VGP NV
Limited liability company
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VAT BE 0887.216.042 (RLE Antwerp, Antwerp division)

SPECIAL REPORT BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 7:198 *JUNCTO* ARTICLES 7:179 AND 7:191 OF THE CODE OF COMPANIES AND ASSOCIATIONS

1 Introduction

In accordance with Article 7:198 *juncto* Articles 7:179 and 7:191 of the Code of companies and associations (the "**CCA**"), the board of directors of VGP NV (the "**Company**") has prepared this report regarding the intention of the board of directors to, within the framework of the authorised capital, increase the Company's capital by a maximum amount of EUR 49,900,000.00 (excluding issue premium) by issuing a maximum of 10,000,000 new shares of the Company (the "**Capital Increase**" and the "**New Shares**").

In the framework of the Capital Increase, the board of directors intends to cancel the statutory preferential subscription rights of the existing shareholders of the Company and replace it with non-statutory preferential subscription rights (as set out in section 3 of this report).

In accordance with Article 7:179 of the CCA, the board of directors in this report justifies the issue price of the New Shares and describes the consequences of the Capital Increase for the financial and membership rights of the shareholders. In accordance with Article 7:191 of the CCA, the board of directors in this report also explicitly justifies the reasons for the cancellation of the statutory preferential subscription rights and the consequences thereof for the financial and membership rights of the shareholders.

This report should be read together with the report of the statutory auditor of the Company, prepared in accordance with Articles 7:179 and 7:191 of the CCA.

2 Statutory basis for the decision of the board of directors

2.1 Statutory authorisation

The extraordinary general meeting of the Company held on 13 May 2022 has authorised the board of directors to increase the capital of the Company in one or several times by a total amount not exceeding EUR 108,873,366.06 (excluding issue premium) in aggregate, with the powers as set out in Article 39 of the articles of association. This authorisation is valid for a period of five years as of the publication of the resolution of the general meeting in the annexes to the Belgian Official Gazette on 23 May 2022.

Pursuant to Article 39 of the articles of association, the board of directors is authorised, within the framework of the authorised capital, to provide for an issue premium and to bring the articles of association in accordance with capital increases that have occurred within this framework. In addition, the board of directors is authorised, within the framework of the authorised capital, to cancel the statutory preferential subscription rights of the existing shareholders in the Company's interest and in accordance with applicable legal requirements.

With a view to realizing the Capital Increase, the board of directors intends to use its authorisation under the authorised capital and to cancel the statutory preferential subscription rights of the existing shareholders.

2.2 Available amount under the authorised capital

Since the authorisation by the general meeting of 13 May 2022, the board of directors has not made use of the authorised capital. Consequently, the maximum amount that is currently available under the authorised capital amounts to EUR 108,873,366.06 (excluding issue premium). Taking into account the current (rounded) par value per share, the board of directors may issue a maximum of 21,818,309 shares under the authorised capital.

The envisaged Capital Increase with issuance of maximum 10,000,000 New Shares thus falls within the authorisation of the authorised capital. Taking into account the current par value per share, a full placement of the New Shares would result in an increase of the capital by a maximum amount of EUR 49,900,000.00 (excluding issue premium).

3 Cancellation of statutory preferential subscription rights – granting of non-statutory preferential subscription rights

The board of directors intends to cancel the statutory preferential subscription rights of the existing shareholders in the framework of the Capital Increase, in accordance with article 7:191 of the CCA. However, the existing shareholders are being granted a non-statutory preferential subscription right for each share they hold in the Company (the "**Preferential Rights**"), which entitles them to subscribe for New Shares according to the ratio (as set out in section 4.3 of this report) and at the issue price (as set out in section 4.2 of this report). The granting of the Preferential Rights is described in more detail in section 4.1 of this report.

From a practical perspective, the Preferential Rights do not substantially differ from the statutory preferential subscription rights. The main specific features of the Preferential Rights compared to the statutory preferential subscription rights are set out below. By making use of a non-statutory preferential subscription right:

- the subscription period may be shorter than the statutory minimum period of 15 calendar days;
- it is not necessary to apply Article 7:189 of the CCA, which requires that the opening of the subscription period is announced in the Annexes to the Belgian State Gazette and in the press at least eight days before the opening of the offer.

These elements allow greater flexibility for organizing the Capital Increase, as execution of this type of transaction on the financial market involves complex organisational constraints. The interests of existing shareholders are protected by the granting of Preferential Rights, allowing them to maintain their relative shareholding in the Company in the same manner as the statutory preferential subscription rights.

Consequently, the board of directors is of the opinion that the cancellation of the statutory preferential subscription rights and the granting of the non-statutory preferential subscription rights in the context of the Capital Increase is in the interest of the Company.

4 Transaction

4.1 Structure

The board of directors envisages to increase the capital of the Company by a maximum amount of EUR 49,900,000.00 (excluding issue premium) by issuing a maximum of 10,000,000 New Shares in the Company.

The New Shares will be offered through a rights offering of the Preferential Rights (the "**Rights Offering**"), following which the Preferential Rights that are not exercised during the Rights Offering shall be converted into an equal number of so-called scrips (the "**Scrips**") which shall be offered in a private placement with qualified investors in Belgium and by way of a private placement exempt from prospectus requirements or similar formalities in such other jurisdictions as will be determined by the Company in consultation with the Global Coordinators (as defined below), in reliance on Regulation S under the United States Securities Act of 1933, as amended, organised by way of an accelerated bookbuilding procedure in order to determine a single market price per Scrip (the "**Scrips Private Placement**" and together with the Rights Offering the "**Offering**").

The Company will request the listing and admission to trading of the New Shares on Euronext Brussels.

4.1.1 Rights Offering

At closing of Euronext Brussels on 16 November 2022, each share in the Company will entitle its holder to receive one Preferential Right. The Preferential Rights will be detached from the existing shares on the same date. The Company will request the listing and admission to trading of the dematerialised Preferential Rights on Euronext Brussels.

The holders of Preferential Rights may subscribe for New Shares by exercising their Preferential Rights in accordance with the ratio (as set out in section 4.3 of this report) and at the issue price (as set out in section 4.2 of this report) or trade their Preferential Rights. The acquirers of the Preferential Rights will have the right to exercise the Preferential Rights and subscribe for New Shares on the same terms as the existing shareholders. The subscription period will in principle start on 17 November 2022 and end on 24 November 2022 (at 4 p.m.) (the "**Rights Subscription Period**").

The Preferential Rights are granted to all existing shareholders and may only be exercised by holders of the Preferential Rights who can lawfully do so under any law applicable to those shareholders. The New Shares to be issued upon the exercise of Preferential Rights are being offered only to holders of Preferential Rights to whom such offer can be lawfully made under any law applicable to those holders. The Company shall take all necessary action to ensure that Preferential Rights, and New Shares to be issued upon the exercise of Preferential Rights, may be lawfully exercised and offered to the public (including existing shareholders and holders of Preferential Rights) in Belgium. The Company shall not take any action to permit any offering of Preferential Rights or New Shares to be issued upon the exercise of Preferential Rights (including a public offering to existing shareholders or holders of Preferential Rights) in any other jurisdiction.

4.1.2 Scrips Private Placement

The Preferential Rights which are deemed to have been unexercised during the Rights Subscription Period will become null and void and will be automatically converted into an equal number of Scrips. The Scrips will carry the right and obligation to subscribe to New Shares at the issue price (as set out in section 4.2 of this report) and at the same ratio as applicable to the Preferential Rights (as set out in section 4.3 of this report).

The board of directors has appointed a banking syndicate consisting of Belfius Bank NV, BNP Paribas Fortis SA/NV, J.P. Morgan SE and KBC Securities NV (jointly the "**Global Coordinators**") to act as bookrunners in view of the Scrips Private Placement. The Scrips Private Placement will be organised by way of an accelerated book-building procedure, in order to determine a single market price per Scrip. The Scrips Private Placement is expected to last for one day and to take place on or around 25 November 2022. No action will be taken to permit any other offering of the Scrips or of the New Shares to be issued upon exercise of the Scrips.

The net proceeds from the sale of Scrips (rounded down to a whole eurocent per unexercised Preferential Right) after deducting expenses, charges and all forms of expenditure which the Company has to incur for the sale of the Scrips (the "**Net Scrips Proceeds**"), if any, will be distributed proportionally between all holders of unexercised Preferential Rights. If the Net Scrips Proceeds are less than EUR 0.01 per unexercised Preferential Right, the holders of such unexercised Preferential Rights are not entitled to receive any payment and, instead, the Net Scrips Proceeds will be transferred to the Company.

4.1.3 Establishment of the Capital Increase

The Capital Increase will be established in a notarial deed to be executed on or around 29 November 2022, allowing the New Shares subscribed to during the offering to be issued on the same date.

The New Shares must be subscribed to in cash and must be fully paid up.

4.2 Issue price

The New Shares are expected to be issued at an issue price between EUR 30.00 and EUR 74.30, with the final issue price to be determined by the board of directors (or its proxies) in consultation with the Global Coordinators on or around 15 November 2022. The issue price will in any event not be lower than the current par value of ca. EUR 4.99 per share (rounded up).

The issue price per New Share will be booked as "capital" for an amount equal to the par value. The amount of the issue price per New Share exceeding the par value will be booked on a separate account under equity on the liabilities' side of the balance sheet.

4.3 Number of New Shares issued and amount of Capital Increase

In addition to the final issue price, the board of directors (or its proxies) in consultation with the Global Coordinators will also determine the ratio between the Preferential Rights and New Shares on or around 15 November 2022.

If the maximum number of New Shares is subscribed to, the amount of the Capital Increase will be equal to the number of New Shares that may be subscribed to, as set forth above, multiplied by the par value of each share (namely (rounded) EUR 4.99), as set forth in the following table.

Maximum number of New Shares that can be subscribed to	Par value (rounded)	Maximum amount of the Capital Increase (excl. issue premium)
10,000,000 New Shares	EUR 4.99	EUR 49,900,000.00

Consequently, the amount of the Capital Increase in the event that all New Shares are subscribed to would be EUR 49,900,000.00 and the amount corresponding to the difference between the issue price per New Share and the par value per share multiplied by the number of New Shares shall be booked on a separate account under equity on the liabilities' side of the balance sheet. However, the actual amount of the Capital Increase and the corresponding issue premium will depend on the final issue price and the number of New Shares effectively issued.

The board of directors shall be able to proceed with the Capital Increase for a reduced amount. No minimum amount has been set for the Offering.

4.4 Rights attached to the New Shares

As from their issue date, the New Shares will be subject to all provisions of the articles of association of the Company. All shares have identical voting, dividend and liquidation rights, except as otherwise provided by the Company's articles of association. The New Shares will carry the right to a dividend with respect to the financial year that started on 1 January 2022 and, as from their issue date, will carry the right to any distribution made by the Company. Each share gives right to one vote, except that fully paid-up shares registered in the Company's share register in the name of the same shareholders for at least two years confer double voting rights.

4.5 Form of the New Shares

The New Shares will be delivered in dematerialised form, except for the existing shareholders holding registered shares, who will receive New Shares in registered form.

Shareholders may ask the Company for their Shares in dematerialised form to be converted into registered Shares, or vice versa, in accordance with the articles of association, at their own expense.

4.6 Role of the underwriters of the offering

The Company and the Global Coordinators expect (but have no obligation) to enter into an underwriting agreement on or around 29 November 2022 with respect to the Offering.

In accordance with the terms that will be included in the underwriting agreement, it is expected that each of the Global Coordinators will undertake, severally but not jointly or jointly and severally, to underwrite the Offering by procuring payment for the New Shares (other than (i) the New Shares which will be subscribed for pursuant to a pre-commitment undertaking by the reference shareholders of the Company, (ii) the New Shares subscribed for by holders of Preferential Rights in registered form and (iii) the New Shares subscribed for by qualified institutional buyers in the United States that have, with the authorisation of the Company, executed and timely delivered to the Company an investor letter) with a view to immediately placing them with the ultimate investors that subscribed for the New Shares in the Offering through the exercise of Preferential Rights or Scrips. The Global Coordinators have not committed to subscribe for any of the New Shares that will not be subscribed for by investors in the Offering ('soft underwriting').

The Global Coordinators are and will be under no obligation to subscribe for any underwritten shares prior to the execution of the underwriting agreement, and thereafter only on the terms and subject to the conditions set out therein. This agreement will include, in particular, a description of the circumstances under which the Global Coordinators may terminate the agreement and the effects of such termination on the obligations of the Global Coordinators.

The board of directors may revoke or suspend the offer if (i) market conditions would make the Offering more difficult in a material way; or (ii) the underwriting agreement has not been signed after the completion of the Scrips Private Placement or has been terminated in accordance with its terms and conditions.

4.7 Public offering only in Belgium

The Company will not take any action to permit any offering of Preferential Rights or New Shares to be issued upon the exercise of Preferential Rights to the public (including a public offering to existing shareholders or holders of Preferential Rights) in any jurisdiction outside Belgium.

Accordingly, existing shareholders resident in jurisdictions outside Belgium where the Offering would qualify as a public offering or otherwise require notification or registration with the financial authorities or similar formalities, may not be able to participate in the Capital Increase.

5 Justification

5.1 Use of proceeds

The board of directors is of the opinion that the Capital Increase is desirable to further finance the acquisition of new development land and the development of new projects.

The Company intends to use the net proceeds of the Capital Increase primarily for the development of new projects on development land in the existing and new markets, and more specifically the following projects which have a timeframe of several years:

- Rouen, France: EUR 100 million for a total rental space of 154,000 m^2;
- Leipzig, Germany: EUR 150 million for a total rental space of 210,000 m^2; and
- Ehrenfeld, Austria: EUR 50 million for a total rental space of 80,000 m^2.

Therefore, the board of directors is of the opinion that the Capital Increase reconciles the need for additional financing of the Company for the abovementioned purposes with the interests of its existing shareholders.

5.2 Issue price

As indicated above, the issue price per New Share (as well as the maximum number of New Shares, the ratio and the Rights Subscription Period) will be determined by the board of directors (or its proxies) in consultation with the Global Coordinators on or around 15 November 2022.

The minimum issue price referred to under section 4.2 of this report was determined by the board of directors in consultation with the Global Coordinators, taking into account the following criteria: price of the Company's share on Euronext Brussels, the past and expected volatility of the Company's shares and the stock market in general, the events that may have an impact on the stock market until the planned end of the offering and discounts applied to previous issuances of shares by other issuers. In determining the issue price, the board of directors (or its proxies) will also take into account these criteria in consultation with the Global Coordinators.

The board of directors is of the opinion that these criteria guarantee an objective determination of the issue price in conformity with the market.

6 Consequences of the transaction on the financial and membership rights of the existing shareholders

At the date of this report, the capital of the Company amounts to EUR 108,873,366.06 and is represented by 21,833,050 shares, without nominal value. The current par value per share amounts to EUR 4.99 (rounded up). At the date of this report, no other securities are outstanding that can be converted in or give right to new shares of the Company. The current accounting net equity of the Company, on the basis of most recently published results of the Company as per 30 June 2022, amounts to EUR 2,179,146,320.68.

Assuming that an existing shareholder holding 1.00% of the Company's share capital prior to the Offering does not subscribe for New Shares, such shareholder's participation in the Company's share capital would decrease to 0.69% as a result of the Offering, assuming the issue of the maximum amount of New Shares and an issue price as provided in the table below.

If an existing shareholder exercises all Preferential Rights allocated to it, there will be no dilution as a result of the Offering in terms of its participation in the Company's share capital or in terms of dividend rights. However, to the extent that a shareholder is granted a number of Preferential Rights that does not entitle it to a round number of New Shares in accordance with the ratio (as set out in section 4.3 of this report), such shareholder may slightly dilute if it does not purchase the missing Preferential Right(s) on the secondary market and exercises such Preferential Right(s) accordingly.

It is currently not possible to calculate the exact dilution and the exact increase in net equity that would be caused by the Capital Increase as a number of factors are unknown at the date of this report, such as (i) the total number of New Shares that will be issued, (ii) the issue price of the New Shares, and (iii) the total amount of the Capital Increase.

Nevertheless, in order to inform the existing shareholders as much as possible regarding the potential consequences of the Capital Increase and the cancellation of the statutory preferential subscription rights on their financial and membership rights, the potential financial consequences and dilution of the Capital Increase are illustrated by way of example in the below tables. These indicative tables are based on the following hypothetical assumptions:

- issuance of all 10,000,000 New Shares;
- issue price of EUR 30.00 per New Share;
- total amount of the Capital Increase (excluding issue premium) of EUR 49,900,000.00; and
- total amount of the Capital Increase (including issue premium) of EUR 300,000,000.00.

6.1 Maximum dilution of voting rights and liquidation and dividend rights

The below indicative table illustrates the maximum dilution of the voting rights and the liquidation and dividend rights of the existing shareholders as a consequence of the Capital Increase, on the basis of the hypothetical assumptions set out above.

Current number of shares	21,833,050
Current number of voting rights	33,497,782

Number of New Shares	10,000,000
Number of shares following the Capital Increase	31,833,050
Number of voting rights following the Capital Increase	43,497,782
Dilution of the existing shareholders (in relation to the number of shares)	31.41%
Dilution of the existing shareholders (in relation to the number of voting rights)	22.99%

6.2 Financial dilution

The below indicative table illustrates the possible financial dilution of the existing shareholders as a consequence of the Capital Increase, on the basis of the hypothetical assumptions set out above. This table is further based on a market capitalisation of the Company of EUR 1,622,195,615.00 (on the basis of the closing price of the Company's share on Euronext Brussels at 9 November 2022 of EUR 74.30) and assumes that the market capitalisation will only be increased by the total amount of the Capital Increase (including issue premium).

Current number of shares	21,833,050
Market capitalisation prior to the Capital Increase (in EUR)	1,622,195,615.00
Market capitalisation per share prior to the Capital Increase (in EUR)	74.30
Number of shares following the Capital Increase	31,833,050
Total amount of the Capital Increase (including issue premium) (in EUR)	300,000,000.00
Market capitalisation after the Capital Increase (in EUR)	1,922,195,615.00
Market capitalisation per share after the Capital Increase (in EUR)	60.38
Dilution of the existing shareholders	23.05%

6.3 Impact of the Capital Increase on the net equity of the Company

The below indicative table illustrates the possible impact of the Capital Increase on the net equity of the Company and the net equity per share, on the basis of the hypothetical assumptions set out above.

Current number of shares	21,833,050
Net equity prior to the Capital Increase (in EUR)	2,179,146,320.68
Net equity per share prior to the Capital Increase (in EUR)	99.81
Number of shares following the Capital Increase	31,833,050
Total amount of the Capital Increase (including issue premium) (in EUR)	300,000,000.00
Net equity after the Capital Increase (in EUR)	2,479,146,320.68
Net equity per share after the Capital Increase (in EUR)	77.88

On the basis of the abovementioned hypotheses, the Capital Increase and the accompanying issuance of New Shares would lead to (i) the dilution of voting rights and liquidation- and dividend rights as set out in the table under 6.1, (ii) the financial dilution as set out in the table under 6.2 and (iii) the decrease of the net equity per share as set out in the table under 6.3.

For an additional description of the financial consequences of the envisaged Capital Increase, the board of directors refers to the report of the statutory auditor of the Company, prepared in accordance with Articles 7:179 and 7:191 of the CCA.

The board of directors is of the opinion that the benefits offered by the Capital Increase, as described in this report, outweigh the disadvantages of the dilution of the existing shareholders.

Done on 13 November 2022.

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For the board of directors of VGP NV

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Name: Jan Van Geet s.r.o.,
permanently represented by Mr Jan Van Geet
Title: Managing director