

## **EXPLANATORY NOTE ON PROPOSED CHANGES TO THE REMUNERATION POLICY**

Dear Shareholders,

We are pleased to present this explanatory note regarding the revised remuneration policy for Board of Directors and Executive Committee.

The current version of the remuneration policy was approved by the Ordinary General Meeting in May 2021, and a revised version is now submitted for approval to the Ordinary General Meeting of 13 May 2025.

This document outlines the key changes proposed to the policy, reflecting our commitment to further shape our policy in line with investor expectations and market trends, in compliance with Belgian legislation, including the Corporate Governance Code 2020. The policy adheres to principles promoting sustainable long-term value creation, transparency, and a balanced competitive remuneration structure.

In the revision of this remuneration policy, the Company took into account specific comments and suggestions from shareholders expressed in relation to the Company's last remuneration report and, more generally, the views set forth in shareholder principles and voting guidelines. The Company will continue to monitor shareholder views going forward and commit to consulting with shareholders prior to any significant changes to this policy.

## 1. Changes compared to the current policy

See the compare red-line version on our website (<https://aedifica.eu/investors/shareholder-information/>) for all textual changes. By way of overview, we list the key changes below.

Persons	Remuneration element	Proposed changes	Rationale for the change
Non-Executive Directors	Share ownership requirement	Annual registration in share register of shares for an equivalent of 10% of fixed remuneration is replaced by a mere requirement to acquire annually shares for an equivalent of 10% of the fixed remuneration	Technical constraints in banking and securities system preventing Non-Executive Directors to convert dematerialised shares held in non-Belgian securities accounts into registered shares
Executives	Variable remuneration (Opportunity)	STI maximum is increased from 50% to 60% of base salary. LTI maximum is increased from 50% to 75% of base salary.	Further alignment with the Company's pay for performance philosophy in case of exceptional outperformance.
	Variable remuneration (KPI selection)	Introduction of a decision framework for the Board of Directors to annually select most relevant KPIs and relative weighing.	Improve the opportunity for the Board of Directors to consider the strategic challenges for a given year when setting the KPI targets. Transparency is maintained as selected KPIs are disclosed on an ex-ante basis in the remuneration report.
	Long-term incentive	Introduction of Relative TSR as a KPI, with a weighting of 10%-25% and obligation to invest net cash award under TSR in shares of the Company.	Enhance alignment with long-term value shareholder value creation.

	Share ownership requirement	Increase of the minimum share ownership	Further alignment of Executives' interests with those of shareholders
	Good and Bad Leaver	Reference to the good and bad leaver arrangements in the management agreements	Increased transparency – the management agreements already include such provisions since several years
	Governance	Expanded clawback clause with additional triggers and added new hire arrangements.	Align with best market practice on governance provisions.  Ensure the remuneration for any new hires are set in accordance with the Company's policy.
Non-Executive Directors + Executives	Discretions	Redrafting of the clause on the discretionary powers of the Board to deviate from the policy in exceptional circumstances	Allow sufficient flexibility for the Board to manage the policy in exceptional circumstances, provided it serves the long-term interests of the company – this was already provided in the current version of the policy, but is further clarified

## **2. Relative TSR performance measure as new KPI**

The primary objective of the introduction of a relative TSR as a KPI (with a weighting of 10%-25%) is to further align the interests of our Executives with those of our shareholders. By incorporating Relative TSR as a KPI, we aim to:

1. Enhance shareholder value: Relative TSR measures the performance of our company's stock price, including dividends, relative to a peer group of companies, with vesting commencing based on median positioning within the peer group. This ensures that our Executives are rewarded for outperforming our peers, thereby driving long-term shareholder value.
2. Promote long-term performance: The inclusion of Relative TSR measured over a three-year period encourages a focus on sustainable, long-term performance rather than short-term gains. This aligns with our strategic goals and commitment to delivering consistent value to our shareholders.
3. Increase transparency and accountability: Using a well-defined and widely recognized metric like Relative TSR provides clear and transparent criteria for performance evaluation. This enhances accountability and ensures that remuneration outcomes are directly linked to the company's performance relative to its peers.
4. Alignment with shareholders' interests: The introduction of Relative TSR further increases the alignment of interests between our Executives and our shareholders, as Executives are required to invest any cash awards related to the Relative TSR KPI in Company shares. Furthermore, the KPI establishes a direct link between LTI vesting for Executives and share performance delivered to shareholders.

<b>Design elements</b>	
<b>Measure-ment period</b>	<ul style="list-style-type: none"> <li>➤ TSR is measured over a three-year period based on the three-month average share price before the start of the performance period and before the end of the performance period, using the following approach:</li> </ul> <p><b>Illustration for potential 2025 award</b></p> <p><i>Average TSR performance 01/10/2027 – 31/12/2027</i></p> <hr/> <p><i>Average TSR performance 01/10/2024 – 31/12/2024</i></p>
<b>Currency</b>	<ul style="list-style-type: none"> <li>➤ Measure performance in local currency</li> </ul>
<b>Peer group</b>	<ul style="list-style-type: none"> <li>➤ Tailored peer group of broad-based real estate companies in Aedifica's key countries, with a similar share / business profile. The composition of the peer group will be reviewed on an annual basis before the start of the performance period to ensure suitability for new grant and will be disclosed on ex-ante basis in the remuneration report.</li> <li>➤ The composition may be adjusted in case of de-listing and/or significant changes in share / scope profile of Aedifica and/or peer group constituents.</li> <li>➤ See annex below for the complete overview.</li> </ul>
<b>Vesting schedule</b>	<ul style="list-style-type: none"> <li>➤ Vesting starts per median performance at 75% of the target award, with maximum performance resulting in 187.5% vesting of the target award. Straight-line interpolation will be applied for vesting between median and maximum performance.</li> <li>➤ For the 2025 award, the vesting schedule (considering an even number of companies) is:</li> </ul>

	Position	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	Vesting	187.5%	175%	162.5%	150%	137.5%	125%	112.5%	100%	88%	75%	0%	0%	0%	0%	0%	0%	0%	0%

**Annex: Relative TSR peer group for the 2025 award**

	Company	Headquarters	Global Industry Classification Standard (GICS)
1.	<b>Aedifica NV</b>	<b>Belgium</b>	<b>Health Care REITs</b>
2.	Derwent London PLC	United Kingdom	Office REITs
3.	Grainger PLC	United Kingdom	Real Estate Management & Development
4.	Great Portland Estates PLC	United Kingdom	Office REITs
5.	Primary Health Properties PLC	United Kingdom	Health Care REITs
6.	LondonMetric Property PLC	United Kingdom	Diversified REITs
7.	Assura PLC	United Kingdom	Health Care REITs
8.	Big Yellow Group PLC	United Kingdom	Specialized REITs
9.	Cofinimmo SA	Belgium	Health Care REITs
10.	Warehouses de Pauw NV	Belgium	Industrial REITs
11.	Montea NV	Belgium	Industrial REITs
12.	Xior Student Housing NV	Belgium	Residential REITs
13.	Kojamo Oyj	Finland	Real Estate Management & Development
14.	Eurocommercial Properties NV	Netherlands	Retail REITs
15.	LEG Immobilien SE	Germany	Real Estate Management & Development
16.	Gecina SA	France	Office REITs
17.	Icade SA	France	Diversified REITs
18.	Covivio SA	France	Diversified REITs

The Relative TSR peer group differs somewhat from the peer group used for compensation benchmarking. This peer group is primarily designed to reflect Aedifica's share profile and scope in relation to the economic cycle and (macro) economic environment it operates in, rather than being used to ensure compensation levels are set to attract and retain Executive Committee members.