



WRITTEN QUESTIONS FOLLOWING THE ANNUAL GENERAL MEETING HELD ON 27

The written questions we received (originally in Dutch) are reproduced below and answered. Please note that the Dutch Association of Stockholders asked all questions.

Agenda item 1: Report of the Board of Directors on the course of business in 2021



1. In the strategy section of its annual report, WDP discusses trends, such as 'omnichannel', a new way of shopping that also makes other demands on the design of distribution centres.

A. To what extent is the existing WDP property prepared for this trend?

The WDP property portfolio is well prepared for the changes taking place in the logistics property world with its pure-play strategy as developer and end investor. This enables WDP to implement a building standard with a view to long-term rentals, the (technical) standards of which meet the requirements of today and tomorrow. This is also reflected in the average age of the property portfolio, which is only 7.1 years as of 31 March 2022.

Technological developments, including e-commerce, have had a significant impact on the consumption patterns of consumers. Companies are being forced to quickly transition to omnichannel sales strategies, which in turn is changing the supply chain and influencing the demand for storage space. So, an efficient supply chain also forms the basis for these online purchases, with real estate as one of the crucial elements. There is no such thing as an 'omnichannel' warehouse. The high-quality standards that WDP applies to its buildings ensure that a large proportion of its property portfolio can be used for omnichannel activities. Obviously, an efficient flow of goods is paramount for the customer, both inside and outside the building. For example, high bay warehouses, multi-layer distribution centres, or cross-dock warehouses are all suitable for omnichannel.

Thanks to the continuing (and accelerating) popularity of omnichannel, there is increasing investment in automation (by our customer) where WDP can offer added value in, among other things, the choice of location and the provision of modern sites with the right technical standards.

WDP offers a wide range of properties that support current sectoral trends. Specifically for omnichannel, WDP offers services, such as XXL distribution, warehouses with cold storage high-bay and multi-level, cross-docking, and urban logistics. The share of dedicated e-commerce clocked in at 11% on 31 March 2022. Moreover, over 50% of the portfolio is suitable for urban logistics.

B. Can WDP indicate whether investments are required to adapt the design of the centres and, if so, what would be the magnitude of such investments?



Omnichannel buildings fit in perfectly with WDP's construction standard and do not require any direct special investments on the part of WDP as the end investor. In fact, the customer implements the specific omnichannel needed (such as IT, operations, automation, and product flow). Omnichannel buildings fit perfectly within WDP's strategy of offering the full spectrum of logistics property. This also makes WDP more flexible regarding the customer's wishes. We never deviate from our high-end construction standard for all types of warehouses (including omnichannel) with a view to functionality and long-term rental as well as reuse for renting. We are flexible. However, when the request is building specifically, this must be reflected in a rent improvement. Moreover, in the case of tenant-specific investments that have no value for the next customer/tenant, the customer must repay it. Usually, the customer is responsible for the investments in the warehouses, such as automated storage systems, conveyor belts, self-driving mobile robots, etc. - the high cost, longer payback period, and complexity of these investments have led to a trend toward longer leases in recent years. For ongoing projects (as of 31 March 2022), the average duration of the ongoing contracts is 11 years, which enhances the visibility of long-term cash flows.



C. Is it conceivable that, for part of the property, there is no (longer any) economic rationale for modernisation?

WDP believes that this does not constitute a risk for the time being. The current property portfolio takes into account modern industry standards with the latest developments in sustainability. As a result, most (technological) solutions can be implemented without impacting functionality.

There will be upward pressure on rental prices due to the increasing shortage of readily available land. Over time, WDP can continue to modernise profitably. In other words, WDP mainly sees opportunities for future redevelopment.

Moreover, the immediate availability of modern and suitable properties is expected to decrease further due to the scarcity of land, which only provides more opportunities for the existing portfolio.

WDP always strives to create added value within its existing property portfolio where WDP does not employ an active cash-recycling strategy but wishes to realise the value internally (through modernisation, among other things). WDP will only disinvest when a building or land no longer offers added value and functionality for the logistics property sector and thus in terms of zoning there is no place for logistics.



2. To what extent does WDP negatively impacted by the high prices for building materials, current supply chain disruptions, and labour scarcity? How great is the risk that WDP will have to postpone or even cancel planned projects soon given that the required minimum return can no longer be achieved?

WDP does not expect any postponement of construction projects. However, it is currently experiencing a delay in delivery times (combined with higher building costs). In other words, the current situation is deferred income. On average, a development process takes six months for the permit process and nine months for the construction period. The latter has increased from 12 to 15 months due to the multiple supply chain issues we have experienced over the past 24 months.

The current war in Ukraine and rising energy prices has increased building costs further by 10% to 25% since the start of the year due to bottlenecks in the supply of construction materials. This will have a temporary impact on development returns. Moreover, this also impacts the average lead time of construction projects yet to be started. The current difficult supply situation increases pressure on the average lead time to 15 months. However, the existing pipeline in progress (of about 662 million euros by 31 March 2022) is largely protected. WDP is currently in a transitional phase where projects, which had been in negotiation for several months (based on the offers and price quotations at the time), must be closed, even though, in the meantime, we have entered an inflationary environment. For these projects, WDP expects that costs will be borne by WDP, the customer, and the contractor. Nevertheless, WDP is sticking to its average expected development yield of 5% in Western Europe and 7% in Romania. However, it cannot be ruled out that it will dip below this temporarily. This is partly compensated by higher indexation of the rental agreements and also the low interest rate of the recently issued financing.

For new projects still to be negotiated, higher building costs will have to be accompanied by higher rents, especially given the growing scarcity of land.



3. WDP recently took an interest in the Swedish company Catena. The investment seems difficult to reconcile with the strategy of WDP where the emphasis is on developing pre-let property in the core countries. Can WDP further explain the rationale for this investment?

Within the framework of the new growth plan 2022-25, WDP aspires to achieve an annual increase in EPRA earnings per share of +8% to 1.50 euros by 2025. This plan is based on both value creation within the existing portfolio, climate as an opportunity, and structural growth, including further geographical expansion within the EU.

At the beginning of April, WDP acquired a strategic 10% stake in Catena. Catena and WDP share a similar DNA rooted in strong and historically family-owned companies that invest with a view to the long-term. Both WDP and Catena have demonstrated the ability to grow their strong operating platforms, development pipeline, and unique platform offerings in a profitable manner. Moreover, Catena and WDP have a very complementary client portfolio and intend to use this strategic partnership to focus on a broader geographical spread for their customers so they can offer customer service in the areas between the regions where both companies are currently active. This is how they intend to optimise the flow of their customers' goods between regions. For WDP, this supports its ambition to further expand its German portfolio. Catena and WDP will combine and share experiences and mutual expertise in the field of sustainability, operations, and development. We anticipate a 10% participation and see further potential from a wider coverage for our customers.

4. Are there scenarios ready in case major main ports in the Netherlands stop growing or (are forced) to shrink? After all, social pressure is increasing enormously. For Schiphol, the question is whether the currently needed environmental permit will be granted.

Despite the increasing pressure on permits and land releases, WDP expects that the international competitive position of the most important hubs in the Netherlands can be maintained. In fact, the geographical location around these hubs is excellent for both local and international distribution. The growth of the logistics sector is also accompanied by considerable economic growth, employment, and a lot of investments. Nevertheless, the sector must become more sustainable and efficient with the limited availability of land.

The two main hubs of the transport industry include the Port of Rotterdam and Schiphol Airport. With regards to the port of Rotterdam, WDP has no properties in the port but has strategic clusters around it. In De Lier, we serve companies in the food, non-food, and PFV sectors. WDP is also active in and around Barendrecht and the Moerdijk chemical cluster, which is centrally located between the major ports of Rotterdam and Antwerp. These hubs also have good railway, motorway, and waterway connections.



5. How great is the risk that WDP will lose its FBI status in the Netherlands within three years?

WDP believes that the Company is still entitled to the FBI status in the Netherlands. We refer to the extensive disclosures in this regard and also to the general evaluation of the FBI regime planned by the Dutch government in 2022.

When preparing the profit and loss account, a situation was taken into account as of 1 January 2021 in which WDP could not continue to qualify as FBI in the Netherlands, due to the current significant uncertainty given the tax ruling that was revoked as of 1 January 2021, as previously explained at the publication of the 2020 annual results.

WDP processes these commissions in its accounts out of a principle of prudence. Given that a tax ruling is not an absolute requirement to be able to apply the FBI regime, and that WDP believes that it meets all the conditions and the circumstances and facts are unchanged, the company will continue to file its tax returns as an FBI. Moreover, some important steps were recently taken with the competent authorities in the Netherlands regarding the preservation of the FBI regime, but this is not yet certain.

As explained in the annual report, WDP defines the FBI as an important risk and also keeps apprised of developments with an intensive and constructive dialogue with the Dutch tax authorities.

6. Renovations are required to meet the new scope 3 objective 'WDP DECARB+'. Can you indicate the level of investment for this in the coming years?

The following steps must be taken to achieve the WDP Decarb+ objectives:

- Upstream with the suppliers' construction companies must seek out sustainable and circular materials as well as sustainable technologies. This will lead to a rise in construction prices, but it will be gradual and the market will also change over time so that such types of construction will become the norm. It will be a gradual process. Hence, the target of net zero 2050 for this section.
- Downstream the existing portfolio invests in new technologies, for example, implementing alternatives to gas, purchasing green energy, and even producing greener energy ourselves by increasing the capacity of solar panels from 95 to 250 MWp.
- The additional PV capacity was budgeted at 100 million euros during 2022-25. For the other elements, this will be limited in the coming years (compared to the size of WDP) as they will materialise more in the long term on a large scale, and the coming years will mainly deal with preparing for and investing in innovation and pilot projects.

7. WDP has fine-tuned its ESG goals and integrated them in the new growth plan. How do you make sure companies in which WDP has a minority interest also aim for these goals?

The only company that WDP has a minority interest in is Catena, and ESG is high on the agenda there; the company shares WDP's ESG vision.



For the entities where WDP does not have exclusive but shared control, the joint ventures, this is also integrated by WDP – WDP is also the operational partner here, after all. WDP also has a 25% participation in energy proptech nanoGrid, which will contribute to WDP's ESG goals as well. After all, the WDP Climate Action Plan is based around the transparent data on energy consumption collected by the integrated utilities and energy management platform.



8. Why are share issues only realised through private placements and not through a rights issue where all shareholders are entitled to participate in the issue?

WDP has the possibility to issue shares in the form of an accelerated private bookbuild, contribution in kind, capital increase in cash with irreducible allocation right. As a capital-intensive company, this way of doing business is market practice. WDP has also been offering shareholders an optional dividend at a discount every year for years.

An accelerated bookbuild with suspension of the statutory preferential right and without the allocation of an irreducible allocation right for the existing shareholders has several benefits. This transaction structure makes it possible for GVV/SIRs to raise capital in a fast and efficient manner, proactively managing the capital structure, in line with our debt-to-equity matching strategy. The increasing volatility in the markets furthermore means there is only limited time after the decision to increase the capital has been made. Given the strong, profitable growth that WDP has been able to achieve (which is reflected in the profit growth per share as well as the early attaining of the targets under the previous growth plan 2019-23), this type of financing is crucial. Furthermore, these types of transactions take place at an issue price close to the latest share price, so existing shareholders are not disadvantaged; and these transactions also serve to finance our investments and therefore increase the profit per share. This means existing shareholders can always buy additional shares if desired in the market, have an opportunity to take new shares at a discount through the dividend every year, and receive higher profits and dividends every year without needing to put much extra money on the table.

In comparison with the generally time-consuming process of a capital increase with allocation rights, which means we are not able to move so quickly and opportunities are lost, WDP prefers to make regular small issues rather than a large capital increase with preferential rights that can lead to severe dilution of the profit per share because of the very large discounts that can diminish the value – WDP would never have been able to achieve such a track record in profit and dividend growth per share with conventional rights transactions.

Agenda item 2: Question for the accountant

9. There is only one key audit matter: the valuation of the real estate. Why did the audit not focus on any other points, for example with regard to the new ESG targets that are integrated with the strategy?

The auditor refers to the annual report of the Company and the reports included with respect to the annual financial statements (page 269), to the profit forecast (page 274) and to the environmental, social and governance performance indicators (limited assurance) (page 276).

Agenda item 13: Reappointment of Jürgen Ingels as non-executive director



10. Mr Ingels has no less than 17 additional roles alongside his directorship at WDP. Why does WDP not set a maximum number of additional roles that non-executive directors are allowed to take up?

In accordance with the Belgian Corporate Governance Code 2020 – and also as determined in the WDP Corporate Governance Charter (more specifically, on [page 21](#)) – non-executive directors may not have more than five directorships in listed companies, subject to the approval of the Board of Directors. Mr Ingels satisfies this requirement.

We also refer to the annual evaluation of the directors, both individual and collective, as explained on [pages 114 and 115](#) of the annual report. As explained in the WDP Corporate Governance Charter (more specifically on [page 26](#)), this evaluation takes factors into account such as their attendance rate (WDP has furthermore stipulated a minimum attendance rate of 75%), level of participation in meetings, commitment, suggestions brought forward outside of meetings, provision of innovative ideas based on their experience on other boards or committees, constructive involvement in discussions and decision-making, and their sense for risk identification and mitigation. These factors provide a sufficient framework to assess a director's mandate. The Board of Directors takes action based on the results of this performance evaluation. Where applicable, this means nominating new members for appointment, proposing that existing members not be reappointed, or taking measures that are considered useful for the effective operation of the Board of Directors.