full or in part) are exposed to a risk of financial dilution of their portfolio should they fail to obtain a value corresponding to the difference between the TERP and the Share price at market close on 13 September 2016 when trading/selling their Priority Allocation Rights during the Subscription Period. An Existing Shareholder who is not able to trade/sell its Priority Allocation Rights at their theoretical value (*i.e.*, a value corresponding to the difference between the TERP and the Share price at market close on 13 September 2016) could experience a financial dilution.

## 6. RECENT DEVELOPMENTS AND PERSPECTIVES

### 6.1 Developments after closing of the financial year 2015

(a) Developments during the period from 1 January 2016 to 30 June 2016

Developments relating to the Issuer and the Shares for the period from 1 January 2016 to 30 June 2016 are explained in the Chapter on “Key Events of the Half-Year” page 16 to page 27 of the Half-Yearly Financial Report 2016.

(b) Developments after 30 June 2016

Since the publication of the Half-Yearly Financial Report 2016, the Company has signed a long-term usufruct agreement of 21 years with Interparking SA/NV in the Brederode 9 building (7.200 m<sup>2</sup>). The agreement, for 4,646 m<sup>2</sup>, will start on 1 November 2016, after the completion of the major renovation works.

### 6.2 EPRA earnings and dividend forecasts

The Company released its last forecasts on 18 February 2016 in the press release on the Issuer’s annual results 2015. The forecasts also appear on pages 69 to 74 of the Registration Document. It contains forecasts on EPRA earnings for financial years 2016, 2017 and 2018 and on the dividend for the financial year 2016. The forecasts are based on a number of assumptions and estimates, which, while considered reasonable by the Issuer on the date of the Registration Document, are inherently subject to significant business, operational, economic and other risks and uncertainties, many of which are beyond the Issuer’s control.

In the context of this Offering, the Issuer has reviewed these forecasts to include the expected effects on income, charges, assets, shareholders’ equity and liabilities of significant changes on the assumptions in terms, among others, of rentals, disposals and of the related financings which took place since February 2016 and until the date of publication of this Securities Note and which were not included in the original forecasts. This review has confirmed that the forecasts published on 18 February 2016 are still accurate, without taking into consideration the impact of the Offering on the financial costs and the number of outstanding Shares, the impact of which is discussed in Section 4.7 (*The New Shares offered*).

The Offering should result in a forecasted EPRA earnings per Share of EUR 3.66 in 2016, of EUR 3.63 in 2017 and EUR 3.71 in 2018. The impact of the Offering has been calculated based on the assumption of an Issue Price derived from the intrinsic value of the Company as per 30 June 2016, assuming a dividend correction *pro rata temporis* for the first half of the financial year 2016. The other assumptions are the same as the assumptions generally used by the Issuer to establish the published forecasts. Based on these forecasts and unless other factors intervene, the Board of Directors confirms the dividend forecast of EUR 3.45 per Share for the financial year 2016, which was announced on 18 February 2016, and disclosed in the Registration Document on page 74. Based on a fully subscribed offering, the Company’s LTV ratio, which amounted to 45.64% as at 30 June 2016 would decrease to 40.52%. Please see Section 4.7.2 (*Dividends*) for more information on the dividend distribution.

The Statutory Auditor has reviewed the forecasts mentioned in this Section 6.2 (*EPRA earnings and dividend forecasts*) and has agreed that its reports be incorporated in this Securities Note.

Report from the Statutory Auditor

13 September 2016

Dear Sirs

**Befimmo NV/SA**

We report on the profit forecast comprising a forecast of EPRA earnings and EPRA earnings per share (as defined in December 2014 in the report "Best Practices Recommendations" of the European Real Estate Association) of Befimmo SA ("the Company") and its subsidiaries (together "the Group") before and after the impact of the offering of new shares by Befimmo SA for each of the periods ending 31 December 2016, 2017 and 2018 (the "Profit Forecast"). The Profit Forecast and the material assumptions upon which it is based, are set out on page 51 of the securities note issued by the Company dated 13 September 2016 (to which the 2016 First Quarter Interim Statement and the 2016 Half-Yearly Financial Report have been incorporated by reference) ("the Securities Note"), on pages 9 to 10 of the summary issued by the Company dated 13 September 2016 ("the Summary") and on 68 to 73 of the Registration Document issued by the Company and approved by the FSMA on 22 March 2016 ("the Registration Document" and the Registration Document, the Securities Note and the Summary together referred to as "the Investment Circular"). This report is required by Annex I item 13.2 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that rule and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of the Company (the "Directors") to prepare the Profit Forecast in accordance with the requirements of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as required by the Prospectus Directive Regulation as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility arising under art. 61 of the Law of 16 June 2006 to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Investment Circular.

**Basis of Preparation of the Profit Forecast**

The Profit Forecast has been prepared on the basis stated on page 50 of the Securities Note and pages 68 to 73 of the Registration Document and is based on the unaudited interim financial results for the six months ended 30 June 2016 which have been subject to a limited review and a forecast for the six months to 31 December 2016, an additional twelve months for each of the periods ending 31 December 2017 and 2018. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

**Basis of opinion**

We conducted our work in accordance with the International Standard on Assurance Engagement 3400 "The Examination of Prospective Financial Information" ("ISAE 3400") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of

the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Belgium, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group

### **Declaration**

For the purposes of art. 6 I of the Law of I 6 June 2006 we are responsible for this report as part of the Investment Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Investment Circular in compliance with Annex I item I .2 of the Prospectus Directive Regulation.

## **7. TAXATION**

### **7.1 Preliminary warning**

*The paragraphs below present a summary of certain material Belgian tax consequences relating to the purchase, acquisition, possession, ownership, sale and disposal of New Shares. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Securities Note, all of which are subject to change, including changes that could have retroactive effect.*

*This summary does not purport to address all tax consequences of an investment in New Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, shares (including New Shares) as a position in a straddle, share-repurchase transaction, conversion transaction, synthetic security or other integrated financial transaction.*

*For purposes of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e., an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident); (ii) a company subject to Belgian corporate income tax (i.e., a corporate entity that has its statutory seat, its main establishment, or its seat of administration or management in Belgium); (iii) an Organisation for Financing of Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing of Pensions); or (iv) a legal entity subject to Belgian income tax on legal entities (i.e., a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, or its seat of administration or management in Belgium). A non-resident is any person that is not a Belgian resident.*

*This summary does not address the tax regime applicable to New Shares held by Belgian tax residents through a fixed basis or a permanent establishment situated outside Belgium.*

*Investors should consult their own advisers regarding the tax consequences of an investment in New Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.*

### **7.2 Taxation of dividends on New Shares**

#### **7.2.1 Belgian withholding tax on New Shares**

Under the present tax legislation, a withholding tax of 27% is levied on the gross amount of dividends paid on or attributed to New Shares, subject to such relief as may be available under applicable domestic provisions and tax treaties concluded by Belgium. Dividends subject to the dividend withholding tax include all benefits paid on or attributed to New Shares, irrespective of their form, as well as reimbursements of statutory capital, except reimbursements of fiscal capital made in accordance with the Belgian Companies Code. In principle, fiscal capital includes the paid-up statutory capital, paid-up issuance premiums and the amounts subscribed to at the time of the issuance of profit-sharing certificates, if treated in the same way as capital according to the Articles of Association.

If the Issuer redeems its own New Shares, the redemption distribution (after deduction of the portion of fiscal capital represented by the redeemed New Shares) will be treated as a dividend that is normally subject to a withholding tax of 27%, subject to such relief or renouncement as may be available under applicable Belgian tax legislation or tax treaties. No withholding tax will be levied if the redemption takes place on a stock exchange and satisfies certain conditions.

In case of liquidation of the Issuer, the liquidation proceeds that exceed the fiscal capital will be treated as a dividend that is normally subject to a withholding tax of 27%, subject to such relief or renouncement as may be available under applicable Belgian tax provisions.

### 7.2.2 *Belgian resident individuals*

For Belgian resident individuals who acquire and hold New Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. This means that they do not have to declare the dividends in their personal income tax return and that the Belgian withholding tax constitutes a final tax. They may nevertheless elect to report (the gross amount of) the dividends in their personal income tax return. Where the beneficiary opts to report them, dividends will normally be taxable at the applicable withholding tax rate (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is lower) and no local surcharges will be due. If the dividends are reported, the dividend withholding tax withheld at source may, under certain conditions, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of, or a capital loss on, the New Shares. This condition does not apply if the investor demonstrates that he has held the New Shares in full legal ownership during an uninterrupted period of twelve (12) months prior to the payment or attribution of the dividends.

For Belgian resident individuals who acquire and hold the New Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received must be reported by the investor and will be taxable at the investor's personal income tax rate of up to 50% (plus local surcharges). Withholding tax withheld at source may be credited against the income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the New Shares in full legal ownership at the time the dividends are paid or attributed; and (ii) the dividend distribution may not result in a reduction in value of, or a capital loss on, the New Shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of the New Shares for an uninterrupted period of twelve (12) months prior to the attribution of the dividends.

### 7.2.3 *Belgian resident companies*

For Belgian resident companies subject to corporate income tax, the dividend withholding tax does not fully discharge the corporate income tax liability. Gross dividends received must be reported and will be subject to corporate income tax at a rate of 33.99%, unless the reduced corporate income tax rates for small enterprises apply.

However, under the so-called “dividends received deduction”, Belgian resident companies can deduct up to 95% of the gross dividends received from its taxable income, provided that at the time of attribution or payment of the dividends, the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the ITC (the “**Taxation Condition**”), are met. Under the Taxation Condition, dividends distributed by a BE-REIT benefiting from a derogatory tax regime, such as the Issuer, do not meet the Taxation Condition, except (1) if and to the extent that the BE-REIT's real estate income originates from real estate situated in another Member State of the European Union or in a State with which Belgium has concluded a double tax treaty (and such treaty or any other agreement includes a qualifying exchange of information clause) and such real estate income has been subject to the Belgian corporate tax or non-residents tax or to a foreign tax that is analogous to these taxes, without benefiting from a derogatory tax regime or (2) provided that the BE-REIT redistributes at least 80% of its net income (as set forth in Article 203, §2, second paragraph of the ITC), if and to the extent that this income originates from dividends received by the BE-REIT which themselves meet the taxation conditions set forth in Article 203, §1, 1° to 4° of the ITC, or from capital gains realised on shares that can be exempt pursuant to Article 192, §1 of the ITC. On the basis of the current facts, the Issuer believes that the portion of its income that may fall under either of these two exception grounds (and thus the portion of its dividends that may benefit from the dividends received deduction in the hands of Belgian resident companies) is *nihil* or small. However, the application of the dividend received deduction regime depends on a factual analysis and, for this reason, the availability of this regime for any (portion of a) dividend should be verified upon each dividend distribution.

If withholding tax is withheld at source, it may be offset against the corporate income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the New Shares in full legal ownership at the time the dividends are paid or attributed; and (ii) the dividend distribution may not give rise to a reduction in value of or a capital loss on the New Shares. The latter condition

is not applicable if the Company can demonstrate that it has held the New Shares in full legal ownership for an uninterrupted period of twelve (12) months prior to the attribution of the dividends or that the New Shares have never been held during that period by a taxpayer other than a resident company or a non-resident company holding the New Shares through a permanent establishment in Belgium.

#### 7.2.4 *Organisations for financing pensions*

Dividends paid or attributed to “Organisations for Financing Pensions”, *i.e.*, Belgian pension funds incorporated under the form of an organisation for financing pensions (*organismen voor de financiering van pensioenen / organismes de financement de pensions*) within the meaning of Article 8 of the Belgian Law of 27 October 2006 on the supervision of institutions for occupational retirement provision (*Loi relative au contrôle des institutions de retraite professionnelle / Wet betreffende het toezicht op de instellingen voor bedrijfspensioenvoorziening*) are as a rule subject to Belgian withholding tax at a rate of 27%. This Belgian withholding tax is creditable against corporate income tax due and any excess is as a rule refundable.

#### 7.2.5 *Belgian legal entities subject to Belgian legal entities tax*

For legal entities subject to the Belgian legal entities tax, the Belgian dividend withholding tax (at a rate of 27%) fully discharges their income tax liability.

#### 7.2.6 *Non-resident persons*

For non-residents, the dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds New Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian establishment. In the latter case, the withholding tax levied does not fully discharge the tax liability of the non-resident, meaning that the recipient non-resident must report the dividends in its non-resident income tax return where they will be taxed at the applicable non-resident income tax rate. The withholding tax levied at source may be credited against non-resident income tax and is reimbursable to the extent that it exceeds the income tax due subject to two conditions: (i) the taxpayer must own the New Shares in full legal ownership at the time the dividends are paid or attributed; and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on the New Shares. The latter condition is not applicable if it can be demonstrated that the taxpayer has held the New Shares in full legal ownership for an uninterrupted period of twelve (12) months prior to the attribution of the dividends or, if the shareholder is a foreign company with a Belgian permanent establishment, if it can be demonstrated that during this period the New Shares have never belonged to a taxpayer other than a company subject to corporate income tax or a foreign company that has invested the New Shares uninterruptedly in a Belgian establishment.

Under Belgian tax law, withholding tax is not due on dividends paid to a foreign pension fund which satisfies the following conditions: (i) to be a legal entity with fiscal residence outside of Belgium; (ii) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions; (iii) whose activity is limited to the investment of funds collected in the exercise of its statutory mission, without any profit making aim; (iv) which is exempt from income tax in its country of residence; and (v) provided that it is not contractually required to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage the New Shares (unless that ultimate beneficiary meets some conditions), nor required to pay a manufactured dividend with respect to the New Shares under a securities borrowing transaction. The exemption will only apply if the foreign pension fund provides a certificate confirming its qualifying status and that it is the full legal owner or usufruct holder of the New Shares.

Dividends distributed to non-resident qualifying parent companies established in a Member State of the European Union or in a country with which Belgium has concluded a double tax treaty, provided that such treaty or any other agreement includes a qualifying exchange of information clause, will, under certain conditions, be exempt from Belgian withholding tax provided that Shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10% of the Issuer’s share capital and such minimum participation is held or will be held during an uninterrupted period of at least one year. A company qualifies as a parent company provided that (i) for companies established in a Member State of the European Union, it has a legal form as listed in Annex I, Part A to Council Directive 2011/96/EU of 30 November 2011



on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, as amended, or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty, it has a legal form similar to the ones listed in such annex, (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the double tax treaties concluded between such country and third countries and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the investor must provide the Issuer or its paying agent with a certificate confirming its qualifying status and the fact that it meets the three aforementioned conditions. If the investor holds a minimum participation for less than one year, at the time the dividends are paid on or attributed to the New Shares, the Issuer will deduct the withholding tax but will not transfer it to the Belgian treasury provided that the investor certifies its qualifying status, the date from which the investor has held such minimum participation, and the investor's commitment to hold the minimum participation for an uninterrupted period of at least one year. The investor must also inform the Issuer if the one-year period has expired or if its shareholding will drop below 10% of the Issuer's share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be passed on to the investor.

Belgium has concluded tax treaties with numerous countries by virtue of which the rate of withholding tax may be reduced, subject to certain conditions and provided certain formalities are complied with, if the shareholder is resident of the relevant country with which Belgium has concluded such treaty. Prospective holders should consult their own tax advisors as to whether they qualify for reduction in withholding tax upon payment of dividends, and as to the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

### **7.3 Taxation of capital gains and losses on Shares**

#### **7.3.1 *Belgian resident individuals***

As a general rule, Belgian resident individuals are not subject to Belgian capital gains tax on the disposal of New Shares, while capital losses are not tax deductible. Belgian resident individuals may, however, be subject to a 33% tax (plus local surcharges) if the capital gain is deemed to be speculative or realised outside the scope of the normal management of one's private estate. Capital losses arising from such transactions are not deductible. In addition, capital gains realised on the direct or indirect transfer of New Shares to a non-resident company established outside the European Economic Area by an individual/private investor holding more than 25% of the Shares (*i.e.*, a so-called "significant holding") during any of the five (5) years prior to the transfer are subject to income tax at the rate of 16.5% (plus local surcharges). For the purpose of calculating the 25%-threshold, account is taken not only of the shareholdings held in own name by the private investor concerned, but also of those held by his spouse (or her husband) or certain other of his or her family members.

Capital gains realised by Belgian resident individuals upon the redemption of New Shares or upon liquidation of the Issuer will be taxed as a dividend (see above).

As regards Belgian resident individuals acting as professional investors, capital gains realised on the transfer of New Shares are taxable at the usual progressive rate of the individual income tax, increased by local surcharges. An exception applies for capital gains on New Shares that are used for a period of more than five (5) years by the individual for the exercise of the professional activity – such gains are taxable separately at a rate of 16.5% (plus local surcharges). Capital losses incurred are in principle deductible. Capital gains realised upon the redemption of New Shares or upon liquidation of the Issuer are in principle taxable as a dividend.

#### **7.3.2 *Belgian resident companies***

Subject to the following paragraph, capital gains realised on New Shares by Belgian resident companies subject to Belgian corporate taxation are taxable at the standard corporate income tax rate of 33.99% (or, for qualifying companies, the reduced corporate income tax rate). Capital losses are as a rule not tax deductible.

If the income that would be distributed in respect of the New Shares would be eligible for the so-called dividends received deduction (see also Section 7.2.3 above), then capital gains realised upon the disposal of the New Shares benefit from a more favourable tax treatment which is either an exemption (if the New Shares have been held in full legal ownership for an uninterrupted period of at least one year and the shareholder is a small company within the meaning of Article 15, §§ 1 to 6 of the Belgian Companies Code) or a separate tax of 0.412% (if the New Shares have been held in full legal ownership for an uninterrupted period of at least one year and the shareholder is not a small company) or application of corporate income tax at the reduced rate of 25.75% (if the New Shares have not been held in full legal ownership for an uninterrupted period of at least one year). According to the official position of the Belgian tax administration, this more favourable tax treatment only applies if *all* of the income that would be distributed in respect of the New Shares would be eligible for the dividends received deduction. As indicated above (see Section 7.2.3 above), not all income that would be distributed in respect of the New Shares will be eligible for the dividends received deduction and, hence, this favourable tax treatment would not apply in the interpretation upheld by the Belgian tax administration.

Capital gains realised by Belgian resident companies upon the redemption of New Shares or upon liquidation of the Issuer are in principle taxable as a dividend (see above).

### 7.3.3 *Organisations for Financing Pensions*

Capital gains realised by “Organisations for Financing Pensions” within the meaning of the Belgian Law of 27 October 2006 on the supervision of institutions for occupational retirement provision (*Loi relative au contrôle des institutions de retraite professionnelle / Wet betreffende het toezicht op de instellingen voor bedrijfspensioenvoorziening*) are generally not subject to income tax. Capital losses are not tax deductible.

### 7.3.4 *Belgian legal entities*

Capital gains realised with respect to the New Shares are as a rule not subject to income tax, save in case of a sale of New Shares which are directly or indirectly part of a stake representing more than 25% of the share capital in the Issuer which may, under certain conditions (see Section 7.3.1 (*Belgian resident individuals*)), give rise to a 16.5% tax (plus local surcharges). Capital losses are not tax deductible.

Capital gains realised upon the redemption of the Shares or upon liquidation of the Issuer are in principle taxable as a dividend (see above).

### 7.3.5 *Non-resident persons*

Capital gains realised by non-resident individuals on the disposal of New Shares are in principle not taxable in Belgium provided that (i) the New Shares are not held in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment, (ii) the capital gains are realised within the scope of the normal management of his or her private estate, and (iii) the transfer does not concern a “significant holding” (see above). Capital gains realised by a non-resident individual upon the transfer of New Shares held in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment must be reported in the non-resident income tax return where they will be taxed at the normal rate of the non-resident individual income tax.

Non-resident legal entities subject to the non-resident legal entities tax are generally not subject to Belgian income tax on capital gains realised on the transfer of New Shares. Capital losses are not tax deductible.

Non-resident companies holding New Shares but not through a Belgian establishment are in principle not taxable on capital gains realised on the disposal of New Shares and capital losses are not tax deductible. Where New Shares are held through a Belgian establishment, the same principles apply as described with regard to Belgian resident companies.

Under a strict reading of Article 228, §3 of the ITC, capital gains realised on New Shares by non-resident companies could be subject to Belgian taxation, by a levy of professional withholding tax, if the following three conditions are cumulatively met: (i) the capital gain would have been taxable if the non-resident were a Belgian

tax resident; (ii) the income is “borne by” a Belgian resident (including a Belgian establishment of a foreign entity) implying, in such a context, that the capital gain is realised upon a transfer of New Shares to a Belgian resident (or a Belgian (permanent) establishment of a non-resident); and (iii) Belgium has the right to tax such capital gain pursuant to a tax treaty or, if no such tax treaty is applicable, to the extent that the taxpayer does not demonstrate that the capital gain is effectively taxed in the State of which it is a resident. The Belgian tax authorities have issued a “notice to the Belgian debtor of professional withholding tax” which confirms that the professional withholding tax is only applicable to certain services rendered to a Belgian taxpayer (which would exclude capital gains on assets). This official position of the Belgian tax authorities is consistent with the legislative history of the Act that introduced Article 228, §3 of the ITC, but is not consistent with the text of the law. The Minister of Finance acknowledges the flaws in the text of the law and has indicated that a solution is being sought. In particular, on 27 May 2016, the Belgian government has approved a draft law that, according to certain specialised press, would amend Article 228, §3 by limiting it to certain intra-group services. However, at the date hereof, it cannot be guaranteed that such amendment will effectively be adopted by the Belgian parliament. Even if the amendment is not adopted by the Belgian parliament, it is very doubtful whether the Belgian tax authorities, in breach of their own “notice”, would be able to claim professional withholding tax in relation to capital gains on shares, for the following reasons. First, it is very doubtful that a capital gain included in the purchase price of an asset may be considered as being “borne by” the purchaser of the asset within the meaning of the second condition mentioned above. If this were the case, then the Belgian professional withholding tax would even apply to the purchase by a Belgian purchaser of non-Belgian shares, confirming that the correct interpretation of the law is the interpretation set out in the legislative history and in the “notice”. Second, the application of the tax would require that the Belgian resident/purchaser is aware of the identity of the non-resident/seller (to assess the third condition mentioned above), which will normally not be the case where shares are traded on a stock exchange. Third, the application of the tax would require the Belgian resident/purchaser to know the amount of the capital gain realised by the non-resident/seller, as such amount is necessary to determine the amount of professional withholding tax to be levied by the Belgian purchaser.

Capital gains realised upon redemption of New Shares or upon liquidation of the Issuer are in principle taxable as a dividend.

#### 7.4 Tax on stock exchange transactions

No tax on stock exchange transactions is due upon subscription to New Shares (*i.e.*, primary market transactions). By contrast, the purchase and sale, and all other acquisitions and disposals for consideration of New Shares in Belgium through a professional intermediary are subject to the tax on stock exchange transactions (*i.e.*, secondary market transactions). This tax amounts, as regards the trading of New Shares, to 0.09% of the purchase or sales price (due on each purchase and sale separately), with a maximum of EUR 650 per transaction per party.

No tax on stock exchange transactions is due by (i) professional intermediaries referred to in Articles 2, 9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services (*Loi relative à la surveillance du secteur financier et aux services financiers / Wet betreffende het toezicht op de financiële sector en de financiële diensten*), acting for their own account; (ii) insurance companies referred to in Article 2, §1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies (*Loi relative au contrôle des entreprises d'assurances / Wet betreffende de controle der verzekeringsondernemingen*), acting for their own account; (iii) institutions for occupational retirement provision referred to in Article 2, 1° of the Belgian Law of 27 October 2007 on the supervision of institutions for occupational retirement provision (*Loi relative au contrôle des institutions de retraite professionnelle / Wet betreffende het toezicht op de instellingen voor bedrijfspensioenvoorziening*), acting for their own account; (iv) collective investment undertakings referred to in the Belgian Law of 3 August 2012 on collective investment undertakings (*Loi relative aux organismes de placement collectif qui répondent aux conditions de la Directive 2009/65/CE et aux organismes de placement en créances / , Wet betreffende de instellingen voor collectieve belegging die voldoen aan de voorwaarden van Richtlijn 2009/65/EG en de instellingen voor belegging in schuldvorderingen*), acting for their own account; (v) public and institutional BE-REITs as described in Article 2 of the BE-REIT Law; and (vi) non-residents (upon delivery of a certificate of non-residency in Belgium), acting for their own account.

On 14 February 2013, the European Commission has adopted a proposal on a tax on financial transactions (the “**FTT Commission Proposal**”) in eleven participating Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). The proposed directive currently stipulates that once the FTT enters into force, the FTT Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposed directive is still subject to negotiation amongst the FTT Participating Member States and may therefore be changed at any time. However, Estonia has announced its intention to not implement the FTT.

#### **7.5 Net Scrips Proceeds Payment and sale of the Priority Allocation Rights prior to the closing of the Subscription Period**

The Net Scrips Proceeds Payment should, in principle, not be subject to Belgian withholding tax.

The Net Scrips Proceeds Payment will, in principle, not be taxable in the hands of Belgian resident or non-resident individuals except for resident individuals who hold the Priority Allocation Rights for professional purposes or for non-resident individuals who hold the Priority Allocation Rights for a business conducted in Belgium through a fixed base. In these cases, the gains realised upon the receipt of the Net Scrips Proceeds Payment will be taxed at the progressive income tax rates, increased by local surcharges.

The gain realised upon the receipt of the Net Scrips Proceeds Payment will be taxable at the ordinary corporate tax rate for Belgian resident companies and losses should generally be tax deductible. Non-resident companies holding the Priority Allocation Rights through a Belgian permanent establishment will also be taxed at the ordinary non-resident income tax rate on the gain realised upon the receipt of the Net Scrips Proceeds Payment. Non-resident companies that have not acquired the Priority Allocation Rights in connection with a business conducted through a Belgian permanent establishment are in principle not subject to taxation on gains realised upon the receipt of the Net Scrips Proceeds Payment (subject to the reservation set out under 7.3.5 “Non-resident persons” regarding the application of Article 228, §3 ITC for non-residents).

Legal entities subject to Belgian tax on legal entities are, as a rule, not subject to tax on the Net Scrips Proceeds Payment and losses are generally not tax deductible.

The same Belgian tax analysis applies to gains realised upon the sale of the Priority Allocation Rights prior to the closing of the Subscription Period. For professional investors, losses realised on the Priority Allocation Rights are, in principle, deductible.

The rules regarding the tax on stock exchange transactions (see above Section 7.4) equally apply to the Net Scrips Proceeds Payment and to the sale of the Priority Allocation Rights prior to the closing of the Subscription Period, except that the applicable tax rate is 0.27% with a maximum of EUR 800 per transaction per party.

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