

AEDIFICA NV/SA
PUBLIC REGULATED REAL ESTATE COMPANY UNDER
BELGIAN LAW

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

Ladies and gentlemen shareholders,

This report for the general meeting of shareholders is established pursuant to article 7:199 of the Code of Companies and Associations (“**CCA**”). Pursuant to this provision, the purpose of this report is to explain to you the proposal to be made at the extraordinary general meeting that will be held on 20 May 2020 or, and in case of lack of quorum at this first meeting, on 8 June 2020 (or any other date on which this meeting would take place), to authorize the board of directors to increase the capital of the Company in accordance with the conditions set out below. This report relates to the special circumstances under which the board of directors can use the authorised capital and the objectives pursued in this regard.

1. Proposals submitted to the general meeting

The following alternative proposals to replace the existing authorisation regarding the authorised capital with a new authorisation will be submitted to the aforementioned extraordinary general meeting (as included in the agenda of the extraordinary general meeting):

- A. Proposal to authorise the board of directors to increase the capital, on the dates and in accordance with the terms and conditions as will be determined by the board of directors, in one or more instalments by a maximum amount of:

- 1) 50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, as the case may be, rounded down to the euro cent for capital increases by contribution in cash whereby the possibility is provided for the exercise of the preferential subscription right or the priority allocation right by the shareholders of the Company,
- 2) 50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, as the case may

be, rounded down to the euro cent for capital increases in the framework of the distribution of an optional dividend,

3) 10% of the amount of the capital on the date of the extraordinary general meeting of 20 May [*or, in case of lack of quorum 8 June*] 2020, rounded down to the euro cent for capital increases by contribution in cash without the possibility for the shareholders of the Company to exercise the preferential right or priority allocation right, provided that the board of directors may only increase the capital in accordance with this point 3) insofar as and to the extent that the cumulative amount of the capital increases, executed in accordance with this point over a period of 12 months, does not exceed 10% of the capital amount at the moment of the decision to increase the capital, and

4) 10% of the amount of the capital on the date of the extraordinary general meeting of 20 May [*or, in case of lack of quorum 8 June*] 2020, rounded down to the euro cent for a. capital increases by contribution in kind, or b. any other kind of capital increase,

provided that the capital within the context of the authorised capital can never be increased by an amount higher than the capital on the date of the extraordinary general meeting that approves the authorisation.¹

B. If the proposal under 2.2 (a) is not approved, proposal to authorise the board of directors to increase the capital, on the dates and in accordance with the terms and conditions as will be determined by the board of directors, in one or more instalments by a maximum amount of:

1) 50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [*or, in case of lack of quorum 8 June*] 2020, as the case may be, rounded down to the euro cent for capital increases by contribution in cash whereby the possibility is provided for the exercise of the preferential subscription right or the priority allocation right by the shareholders of the Company,

2) 50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [*or, in case of lack of quorum 8 June*] 2020, as the case may be, rounded down to the euro cent for capital increases in the framework of the distribution of an optional dividend, and

3) 10% of the amount of the capital on the date of the extraordinary general meeting of 20 May [*or, in case of lack of quorum 8 June*] 2020, rounded down to the euro cent for a. capital increases by contribution in kind, b. capital increases by contribution in cash without the possibility for the shareholders of the Company to exercise the preferential right or priority allocation right or c. any other kind of capital increase,

¹ On the date of the extraordinary general meeting approving the authorisation, where appropriate rounded down to the euro cent.

provided that the capital within the context of the authorised capital can never be increased by an amount higher than the capital on the date of the extraordinary general meeting that approves the authorisation.²

2. Justification

By the decision of the extraordinary general meeting of 22 October 2019, the board of directors was authorised to increase the capital of the company in one or more instalments by a maximum amount of:

- 1°) 50% of the amount of the capital on the date of the extraordinary general meeting of 22 October 2019, as the case may be, rounded down to the euro cent for capital increases by contribution in cash whereby the possibility is provided for the exercise of the preferential subscription right or the priority allocation right by the shareholders of the Company,
- 2°) 75% of the amount of the capital on the date of the extraordinary general meeting of 22 October 2019, as the case may be, rounded down to the euro cent for capital increases in the framework of the distribution of an optional dividend,
- 3°) 10% of the amount of the capital on the date of the extraordinary general meeting of 22 October 2019, as the case may be, rounded down to the euro cent for a. capital increases by contribution in kind, b. capital increases by contribution in cash without the possibility for the shareholders of the Company to exercise the preferential right or priority allocation right, or c. any other kind of capital increase,

provided that the capital within the context of the authorized capital can never be increased by an amount that exceeds the legal maximum amount of the capital of € 649,170,038.59, on the dates and in accordance with the terms and conditions to be determined by the board of directors.

The board of directors proposes to replace the existing authorisation as mentioned above and thus to split the sub-authorisation 3) into two separate sub-authorisations. In this way, the authorisation to increase the capital by contribution in cash without the possibility by the shareholders to exercise the preferential subscription right or the priority allocation right is separated from the authorisation to increase the capital by contribution in kind.

The possibility for the company to increase the capital by contribution in kind is essential for the company to be able to respond quickly to interesting real estate opportunities in the real estate market. On the other hand, the possibility for the company to increase the capital by contribution in cash without preferential subscription right or priority allocation right for the

² On the date of the extraordinary general meeting approving the authorisation, where appropriate rounded down to the euro cent.

shareholders (in particular by means of an “*accelerated bookbuilding*” (an accelerated private placement with composition of an order book)) is essential for the company to be able to react quickly to fluctuations on the capital markets and, if necessary, to strengthen its equity quickly and efficiently, with a view, amongst others, to reducing the (legally limited to 65%) debt ratio.

If, however, the company makes use of the legal possibility, within the legal restrictions (see below), to increase the capital by contribution in cash without preferential subscription right or priority allocation right for the shareholders, the company no longer has the possibility, under the existing authorisation, to expand its property portfolio by contribution in kind within the framework of the authorised capital, which hinders the further expansion of the portfolio and poses a competitive disadvantage vis-à-vis those other regulated real estate companies that do have this (double) possibility.

In order to allow the company, in the same period of time, on the one hand, to strengthen its equity (by capital increase by contribution in cash, without preferential subscription right or priority allocation right, within the strict limits set by the law) and, on the other hand, to respond to interesting transaction opportunities (by capital increase by contribution in kind, within the strict limits of the authorised capital), the board of directors asks the general meeting, in the interest of the company, to approve the above-mentioned new authorisation with regard to the authorised capital.

To the extent necessary, the board of directors recalls that:

- The proposal for authorisation under **point A.1)** concerns on the one hand the classical cases of capital increase by contribution in cash (including by way of issue of shares, convertible bonds or subscription rights), with the application of a preferential subscription right for the benefit of the existing shareholders, and on the other hand the specific cases of capital increase by contribution in cash (including the issue of shares, convertible bonds or subscription rights) whereby the Act of 12 May 2014 on regulated real estate companies (the “**RREC-Act**”) allows to restrict or cancel the preferential subscription right of shareholders to the extent a priority allocation right is granted to the existing shareholders when new securities are allocated. It concerns an authorisation limited to 50% of the amount of the capital.
- The proposal for authorisation under **point A.2)** concerns capital increases in the framework of the distribution of an optional dividend, offering the shareholders the opportunity to contribute their (net) dividend rights in the capital in exchange for new shares. It concerns an authorisation limited to 50% of the amount of the capital.
- The proposal for authorisation under **point A.3)**, concerns capital increases (including by way of issue of shares, convertible bonds or subscription rights) by contribution in cash without the possibility for the shareholders of the company to exercise the preferential subscription right or the priority allocation right, without prejudice to the application of the mandatory provisions of the applicable company law and the RREC-Legislation, as amended from time to time. This kind of capital increase has

become possible as a result of the amendment of article 26, §1 of the RREC-Act by Article 186 of the Act of 2 May 2019 including various financial provisions. The amendment makes it possible for regulated real estate companies, amongst others, to execute a capital increase in accordance with the “*accelerated bookbuilding*” procedure (an accelerated private placement with composition of an order book). The possibility of executing this kind of capital increases is limited by law in the sense that the cumulative amount of capital increases executed in accordance with this sub-authorisation over a period of twelve months, may not exceed 10% of the capital amount at the moment of the decision to increase the capital. The proposed authorisation is subject to the aforementioned legal restrictions.

- The proposal for authorisation under **point A.4)**, concerns capital increases (including by way of issue of shares, convertible bonds or subscription rights) a. by contribution in kind, or b. any other kind of capital increase. It concerns an authorisation limited to 10% of the amount of the capital.

In any event, the capital of the company within the framework of the authorised capital may only be increased up to the maximum amount of the capital on the date of the approval of the aforementioned proposal by the extraordinary general meeting, and this for a period of five years from the publication of the decisions in the annexes to the Belgian Official Gazette. As from that date of publication of the resolutions in the annexes to the Belgian Official Gazette, the current authorisation concerning the authorised capital will lapse and the proposed authorisation will take its place.

If the proposed authorisation under item 2.2 (a) of the agenda is not approved, the board of directors proposes to renew the current authorisation within the framework of the authorised capital for a new period of 5 years (whereby the sub authorisation to increase the capital in the framework of the optional dividend is set at 50% of the capital) (as mentioned under item 2.2 (b) of the agenda), from the publication of the decisions of this extraordinary general meeting in the annexes to the Belgian Official Gazette. For the avoidance of doubt, if the authorisation proposed under item 2.2 (b) of the agenda would not be approved, the existing authorisation will continue to apply to the board of directors of the Company.

These capital increase(s) may be subscribed to in cash, in kind, or by means of a mixed contribution, or by incorporation of reserves, including profits carried forward and issue premiums as well as all equity components under the Company's statutory IFRS financial statements (drawn up in accordance with the regulations applicable to the regulated real estate companies) which are subject to conversion into capital, with or without the creation of new securities (e.g. bonus shares), in accordance with the rules prescribed by the applicable company law and RREC-Legislation, as amended from time to time.

The board of directors may also issue subscription rights (whether or not attached to another security), convertible bonds, bonds redeemable in shares or other securities, which may give rise to the creation of the same securities, and always in accordance with the rules prescribed by the applicable company law and RREC-Legislation, as amended from time to time.

On the occasion of the capital increase, executed within the limits of the authorised capital, the board of directors will have the authority to ask for an issue premium. If applicable, any issue premiums will be shown in one or more separate accounts under equity in the liabilities of the balance sheet. The board of directors is free to decide to place any issue premiums, possibly after deduction of an amount at most equal to the costs of the capital increase in the meaning of the applicable IFRS-rules, on an unavailable account, which will provide a guarantee for third parties in the same manner as the capital and which can only be reduced or abolished by means of a resolution of the general meeting deciding in accordance with the quorum and majority requirements for an amendment of the Articles of Association, except in the case of the conversion into capital.

As in the past, this authorisation should allow the board of directors to use the authorised capital whenever the company's interests so require and, in particular, to take advantage of any opportunities that may extend the company's real estate assets in an efficient and cost-efficient manner.

The authorised capital may also be used in all circumstances where it is advisable, in the short term, to take the most appropriate advantage of favourable market developments and conditions, to respond to the expression of interest by investors and, in general, to seize all opportunities to strengthen the company's equity capital, to adapt its financial structure to the development needs of the business and legal and regulatory provisions, to increase its means of action and to promote the development of its activities.

The board of directors may also use the authorised capital within the framework of the remuneration policy, amongst other, for the issue of, for example, shares, share options or subscription rights to personnel of the company or its subsidiaries (as defined in applicable company law, as amended from time to time), as well as to persons who have rendered themselves useful to the company or its subsidiaries in the context of their professional activity.

In accordance with applicable company law, as amended from time to time, the authorised capital may not be used for:

- capital increases realized mainly through contributions in kind reserved exclusively for a shareholder of the company holding securities of the company to which more than 10% of the voting rights are attached;
- the issue of subscription rights intended principally for one or more specified persons, other than employees of the company or its subsidiaries (as defined in the applicable company law, as amended from time to time).

Without prejudice to the application of the mandatory provisions of the applicable company law and the RREC-Legislation, as amended from time to time, the board of directors may, within the framework of the authorised capital, restrict or cancel the preferential subscription

right, even in favour of one or more specific persons, other than members of the personnel of the company or its subsidiaries (as defined in the applicable company law, as amended from time to time).

If in that case, in accordance with the mandatory provisions of the RREC-Legislation, a priority allocation right must be granted to the existing shareholders when new securities are allocated, this priority allocation right shall at least comply with the conditions provided for in Article 26 of the RREC-Act.

The special circumstances under which the authorised capital may be used and the objectives pursued in this regard, as set out in this report, are not exhaustive and should be interpreted as broadly as possible.

3. Proposal to amend the articles of association

As a result of the above proposals, the board of directors proposes to amend article 6.4 of the Articles of Association regarding the authorised capital in order to bring it in line with the aforementioned proposals:

- I. if the extraordinary general meeting approves the proposed authorisation regarding the authorised capital under item 2.2 (a) of the agenda, to replace the first paragraph and the second paragraph in their entirety as follows:

“The board of directors is authorised to increase the capital in one or more instalments, on the dates and in accordance with the terms and conditions as will be determined by the board of directors, by a maximum amount of:

- 1) *50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, as the case may be, rounded down to the euro cent for capital increases by contribution in cash whereby the possibility is provided for the exercise of the preferential subscription right or the priority allocation right by the shareholders of the Company,*
- 2) *50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, as the case may be, rounded down to the euro cent for capital increases in the framework of the distribution of an optional dividend,*
- 3) *10% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, rounded down to the euro cent for capital increases by contribution in cash without the possibility for the shareholders of the Company to exercise the preferential right or priority allocation right, provided that the board of directors may only increase the capital in accordance with this point 3) insofar as and to the extent that the cumulative amount of the capital increases, executed in accordance with this point over a period of 12 months, does not exceed 10% of the capital amount at the moment of the decision to increase the capital, and*

4) 10% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, rounded down to the euro cent for a. capital increases by contribution in kind, or b. any other kind of capital increase,

provided that the capital within the context of the authorised capital can never be increased by an amount higher than the capital on the date of the extraordinary general meeting that approves the authorisation.

This authorisation is granted for a renewable period of five years, calculated from the publication of the minutes of the extraordinary general meeting of 20 May 2020 [or, in case of lack of quorum 8 June] 2020, in the annexes to the Belgian Official Gazette.

For each capital increase, the board of directors will determine the price, the issue premium (if any) and the terms and conditions of issue of the new securities.”

II. if the proposed authorisation regarding the authorised capital under item 2.2 (a) of the agenda is not approved, to replace the first paragraph and the second paragraph in their entirety as follows:

“The board of directors is authorised to increase the capital in one or more instalments, on the dates and in accordance with the terms and conditions as will be determined by the board of directors, by a maximum amount of:

1) 50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, as the case may be, rounded down to the euro cent for capital increases by contribution in cash whereby the possibility is provided for the exercise of the preferential subscription right or the priority allocation right by the shareholders of the Company,

2) 50% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, as the case may be, rounded down to the euro cent for capital increases in the framework of the distribution of an optional dividend, and

3) 10% of the amount of the capital on the date of the extraordinary general meeting of 20 May [or, in case of lack of quorum 8 June] 2020, rounded down to the euro cent for a. capital increases by contribution in kind, b. capital increases by contribution in cash without the possibility for the shareholders of the Company to exercise the preferential right or priority allocation right or c. any other kind of capital increase,

provided that the capital within the context of the authorised capital can never be increased by an amount higher than the capital on the date of the extraordinary general meeting that approves the authorisation.

This authorisation is granted for a renewable period of five years, calculated from the publication of the minutes of the extraordinary general meeting of 20 May 2020 [or, in case of lack of quorum 8 June] 2020, in the annexes to the Belgian Official Gazette.

For each capital increase, the board of directors will determine the price, the issue premium (if any) and the terms and conditions of issue of the new securities.”

- III. if the proposed authorisation regarding the authorised capital under item 2.2 (b) of the agenda is not approved, the existing authorisations will remain in force and valid until 19 December 2024 (i.e. five years from the publication of the decision of the extraordinary general meeting of 22 October 2019 in the annexes to the Belgian Official Gazette).

4. Decision

The board of directors proposes to the extraordinary general meeting to vote in favor of the proposals submitted to it.

Brussels, 2 April 2020

For the board of directors