

CARE PROPERTY INVEST

Public limited liability company (société anonyme/naamloze vennootschap),
Public Regulated Real Estate Company (Société Immobilière Réglementée (SIR) /
Gereguleerde Vastgoedvennootschap (GVV)) under Belgian Law
Registered Office: 3 Horstebaan, 2900 Schoten
Companies Registration No. 0456.378.070 (LPR Antwerp)
("CP Invest" or the "Company")

**SPECIAL REPORT OF THE BOARD OF DIRECTORS IN COMPLIANCE WITH ARTICLE 604 OF
THE BELGIAN COMPANY CODE**

**CONCERNING THE EXTENSION OF THE AUTHORISATION TO THE BOARD OF DIRECTORS IN THE FRAMEWORK
OF THE AUTHORISED CAPITAL,
AS APPROVED BY THE EXTRAORDINARY GENERAL MEETING OF 16 MAY 2018**

Introduction

This special report has been drawn up by the Board of Directors of the Company (the "**Board of Directors**") in compliance with Article 604 of the Belgian Company Code (the "**Belgian Company Code**"). This report concerns the proposal to expand the authorisation of the Board of Directors within the framework of the authorised capital, as approved at the Extraordinary General Meeting on 16 May 2018 (the "**Authorisation**"). This proposal will be presented to the extraordinary general meeting of the Company to be held on or around 29 November 2019 ("**EGM I**") and if the required quorum is not reached at EGM I, to the extraordinary general meeting of the Company to be held on or around 18 December 2019 ("**EGM II**").

The Board of Directors will submit for acceptance to the Extraordinary General Meeting the extension of the Authorisation within the framework of the authorised capital, so that (a) capital increase(s) can be carried out in any way permitted under the applicable regulations.

In accordance with article 604 of the Belgian Company Code, this special report will specify in which circumstances, in addition to those already approved by the Extraordinary General Meeting of 16 May 2018 (and which can be consulted on the website of Care Property Invest via: https://carepropertyinvest.be/wp-content/uploads/bav20180516_repnr_4041.pdf), the Board of Directors can make use of this power to increase the capital and the objectives pursued herein.

1. Proposal to be submitted to the General Meeting

On 16 May 2018, the Extraordinary General Meeting allowed the authorised capital to be increased by a maximum amount of 114,961,266.36 EUR (i.e. 100% of the Company's share capital on 16 May 2018) for a period of five years. This period of five years started on 12 June 2018 (being the date of publication in the Annexes to the Belgian Official Gazette).

The Board of Directors proposes the shareholders of the Company to extend the Authorisation granted to the Board of Directors by the Extraordinary General Meeting of 16 May 2018 with all the possibilities allowed by the applicable regulations and to amend accordingly articles 7 ("Authorised Capital") and 8 ("Amendment of the Capital") of the articles of association.

If the Extraordinary General Meeting approves the extension of the Authorisation, the current Authorisation will be extended with all possibilities permitted by the applicable regulations as from the publication of the decision of the Extraordinary General Meeting. For the sake of clarity, if the proposed extension of the (current) Authorisation would not be approved by the Extraordinary General Meeting, the (current) Authorisation will continue to apply in full to the Company's Board of Directors.

2. Justification

By decision of the Extraordinary General Meeting of 16 May 2018, the Board of Directors was authorised to increase the authorised capital over a period of five years by a maximum amount of 114,961,266.36 EUR (excluding share premium).

On 25 September 2019, the date of this special report, the available balance of the authorised capital amounts to 108,583,991.35 EUR. In the recent past, the authorised capital has already been used for:

- the acquisition of the Genval project on 3 April 2019, whereby the transaction led to an increase in equity of 16,372,079.85 EUR, of which an amount of 4,545,602.44 EUR was allocated to the capital item and an amount of 11,826,477.41 EUR to the share premium item; and
- the capital increase within the framework of the optional dividend of 26 June 2019, which resulted in an increase of 6,688,783.62 EUR in equity, of which 1,831,672.57 EUR was allocated to the capital item and 4,857,111.05 EUR to the share premium item.

In view of the fact that, as a result of the amendment to article 26 § 1 of the Regulated Companies Act (GGV/SIR Act) by article 186 of the Act of 2 May 2019 containing various financial provisions, it is made possible for regulated real estate companies to carry out a capital increase in accordance with the procedure of "*accelerated book building*" (an accelerated private placement with composition of the order book) and (current) Authorisation does not cover all forms of capital increase, the Board of Directors wishes to further extend the (current) Authorisation with the possibility to increase the capital by means of a contribution in cash without the possibility for the shareholders of the Company to exercise the pre-

emptive right or the irreducible allocation right. The possibility to carry out these capital increases is legally limited in the sense that the cumulative amount of the capital increases carried out over a period of twelve months may not exceed 10% of the amount of the capital at the time of the capital increase decision.

The Board of Directors will request EGM I and, if the required quorum is not reached, EGM II, the shareholders of the Company to further increase the (current) Authorisation of authorised capital in order to make all possibilities that are permitted under the applicable regulations part of the (current) Authorisation of authorised capital. The other terms and conditions of (current) Authorisation, as approved by the Extraordinary General Meeting of 16 May 2018, remain applicable without delay. The extension of the (current) Authorisation of authorised capital applies from the publication in the Annexes to the Belgian Official Gazette of the decision of the Extraordinary General Meeting to extend the (current) Authorisation.

In any event, irrespective of the approval of the proposed extension of the (current) Authorisation within the framework of authorised capital, the share capital of the Company within the framework of the authorised capital but may be increased by the available balance of the authorised capital on 25 September 2019. For the sake of clarity, if the proposed extension of the Authorisation would not be approved, the (current) Authorisation with respect to the authorised capital will continue to apply in full to the Company's Board of Directors.

The special circumstances in which the authorised capital can be used and the objectives pursued herein are all to be interpreted as comprehensively as possible.

3. Proposal to amend the articles of association

As a result of the aforementioned proposal, the Extraordinary General Meeting will be asked to amend Articles 7 ("Authorised Capital") and 8 ("Amendment of the Capital") of the Articles of Association as follows:

ARTICLE 7 - AUTHORISED CAPITAL

The Board of Directors is authorised, on dates and at conditions at its discretion, in one or more tranches, to increase the share capital by a maximum amount of one hundred and fourteen million, nine hundred and sixty-one thousand two hundred and sixty-six euros and thirty-six eurocents (€114,961,266.36).

This authorisation is valid for a period of five years from the announcement of the decision of the EGM of 16 May 2018 in the Appendices to the Belgian Official Gazette. It is renewable.

This/these capital increase(s) may be carried out in any manner permitted under the applicable regulations, including by contributions in cash, by contributions in kind or as a mixed contribution, or by the conversion of reserves, including retained earnings and share premiums as well as all private assets under the statutory IFRS financial statements of the Company (prepared under the regulations applicable to regulated real estate companies) that are amenable to conversion into capital, and with or without the creation of new securities, in accordance with the rules prescribed by the Belgian Company Code, the regulations applicable to regulated real estate companies and to these Articles of Association. The Board of Directors may issue new shares with the same rights as the existing shares for that purpose.

In such cases, the share premiums, less any deduction of an amount no more than that equalling the costs of the capital increase within the meaning of the applicable IFRS rules, in the event of a capital increase decided by the Board of Directors, must be placed by the Board of Directors in a blocked reserve account that shall constitute the surety for third parties on the same basis as the capital and which in no case may be reduced or eliminated other than by a decision of the General Meeting deciding as with regard to an amendment of the Articles of Association, except for the conversion into capital as provided above.

Under the conditions and within the limits provided in this Article, the Board of Directors may also warrant (whether or not attached to another security) and issue convertible bonds or bonds redeemable in shares, which may give rise to the creation of the same securities as referred to in the fourth paragraph, and always in compliance with ~~the rules prescribed by the Belgian Company Code~~, the regulations applicable to regulated real estate companies ~~and these Articles of Association~~.

Without prejudice to the application of the mandatory provisions contained in the applicable regulations Articles 592 to 598 and 606 of the Belgian Company Code, the Board of Directors may ~~only~~ restrict or cancel the preferential right in the cases and subject to compliance with the conditions stipulated in the applicable regulations, even if this is done in favour of one or more specific persons other than employees of the Company or its subsidiaries, ~~provided that the existing shareholders are granted an irrevocable allocation right upon the allocation of new shares (to the extent required by law)~~.

If applicable, ~~Thies~~ irrevocable allocation right must at least comply with the modalities shown in the applicable regulations on regulated real estate companies and Article 8.1 of these Articles of Association. Without prejudice to the application of the mandatory provisions contained in the applicable regulations Articles 595 to 599 of the Belgian Companies Code, the aforementioned restrictions in connection with the cancellation or restriction of the preferential right are not applicable in the case of a cash contribution with restriction or cancellation of the preferential right, which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, provided this is made payable to all shareholders.

Upon the issue of securities against non-monetary contributions, the conditions set out in the applicable regulations on regulated real estate companies and Article 8.2 of the Articles of Association must be complied with (including the ability to deduct an amount equal to the portion of the undistributed gross dividend). However, the special rules set out under Article 8.2 regarding the non-monetary capital increase shall not apply to the transfer of the right to dividend for the purposes of the payment of an optional dividend, provided this is made payable to all shareholders.

ARTICLE 8 - CHANGE IN THE CAPITAL

Notwithstanding the option of using the authorised capital pursuant to a resolution by the Board of Directors, and with due regard to the legislation applicable to regulated real estate companies, a capital increase or capital reduction may only be decided by an Extraordinary General Meeting in the presence of a civil-law notary.

If the General Meeting decides to request an issue premium, this must be placed in a non-available reserve account that shall constitute the guarantee of third parties in the same way as the capital and which may not be reduced or eliminated in any case other than by a decision of the General Meeting deciding as concerning an amendment of the Articles of Association, except for the conversion into capital as provided above. In the event of a reduction in the issued capital, shareholders must be treated equally in equivalent circumstances, and the other rules contained in the mandatory provisions of the applicable regulations in Articles 612 and 613 of the Belgian Companies Code must be complied with.

8.1 Capital increase in cash

In the case of a capital increase by contribution in cash and without prejudice to the application of ~~the mandatory provisions contained in the applicable regulations Articles 592 to 598 of the Belgian Companies Code~~, the preferential right may ~~only~~ be restricted or cancelled ~~in the cases and subject to compliance with the conditions stipulated in the applicable regulations~~ provided the existing shareholders are granted an irrevocable allocation right upon the allocation of new shares.

If applicable, the ~~This~~ irrevocable allocation right ~~shall must meet~~ at least meet the following conditions:

- 1. it must relate to all newly issued securities;*
- 2. it must be granted to the shareholders pro rata to the portion of the capital that is represented by their shares at the- time of the transaction;*
- 3. a maximum price for each share must be announced no later than the eve of the opening of the public subscription period; and*
- 4. the public subscription period must in such case be at least three trading days.*

Without prejudice to the application of ~~the mandatory provisions contained in the applicable regulations Articles 595 to 599 of the Belgian Companies Code~~, the aforementioned restrictions in connection with the capital increase in cash are not applicable in the case of a cash contribution with restriction or cancellation of the preferential right, which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, provided this is made payable to all shareholders.

8.2 Capital increase in kind

The following conditions must be fulfilled upon the issue of securities against contribution in kind, without prejudice to Articles 601 and 602 of the Belgian Companies Code:

- 1. the identity of the contributor must be stated in the report of the Board of Directors referred to in Article 602 of the Belgian Companies Code and, where appropriate, in the notice convening the General Meeting for the purpose of the capital increase;*
- 2. the issue price shall not be less than the lower of (a) a net value per share, which dates back more than four months before the date of the contribution agreement or, at the option of the Company, prior to the date of the deed of capital increase, and (b) the average closing price of the thirty calendar days prior to that date;*
- 3. unless the issue price and the relevant conditions are determined no later than the working day following the conclusion of the contribution agreement and communicated to the public, specifying the period within which the capital increase will be effectively implemented, the deed of capital increase will be executed within a maximum period of four months; and*
- 4. the report envisaged in point 1 above must also explain the impact of the proposed contribution on the situation of former shareholders, in particular as regards their share in the profits, the net value per share and in the capital, as well as the impact in terms of voting rights.*

For the purposes of point 2 above, it is permitted to deduct the amount referred to in paragraph (b) of point 2 that is equal to the portion of the undistributed gross dividend to which the new shares would eventually not give any rights. In such case, the Board of Directors shall specifically account for the deducted dividend amount in its special report and explain the financial conditions of the transaction in its annual financial report.

The special rules set out under this Article 8.2 regarding the non-monetary capital increase shall not apply to the transfer of the right to dividend for the purposes of the payment of an optional dividend, provided this is made payable to all shareholders.

8.3 Mergers, demergers and similar transactions

The special rules concerning the capital increase in kind as set out under Article 8.2, shall apply mutatis mutandis to mergers, demergers and similar transactions as referred to in Articles 671 to 677, 681 to 758 and 772/1 of the Belgian Companies Code. In such case, the "date of the contribution agreement" refers to the date on which the merger or demerger proposal is deposited.

4. Decision

In view of the aforementioned considerations, the Board of Directors is of the opinion that the extension of the (current) Authorisation of capital is in the interest of the Company. Consequently, the Board of Directors requests the shareholders to approve the extension of the (current) Authorisation of authorised capital.

Drawn up on 25 September 2019,

For the Board of Directors of Care Property Invest,

Peter VAN HEUKELOM,
CEO / Managing Director

Willy PINTENS
Managing Director