

Independent auditor's report to the general meeting of Aedifica SA for the year ended 31 December 2020

As required by law and the Company's articles of association, we report to you as statutory auditor of Aedifica SA (the "Company"). This report includes our opinion on the balance sheet as at 31 December 2020, the income statement, the statement, the statement of the realized and unrealized results, the statement of changes in equity and the statement of cash flows for the year of 18 months ended 31 December 2020 and the disclosures (all elements together the "Annual Accounts") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 27 October 2017, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Annual Accounts for the year ending 31 December 2020. We performed the statutory audit of the Annual Accounts of the Company during 9 consecutive years.

Report on the audit of the Annual Accounts

Unqualified opinion

We have audited the Annual Accounts of Aedifica SA, that comprise of the balance sheet on 31 December 2020, the income statement, the statement, the statement of the realized and unrealized results, the statement of changes in equity and the statement of cash flows of the year and the disclosures, which show a balance sheet total of € 3.566.565 thousand and of which the income statement shows a profit for the year of € 186.801 thousand.

In our opinion, the Annual Accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2020, and of its results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Annual Accounts" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Annual Accounts in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Annual Accounts of the current reporting period.

These matters were addressed in the context of our audit of the Annual Accounts as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Evaluation des immeubles de placement

► Description of the key audit matter

Investment Property amounts to a significant part (40%) of the assets of the Company. In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement.

The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being based on unobservable data (discount rate, future occupancy rate, ...).

► Summary of the procedures performed

As external appraisers carry out an estimate of the fair value of the investment properties of the Company, we have assessed their valuation reports (with the support of real estate valuation specialists of our firm). More precisely, we have:

- assessed the objectivity, the independence and the competence of the external appraisers,
- tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations,
- reviewed the models, assumptions and parameters used in their reports (discount

rates, future occupancy rates, ...), , including the impact of Covid-19 on the assumptions and parameters.

Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 22 of the annual accounts.

Evaluation des instruments dérivés

► Description of the key audit matter

The Company uses interest rate swaps (IRS) and options (caps) to hedge its interest rate risk on its variable rate debts and has concluded forward exchange rate contracts during the financial year to hedge the risk of exchange rate fluctuations. The measurement of the derivatives at fair value is an important source of volatility of the result and/or the shareholders' equity. As a matter of fact, in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements except for some IRS for which the Company applies hedge accounting ("cash-flow hedging"), which allows to record most of the changes in fair value in the caption of the shareholders' equity ("Reserve for the balance of changes in fair value of authorized hedging instruments qualifying for hedge accounting as defined under IFRS"). The audit risk appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting.

► Summary of the procedures performed

- We have compared the fair values of the derivatives with the values communicated by the counterparties and the credit risk adjustments calculated by an external specialist. We have assessed the assumptions and the calculations performed by this external specialist.

- Regarding the correct application of hedge accounting, we have reviewed the effectiveness tests performed by the external specialist involved by the Company and we have compared the volume of derivatives subject to hedge accounting with the volume of the variable rate debts projected on the future accounting years in order to identify any potential overhedging which could potentially jeopardize the application of hedge accounting.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in note 33 of the annual accounts

Responsibilities of the Board of Directors for the preparation of the Annual Accounts

The Board of Directors is responsible for the preparation of the Annual Accounts that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”) and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Annual Accounts that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Annual Accounts, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Annual Accounts

Our objectives are to obtain reasonable assurance whether the Annual Accounts are free from material misstatement, whether due to fraud or error, and to express an opinion on these Annual Accounts based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance

with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Accounts.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Annual Accounts in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- ▶ identification and assessment of the risks of material misstatement of the Annual Accounts, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- ▶ evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

- ▶ conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- ▶ evaluating the overall presentation, structure and content of the Annual Accounts, and evaluating whether the Annual Accounts reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Annual Accounts of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Annual Accounts, the compliance with the legal and regulatory requirements regarding bookkeeping, as well as compliance with the Code of companies and associations and with the Company's articles of association.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report as well as compliance with certain requirements of the Belgian Companies Code and the articles of association, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Annual Accounts and has been prepared in accordance with articles 3:5 and 3:6 of the Code of companies and associations.

In the context of our audit of the Annual Accounts, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of assurance regarding the Board of Directors' report and the other information included in the annual report.

Aspects relating to the social balance sheet

The social balance sheet, to be published in accordance with article 3:12, § 1, 8° of the Code of companies and associations, includes both in form and in substance the required information as prescribed by the Code of companies and associations and does not contain any material inconsistencies compared to the information we have in our audit files.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the statutory audit of the Annual Accounts and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Annual Accounts as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Annual Accounts.

Other communications

- ▶ Without prejudice to certain formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- ▶ The appropriation of the results proposed to the general meeting complies with the relevant requirements of the law and the Company's articles of association.
- ▶ There are no transactions undertaken or decisions taken in breach of the articles of association or of the Code of companies and associations that we have to report to you.
- ▶ This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

- ▶ According to article 7:96 of the Code of companies and associations, the Board of Directors' report discloses the decision taken by the Board of Directors on:

- 3 September 2019 with respect to the remuneration of the Management Committee, which has the following consequences:

- (i) The variable remuneration for the 2018/2019 financial year consists of an individual (gross) amount equal to at most 50% of the fixed annual gross remuneration without the benefits in kind, the pension plan and the long-term incentive plan. The proposal of the actual amounts has been the subject of an overall valuation by the committee based on the quantitative and qualitative objectives stated in the remuneration report of the 2017/2018 annual financial report and were included in the addenda of the management contracts signed on 4 September 2018. As a reminder, the variable remuneration may only be granted if at least 90% of the EPRA Earnings per share are achieved as stipulated in the budget. As a reminder, the criteria used (and their weight) for the allocation of the variable remuneration were the following: the EPRA Earnings* per share (weight of 65%), the consolidated operating margin* (operating result before result on portfolio divided by net rental result) (weight of 10%) and others (weight of 25%).

The committee is of the opinion that the Executive Managers have achieved the quantitative objectives. Taking into account the (possibly partial) achievement of the other objectives, the Committee proposes allocating EUR 216,900 to the CEO as a variable remuneration and EUR 409,303 to the CFO, COO, CIO and CM&AO together.

- (ii) For the 2019/2020 financial year the committee proposes that the maximum amount of the variable remuneration be fixed at 50% of the fixed annual gross remuneration without the benefits in kind, the pension plan and the long-term incentive plan (the 'theoretical variable remuneration').

The amount actually granted will be determined according to consolidated quantitative and qualitative criteria established and assessed by the Board of Directors. The committee proposes that these criteria be weighted according to their importance. The criteria used for the award of variable remuneration in respect of the 2019/2020 financial year are as follows: (i) A consolidated EPRA Earnings per share ('EPS') (quantitative criterion with a weighting factor of 65%) of EUR 3.60 per share based on 24,601,158 shares; (ii) A consolidated operating margin (operating result for the result on the portfolio divided by the net rental result) that must be at least equal to 82.30% (quantitative criterion with a weighting factor of 10%); (iii) Other qualitative criteria (with a weighting factor of 25%) (specific and individual targets for each member of the Executive Committee).

- (iii) For the 2020/2021 financial year, the variable remuneration will amount to a maximum of 50% of the gross annual remuneration, without the benefits in kind, the pension plan and the long-term incentive plan. The allocation criteria will be determined later.

Other aspects of the remuneration of the members of the Executive Committee:

- (i) CEO: a. a fixed annual basic remuneration: EUR 500,000 (without prejudice to indexation); b. the maximum variable remuneration (theoretical maximum on an annual basis): EUR 250,000 (without prejudice to indexation), based on the aforementioned criteria; c. participation in the long-term incentive plan for an amount of EUR 234,000 for the 2019/2020 financial year
- (ii) With regard to the other members of the Management Committee (CFO, COO, CIO and CM&AO together): a. a fixed annual basic remuneration: EUR 1,100,000 (without prejudice to indexation); b. the maximum variable remuneration (theoretical maximum on an annual basis): EUR 550,000 (without prejudice to indexation) based on the aforementioned criteria; c. participation in the long-term incentive plan for an amount of EUR 509,000 for the 2019/2020 financial year.

- 22 October 2019 with respect to the Fixed remuneration for the person ultimately responsible for the internal audit (Mr Eric Hohl), which has the following consequences:

With effect from 1 July 2019:
(i) increasing the fixed annual remuneration of the chair of the Audit Committee to EUR 30,000; and
(ii) granting a fixed annual remuneration of EUR 5,000 (in addition to the attendance fees) to the other members of the Audit Committee.

- 19 November 2019 with respect to the Annual long-term incentive plan (LTIP), which has the following consequences:

The Board of Directors decided, for the 2019/2020 financial year, to grant the members of the Management Committee the right, within the framework of a 'Long-Term Incentive Plan', to definitively acquire shares for a gross amount of EUR 234,000 (CEO) and EUR 509,000 (for all other members of the Management Committee together), in application of Article 520ter of the Companies Code.

- 22 September 2020 with respect to Remuneration of the members of the Executive Committee, which has the following consequences:

Further to the modification of the financial year and the extension of the current financial year until 31 December 2020, the Nomination and Remuneration Committee was requested by the Board of Directors (meeting of 18 June 2020) to prepare a proposal regarding the allocation of the variable remuneration over the period from 1 July 2019 until 31 December 2020.

- (a) Evaluation of the criteria for the variable remuneration over the period 1 July 2019 until 30 June 2020. The variable remuneration is in principle a (gross) amount which does not exceed 50% of the annual remuneration, excluding benefits in kind, the pension plan and the long term incentive plan. Similarly, the variable remuneration for the period 1 July 2019 - 30 June 2020 should be a (gross) amount which should not exceed 50% of the total

remuneration over the same period, excluding benefits in kind, the pension plan and the long-term incentive plan (the 'theoretical variable remuneration'). The proposal of the actual amounts to be allocated to the members of the Executive Committee has been the subject of an overall evaluation by the Nomination and Remuneration Committee on the basis of the quantitative and qualitative objectives set by the Board of Directors of 3 September 2019 (which have been included in the addenda of the management contracts). As a reminder, variable remuneration may only be awarded if at least 90% of the (consolidated) EPRA Earnings per share, as set out in the Board decision of 3 September 2019, is achieved. As a reminder, the criteria used (and their weighting) for awarding the variable remuneration were as follows: the (consolidated) EPRA Earnings* per share (weighting 65%), the consolidated operating margin* (operating result before result on portfolio divided by net rental result) (weighting 10%) and others (weighting 25%).

The Nomination and Remuneration Committee believes that the members of the Executive Committee have achieved the quantitative objectives. Taking into account the (possibly partial) achievement of the other objectives, the Committee proposes to allocate EUR 250,840 as variable remuneration to the CEO and EUR 557,563 to the CFO, COO, CIO and CM&AO together.

- (b) Establishment of the amount and the criteria of the variable remuneration for the last six months of the extended financial year (i.e. the period from 1 July 2020 until 31 December 2020). Proposal to set the maximum amount of the variable remuneration for the period from 1 July 2020 until 31 December 2020 at 50% of the fixed annual gross remuneration excluding benefits in kind, the pension plan and the long term incentive plan, pro rata temporis for the period concerned (the 'theoretical variable remuneration'). The actual amount granted will be determined based on consolidated quantitative and qualitative criteria set and evaluated by the Board of Directors. The Committee proposes that these criteria be set on the basis of criteria that are weighted according to their importance. The proposed criteria for granting the variable remuneration for the period from 1 July 2020 until 31 December 2020 are as follows:
- (i) the consolidated EPRA Earnings per share ('EPS') (quantitative criterion with a weighting of 80%) (the budget for the extended financial year provides in an EPS of EUR 6.05 per share as per 31 December 2020, based on a weighted average number of shares over the period of 25,853,168 shares);
 - (ii) The consolidated operating margin (operating result for the result on the portfolio divided by the net rental result) must be at least equal to the budget (quantitative criterion with a weighting of 20%) (the budget for the extended financial year provides for an operating margin of 82,10% as per 31 December 2020).
- (c) Establishment of the maximum amount of the variable remuneration for the financial year 2021. For the financial year 2021, the variable remuneration will amount to a maximum of 50% of the annual gross remuneration, excluding benefits in kind, the pension plan and the long-term incentive plan. The award criteria will be determined at a later date.
- (d) Determination of the amounts of the fixed remuneration of the members of the Executive Committee for the period from 1 July 2020 until 31 December 2020. Additionally, the Nomination and Remuneration Committee also proposes with respect to the other aspects of the remuneration of the members of the Executive Committee, for the last six months of the extended financial year (i.e. the period from 1 July 2020 until 31 December 2020):
- (i) CEO: a. the fixed annual remuneration (unchanged, save for indexation), as applied pro rata temporis for the last six months of the current extended financial year: EUR 251,681; b. the maximum variable remuneration: EUR 125,841 (before indexation), based on the abovementioned criteria.

- (ii) with respect to the other members of the Executive Committee (CFO, COO, CIO and CLO/CM&AO in aggregate):
 - a. the fixed annual remuneration: EUR 579,921 (unchanged, save for indexation; except for the CIO for whom the Nomination and Remuneration Committee proposes to increase his fixed annual remuneration to EUR 250,000, given the increased role and responsibilities of the CIO in the context of the further international expansion of Aedifica and the dynamic investment strategy pursued by Aedifica), as applied pro rata temporis for the last six months of the current extended financial year. The above aggregate amount will be adapted to and is still subject to a pro rata temporis adaptation of the remuneration of the COO in view of the contractual arrangements in respect of her departure per 31 October 2020; b. the maximum variable remuneration (theoretical maximum on an annual basis): EUR 289,961 (without indexation), based on the abovementioned criteria.
- 17 December 2020 with respect to the Remuneration of the members of the Executive Committee, which has the following consequences:
 - (a) Long term incentive plan - adaptation of modalities. It is thus proposed to amend the 2019/2020 LTIP as follows with respect to each of the members of the Executive Committee:
 - (i) The 'vesting scheme' as initially agreed is amended to a three year 20%/30%/50% vesting scheme, in each to be calculated by reference to the date of the acquisition of the shares;
 - (ii) The takeover and change of control exceptions are removed from the good leaver exceptions as currently included in the plan;
 - (iii) The return for nil consideration obligation currently attached to 30% of the shares granted under the 2019/2020 LTIP (70% of the shares had already vested) are to be removed.
 - (b) Long term incentive plan 2020. Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors decides to grant the members of the Executive Committee the right to participate in the 'long term incentive plan' for the last six months of the prolonged financial year (i.e., for the period as from July 1, 2020 until December 31, 2020) for a gross amount of EUR 87,500 (CEO) and EUR 50,000 (each other member of the Executive Committee) under the same terms and conditions as the (amended - see supra) 2019/2020 LTIP.
 - (c) Annual remuneration 2021: Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors decides that the amount of the annual remuneration of the members of the Executive Committee for 2021 is not adapted (save for indexation), with the exception of the fixed annual remuneration of the CIO which is increased with a gross amount of EUR 25.000.

- ▶ In the context of article 7:213 of the Code of companies and associations, an interim dividend was distributed during the financial year, on which we have prepared the attached report, in accordance with legal requirements.

Brussels, 30 March 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by



Joeri Klaykens*
Partner
*Acting on behalf of a BV/SRL

21JK0247