

Total remuneration for the year 2016/2017 (in €)

	Stefaan Gielens - CEO	Others	Total
Fixed remuneration (management agreements)	429,295	884,634	1,313,929
Fixed remuneration ("long term incentive plan")	120,000	280,000	400,000
Variable remuneration	207,500	387,900	595,400
Pension scheme	68,399	116,056	184,455
Insurance premiums	6,506	17,627	24,132
Benefits in kind	6,057	18,566	24,623
Total	837,757	1,704,783	2,542,539

349 (CLO) and 280 (CIO and CM&AO) shares at a unit price of €66.4167 (the last known closing share price multiplied by a factor amounting to 100/120th, in accordance with comment 36/16 of the Belgian Income Tax Code), corresponding to a total amount of €55,723.58 (CEO), €46,491.67 (CFO), €23,312.25 (COO), 23,179.42 (CLO) and €18,596.67 (CIO and CM&AO). The members of the Management Committee are irrevocably committed to hold these shares for a period of 2 years. The shares sold by Aedifica were part of the treasury shares held by the Company that were acquired on the stock exchange.

For the upcoming financial year, the Board of Directors will propose to the shareholders to approve a "long-term incentive plan" for the members of the Management Committee (namely the CEO, CFO, COO, CLO, CIO and CM&AO) under the same form previously used, with a gross value of €175,000 (CEO) and €300,000 (for the other members of the Management Committee in aggregate), in accordance with principle 7.13 of the 2009 Code and with Article 14 of the Belgian Law of 6 April 2010.

9. REMUNERATION REPORT

The Remuneration Report is provided in accordance with the 2009 Code and with the Belgian Law of 6 April 2010; it has been applicable to Aedifica since the beginning of the 2010/2011 financial year.

9.1 Internal procedures

During the 2017/2018 financial year, the remuneration policy for non-executive directors and Executive Managers were set out as follows:

- **Non-executive directors:** the continuity principle has been applied (as regards the composition of the remuneration).

- **Executive Managers:**

- the management agreements signed in 2006 (CEO), 2007 (CFO), COO (2014), CLO (2015) and 2017 (CIO and CM&AO), have been honoured. The foreseen contractual indexation is applicable. Additional agreements were signed in order to clearly define criteria for the variable remuneration (see section 9.2 below), in accordance with Article 13 of the Law of 6 April 2010, which came into force for Aedifica on 1 July 2011.

- on 31 May 2018, the management agreement signed with the CFO ended at the request of the CFO himself; consequently, his remuneration due will be paid on a pro rata temporis basis, in accordance with the management agreement.

During the same period, the actual remuneration of the non-executive directors and Executive Managers was determined as follows:

- **Non-executive directors:** in accordance with the decisions taken by the shareholders during the Annual General Meeting of 28 October 2016, the actual remuneration of the non-executive directors amounted to:

1° fixed annual remuneration:

(i) a fixed annual remuneration of €50,000 for the Chairman of the Board of Directors,

(ii) a fixed annual remuneration of €25,000 for the Chairman of the Audit Committee, the Chairman of the Nomin-

ation and Remuneration Committee and the Chairman of the Investment Committee,
(iii) a fixed annual remuneration of €15,000 for the other non-executive directors; and

2° attendance fees:

- (i) an attendance fee amounting to €1,000 per director and per meeting of the Board of Directors,
- (ii) an attendance fee amounting to €900 per director and per meeting of the Audit Committee, of the Nomination and Remuneration Committee and of the Investment Committee.

For the 2017/2018 financial year, the Board of Directors will collectively receive €321,360.

– **Executive Managers:** the actual level of remuneration was determined based on the management agreements signed in 2006 (CEO), 2007 (CFO), 2014 (COO), 2015 (CLO) and 2017 (CIO and CM&AO), and on the additional abovementioned agreements, in accordance with the criteria for the variable remuneration set out in section 12 of the Consolidated Board of Directors' Report. These remuneration packages were reviewed in 2009 and 2011 by specialised consultants. In light of the creation of the Management Committee on 12 May 2015, the remuneration packages of the members of the Management Committee were reviewed by a specialised consultant in May 2016.

9.2 Executive Managers' remuneration

The remuneration package of the Executive Managers consists of: fixed remuneration (arising from the management agreements), variable remuneration (for which no claw-back in favour of the Company is applicable), post-retirement benefits (defined contribution plan and associated benefits), and other components (medical insurance, benefits-in-kind linked to the usage of a company car). Moreover, the fixed remuneration also consists of amounts resulting from the long-term incentive plan. The amounts are shown in the table on page 155.

The Executive Managers carry out their office as director of Aedifica and its subsidiaries for free. They are not remunerated by Aedifica's subsidiaries.

The gross variable remuneration of the Executive Managers was determined as follows:

– The variable remuneration for the 2017/2018 financial year is a (gross) amount which does not exceed 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The effective amount was determined by the Board of Directors, based on quantitative and qualitative criteria listed in the 2016/2017 Annual Financial Report as well as in the aforementioned additional agreements. Recall that the variable remuneration can only be paid if the actual EPRA Earnings* (previously referred to as "consolidated profit excl. changes in fair value") per share is at least 90% of the

budgeted amount. The criteria (and their weight) were as follows: EPRA Earnings* per share (30%), growth of the consolidated property portfolio (including the internationalisation of the Group's activities) (20%), consolidated EBIT margin* (25%) and others (25%). The Board of Directors concluded on 4 September 2018 that the Executive Managers met the objectives and decided to grant as variable remuneration €207,500 to the CEO, and €387,900 to the other members of the Management Committee in aggregate.

– In respect of the 2018/2019 financial year, the variable remuneration of the members of the Management Committee will not exceed a maximum amount of 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The effective amount will be determined by the Board of Directors based on consolidated quantitative and qualitative criteria: EPRA Earnings* per share is at least 90% of the budgeted amount (65%), consolidated EBIT margin* (operating result before result on portfolio divided by net rental income) (10%) and others (25%).

– In respect of the 2019/2020 financial year, the maximum variable remuneration will be kept to 50% of the annual remuneration excluding sundry benefits and post-retirement benefits, based on quantitative and qualitative criteria that will be set in a future stage.

The Nomination and Remuneration Committee has established a "long-term incentive plan" for the members of the Management Committee (see section 8 above).

For information purposes, note that the ratio between the total remuneration of the CEO for 2017/2018 and the average remuneration of personnel amounts to 10 times.

Each Executive Manager benefits from a company car as from the time of entering the Company. In 2017/2018, the cost to the Company (rental charge and petrol) was €20,000 excl. VAT for the CEO and a combined total of €56,000 excl. VAT for the other Executive Managers. Each Executive Manager also uses a laptop and a smartphone. Moreover, the Company reimburses the Executive Managers' actual professional expenses, and grants them a fixed allowance for representation expenses of €300 per month.

During the 2018/2019 financial year, Executive Managers' remunerations will be indexed, as specified in the management agreements. Moreover, on a proposal by the Nomination and Remuneration Committee to provide the members of the Management Committee with an adequate and motivating remuneration in line with market practice, the Board of Directors decided on 4 September 2018 to adapt executive remuneration as follows (effective 1 July 2018):

– CEO's fixed annual remuneration will remain unchanged at €433,590 (indexed amount; resulting from the

management agreement), plus an additional €175,000 (resulting from the long-term incentive plan) for the 2018/2019 financial year, and a maximum variable remuneration of €216,795 for the 2018/2019 financial year, based on the above-mentioned criteria;

- With respect to the other members of the Management Committee (CFO, COO, CLO, CIO and CM&AO in aggregate):
 - on 31 May 2018, a management agreement (which came into effect as of 1 September 2018) was signed with Ms. Ingrid Daerden, Aedifica's new CFO; below, this agreement will be taken into account on a pro rata temporis basis;
 - fixed remuneration of €973,000 (rounded amount before contractually provided indexation; in accordance with the management agreements);
 - maximum variable remuneration of €490,000 (rounded amount) for the 2018/2019 financial year, based on the above-mentioned criteria;
 - participation in the long term incentive plan: €300,000.

The management agreements signed with the Executive Managers may be terminated in the following circumstances:

- if Aedifica gives a 12-month notice, starting three working days after receipt of the notice (sent by registered mail);
- immediately in case of serious misconduct (notice must be sent by registered mail);
- immediately in case of withdrawal by the market authority (FSMA) of their approval of the hiring of the Executive Manager;
- immediately if the Executive Manager does not act as Executive Manager during a period of 3 months, except in case of illness or accident;
- immediately if the Executive Manager cannot act as Executive Manager during a period of 6 months, in case of illness or accident.

The management agreements provide for specific events of termination in the event of a change in control of the Company, as disclosed in section 15.10 of the Consolidated Board of Directors' Report.

The only case in which an indemnity granted to an Executive Manager could exceed 12 months of remuneration is in the event of a change in control of the Company; in this case, the CEO is eligible to obtain 18 months' remuneration. The Nomination and Remuneration Committee highlights the fact that this clause is included in the management agreement signed with the CEO in 2006 and that it is consistent with market practice. The approval of the shareholders is not required, as specified in Article 9 of the Belgian Law of 6 April 2010.

9.3 Remuneration of the Board of Directors

The Board of Directors expects to keep its current remuneration policy unchanged for the non-executive directors. This policy is described in 9.1 above.