

**WAREHOUSES DE PAUW**  
**Public limited liability company**  
**Public regulated real estate company under Belgian law**  
**Blakebergen 15, 1861 Wolvertem**  
**Company number: 0417.199.869**  
**RLE Brussels (in Dutch)**  
**(the Company)**

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

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**SPECIAL REPORT REGARDING THE SPECIAL CIRCUMSTANCES UNDER WHICH THE AUTHORISED CAPITAL CAN BE USED (INTER ALIA IN THE FORM OF SHARES ISSUED, CONVERTIBLE BONDS OR SUBSCRIPTION RIGHTS) AND THE AIMS THAT MAY BE PURSUED IN THAT RESPECT**

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**A. Introduction**

This special report, drawn up in line with Article 7:199 of the Code of companies and associations (the **CCA**), relates to the proposal to renew the mandate regarding the authorised capital.

The proposal will be put before the Extraordinary General Meeting on 29 April 2020.

This special report provides more detail on the special circumstances under which the Board of Directors of the Company can exercise this mandate to increase the capital and the aims that may be pursued in that respect.

**B. Proposed mandate regarding the authorised capital**

The Extraordinary General Meeting of the Company ratified the mandate to the Board of Directors to within the limits of the mandatory provisions in the Company law, as amended from time to time, increase the Company's capital on the dates and subject to the conditions it will determine, in one or more increments to a maximum amount of:

- I. 93,798,838.43 EUR if the capital increase to be realised is a capital increase in cash with the option for the Company's shareholders to exercise their preferential right or irreducible allocation right (as referred to in the RREC Legislation); and
- II. 93,798,838.43 EUR, if the increase in capital to be realised involves an increase in capital in the form of paying an optional dividend; and
- III. 18,759,767.68 EUR, if the capital increase to be realised (a) is a capital increase through contribution in kind, or (b) an increase in capital through a contribution in cash without the option for the Company's shareholders to exercise their preferential right or irreducible allocation right (as referred to in the RREC Legislation), or (c) any other form of increase in capital;

with the understanding that the capital within the context of the authorised capital will not be allowed to increase by an amount higher than the capital amount on the date of the Extraordinary General Meeting that approves the proposed mandate.

This authorisation is valid for a period of 5 years which commenced on 25 September 2019 (being the date of publication in the Annexes to the Belgian State Gazette of the decision to renew and expand the mandate regarding the authorised capital).

With the capital increase through the contribution in cash without the option to exercise the preferential right and without the possibility of exercising the priority allocation rights (as defined in the RREC-Act) of 6 November 2019 and as determined by notarial deed on 12 november 2019 this authorization was used for the first time. The capital increase for the amount of 200,000,000.00 EUR has been realized through an exempted accelerated private placement with international and institutional investors with the composition of an orderbook (accelerated bookbuild).

At present, the available balance of het authorized capital still amounts to:

- I. 93,798,838.43 EUR if the capital increase to be realised is a capital increase in cash with the option for the Company's shareholders to exercise their preferential right or irreducible allocation right (as referred to in the RREC Legislation); and
- II. 93,798,838.43 EUR, if the increase in capital to be realised involves an increase in capital in the form of paying an optional dividend; and
- III. 8,734,803.45 EUR, if the capital increase to be realised (a) is a capital increase through contribution in kind, or (b) an increase in capital through a contribution in cash without the option for the Company's shareholders to exercise their preferential right or irreducible allocation right (as referred to in the RREC Legislation), or (c) any other form of increase in capital;

with the understanding that the capital within the context of the authorised capital will not be allowed to increase by an amount higher than 187.597.676,87 EUR.

Taking into account the preceeding as well as the fact that the Company, in the context of its business plan and growth strategy, needs to dispose of the capacity to respond to market opportunities, a proposal is put to the Extraordinary General Meeting to renew the current mandate regarding the authorised capital and to provide for a new mandate to the Board of Directors of the Company to within the limits of the mandatory provisions in the Company law, increase the Company's capital on the dates and subject to the conditions it will determine, in one or more increments to a maximum amount of:

- IV. 50% of the amount of the capital<sup>1</sup> if the capital increase to be realised is a capital increase **in cash with the option for the Company's shareholders to exercise their**

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<sup>1</sup> On the date of the Extraordinary General Meeting that approves the proposed mandate, rounded down to the lower eurocent.

**preferential right or irreducible allocation right** (as referred to in the RREC Legislation);<sup>2</sup> and

- V. 50% of the capital amount<sup>1</sup>, if the increase in capital to be realised involves an increase in capital in the form of **paying an optional dividend**; and
- VI. 10% of the amount of the capital<sup>1</sup>, if the capital increase to be realised (a) is a capital increase through **contribution in kind**, or (b) an increase in capital through a **contribution in cash without the option for the Company's shareholders to exercise their preferential right or irreducible allocation right** (as referred to in the RREC Legislation), or (c) **any other form of increase in capital**;

with the understanding that the capital within the context of the authorised capital will not be allowed to increase by an amount higher than the capital amount on the date of the Extraordinary General Meeting that approves the proposed mandate, in other words that the sum of the capital increases with application of the proposed mandate included under points I, II and III will in total not exceed the capital amount as it stands on the date of the Extraordinary General Meeting that approves the proposed mandate.

The proposed mandate in **point I** refers to the classic case of an increase in capital (incl. issuing shares, convertible bonds or subscription rights) in cash with application of the preferential right on the one hand, and on the other hand the specific case of an increase in capital (incl. issuing shares, convertible bonds or subscription rights) with application of an irreducible allocation right (as meant in the RREC Legislation); it concerns a mandate for 50% of the amount of the capital<sup>1</sup>. The financial impact of an irreducible allocation right is identical to that of a preferential right considering the irreducible allocation right affords a shareholder in the Company the opportunity to co-invest in the event of a capital increase and to maintain his or her share in the Company in this way.

The proposed mandate in **point II** refers to the possibility to reward shareholders in a special way by offering them an optional dividend; it concerns a mandate for 50% of the amount of the capital<sup>1</sup>.

The mandate in **point III** refers to capital increases (incl. issuing shares, convertible bonds or subscription rights) (a) by contributions in kind or (b) in cash without the option for shareholders to exercise their preferential right or their irreducible allocation right (as meant in the RREC Legislation), or (c) any other form of increase in capital, without prejudice to application of the mandatory provisions of the Company law, as amended from time to time, and the RREC Legislation; it concerns a mandate for 10% of the amount of the capital<sup>1</sup>. The capital increases under point III (b) have become possible due to the amendment of Article 26, §1 of the RREC Act by Article 186 of the Act of 2 May 2019 with regard to various financial provisions. For example, the change makes it possible for regulated real estate companies to implement an increase in capital in the form of an "*accelerated bookbuilding*" procedure. The possibility of implementing these capital increases is legally restricted in the sense that the cumulative amount of capital increases that have been carried out over a period of

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<sup>2</sup> The Act of 12 May 2014 regarding regulated real estate companies, as amended from time to time (the "**RREC Act**") and the Royal Decree of 13 July 2014 with regard to regulated real estate companies, as amended from time to time (the "**RREC RD**").

twelve months in line with the mandate in point III (b), may not exceed 10% of the amount of the capital at the time the decision is made to increase the capital.

To be clear, bar a contrary decision by the Board of Directors, capital increases will be offset against the proposed mandate in point II within the context of distribution of an optional dividend.

This proposed mandate will be given for a period of 5 years starting on the day the minutes of the Extraordinary General Meeting that approves the proposed mandate are published in the Annexes to the Belgian State Gazette. The current mandate pertaining to the authorised capital will lapse from this date and the proposed mandate will assume its place. To be clear, if the proposed mandate is not approved, the current mandate pertaining to authorised capital will continue in force with regard to the Board of Directors of the Company.

The proposed mandate will apply for a capital increase both in cash and in kind (in any case within the boundaries and on the conditions of the mandate given). The mandate will also apply to a capital increase through conversion of reserves (again within the boundaries and on the conditions of the mandate given). By extension, other assets too, including profits carried forward and issue premiums, can be converted into capital, as can all asset elements under the separate IFRS financial statement of the Company (drawn up based on the applicable RREC Legislation) that are available for conversion into capital. In this regard, the Board of Directors can create or issue shares (e.g. bonus shares) (of any kind that exists at the time) or other securities, in line with the mandatory provisions in the Company law, as amended from time to time, and the RREC Legislation.

Subject to the conditions and within the limits set out in the first up to the fifth point of the proposed Article 8 of the articles of association of the Company (amended as proposed in the notice to convene an Extraordinary General Meeting), the Board of Directors shall not only be able to create or issue shares (of any kind that exists at the time), but also subscription rights (whether associated with another security or not), convertible bonds, bonds repayable in shares or other securities.

At the time of the increase in capital, realised within the limits of the authorised capital, the Board of Directors will have the authority to call for an issue premium. In that case, any issue premiums will be shown in one or more separate accounts under equity in the liabilities on the balance sheet. The Board of Directors is free to decide to place the issue premiums, possibly after deduction of an amount that does not exceed the cost of the increase in capital within the meaning of the applicable IFRS rules, into an unavailable account, which shall constitute the third party guarantee on the same basis as the capital and cannot under any circumstances be reduced or abolished except by a resolution of the general meeting voting as for an amendment to the articles of association, except in the case of the conversion into capital as provided for above.

**C. Specific circumstances and aims for using the authorised capital (incl. issuing of shares, convertible bonds or subscription rights)**

The mechanics of the authorised capital allow to a certain extent some flexibility, elasticity, confidentiality, efficiency, cost cutting and/or speed of implementation. Considering these characteristics, it is sensible to authorise the Board of Directors of the Company to increase the capital to ensure optimum management. The laborious and time consuming process of convening an Extraordinary General Meeting for an increase in capital or to issue convertible bonds or subscription rights could in some cases prove to be an obstacle to fast and efficient response to fluctuations in the capital markets or certain interesting opportunities that could arise for the Company, specifically with regard to reducing the debt ratio (legally limited to 65%) of the Company by increasing equity.

The special circumstances under and the aims for which the Board of Directors can use the authorised capital are fundamentally based in the context of retaining and growing the corporate interest of the Company.

Considering the impossibility to *a priori* give a restrictive list of the special circumstances under and aims for which the Board of Directors can use the authorised capital, the circumstances and aims listed below should not be considered restrictive.

The Board of Directors intends to make use of the proposed mandate in cases where, in the best interest of the Company, decision-making via a general meeting would not be desirable or convenient.

For example, the Board of Directors could use the authorised capital when:

- it seems opportune to react to market opportunities fast, specifically (but not exclusively) with the intention to finance (completely or in part) partnerships or takeovers of companies and/or important assets, attracting new partners or shareholders to the capital structure of the Company or expanding the international dimension of the shareholder structure, always subject to the express and mandatory legal limits that may be in force at any time;
- a need or opportunity for financing arises, whereby the relevant market circumstances or characteristics of the intended financing requires a quick response by the Company, and where the shareholders may not be offered the opportunity to exercise their preferential right or irreducible allocation right (as meant in the RREC Legislation);
- there is a need for financing whereby a contribution in kind or a contribution in cash without the option for shareholders to exercise their preferential right or irreducible allocation right (as meant in the RREC Legislation) is appropriate in the interest of the Company;
- the Board of Directors wishes to proceed with an increase in capital within the context of an optional dividend, regardless of whether the (whole or part of the) dividend is paid out directly in shares or if the dividend is distributed in cash and new shares can be subscribed to subsequently, either as a whole or in part, possibly with the addition of further money;
- preceding convening of a general meeting would result in premature announcement of the activity in question, which could be to the detriment of the Company;

- the costs associated with convening a general meeting or with offering the Company's shareholders the option to exercise their preferential right or irreducible allocation right (as meant in the RREC Legislation) are not in proportion to the amount of the intended (direct or deferred) capital increase;
- due to the urgency of the matter, it is prudent to proceed with a capital increase quickly in line with the authorised capital procedure or issue convertible bonds or subscription rights, possibly without the option for shareholders to exercise their preferential right or irreducible allocation right (as meant in the RREC Legislation), in the best interest of the Company.

The Board of Directors can also use the authorised capital with regard to the remuneration policy, inter alia for awarding, for example, shares, share options or subscription rights to Company personnel or its subsidiary companies (as defined in the Company law, as amended from time to time), as well as to people who have in their professional capacity been useful to the Company or its subsidiaries.

Any decision by the Board of Directors to increase the capital or to issue convertible bonds or subscription rights is subject to the mandatory provisions in the Company law, as amended from time to time, and the RREC Legislation.

**D. Special rules regarding capital increase in cash and in kind in general and in the context of an optional dividend in particular**

Notwithstanding the application of the mandatory provisions contained in Company law, as amended from time to time, and the RREC Legislation, the Board of Directors may within the context of the authorised capital limit or suspend/exclude the preferential right, also when it is in favour of one or more specific people, other than members of the Company's staff or its subsidiaries (as defined in Company law and amended from time to time).

If, in that case, in terms of the mandatory provisions contained in the RREC Legislation, an irreducible allocation right must be granted to existing shareholders when new shares are issued, such an irreducible allocation right must at least comply with the provisions in Article 12.1 of the articles of association. No irreducible allocation right must be given for a contribution in cash with limitation or suspension/exclusion of the preferential right, in addition to a contribution in kind within the context of paying an optional dividend, in so far as this is open for payment to all shareholders. Pursuant to the Belgian Act of 2 May 2019 on various financial provisions, which amended Article 26, §1 (3) of the RREC Act, an irreducible allocation right must also not be given with a capital increase through a contribution in cash with limitation or suspension/exclusion of the preferential right on condition that (i) the capital increase occurs by using the authorised capital and (ii) the cumulative amount of the capital increases that, in accordance with this exception, were carried out over a period of 12 months do not come to more than 10% of the capital amount as it stood at the time the decision was made to increase the capital.

When securities are issued against contributions in kind, without prejudice to the mandatory provisions in Company law, as amended from time to time, the conditions in Article 12.2 of the articles

of association must be upheld. However, the special rules on capital increase in kind set out in Article 12.2 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 is open for payment to all shareholders.

The conditions mentioned in this report that control the use of the authorised capital and the special circumstances under and the purposes for which the authorised capital can be used, should all be interpreted as broadly as possible.

Done on 25 March 2020,

For WDP NV/SA,

Tony De Pauw, managing director

Joost Uwents, managing director