

**WAREHOUSES DE PAUW**  
**partnership limited by shares**  
**public regulated real estate company in accordance with Belgian law**  
**that has made a public offer of shares**  
**Registered office: Blakebergen 15, 1861 Wolvertem**  
**Company number: 0417.199.869**  
**RLE Brussels**

*The original version of this report is been written in Dutch; this English version is an unofficial translation.*

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**SPECIAL REPORT OF THE MANAGER PURSUANT TO SECTION 604 OF THE BELGIAN COMPANIES CODE  
RELATING TO THE SPECIAL CIRCUMSTANCES IN WHICH THE AUTHORISED CAPITAL MAY BE USED (INCLUDING  
THROUGH THE ISSUING OF CONVERTIBLE BONDS AND WARRANTS) AND THE PURPOSES THIS SEEKS TO  
ACHIEVE**

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## **Introduction**

This special report is drawn up by the manager of the partnership limited by shares "Warehouses De Pauw" (hereinafter referred to as "the **Company**") pursuant to Section 604 Belgian Companies Code ("**BCC**"). It relates to the proposal to renew and extend the manager's authority to increase the Company's share capital within the framework of authorised capital (including through the issuing of convertible bonds and warrants). This proposal is to be put to the Extraordinary General Meeting to be held on 8 April 2016 and, if the requisite quorum is not achieved or if the manager is absent, the Extraordinary General Meeting to be held on 27 April 2016.

In this special report, more details shall be given pursuant to Section 604 BCC of the circumstances in which the manager may exercise his right to increase the capital and the purposes he seeks to achieve.

## **Proposal to renew and extend the manager's authority within the framework of authorised capital and issue of (amongst other things) convertible bonds and warrants**

### **1. General points**

On 27 April 2011, the Extraordinary General Meeting granted the manager the authority to increase the share capital within the framework of authorised capital over a period of five years to a maximum amount of EUR 100,521,811.63 (or 100% of the share capital of the Company on 27 April 2011). This period of five years started upon 16 May 2011 (being the date of publication in the Annexes to the Belgian State Gazette of the decision to increase and extend the authorised capital).

At the date of this report, the available balance under the authorised capital has been diminished to an amount of EUR 65,550,293.33 following the different transactions carried out since then.

At the date of this report the share capital of the Company amounts to EUR 148,427,695.51.



Since the period of five years shall come to an end on 15 May 2016, the manager intends to propose to the Extraordinary General Meeting to be held on 8 April 2016 and, if the requisite quorum is not achieved or the manager is absent, to the Extraordinary General Meeting to be held on 27 April 2016, a renewal and an extension of his authority to increase the Company's share capital, within the framework of authorised capital, to a maximum amount of:

- I. EUR 148,427,695.51,
  - (a) if the capital increase to be realized is a capital increase in cash with the possibility to exercise the pre-emptive right of the shareholders of the Company,
  - (b) and if the capital increase to be realized is a capital increase in cash with the possibility to exercise the priority allocation right (as defined in the Law of 12 May 2014 regarding the regulated real estate companies) of the shareholders of the Company,
- II. EUR 29,685,539.10 for all forms of capital increase different from those covered and approved under point I above,

provided that the share capital of the Company within the framework of the authorised capital may not be increased with an amount higher than EUR 148,427,695.51 in total during the period of five years from publication in the Annexes to the Belgian State Gazette of the decision of renewal and expansion of the authorised capital.

## **2. Description of the proposal to renew and extend the manager's authority within the framework of authorised capital and issue (amongst other things) convertible bonds and warrants**

In the event of the renewal and extension of his authority within the framework of authorised capital, the manager of the Company shall be authorised to increase the share capital on the dates and under the conditions which he shall determine one or more times to a maximum amount of:

- I. EUR 148,427,695.51,
  - (a) if the capital increase to be realized is a capital increase in cash with the possibility to exercise the pre-emptive right of the shareholders of the Company,
  - (b) and if the capital increase to be realized is a capital increase in cash with the possibility to exercise the priority allocation right (as defined in the Law of 12 May 2014 regarding the regulated real estate companies) of the shareholders of the Company,
- II. EUR 29,685,539.10 for all forms of capital increase different from those covered and approved under point I above,

provided that the share capital of the Company within the framework of the authorised capital may not be increased with an amount higher than EUR 148,427,695.51 in total during the period of five years from publication in the Annexes to the Belgian State Gazette of the decision of renewal and expansion of the authorised capital.

The authority mentioned in point I (a) refers to the classical case of a capital increase in cash in accordance with Section 592 BCC (being with the application of the pre-emptive right) and concerns an authorization at the rate of 100% of the current share capital.

The authority mentioned in point I (b) refers to the specific case of a capital increase in cash with the application of the priority allocation right (“onherleidbaar toewijzingsrecht/droit d’allocation irréductible), as defined in the Act of 12 May 2014 regarding the regulated real estate companies, and concerns an authority at the rate of 100% of the current share capital. For the avoidance of doubt, it is emphasized that Section 26 of the Act of 12 May 2014 regarding the regulated real estate companies explicitly permits capital increases by way of a contribution in cash without or with limited pre-emptive rights, but only on the condition that a priority allocation right is granted to all existing shareholders. The economic effect of a priority allocation right is identical to that of a pre-emptive right, as issuances with a priority allocation right offer the shareholder the option to invest more in order to maintain its stake in the Company.

The authority mentioned in point II refers to all forms of capital increase different from those covered and approved under point I, amongst which the capital increases through contribution in kind in accordance with Section 601 onwards BCC; it concerns an authority at the rate of 20% of the current share capital.

This authority shall be granted for a period of five years from publication of the minutes of the Extraordinary General Meeting to be held on 8 April 2016 (in the event of a subsequent meeting: publication of the minutes of the Extraordinary General Meeting to be held on 27 April 2016) in the Annexes to the Belgian State Gazette.

### **2.1. Authority to increase capital immediately**

The authority granted to the manager shall cover an increase in capital in cash or in kind (always within the limits and under the terms of the authority acquired). The aforesaid authority shall also cover an increase in capital through the conversion of reserves (again within the limits and under the terms of the authority acquired). By extension, other assets – particularly share premiums and profits carried forward – may also be converted into capital as may all of the equity components in the Company's IFRS annual accounts (drawn up on the basis of applicable regulated real estate companies regulations) capable of being converted into capital with or without the creation of new securities. The manager shall then be authorised to issue new shares with the same rights as or different rights to existing shares (for example with regard to voting rights, dividend rights (including with or without the right to carry forward any preferential dividends) and/or rights relating to the liquidation balance and any preferential rights in regard to reimbursement of capital) and, in that event, amend the articles of association in order to record any such different rights.

### **2.2. Authority to increase capital at a later date**

Under the terms and within the limits set out in Paras. 1 to 5 of Article 7 of the Company's articles of association, the manager shall also be authorised to issue warrants (whether or not attached to another security), convertible bonds or bonds reimbursable in shares. Such securities may give rise to the creation of new shares with the same rights as or different rights to existing shares (in a similar way to what is stated in connection with authority to increase capital immediately as set out in Para. 2.1. above). In that event, the manager may amend the articles of association in order to record any



such different rights. In doing so, the manager shall at all times observe the provisions of the Companies Code, applicable regulated real estate companies regulations and the Company's articles of association.

When increasing subscribed capital within the framework of authorised capital, the manager shall have the authority to seek a share premium. If the manager decides to do this, the share premium must be credited to an unavailable account which shall serve as a guarantee to third parties in the same way as the capital. This share premium may only be reduced or discontinued following a resolution passed by the general meeting in the same way as for amendments to the articles of association, except in the event of conversion into capital as set out above.

### **3. Specific circumstances for and aims behind the use of authorised capital (including through the issuing of convertible bonds and warrants)**

The technique of the authorised capital implies a certain degree of flexibility, freedom of movement, confidentiality, efficiency, cost restriction and/or speed of execution. In the light of this, it is appropriate for optimum management of the Company to grant the manager the authority to increase the capital within the framework of authorised capital. The complex and time-consuming procedure involved in convening an Extraordinary General Meeting for an increase in capital or the issuing of convertible bonds or warrants may in certain circumstances for example impede a prompt, efficient response to fluctuations on the financial markets or certain interesting opportunities that might arise for the Company, including with a view to reducing the Company's level of indebtedness (limited by law to 65%) by increasing its equity capital.

The special circumstances in which and the purposes for which the manager may use authorised capital lie fundamentally in the context of safeguarding and development of the corporate interests of the Company.

As it is impossible to provide *a priori* a definitive list of the special circumstances in which and the purposes for which the manager may use authorised capital, the circumstances and purposes set out below should not be considered exhaustive.

The manager intends for example to exercise the above authority within the framework of authorised capital in cases where, in the Company's interests, the passing of a resolution by the general meeting would not be desirable or expedient.

The manager might for example use authorised capital if:

- it would appear appropriate to be able to act quickly to capitalize on market opportunities, more particularly (but not exclusively) with a view to funding (in full or in part) partnerships or the takeover of firms and/or important assets, attracting possible new partners or shareholders to the Company's capital structure or increasing the international nature of the



shareholder structure, this at all times with due regard to any specific binding legal provisions that might be in place at any one time;

- a funding need or funding opportunity arose where the relevant market conditions or nature of the intended funding were such as to necessitate prompt action on the part of the Company;
- there was a need for funding where a contribution in kind were to be in the Company's interests;
- the manager wished to implement an increase in capital through an optional dividend, irrespective of whether (all or part of) the dividend would be paid out directly in shares or whether the dividend would be paid in cash with the possibility of subsequent full or partial subscription to new shares – in each instance with or without an attendant cash payment;
- prior convening of a general meeting would give rise to premature disclosure of the action involved which might be prejudicial to the Company's interests;
- the costs associated with the convening of a general meeting would be out of proportion to the amount of the intended (immediate or deferred) increase in capital;
- due to the urgency of the situation, increasing the capital at short notice through the authorised capital procedure or the issuing of convertible bonds or warrants would be in the Company's interests.

Any decision by the manager to increase the capital or issue convertible bonds or warrants is subject to the legal provisions set out in Section 603 to 606 BCC and applicable regulated real estate companies regulations (at the concerned moment).

#### **4. Special rules governing increases in capital in cash and in kind in general and within the framework of an optional dividend in particular**

Without prejudice to the application of Section 592 to 598 and 606 BCC, the manager can restrict or cancel the pre-emptive right, even if this is to the benefit of one or more particular persons other than members of staff of the Company or its subsidiary companies, provided that a priority allocation right is granted on allocation of new securities.

That priority allocation right must fulfil at least the conditions stated in article 11.1 of these articles of association. Without prejudice to the application of Section 595 to 599 BCC, the aforementioned restrictions within the framework of the cancellation or limitation of the pre-emptive right do not apply to a cash contribution with limitation or cancellation of the pre-emptive right, supplementary to a contribution in kind within the framework of the distribution of an optional dividend, provided this security is open for payment to all shareholders.

In case of a capital increase with limitation or cancellation of the pre-emptive right, but with a the grant of a priority allocation right to all existing shareholders, the manager of the Company shall – in the event of the renewal and extension of his authority within the framework of authorised capital - be authorised to increase the share capital on the dates and under the conditions which he shall determine one or more times to a maximum amount of EUR 148,427,695.51 (being 100% of the current share capital).



On issue of securities against contributions in kind, the conditions stated in article 11.2 of these articles of association must be met (including the possibility of deducting an amount equal to the share of the undistributed gross dividend). However, the special rules on capital increase in kind set out in article 11.2 of the articles of association (do not apply to the contribution of the right to a dividend within the framework of the distribution of an optional dividend, provided this security is open for payment to all shareholders).

In case of a capital increase through contribution in kind, the manager of the Company shall – in the event of the renewal and extension of his authority within the framework of authorised capital - be authorised to increase the share capital on the dates and under the conditions which he shall determine one or more times to a maximum amount of EUR 29,685,539.10 (being 20% of the current share capital).

Drawn up on 1 March 2016,

For De Pauw SA,  
The manager of WDP Comm. VA

  
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Tony De Pauw, permanent representative of De Pauw SA