



Annual Financial
Report 2016/2017

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1. This chapter is part of the Consolidated Board of Directors' Report.

* Alternative Performance Measure (APM) in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. Since many years, Aedifica uses in its financial communication Alternative Performance Measures according to the guidelines issued by the ESMA. Some of these APM are recommended by the European Public Real Estate Association (EPRA) and others have been defined by the industry or by Aedifica in order to provide readers with a better understanding of its results and performance. The APM used in this Annual Financial Report are identified with an asterisk (*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. The APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements, in Note 57 of the consolidated financial statements below.



Housing with care

Aedifica aims to position itself as a market leader among listed Belgian healthcare real estate companies, particularly in terms of senior housing.

It aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

Aedifica's strategy is focused on the underlying demographic trend toward population ageing in Europe and the specific needs this trend implies in terms of care and housing.

The Group mainly concentrates its activity in the senior housing segment, but is also active in apartment buildings and hotels and other building types.

Aedifica has been quoted on Euronext Brussels (continuous market) since 2006.

Aedifica offers the investor an alternative to direct investment.

Risk factors

Aedifica carries out its activities in a constantly changing environment, which implies certain risks. The occurrence of these risks could have a negative impact on the Company as a whole, or on its operations, outlook, financial position or financial result. Thus, these risks must be duly considered as part of any investment decision.

Aedifica aims to manage these risks to the best of its ability, in order to generate recurring rental income and realise future capital gains.

The Executive Managers and the Board of Directors monitor Aedifica's main risk factors closely. They set conservative policies in this respect, which are updated and adapted as necessary to reflect changing risk factors and circumstances. Please note that completeness in respect of risk factors cannot be assured, and that the following list is based on information available as of 4 September 2017. It is acknowledged that other risk factors may exist, which are currently unknown, remote or considered as benign for the Company, its operations and/or its financial position.

1. MARKET RISKS

1.1 ECONOMIC RISKS

Given the fact that supply and demand in the real estate market is impacted by general economic conditions, any negative shift in the main macro-economic indicators could hurt Aedifica's activity level and outlook. The Company's operations are indeed subject to economic cycles, since these affect the available income of existing tenants (and hence their ability to respect their financial commitments), new demand, and the availability of funds for new investments. The Company can also be affected by the default of its various partners: service providers, credit providers, hedge providers, contractors, etc. To mitigate these economic risks, Aedifica has diversified its investments across several segments in the real estate market, which tend to respond differently to economic changes. Since 2013, the Company also diversifies its investments from a geographical point of view (Belgium, Germany, The Netherlands). The Company has internalised certain functions which were previously outsourced (property management, project management); it ensures a strategic monitoring and endeavours to manage information flows so as to anticipate risks. Finally, it should be noted that the vast majority of assets invested in health-care real estate serve, by nature, to support the Group's



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growth, given that, in the countries where Aedifica is active, healthcare real estate faces increasing demand while supply tends to stagnate due to the various forms of restrictions imposed by public authorities.

1.2 RISKS RELATED TO THE REAL ESTATE MARKET

Rent levels, vacancy rates, and property values are highly influenced by supply and demand in the real estate market, both in terms of space for sale and for let. The main risk factors faced by the Company arise from lower occupancy rates, decreases in contractual rents or building values on contract renewal, and capital losses when properties are disposed of. An increase in acquisition prices could also cause a decrease of rental yield.

To mitigate these risks, Aedifica's investment strategy is diversified, both geographically (having extended operations beyond Belgium's borders in 2013) and by sector. Aedifica has been active in the senior housing segment in Germany since 2013. In early 2016, it entered the Dutch senior housing market.

Each segment of the market in which Aedifica invests targets different types of tenants who rent premises under contracts with varying maturities (short-term or medium-term for apartments, and long-term for senior housing and hotels). Given the high proportion of long-term contracts (e.g. Belgian irrevocable contracts with a minimum initial maturity of 27 years called "emphytéoses / erfpachten"), which represent 86% of the fair value of marketable investment properties including assets classified as held for sale* as of 30 June 2017), the weighted average lease term of Aedifica's contracts stands at 20 years. This gives the Company a good view on future revenue streams over the long term.

Aedifica also intends to grow its portfolio in order to reduce the weight of each individual property, improve asset management, and increase the operating margin* by realising economies of scale. To this end, the Company maintains close relations with its main tenants and is advised by qualified local experts in each country.

1.3 INFLATION RISK

At constant interest rates, inflation risk is low for Aedifica, since rents are subject to indexation (in Belgium and The Netherlands: on an annual basis, mainly according to the local full CPI or, in Belgium, the health CPI; in Germany: the indexation formula is specific to each contract). The impact of inflation on rental income can be summarised as follows: an increase of the index of 100 bps would generate additional rental income of approximately €0.9 million.

In the context of increasing nominal interest rates, lower inflation implies higher real interest rates, which in turn implies that financial charges are growing faster than indexation of rental income. Aedifica has taken some important steps to mitigate this risk (see 3.3 below).

In the event of negative inflation, most contracts set a floor at the level of the initial rent.



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1.4 CONCENTRATION RISK OF OPERATORS IN THE SENIOR HOUSING SEGMENT

Given the dynamism of the large group of professional operators active in the senior housing segment, and the ongoing consolidation of this market, it is highly likely that one or more business combinations will occur among groups related to legal entities with which the Company has entered into lease agreements. This may impact the diversification level of the Company's tenant base. Such business combinations have occurred in the past among Aedifica's portfolio operators, and have served to improve the professionalism of these legal entities. The impact of these consolidations on the diversification of Aedifica's tenant base has been offset by the growth in the portfolio, which has led to the addition of new operators. Data concerning these groups is provided in the Property Report included in the Annual Financial Report and in Note 3 of the Consolidated Financial Statements.

Recall that (see Aedifica's 2015/2016 Annual Financial Report), as a result of the combination of Armonea and Soprim@ groups, two Belgian operators in the senior care segment, the share of consolidated assets invested by Aedifica in properties made available to entities of the Armonea group, represented approx. 21 % (situation as of 30 June 2016). This share was subsequently reduced to 17 % (situation as of 30 June 2017) due to the Company's investment policy. Moreover, the Company can confirm that as of 30 June 2017 and as of 4 September 2017 no group existed that was connected to legal entities with which the Company has entered into lease or leasehold agreement, which exceeds the limit of 20 % of the consolidated assets of the Company.

Lastly, it should be noted that other mergers were recently carried out or are ongoing: in 2015 the French Orpea group (tenant of nine Aedifica sites in Belgium), acquired a number of German entities that were tenants of five Aedifica sites; in July 2016 the German Alloheim group, which had already taken control of the Senator group (tenant of one German Aedifica site) in July 2016, announced the acquisition of the AGO group (tenant of three German Aedifica sites). Finally, in March 2017, the long leases with the Oase group concerning the Binkom, Aarschot Wissenstraat and Tienen senior housing sites (in Belgium) were transferred to the Vulpia group.

Aedifica pursues an investment strategy which was initially focused on the Belgian market. Since 2013, Aedifica has been active in the senior housing segment in Germany. Early 2016, it entered the Dutch senior housing market.

2. RISKS RELATED TO AEDIFICA'S PROPERTY PORTFOLIO

The Board of Directors and the members of the Board of Directors of Aedifica are aware of the risks linked to the management and quality of the Company's assets and have set clear and strict standards for building improvement, commercial and technical management, and investment and divestment, all with a view to limit vacancy and increase property values.

Up to 31 July 2013, Aedifica's properties were exclusively located in Belgium and consisted mainly of marketable properties used or intended to be used for housing. The composition (number of properties, surface area) and breakdown (by type of property, by segment, geographical) as of 30 June 2017 is provided in section 3.1 of the Consolidated Board of Directors' Report included in this Annual Financial Report. Since 2013, Aedifica's portfolio has expanded to include properties located in Germany, as well as properties located in The Netherlands starting in 2016.

Aedifica is also carrying out renovation and extension works on a portfolio of approx. 20 development projects (see section 4.2. of the Property Report included in this Annual Financial Report). Marketable investment properties and development projects are presented together on the balance sheet, under the heading "I.C. Investment properties" among non-current assets, and real estate offered for sale is recognised under line "II.A. Assets classified as held for sale" among current assets.

2.1 RENTS

Aedifica's turnover is completely made up of rental income generated on properties that are rented out to third parties (natural persons, companies, operators of rest homes or assisted-living apartments, or hotels). Bad debt provisions and vacancy rates could have an adverse impact on the income statement. Moreover, when a rental contract matures and a new tenant is found, the new contract may generate lower rental income. A gloomy economic climate can also lead to renegotiations of current leases, in particular to reduce the rent under current contracts in order to rebalance tenants' rent levels compared to their future income potential, and therefore to maintain the sustainability of the cash flows generated by the building for the benefit of the Company. As property costs cannot always be reduced in line with rental incomes, the Company's income and cash flows could be further affected as a result.

In order to mitigate these risks, Aedifica diversifies its investments in terms of location, market segment, tenant profiles, and contract types. In the senior housing segment for example, Aedifica enters into long leases (mainly under the form of long-term "emphytéoses/erfpachten" in Belgium) with specialised professional operators, which generate high yields. By doing so, Aedifica can offset most risks associated with shorter-term contracts in the other segments (apartment buildings).

The Company is not credit-insured and is, thus, also exposed to the risk of default of its tenants. Procedures have been put in place to monitor the payment pattern of the tenants with whom long leases ("emphytéoses/erfpachten" or others) have been signed, and to closely follow-up on any doubtful debtors. In addition, Aedifica benefits from rental guarantees set up in accordance with market standards and Belgian law, under the form of warranties issued by banks, cash deposits on bank accounts, or other securities.

Nevertheless, the Company continues to face a risk of lost rental income, and this risk can increase along with any deterioration of economic conditions. Charges to provisions for bad debts for the financial year amount to less than €0.1 million on €79 million in rental income.

2.2 ASSET MANAGEMENT

The attractiveness of Aedifica's rental properties, as well as their valuation, depends on the perceived quality of the buildings, the effectiveness of the maintenance programme, and the security level achieved.

For this reason, Aedifica has put in place its own sales and marketing team. By doing so, the Company maintains direct contact with its tenants and strives to remain aware of their needs and wishes.

The position of Asset Manager Senior Housing was created in 2016 to establish a daily dialogue with the property management teams of the Company's main tenants, in particular operators of its senior housing sites.

For the technical management of certain apartment buildings in Belgium, Aedifica employs external service providers who act as asset managers and are permanently monitored by the Company's own property management team. Administrative and accounting management of apartment buildings has been internalised almost entirely; related tasks are now performed internally by Aedifica's property accounting team.

The Company is the sole owner of most of its buildings. However, for buildings held in co-ownership or which are subsequently divided, specific risks related to the rules of co-ownership or split sales could arise.

The Company may be involved in court procedures arising in the normal course of business. Cases currently ongoing present no significant risk, thus no provision had to be raised in relation to these. Given the uncertainties arising from court procedures, however, the Company could face new liabilities in the future.

2.3 QUALITY AND VALUATION OF THE BUILDINGS

In order to sustain and even increase rental income, and to facilitate new lettings and/or building disposals, Aedifica carries out repair and maintenance works on its real estate portfolio on an ongoing basis. Nevertheless, these investments cannot fully eliminate the risk of impairment of the assets. The contracts established with tenants in the senior housing segment are often "triple



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net” (Belgium, The Netherlands) or “double net” (Germany); thus, maintenance costs are either completely (“triple net”) or mainly (“double net”) at the expense of the tenants.

Aedifica also acquires buildings under development and develops projects itself (to a limited extent), which positions the Company to oversee the development works and ensure that buildings delivered are of high quality. This approach to property acquisition is consistent with the Company’s long-term vision.

A team of architects/engineers is charged with managing the development and renovation projects, and ensures that works contracted to third parties are properly carried out. Even as the Company does its best to negotiate contracts that minimise the risks arising from major works (e.g. delays compared to the expected completion date, deviation from budget, organisational issues, etc.), these cannot be totally avoided.

When a building requiring major renovation works is acquired, the fair value of the building at acquisition date generally reflects its state at that time. The cost of the renovation works to be carried out is included in the Company’s financial planning.

The risk that buildings may be destroyed by fire or other calamity is insured for a total reconstruction value of €1,407 million (including the value of furnishings in the

furnished apartments, and excluding the value of the lands). This represents approx. 92% of the fair value of marketable investment properties including assets classified as held for sale* as of 30 June 2017 (including lands). Insurance contracts are signed by Aedifica, or by the tenants in the case of long leases. The insurance contracts cover vacancy costs during the reconstruction period, but do not cover other risks, such as voluntary acts of the insured person, the risk of war, nuclear risks, hidden defects, deterioration, decrepitude, asbestos, etc. Insurance premiums paid by Aedifica amount to €100 thousand for the 2016/2017 financial year.

The fair value of investment properties, as assessed quarterly by independent experts, changes over time and is recognised in accordance with IAS 40. The independent experts’ reports allow to take fast corrective measures if necessary, in order to face an impairment loss on a building. Moreover, since 2016, the Company employs a Valuation & Asset Manager who monitors the valuation of the buildings on a daily basis. A change of 1% in the fair value of investment properties would have an impact of €15 million on the Company’s net income and of approximately €0.86 on the net asset value per share. This would also impact the debt-to-assets ratio by 0.4%.

In the senior housing segment, Aedifica enters into long leases with specialised professional operators.

40.8%

CONSOLIDATED
DEBT-TO-ASSETS RATIO
AS OF 30 JUNE 2017

2.4 RISK OF EXPROPRIATION

At any time, property can be expropriated by Belgian public authorities, in line with applicable laws.

2.5 RISKS ARISING FROM MERGERS, ACQUISITIONS AND DE-MERGERS

A major part of Aedifica's assets were acquired through mergers, de-mergers, or acquisitions of shares in other real estate companies. Aedifica takes all necessary steps to ensure proper due diligence at the time of acquisition (e.g. by carrying out due diligence audits regarding the buildings and/or real estate companies, by obtaining certain warranties and representations, etc.). Nevertheless, it is unavoidable that, as a result of these transactions, hidden liabilities may be transferred to the Company, which are not recoverable from the transferor.

3. FINANCIAL RISKS

Aedifica's financial management practices aim to ensure permanent access to financing, and to monitor and minimise the interest rate risk.

3.1 DEBT STRUCTURE

Aedifica's debt-to-assets ratio (as defined in the Royal Decree of 13 July 2014 on Belgian RRECs) is included in section 3.3 of the Consolidated Board of Director's Report included in this Annual Financial Report. As of 30 June 2017, it amounts to 38.6% on statutory level and to 40.8% on consolidated level. This section also discloses the maximum ratio permitted before the Company reaches the maximum debt-to-assets ratio permitted for Belgian REITs (65% of total assets) or arising due to bank covenants (60% of total assets). The debt-to-assets ratio is monitored in the context of monthly closings and its evolution is estimated during the approval process of each major investment project; it is published quarterly. When exceeding the debt-to-assets threshold of 50%, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the maximum permissible threshold of 65% (Article 24 of the Royal Decree of 13 July 2014). The Company has indicated in each of its last four Securities Notes (2010, 2012, 2015 and 2017) that its policy in this area focuses in the long term on maintaining an appropriate debt-to-assets ratio in the range of 50 to 55%.

Aedifica's financial model relies on a structural indebtedness. As a result, cash balances are usually low, amounting to €8 million as of 30 June 2017.

As of 30 June 2017, Aedifica has neither pledged any Belgian or Dutch building as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 12 out of 22 buildings in Germany are linked to a mortgage as of 30 June 2017, respecting the requirements laid down in Article 43 of the Belgian Act of 12 May 2014 (the total amount that is linked to a mortgage cannot exceed 50% of the total fair value and no mortgage linked to a certain building can exceed 75% of that building's value). In the context of supplementary financing of assets located in Germany, it is possible that supplementary mortgages will be obtained.

3.2 LIQUIDITY RISK

Aedifica enjoys a strong and stable relationship with its banks, which form a diversified pool, comprising an annually increasing number of European institutions, with each bank in bilateral relation with the Company. Details of Aedifica's credit facilities are disclosed in Note 40 of the Consolidated Financial Statements included in this Annual Financial Report.

As of 30 June 2017, Aedifica is using committed credit facilities totalling €615 million (2016: €480 million), out of €898 million in total available confirmed credit. The remaining headroom of €283 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2017/2018 financial year. The investment amount that is budgeted in the Company's financial plan for the existing projects as of 30 June 2017 is estimated at €122 million, to be invested over a three-year period. €257 million should be added to that amount for the acquisitions announced on 10 July (€9 million), 19 July (€40 million), 17 August (€200 million) and 24 August (€8 million), as well as €66 million for a hypothetical investment, which brings the total net investment included in the financial plan for the 2017/2018 financial year to €224 million.

Given the regulatory status of Belgian REITs/RRECs, and the type of property in which Aedifica invests, the risk of non-renewal of mature credit facilities is remote even in the context of a credit crunch, except in the event of unforeseen and extreme circumstances. There is a risk of increasing credit spreads should market conditions deteriorate as compared to those present at the time the current credit facilities were signed.

The Company would be exposed to a liquidity risk which could arise due to a lack of cash flow in the event of early termination of the credit facilities. Should the Company fail to comply with the provisions (covenants), which were included in the credit facility arrangements to take into account key financial ratios, the facilities might indeed be cancelled, re-negotiated, or forced into reimbursement. The covenants in place are in line with market practice, and in particular require that the debt-to-assets ratio (as defined by the Royal Decree of 13 July 2014) does not exceed 60%. Moreover, there is a risk of early termination in the event of a change of control, in case of non-compliance with the Company's obligations, and, more generally speaking, in the event of default as defined in these arrangements. A default situation related to one contract can lead to a default situation related to all contracts (cross-default clauses). Based on the information available to date, and the prospects for the foreseeable future, there is no indication of a possible early termination of one or more of the existing credit facilities. However, this risk cannot be ignored completely. Moreover, Aedifica does not itself retain control over certain commitments which could lead to the early termination of credit facilities, such as in the event of a change of control.

Internally, Aedifica is organised so as to regularly monitor the evolution of the financial markets, optimise the Company's financial structure over both short and long term, and manage financial risks (liquidity risk, interest rate risk). Aedifica aims to further diversify its funding sources, given market conditions.

3.3 INTEREST RATE RISK

Almost all of Aedifica's financial debts are floating-rate borrowings. This allows Aedifica to benefit from low interest rates on the non-hedged part of its borrowings. To mitigate the risk of increasing interest rates, Aedifica follows a policy aimed at securing the interest rates related to at least 60% of its current or highly probable indebtedness or a period of several years. It should be noted that the Company assumed certain fixed-rate debts which came from pre-existing investment credits tied to real estate companies which were acquired or absorbed by the Company.

This policy is supported by the fact that an increase in nominal interest rates, when not coupled with a simultaneous increase in inflation, implies an increase in real interest rates that cannot be offset by increasing rental incomes through indexation alone. Moreover, in case of accelerating inflation, there is a delay between the timing of the increase of the nominal interest rates and the timing of the indexation of rental incomes. When the interest rate curve is sufficiently flat (i.e. when interest does not vary a lot in relation of the maturity date), Aedifica aims to enter into hedges over longer periods, in line with its investment.

For example, assuming that the structure and level of financial debts remain unchanged, and assuming that no hedges have been entered into, simulations show that a 100 bps positive deviation (increase) in the 2017/2018 interest rates over the forecast rates would lead to an approx. additional €7.2 million interest expense for the year ended 30 June 2018. Taking into account the hedging instruments at present, the interest expense would amount to just €2.1 million.

In order to manage the interest rate risk, Aedifica has put in place hedges (interest rate swaps and caps). All hedges are entered into with leading banks and relate to existing or highly probable risks. Where appropriate, Aedifica applies hedge accounting as defined by IAS 39. An analysis of the Company's hedges is provided in the Consolidated Board of Directors' Report and in Note 33 of the Consolidated Financial Statements included in this Annual Financial Report. The hedges are entered into for long periods; however, hedge agreements include provisions (in line with market practice) that could lead the issuing banks to terminate the hedges early or initiate margin calls (in cash for example) in their own favour in certain circumstances.

Changes in the interest rate curve have a limited impact on the future interest expense, since at least 60% of the financial debts are hedged by IRS or caps. Each change in the interest rate curve has an impact on the fair value of hedging instruments against income statement and/or equity (balance lines "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS" and line "I.C.e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS"). A sensitivity analysis is provided in Note 33 of the Consolidated Financial Statements included in this Annual Financial Report.

To mitigate the risk of increasing interest rates, Aedifica follows a policy aimed at securing the interest rates related to at least 60% of its current or highly probable indebtedness over a period of several years.

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BELGIUM -
SENIOR HOUSING





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THE NETHERLANDS –
SENIOR HOUSING

Certain external developments could cause an increase of the credit spreads at the Group's expense, in accordance with the "increased cost" clauses included in the banking agreements. Such clauses allow the lending banks to increase the cost price of the granted credit at the expense of the Company and its subsidiaries, among other things, in case these banks are subjected by their supervisory authority to more severe solvability, liquidity or other capital requirements. However, it should be noted that during the crises which have hit the financial markets since 2007, no bank has ever invoked one of these clauses towards the Group.

3.4 COUNTERPARTY RISK

Signing a credit facility or hedging instrument with a bank generates a counterparty risk in the event of counterparty default. In order to mitigate this risk, Aedifica trades with several leading national and European banks to diversify its funding and hedging sources, while remaining cautious about the balance between cost and quality of the services provided. In today's volatile context of the banking sector, one should bear in mind that one or several counterparties could default.

In line with market practice, the agreements signed with banks include market shock clauses and major adverse change clauses which could lead to, in extreme circumstances, additional costs for the Company or possibly the early termination of the credit facility. However, it should be noted that during the crises which have hit the financial markets since 2007, no bank has ever invoked one of these clauses towards the Group.

Aedifica has an ongoing relationship with the banks listed in Note 40 of the Consolidated Financial Statements included in this Annual Financial Report. With respect to hedging, the main providers (by order of magnitude) are ING, BNP Paribas Fortis, KBC and Banque Européenne du Crédit Mutuel.

3.5 FOREIGN EXCHANGE RISK

Aedifica earns all rental income and incurs all expenses within the euro-zone (except for certain small suppliers which charge for their services in USD and CAD). The borrowings of the Company are all denominated in euros. Thus, Aedifica is not exposed to significant foreign exchange risk.

3.6 BUDGETING AND FINANCIAL PLANNING RISK

The yearly budget and long-term financial plan are important tools used in the decision-making process and in daily management activities. The budget and financial plan are derived from a computerised model that incorporates a number of assumptions; this model can suffer from programming errors, and human errors which may arise when using it. The potential for wrong assumptions, and undetected programming or human errors might put pressure on the Company's performance and the trust it experiences on the markets, or threaten its compliance with regulatory (e.g. legal covenants associated to the Belgian RREC status, such as the debt-to-assets ratio) and contractual provisions (e.g. bank covenants).

Furthermore, given the changing circumstances, it may become apparent that some of the past financial prospects are no longer relevant. Moreover, financial prospects are based on assumptions that remain outside the Company's control.

4. REGULATORY RISKS

The Company is aware of applicable regulations and does its best to engage experts to provide supplementary assistance and advice. Nonetheless, it is exposed to the risk of non-compliance with regulations or environmental requirements.

Regulatory changes and new related obligations arising for the Company and/or its service-providers could influence the profitability of the Company or its property values (e.g. through additional obligations at the expense of the Company and/or its tenants).

RREC status

SINCE 17 OCTOBER 2014

4.1 CORPORATE STATUS

As of 17 October 2014, the Company is authorised by the FSMA as a "Regulated Real Estate Company" ("RREC") under Belgian law (French: "société immobilière réglementée" or SIR, and Dutch: "gereguleerde vastgoedvennootschap" or "GVV"). As a Public RREC, and in order to keep this status, the Company is subject (on a consolidated or non-consolidated basis) to the requirements of the Act of 12 May 2014 and to the Royal Decree of 13 July 2014 (hereinafter together referred to as the "RREC legislation"). These include restrictions on operations, debt-to-assets ratio, appropriation account, conflicts of interest, corporate governance, etc. (Continued) compliance with these specific requirements depends, among other things, on the Company's capacity to manage its assets and its indebtedness successfully, and on its compliance with strict internal control procedures. In the event of significant changes in its financial or other situation, it is possible that the Company could become unable to comply with these requirements.

As a public RREC, the Company is exposed to the risk of future changes in legislation relating to Regulated Real Estate Companies. The company ensures the strategic monitoring of local and European legislation's evolution (Belgium, Germany, The Netherlands), e.g. through the non-profit organisation BE-REIT Association, established in 2016, of which it is a founding member.

Furthermore, there is also the risk that, in the event of violation of the applicable rules, the supervisory authority (the FSMA) imposes sanctions, including the loss of the Company's public RREC status. In this case, the Company would lose its specific tax regime for public RRECs (see also section 4.2. below). Furthermore, the loss of the public RREC status is, pursuant to the Company's credit facilities, generally considered an event of default or acceleration, thus triggering the reimbursement of all credit facilities established by the Company. The loss of this status would also have a negative impact on the Company's operations, results, profitability, financial situation and forecast.

4.2 TAX REGIME

As a public RREC, the Company benefits from a specific tax regime under which its annual result (rental income and capital gains on disposals, after deduction of operating costs and financial expenses) is not subject to corporate tax at the level of the public RREC (while subsidiaries remain subject to corporate tax as is any other company). To the extent that the Company directly holds real estate abroad, it is possible that the Company is subject to local taxes. The subsidiaries of the Company in Germany, Luxembourg and The Netherlands are also subject to the provisions of the common corporate tax laws that are applicable there.

Companies – other than RRECs or specialised real estate investment funds – which were, or are, absorbed by the Company, owe an exit tax of 16.995 % payable on their unrealised capital gains and exempted reserves (16.5 % plus the crisis contribution of 3 %). This so-called exit tax relates to the limited tax base and was, in particular, introduced to avoid that all unrealised capital gains and exempted reserves of these companies would definitively escape any taxation. The exit tax is calculated taking into account the provisions of the circular Ci. RH. 423/567.729 of 23 December 2004; the prescribed interpretation or practical application of this circular is subject to change at the Government's discretion at any time. The "real value" of a property as stated in the circular is calculated after deduction of the registration duties or of the VAT. This "real value" varies from (and can therefore be inferior to) the fair value of the property as listed in the financial statements under IFRS. The group considers itself compliant with the points of the administrative circular concerning the calculation of its exit taxes payable.

As of 1 January 2017, the withholding tax on dividends distributed by Aedifica amounts to 15 %.

Pursuant to Articles 89, 90 and 91 of the Act of 18 December 2016 which came into effect as of 1 January 2017, RRECs benefit from a reduced withholding tax rate of 15 % (instead of 30 %), provided that at least 60 % of the Company's real estate portfolio is (directly or indirectly) invested in real estate properties which are situated in a member state of the European Economic Area and which are exclusively or primarily destined for care and housing units suited for healthcare. Aedifica's shareholders have benefitted from this reduced rate since 1 January 2017, as more than 60 % of the Company's portfolio is invested in senior housing; the administrative modalities to prove the abovementioned conditions remain to be established by Royal Decree.

Moreover, regulatory risks also include the effects of enacted or foreseen provisions, namely in respect of changes in taxation.

In the event that the Company's status as a RREC is lost (this would suppose major and re-iterated disregard for the provisions of the Belgian Act of 12 May 2014 and/or of the Royal Decree of 13 July 2014), the Company would also lose its specific tax status. This risk is considered to be very remote, since the Company undertakes all necessary steps to comply with the legal requirements. Furthermore, the loss of the RREC status is generally considered an event of default, thus triggering the reimbursement of all loans granted to the Company.

Even with RREC status, the Company acts within the broader framework established by the Belgian Companies Code. The reserves available for distribution, computed in accordance with Article 617 of the Belgian Companies Code and with the Royal Decree of 13 July 2014 (i.e. the reserves that the law or the articles of association do not prohibit from being paid-out), amount to €19 million as of 30 June 2017 (see Note 38 of the Consolidated Financial Statements included in this Annual Financial Report).

5. CORPORATE RISKS

5.1 GROWTH MANAGEMENT RISK

The steady growth of the Company since its creation could cause a scarcity of available funding (either as equity or debt). To counter these risks, the Company develops an expanding network of actual and potential suppliers and financial partners. The rate of growth could also give rise to operational risks, such as costs increasing faster than revenues, execution errors or incidents, gaps in the monitoring activities of acquisitions ("post-closing") or even an inadequate management of the increasing information flow. To counter these risks, the Company upgrades its procedures and its information system on a regular basis; it addresses the challenges of its growth and internationalisation by further formalising its processes, without compromising its flexibility or its agility in execution. Additionally, the Company expands its team by adding individuals with specialised profiles.

5.2 RISK OF NON-GROWTH

Lack of growth also constitutes a risk for a company like Aedifica; it could cause a downward revision in the stock market's expectations, a loss of confidence of the company's partners, and more difficult access to capital. However, the Company shows a strong determination to preserve its dynamic and entrepreneurial spirit, and key members of the team are continuously developing their network in order to stay in touch with the market and to examine all opportunities worthy of consideration.

5.3 RISK RELATED TO THE GROUP'S INTERNATIONALISATION

Internationalisation of the Group's activities, which has started in 2013 (first investments in Germany) and which has accelerated in 2016 (first investments in The Netherlands), could bring up new risks, related to the increased complexity in the Group's daily operations' management (specific nature of each foreign market, physical barriers, cultural and linguistic barriers, etc.) and the combination of regulatory risks in the different countries. However, the Company makes sure to call upon local experts for assistance regarding its international development, and establishes the required structures and procedures to ensure a harmonious international development (such as the establishment of a local management team).

5.4 REPUTATION RISK

Reputation is a key element for a fast-growing listed company. Any damage of the Group's reputation could cause a downward review of its growth prospects and make it harder to access capital. Thanks to its track record of more than 10 years, Aedifica enjoys an excellent reputation, and intends to maintain close contact with its various stakeholders in order to preserve its reputation.

5.5 RISK RELATED TO MANAGING THE MARKET EXPECTATIONS

A discrepancy between the stock market's expectations and the Group's performance could cause a downward review of the Group's prospects, and consequently a loss of confidence among financial analysts and investors. Aedifica's Board of Directors aims to avoid this type of situation.

Moreover, the distribution of privileged information before publication to all shareholders could have an effect in terms of the movements of the share price; the compliance officer establishes the necessary procedures in order to ensure the confidentiality of privileged information up to publication.

6. RISKS RELATED TO SUPPORT PROCESSES

6.1 REPORTING RISK

Deficiencies with regard to reporting could compromise the adequacy of information available to the decision makers. The Group has developed an adequate internal and external reporting process, with rotating reviews performed at different levels, both internally (staff members, board of directors, audit committee and management committee) and by external parties (audit).

6.2 RISK RELATED TO DATA PROCESSING

Data processing is a key tool for a company of Aedifica's scale. A loss or unavailability of data could cause an interruption of the commercial activity (primarily in the apartment buildings segment, where cash inflows and outflows are the most significant), an interruption of the investment activities, and/or an interruption of the internal and external reporting process. The management of ICT infrastructure (hardware and software), access security and continuity of data management was entrusted to an external partner on the basis of a "service level agreement"; moreover, responsibility for each technological application is assigned to one of the Company's employees.

6.3 RISK RELATED TO TEAM MEMBERS

Given the limited number of people employed by Aedifica, the organisation could be affected by the departure of key personnel. The unexpected departure of some members of its team could also negatively impact the Company's ability to grow.

Consequently, the Company has developed a human resources policy which focuses on retaining key personnel to the greatest extent possible, and has provided for the duplication ("back up") of certain functions. The Company also carries out a proactive recruitment policy, which has led to the creation of several new positions in 2015/2016 (Asset Management Senior Housing, Valuation & Asset Management, Group Treasury).



AM KLOSTER
GERMANY –
SENIOR HOUSING

Key figures 2016/2017

€1.5 billion

FAIR VALUE OF INVESTMENT PROPERTIES INCLUDING ASSETS CLASSIFIED AS HELD FOR SALE*

€2.25/share

PROPOSED GROSS DIVIDEND FOR 2016/2017, REPRESENTING A STATUTORY PAY-OUT RATIO OF 82 %

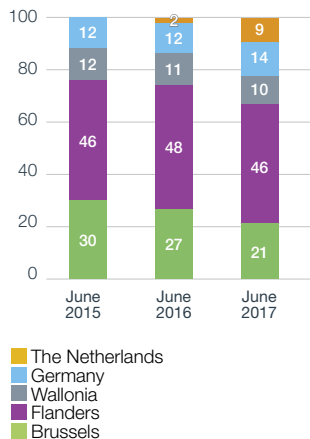
20 years

WEIGHTED AVERAGE LEASE TERM OF CURRENT CONTRACTS, PROVIDING AN EXCELLENT VIEW TOWARD FUTURE INCOME STREAMS

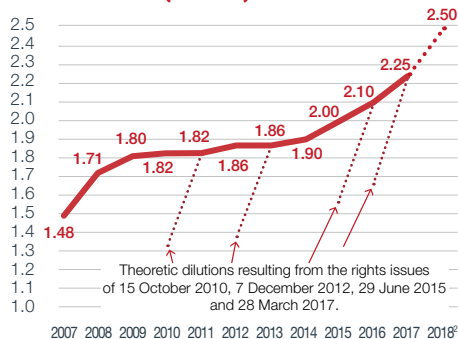
Breakdown by segment in fair value (%)



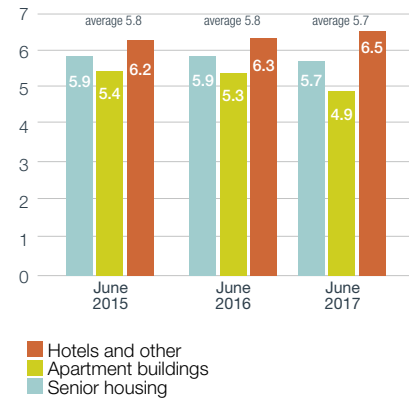
Geographic breakdown in fair value (%)



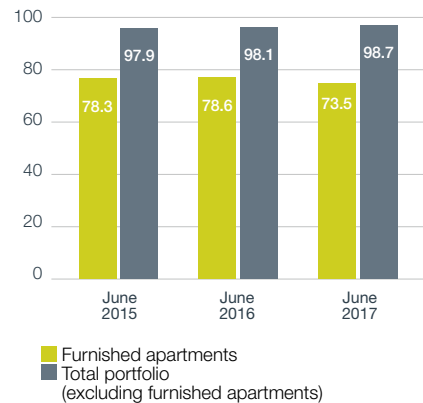
Gross dividend (€/share)



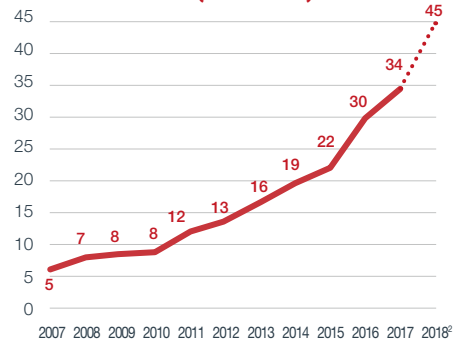
Gross yield by segment in fair value¹ (%)



Occupancy rates (%)



Paid out dividends (in € million)



1. Based on the fair value (re-assessed every 3 months, plus goodwill and the furniture for the furnished apartments). In the senior housing segment in Belgium and in The Netherlands, gross yield and net yields are normally equal ("triple net" contracts, under which operating charges, maintenance costs and rents on empty spaces are borne by the operator). The same applies for hotels. In Germany, the net yield is normally less than the gross yield, as the owner remains responsible for certain expenses ("double net" contracts, under which the repair and maintenance of the roof, structure and facades of the building remain the responsibility of the owner while other costs are borne by operator).

2. Forecast (see section 11 of the Consolidated Board of Directors' Report in this Annual Financial Report).

Investment properties (x €1,000)	30 June 2017	30 June 2016
Marketable investment properties including assets classified as held for sale*	1,527,675	1,130,910
Development projects	17,174	25,924
Total of investment properties including assets classified as held for sale*	1,544,849	1,156,834
Net asset value per share (in €)	30 June 2017	30 June 2016
Net asset value excl. changes in fair value of hedging instruments*	51.30	44.98
Effect of the changes in fair value of hedging instruments	-1.89	-3.34
Net asset value	49.40	41.64
Consolidated income statement - analytical format (x €1,000)	30 June 2017	30 June 2016
Rental income	78,983	59,822
Rental-related charges	-48	-35
Net rental income	78,935	59,787
Operating charges*	-13,158	-12,173
Operating result before result on portfolio	65,777	47,614
EBIT margin* (%)	83	80
Financial result excl. changes in fair value*	-16,538	-12,707
Corporate tax	-1,275	-581
EPRA Earnings*	47,964	34,326
Denominator (IAS 33)	15,235,696	14,122,758
EPRA Earnings* per share (€/share)	3.15	2.43
EPRA Earnings*	47,964	34,326
Changes in fair value of financial assets and liabilities	5,119	-5,685
Changes in fair value of investment properties	10,357	10,775
Gains and losses on disposals of investment properties	1,459	731
Deferred taxes	-1,541	120
Roundings	0	-1
Profit (owners of the parent)	63,358	40,266
Denominator (IAS 33)	15,235,696	14,122,758
Earnings per share (owners of the parent - IAS 33 - €/share)	4.16	2.85
Consolidated balance sheet (x €1,000)	30 June 2017	30 June 2016
Investment properties including assets classified as held for sale*	1,544,849	1,156,834
Other assets included in debt-to-assets ratio	22,566	15,832
Other assets	2,707	496
Total assets	1,570,122	1,173,162
Equity		
Equity excl. changes in fair value of hedging instruments*	922,094	668,155
Effect of the changes in fair value of hedging instruments	-34,055	-47,407
Equity	888,039	620,749
Liabilities included in debt-to-assets ratio	639,077	498,796
Other liabilities	43,006	53,617
Total equity and liabilities	1,570,122	1,173,162
Debt-to-assets ratio (%)	40.8	42.5
Key performance indicators according to the EPRA principles	30 June 2017	30 June 2016
EPRA Earnings* (in €/share)	3.15	2.43
EPRA NAV* (in €/share)	51.47	45.14
EPRA NNAV* (in €/share)	48.93	41.45
EPRA Net Initial Yield (NIY) (in %)	5.2	5.2
EPRA Topped-up NIY (in %)	5.2	5.2
EPRA Vacancy Rate (in %)	1	2
EPRA Cost Ratio (including direct vacancy costs)* (in %)	17	20
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	17	20

Letter to the shareholders



SERGE WIBAUT,
CHAIRMAN OF THE BOARD OF DIRECTORS

The first half year was marked by a significant increase of the Company's healthcare real estate portfolio, in Belgium as well as in Germany and The Netherlands.

Dear shareholders,

Aedifica's investment strategy is mainly built on the strength of the demographic trend toward population ageing in Europe. This strategy has contributed to the market's confidence in Aedifica, as demonstrated by the increasing stock price, which rose from €69.68 (30 June 2016) to €76.37 (30 June 2017).

The 2016/2017 financial year unfolded in two phases:

- the first half year was marked by a significant increase of the Company's healthcare real estate portfolio, in Belgium as well as in Germany and The Netherlands. The acquisition of 20 sites led Aedifica to surpass the threshold of 100 senior housing sites just prior to 31 December 2016, with a consolidated debt-to-assets ratio of 54.0% (42.5% at the beginning of the financial year);
- the second half year was marked by the €219 million capital increase which was successfully completed on 28 March 2017 and followed by a series of new investments soon after, again in the senior housing segment. The acquisitions carried out by the Group since this capital increase are listed in a table in the Consolidated Board of Directors' Report. At the end of the financial year, the consolidated debt-to-assets-ratio (which had dropped to 39.5% after the capital increase) gradually increased to 41%, while the senior housing portfolio expanded to 110 sites with a capacity of more than 10,000 residents.

Since the beginning of the 2016/2017 financial year, the fair value of marketable investment properties including assets classified as held for sale* increased by €397 million (i.e. +35%), reaching €1,528 million (€1,131 million at the beginning of the period).

In addition to its investment activities, Aedifica strives for optimal management of its real estate portfolio. The Company's portfolio provides for excellent rental incomes (a 32% increase), an increasing EBIT margin* (83%), and a well-controlled financial result excl. changes in fair value*. The EPRA Earnings* has reached €48.0 million (30 June 2016: €34.3 million, an increase of 40%), i.e. €3.15 per share (30 June 2016: €2.43 per share, an increase of 30%). The increase of the EPRA Earnings* per share was achieved despite the immediate dilutive (but temporary) effect of the capital increase of 28 March 2017. This result (absolute and per share) is greater than the forecast presented in the Securities Note of the aforementioned capital increase.

Of the items that have had no effect on the level of the proposed dividend, the change in the fair value of investment properties (as valued by independent experts) gave rise to unrealised capital gains (non-cash) for which more than €10 million has been recognised in the income statement. Fluctuations in the interest rates on the financial markets resulted in €6 million in unrealised capital gains (non-cash) on hedging instruments.

Taking these items into account, Aedifica's total profit amounts to €63 million (30 June 2016: €40 million).

Aedifica owes its strong results for the 2016/2017 financial year to the enthusiasm, competence and commitment of its staff who have yet again demonstrated their efforts to ensure the Company's continued international growth. Again this year, the Board of Directors expresses its sincere congratulations to the Aedifica team.

Given the performance and achievements described above, Aedifica's Board of Directors proposes to the Annual General Meeting to distribute a gross dividend of €2.25 per share (subject to a reduced withholding tax rate of 15%), in line with forecast. This is an increase of 7% compared to the prior year dividend distribution and above the budget. As a reminder, the dividend for the 2016/2017 financial year will be allocated over two coupons (coupon No. 17 already detached and estimated at €1.66; coupon No. 18 attached to the outstanding shares and estimated at €0.59).

Given the low consolidated debt-to assets ratio, a result of the successful March 2017 capital increase, the Company is set to continue on its path, pursuing continued growth at the pace shareholders have enjoyed since its IPO in October 2006. New investment opportunities for 2017/2018 were already under negotiation in Belgium, Germany and The Netherlands at the end of the 2016/2017 financial year; the acquisitions for an amount of €257 million, announced since 1 July 2017, provide excellent examples. These potential investments are fully aligned with Aedifica's investment strategy, which is highly favoured by the market. Before even considering new opportunities in Belgium, Germany and The Netherlands, the Company's future growth is ensured given its existing commitments to acquire, renovate, extend, and/or redevelop multiple sites. These projects fit perfectly with Aedifica's strategy in the senior housing segment, which aims to improve existing sites and to develop new projects in partnership with tenants/operators. As of 30 June 2017, the pipeline for these types of projects represented a total committed budget of approx.

€122 million, to be invested over a three-year period. This strategy allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields.

The Board of Directors expects a higher dividend for 2017/2018, at €2.50 gross per share (subject to a reduced withholding tax rate of 15%), an 11% increase.

Stefaan Gielens,
Chief Executive Officer

Serge Wibaut,
Chairman of the Board of Directors

The second half year was marked by the €219 million capital increase which was successfully completed on 28 March 2017 and followed by a series of new investments soon after.



STEFaan GIELENS,
CEO

Timeline

2005

- Formation of Aedifica
- Approval as a sicafi/vastgoedbevak by the FSMA
- First investments
- First logo and first corporate slogan

2006

- IPO
- First rest homes acquired
- Property portfolio of €190 M

2008

- First transactions with two major players in the senior care market (Armonea and Senior Living Group, which later became part of the Korian group)
- Senior housing becomes the most significant segment, representing 45 % of the portfolio's fair value

2010

- 1st SPO¹ (€67 M)
- Aedifica was the most active Belgian REIT (sicafi/vastgoedbevak) of the year in terms of investments in Belgium
- More than 100 buildings in the portfolio

2011

- Property portfolio > €500 M
- More than 3,000 beds in the senior housing segment
- Senior housing accounts for the majority of the portfolio (> 50 % in fair value)

2012

- 2nd SPO¹ (€100 M), the largest public capital increase in Belgium that year
- EBIT margin* > 75 %
- New website
- Financial communication published in English



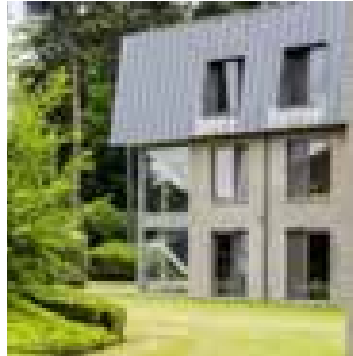
1. Secondary Public Offering.

2013

- First acquisitions in Germany (5 rest homes)
 - Market capitalisation > €500 M
 - Inclusion in the EPRA indices

2014

- Approval as a RREC (SIR/GVV)
 - Portfolio > €750 M
- More than 60 senior housing sites, representing 70 % of the portfolio as of 31 December
 - “EPRA Silver Award” and “EPRA Most Improved Award” for the 2012/2013 Annual Financial Report



2015

- Investment properties portfolio > €1 billion
 - Establishment of Aedifica Asset Management GmbH, a German property management subsidiary
 - 3rd SPO¹ (€153 M)
- Formation of a Management Committee consisting of 4 members (CEO, CFO, COO, CLO)
 - “EPRA Gold Award” for the 2013/2014 Annual Financial Report
 - New logo and new corporate slogan
- Price for the best financial communication among “Mid & Small Cap” companies, awarded by the ABAF/BVFA



2016

- 1st acquisitions in The Netherlands
- Establishment of Aedifica Nederland BV, a 100 % Dutch subsidiary
 - 80 senior housing sites
- Market capitalisation > €1 billion
 - 165 buildings in the portfolio
- “Epra Gold Award” for the 2014/2015 Annual Financial Report

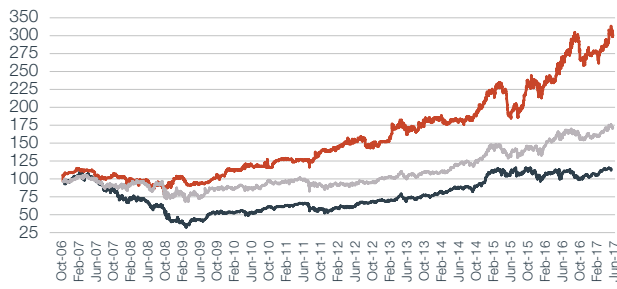
2017

- 4th SPO¹ (€219 M)
 - 110 senior housing sites
- Market capitalisation of approx. €1.4 billion
 - 192 buildings in the portfolio
- “Epra Gold Award” for the 2015/2016 Annual Financial Report
 - Announcement (in August 2017) of Aedifica’s largest transaction to date (construction of 17 rest homes in Germany for an amount of approx. €200 million)

Evolution since 2006

STOCK MARKET

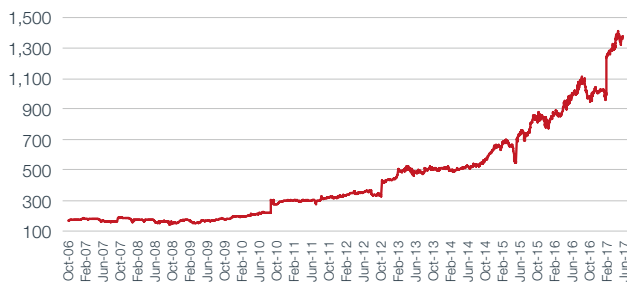
Comparison – indices in total return from 23 October 2006 (IPO) to 30 June 2017



As of 30 June 2017, Aedifica is registered in the European EPRA Index with a weighting of approx. 0.7% and in the Belgian EPRA Index with a weighting of approx. 18.9%.

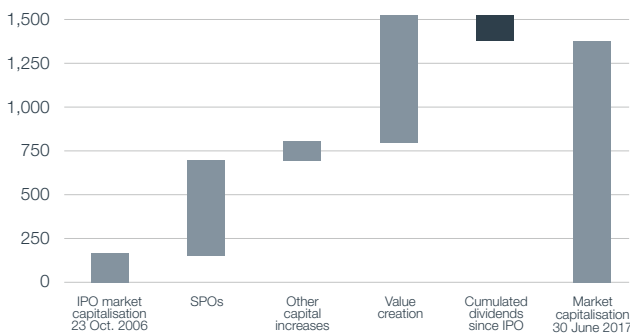
— Aedifica total return
— EPRA Belgium total return
— EPRA Europe total return

Market capitalisation from 23 October 2006 (IPO) to 30 June 2017 (in € million)



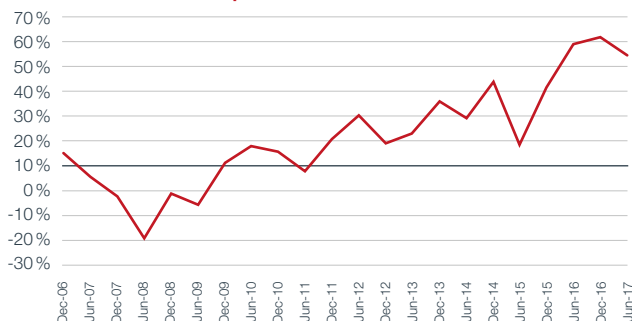
By the end of June 2017, Aedifica's market capitalisation amounted to approx. 1.4 billion €.

Value creation (in € million)



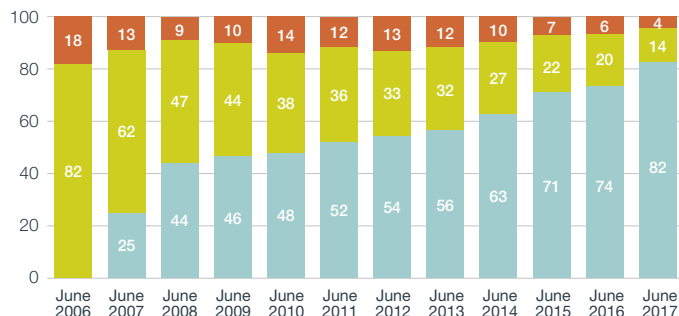
Since Aedifica's IPO on 23 October 2006, the Company's market capitalisation has grown significantly, not only as a result of subsequent capital increases, but also due to value creation, notwithstanding annual dividend payouts.

Premium and discount of share price in relation to the net asset value per share



PORTFOLIO

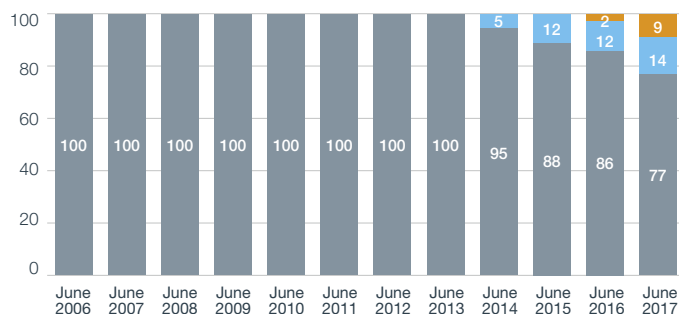
Breakdown by segment in fair value (%)



Aedifica's portfolio primarily comprises senior housing buildings. This segment represents 82% of the marketable investment properties' portfolio as of 30 June 2017, whereas it represented only 25% in 2007.

Hotels and other
Apartment buildings
Senior housing

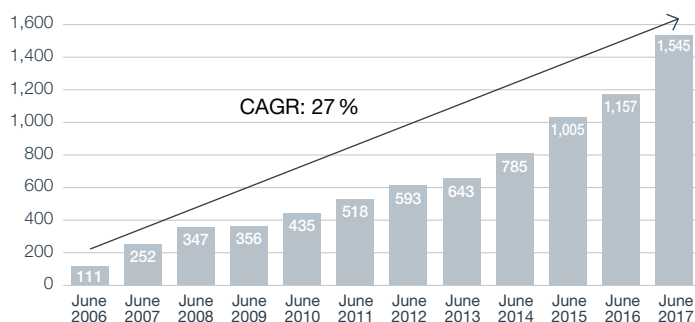
Geographical breakdown in fair value (%)



While still being non-existent as of 30 June 2013, the part of Aedifica's portfolio located abroad represents 23% as of 30 June 2017. These buildings are situated in Germany and The Netherlands and consist of senior housing exclusively.

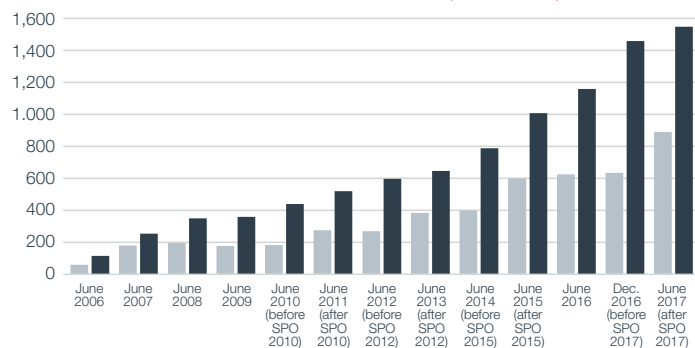
The Netherlands
Germany
Belgium

Investment properties in fair value (in € million)



The fair value of the investment properties including assets classified as held for sale* averaged a compounded annual growth rate of 27% over 11 years and reached €1.5 billion as of 30 June 2017.

Increase of equity and investment properties (in € million)



Thanks to the funds raised through the capital increases of 2010 (€67 million), 2012 (€100 million), 2015 (€153 million) and 2017 (€219 million), investment properties were able to grow by €1 billion between 2010 and 2017.

Equity
Investment properties

Senior housing

110
SITES

>10,000
RESIDENTS

5.7%
GROSS RENTAL
YIELD

82%
OF THE PORTFOLIO

The ageing of the baby-boom generation is progressing at a rapid pace in Belgium as in Europe, and will reach its peak by 2060. Professionalisation and consolidation in the senior housing market is evident at a European level. Aedifica participates actively as a real estate investor in Belgium as well as in Germany and The Netherlands. Aedifica puts its buildings at the disposal of professional and specialised operators under long-term contracts that generate high net rental yields.



LEOPOLDSPARK
BELGIUM

BELGIUM

Portfolio of 72 buildings:

- Capacity of 7,292 residents
- Fair value of €891 M
- Initial gross rental yield of 5.6 %
- Triple net long leases
- Initial lease maturity: normally 27 years



THE NETHERLANDS

Portfolio of 16 buildings:

- Capacity of 808 residents
- Fair value of €145 M
- Initial gross rental yield of 5.7 %
- Long leases, normally triple net
- Initial lease maturity: normally 20 years

VILLA WALGAERDE
THE NETHERLANDS

“The numerous acquisitions carried out during the 2016/2017 financial year demonstrate Aedifica’s dynamism. The Company’s growth rate has yet again increased within its main strategic segment, senior housing, which comprises 110 sites on 30 June 2017.”
Stefaan Gielens, CEO



GERMANY

Portfolio of 22 buildings:

- Capacity of 2,249 residents
- Fair value of €209 million
- Initial gross rental yield of 6.5 %
- Double net long leases
- Initial lease maturity: normally 25 years

SENIORENRESIDENZ LAURENTIUSPLATZ
GERMANY

Apartment buildings

862

APARTMENTS

4.9%

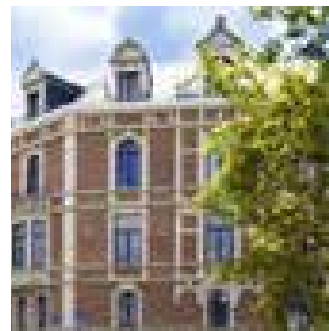
GROSS RENTAL
YIELD

14%

OF THE PORTFOLIO

Aedifica possesses apartment buildings situated in lively districts that are centrally located and easily accessible within Belgian major cities, mainly in Brussels. The buildings are primarily residential but may also include office or retail space, given their urban locations which commonly feature mixed-use buildings.

RÉSIDENCE PALACE
BELGIUM



BATAVES 71
BELGIUM

“Aedifica constantly improves the quality of its apartment portfolio, which comprises 862 units. The renovations of the buildings located at Allée des Freesias and Avenue des Héliotropes in Brussels were completed in 2017. Investments such as the installation of solar panels and LED lighting are scheduled later this year in order to reduce the buildings’ electricity consumption.”

Stefaan Gielens, CEO



**MARTIN'S KLOOSTER
LEUVEN (BELGIUM)**
 Located in Leuven's historical centre, the Martin's Klooster constitutes a unique 4-star hotel following a renovation in 2012, containing 103 rooms.

Hotels & other

6

HOTELS

6.5%

GROSS RENTAL
YIELD

4%

OF THE PORTFOLIO

Aedifica acquired 6 hotels in prior years, all located in Belgium, which are operated by two professional and specialised operators under long-term contracts.

This segment also includes a number of small properties (land reserves).



**CARBON
GENK (BELGIUM)**

The Carbon hotel is a 4-star design hotel located in the centre of Genk, which won the European prize for best interior restaurant design in 2008. It was nominated as one of the 50 best new hotels in the world by the magazine Forbes Traveler.

Consolidated Board of Directors' Report

€1.5 billion

FAIR VALUE OF INVESTMENT PROPERTIES
AS OF 30 JUNE 2017

€1.4 billion

MARKET CAPITALISATION
AS OF 30 JUNE 2017

40.8%

CONSOLIDATED
DEBT-TO-ASSETS RATIO
AS OF 30 JUNE 2017

+32%

INCREASE IN CONSOLIDATED
RENTAL INCOME AS COMPARED
TO 30 JUNE 2016

+40%

EPRA EARNINGS*
AS COMPARED TO 30 JUNE 2016

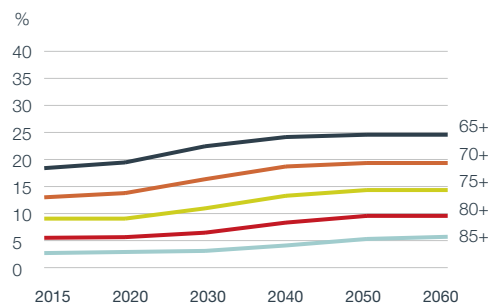
98.7%

HIGH OCCUPANCY RATE FOR
THE UNFURNISHED PORTION
OF THE PORTFOLIO



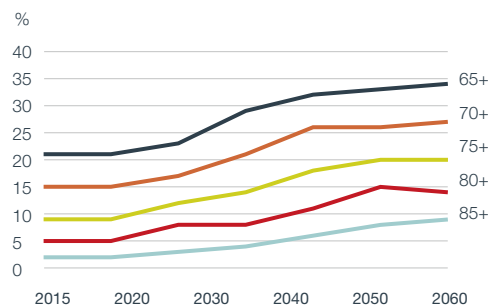
Consolidated Board of Directors' Report¹

Change in Belgian population by age group



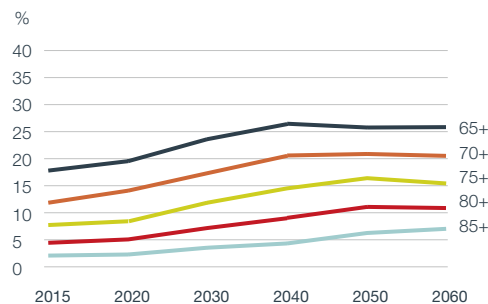
Source: "Perspectives de population 2017-2061", Belgian Federal Planning Bureau, 2017.

Change in German population by age group



Source: "Bevölkerung Deutschlands bis 2060", Statistisches Bundesamt (Deutschland), 2015.

Change in Dutch population by age group



Source: "Prognose bevolking kerncijfers 2015-2060", Centrale Bureau voor de Statistiek (CBS), 26 January 2016.

- Real estate portfolio* of €1.5 billion as of 30 June 2017
- 30 % increase in EPRA Earnings* per share as compared to 30 June 2016
- Investments totalling €371 million realised or announced since the €219 million capital increase of March 2017
- Healthcare real estate now represents almost 82 % of the portfolio, or €1,244 million spread over 110 sites in three countries:
 - €891 million in Belgium (72 sites)
 - €209 million in Germany (22 sites)
 - €145 million in The Netherlands (16 sites)
- Occupancy rate for the year ended 30 June 2017: 98.7 % for the unfurnished portion of the portfolio and 73.5 % for the furnished portion
- Weighted average lease term: 20 years
- 40.8 % debt-to-assets ratio as of 30 June 2017
- €10 million increase in the fair value of investment properties incl. assets classified as held for sale* recognised in the income statement for the 2016/2017 financial year
- Proposed gross dividend distribution of €2.25 per share, an increase of 7 %, representing a statutory pay-out ratio of 82 %

1. This Board of Directors' report is based on the Consolidated Financial Statements. It includes, however, some data on the statutory accounts and is mentioned when the case. Full statutory financial statements and the statutory Board of Directors' report will be registered at the National Bank of Belgium within the legal deadlines and may be obtained free of charge via the Internet www.aedifica.be or upon request at the Company's headquarters.

1. STRATEGY

1.1. DIVERSIFICATION

Aedifica is positioned as a leading Belgian listed company investing in healthcare real estate in Europe, in particular in senior housing.

It aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

Aedifica's strategy is focused on the demographic trend of population ageing in Europe and the specific needs this trend implies in terms of care and housing. As evidence to support these trends, Belgium's Federal Planning Bureau anticipates that population ageing for the baby-boom generation will continue until it reaches its peak, in Belgium, by 2060. A similar trend is observed in Germany and The Netherlands.

These trends underlie long-term needs in terms of specialised real estate infrastructure. With regard to senior housing in particular, two additional factors should be taken into consideration: (i) consolidation of care operators on a European level and (ii) scarcity of public funding to finance such specialised real estate infrastructure.

The combined long-term effects of population ageing, consolidation of operators and a lack of public funds, shape Aedifica's strategy.

The Group mainly concentrates its activity in the senior housing segment, but is also active in apartment buildings and hotels and other building types. The Company's stated policy is to continue to grow in the senior housing segment, while analysing other segments of healthcare real estate in Europe.

Aedifica's strategy – to specialise in healthcare real estate – constitutes its most unique feature and greatest strength. The Company strives to be innovative and constructive in order to provide its shareholders with a safe real estate investment over the long run, one that generates recurring revenues for them.

Aedifica's strategy is mainly a buy and hold type, which is by definition oriented over the long-term. Of course, this does not exclude disposals.

The ageing of the baby-boom generation is progressing rapidly in Belgium as well as in Europe, and will reach a peak by 2060.

Investments realised or announced since the March 2017 capital increase

in € million		Marketable investment properties		Development projects	Total
		carried out	subject to outstanding conditions		
Martha Flora Hilversum	The Netherlands	2	-	6	8
Villa Walgaerde ¹	The Netherlands	4	-	-	4
La Ferme Blanche ¹	Belgium	6	-	-	6
Het Gouden Hart	The Netherlands	7	-	-	7
Huize Dennehof	The Netherlands	1	-	-	1
Prinsenhof ¹	Belgium	4	-	-	4
Op Haanven ¹	Belgium	2	-	-	2
LTS	The Netherlands	2	-	10	12
Het Gouden Hart van Leersum	The Netherlands	2	-	4	6
Residentie Blaret	Belgium	21	-	-	21
Oeverlanden	The Netherlands	12	-	-	12
Seniorenresidenz Laurentiusplatz	Germany	5	-	3	8
Seniorenheim am Dom	Germany	9	-	-	9
Huize De Compagnie	The Netherlands	2	-	6	9
Rendant (portfolio)	The Netherlands	-	-	40	40
Specht Gruppe (portfolio)	Germany	-	-	200	200
Huize Hoog Kerckebosch	The Netherlands	8	-	-	8
Villa Temporis (phase II) ¹	Belgium	2	-	-	2
Molenenk ¹	The Netherlands	11	-	-	11
Total as of 31 August 2017		102	0	269	371

1. Realisations of agreements concluded previously.

7th

POSITION AMONG
THE 100 LARGEST REAL ESTATE
PORTFOLIOS IN BELGIUM
(36TH IN 2006)

a. Senior housing

Professionalisation and consolidation in the senior housing market is evident at a European level. Aedifica participates actively in Belgium as well as in Germany and The Netherlands by acquiring buildings, engaging in sale and rent back arrangements for existing buildings, by investing in construction of new buildings, or by undertaking upgrades, renovations and/or extensions of existing sites.

The Company puts its buildings at the disposal of professional and specialised operators under long-term contracts that generate high net rental yields.

Considerable growth potential remains in this sector. As a portion of the number of approved beds in Belgium, Aedifica holds approximately 4% of the market as of 30 June 2017.

Aedifica responds to the needs of its operators, and to the growing demand arising due to shifting demographics, by holding both rest homes and assisted-living buildings.

- A rest home is a specialised building in which the elderly reside and benefit from continuous assistance in daily-life (catering, cleaning, and nursing or other care). These facilities are called “maison de repos” or “woonzorgcentrum” in Belgium, “Pflegeheim” in Germany or “zorgresidentie” / “verpleeghuis” in The Netherlands.
- An assisted-living complex consists of one or several buildings that contain living spaces designed for the needs of the elderly and which allow residents to maintain autonomous living while benefiting from access to additional services on demand. These buildings are called “residence-services” or “assistentiewoningen” in Belgium, “betreutes Wohnen” in Germany and “seniorenappartementen” in The Netherlands.

The senior housing market generates stable and recurring revenues, which provide for the distribution of dividends to Aedifica shareholders. According to a study published by Cushman & Wakefield in January 2016, Aedifica held the 1st position in terms of private real estate investors in rest homes in Belgium for the period 2005-2015, representing 36% of the total amount invested by RRECs, insurers, banks and other types of investors.

Since 2013, the Company has also been active in Germany, and in The Netherlands since early 2016. This expansion into the German and Dutch market is consistent with the Company’s strategy in the senior housing segment. It allows for better diversification of tenants and extends the Company’s operations in a market which tends to structure itself at a European level. The Company positions its ambitions with respect to senior housing in a European context (see chapter on “Risk Factors” of this Annual Financial Report). Information on the German and Dutch senior housing markets is given in the “Property Report” chapter of this Annual Financial Report.

On 30 June 2017, senior housing represents 82% of the group’s portfolio.

b. Apartment buildings

Aedifica holds apartment buildings (preferably without co-owners) situated in lively districts that are centrally located and easily accessible within Belgium’s major cities, mainly Brussels. The buildings are primarily residential but may also include office or retail space, given their urban locations which commonly feature mixed-use buildings.

Most apartments are furnished by the occupants under traditional rental contracts. Others are furnished by Aedifica and tend to be let under short-term rental contracts.

On 30 June 2017, apartment buildings represent 14% of the group’s portfolio.

c. Hotels and other

In prior years, Aedifica acquired six hotels that are operated by two professional and specialised operators under long-term contracts.

The portfolio contains two large hotels situated in two of the most touristic cities in Flanders (Bruges and Leuven), and four hotels in Limburg (Genk, Tongeren, and in close proximity to Maastricht).

This segment also comprises a number of small properties (land reserves).

On 30 June 2017, hotels and other represent 4% of the group’s portfolio.

1.2. GROWTH STRATEGY

Aedifica follows a growth strategy which, between 31 December 2006 and 31 December 2016, has seen the Company rise successfully from 36th to 7th place in the ranking of Belgium’s 100 largest real estate portfolios (according to the “Investors Directory 2017”, published by Expertise BVBA in March 2017). The Company intends to continue on this growth trajectory in order to derive benefits linked to its scale, including:

- strong liquidity, which is an important criterion for investors;
- strong diversification of risks;
- capacity to effectively respond to market opportunities;
- strong portfolio management, which features collaboration with high-level partners;
- predictable revenues;
- good coverage of fixed costs; and
- an increasing EPRA Earnings* per share, and, subsequently, optimal returns for shareholders.

1.3. POSSIBLE STRATEGIC DEVELOPMENTS

Within the world of European healthcare real estate, senior housing is currently the most developed and therefore most relevant segment for Aedifica. Population ageing will probably have a very significant impact on care “consumption” and this trend could encourage the development of new segments, which are more oriented towards “cure” (care hotels, rehabilitation centres, hospitals, medical facilities, etc.) than “care”. Aedifica is therefore studying the possibility of investing in new sectors of the healthcare real estate market and is continually evaluating the needs and opportunities generated by shifting demographics.

Aedifica is also studying the possibility of investing in geographic markets within Europe outside of Belgium, Germany and The Netherlands, with a focus healthcare real estate.

2. OPERATIONS CARRIED OUT BEFORE AND AFTER THE 30 JUNE 2017 CLOSURE

2.1. OPERATIONS CARRIED OUT BEFORE THE 30 JUNE 2017 CLOSURE

Investments carried out during the financial year are detailed in sections 2.1.1, 2.1.2, 2.1.3 and 2.1.4. The different operations are also described in the Company’s press releases, which are available online at www.aedifica.be. The contractual value of acquisitions disclosed in this section complies with the provisions of article 49 §1 of the Act of 12 May 2014 on Regulated Real Estate Companies.

2.1.1. Investments in Belgium

Acquisition of a portfolio of 8 senior housing sites

On 19 August 2016, Aedifica acquired a portfolio of eight senior housing sites in Belgium given fulfilment of the outstanding conditions, announced in the press release of 24 May 2016. Aedifica took control of seven sites through the acquisition of real estate companies, and of one site through an asset deal. The portfolio comprises eight rest homes which are intended for seniors requiring continuous care and located in the Belgian provinces of Antwerp, Limburg and Flemish Brabant. All sites were built or redeveloped between 1996 and 2016. The Oosterzonne rest home is located in the centre of Zutendaal (8,000 inhabitants, Province of Limburg). The building comprises 82 units. The De Witte Bergen rest home is located in Lichtaart, a part of Kasterlee (18,000 inhabitants, Province of Antwerp). The site comprises 119 units. The Seniorenhof rest home is located in Tongeren (31,000 inhabitants, Province of Limburg) and comprises 52 units; the site also offers extension potential. The Beerzelhof rest home is located in Beerzel, a part of Putte (17,000 inhabitants, Province of Antwerp) and comprises 61 units. The Uilenspiegel rest home is located in Genk (65,000 inhabitants, Province of Limburg) and comprises 97 units; the site also offers extension potential. The Coham rest home is located in Ham (11,000 inhabitants, Province of Limburg) and comprises 120 units; the site

also offers extension potential. The Sorgvliet rest home is located in Linter (7,000 inhabitants, Province of Flemish Brabant) and comprises 83 units. The Ezeldijk rest home is located in Diest (23,000 inhabitants, Province of Flemish Brabant) and comprises 105 units. The cumulative contractual value of these eight sites amounts to approx. €97 million. The operation was financed in part using Aedifica’s credit facilities and partly through the takeover of existing credit facilities. The operator of the rest homes is the non-profit organisation ASBL Foyer de Lork. The group Senior Living Group took control over ASBL Foyer de Lork. The leases for these eight sites are irrevocable triple net long leases, which generate initial gross yields of more than 5%. The contractual value amounts to approx. €97 million.

FROHNAU
GERMANY –
SENIOR HOUSING



11 sites

ACQUIRED IN BELGIUM
IN 2016/2017

Acquisition of a rest home in Glabbeek (Province of Flemish Brabant)

On 30 September 2016, Aedifica announced the acquisition of a senior housing site in Glabbeek via the acquisition (by Aedifica and its subsidiary Aedifica Invest SA) of 100% of the shares of WZC Arcadia SPRL. This operation is a part of the agreement in principle (announced on 12 June 2014) for acquisition of a portfolio of five rest homes in the Province of Flemish Brabant in collaboration with B&R (the construction group). Residentie Den Boomgaard is well located in the centre of the Glabbeek commune (5,000 inhabitants, Province of Flemish Brabant), approx. 20 km from Leuven. The building can welcome 90 residents. The acquisition has been financed using Aedifica's credit facilities. The operator of the site is an entity of the Vulpia Group. The contract established for the rest home is an irrevocable 27-year triple net long lease. The initial gross yield amounts to approx. 5.5% for a contractual value of approx. €12 million.

Acquisition of a rest home in Anderlecht (Brussels-Capital Region)

On 8 December 2016, Aedifica announced the acquisition of a rest home in Brussels, given fulfilment of the outstanding conditions announced in the press release of 28 June 2016. Les Jardins de la Mémoire is situated in Anderlecht (115,000 inhabitants, Brussels-Capital Region). The site benefits from an excellent location on the Université libre de Bruxelles ("ULB") campus, where the Erasmus Hospital is also located. The rest home is specialised in caring for dementia patients. The building was constructed in 2005. Les Jardins de la Mémoire can welcome 110 residents, in 70 single rooms and 20 double rooms. This investment was carried out by the contribution in kind of the ownership of the building and the emphyteusis on the land, as well as by the takeover of an existing credit facility. The plot of land on which the building is situated is the subject of an 83-year long lease. The ULB holds the bare ownership of this plot of land. The transaction was financed in part through the issuance of 65,952 new Aedifica shares for an amount of approx. €4 million and partly through the takeover of an existing credit facility of approx. €7 million. The new shares are fully paid-up, with no par value. These shares are quoted on the stock market as of 12 December 2016 and will give dividend rights for the 2016/2017 financial year, provided that the contributor has assumed the expected dividend for the period from 1 July 2016 to 8 December 2016. The operator of the site is Les Jardins de la Mémoire ASBL, which became an entity of the group Senior Living Group during the summer of 2016. The contract established for the rest home is an irrevocable triple net long lease. The initial gross yield amounts to approx. 6% for a contractual value of approx. €11 million.

Acquisition of a rest home in Sint-Genesius-Rode (Province of Flemish Brabant)

On 30 May 2017, Aedifica announced the acquisition of a senior housing site in Belgium. The Residentie Blaret

rest home benefits from an excellent location in a residential area of Sint-Genesius-Rode (18,000 inhabitants, Province of Flemish Brabant). The site features a former farmhouse (a protected monument which dates from the 19th century) which was extended and entirely redeveloped into a modern residential care facility serving the middle to high-end market segment, oriented toward seniors requiring on-going assistance. The rest home lies within a large private park with a pond and includes a physical therapy room, a restaurant and an underground parking lot. The site was completed in 2017 and is able to welcome 107 residents in an exceptional environment. Aedifica SA/NV acquired the full property of the site. The contractual value amounts to approx. €21 million (including VAT). The operation was financed using Aedifica's credit facilities. The site is operated by an entity of the Vulpia group. The lease established for this site is an irrevocable 27-year triple net long lease. The initial gross yield amounts to approx. 5%.

2.1.2. Investments in Germany

Acquisition of a portfolio of 5 rest homes

On 1 September 2016, Aedifica announced the acquisition of a portfolio of five rest homes in Germany, following the fulfilment of the outstanding conditions, announced in the press release of 6 July 2016. The purchase price was paid in full, thus Aedifica SA controls henceforth the two Luxemburg companies that own the five sites. The operation was financed using Aedifica's credit facilities. The portfolio comprises five rest homes in the German states of Berlin, Bavaria and Saxony-Anhalt. All buildings were built between 2001 and 2003, with the exception of Frohnau rest home. The Am Kloster rest home is located at the outskirts of the city centre of Halberstadt (40,000 inhabitants, State of Saxony-Anhalt), 55 km southwest of Magdeburg. The site was built in 2003 and can welcome 136 residents. The Rosenpark rest home is located in Uehlfeld, a village near Höchststadt (13,000 inhabitants, State of Bavaria), at 40 km from Nuremberg. The rest home was built in 2003 and can welcome 79 residents. The Patricia rest home is located in a residential area in Nuremberg (500,000 inhabitants, State of Bavaria). The rest home was built in 2003 and can welcome 174 residents. The St. Anna rest home is located in a residential area at the outskirts of the historic centre of Höchststadt (13,000 inhabitants, State of Bavaria). The rest home was built in 2002 and can welcome 161 residents. The Frohnau rest home is located in Berlin (3,600,000 inhabitants, State of Berlin) in the area of Frohnau and can welcome

107 residents. The rest home was originally built in 1969 and subsequently renovated and expanded in 1992. The location and size of the site also offer future extension potential. The operator of the rest homes is the Vitanas group. The leases for these five sites are new irrevocable long leases. Initial gross yields amount to more than 6% for a contractual value of approx. €60 million.

Acquisition of a rest home in Berlin (State of Berlin)

On 15 December 2016, Aedifica announced the acquisition of a rest home in Germany. The Residenz Zehlendorf rest home is located in Zehlendorf (59,000 inhabitants, State of Berlin), a green, residential area of Berlin city (3,600,000 inhabitants). The rest home benefits from an excellent location near two parks and a hospital. It was built in 1984 and renovated in 1993 and 2002. A complete renovation of the site is planned, allowing the building to meet current and future comfort and conformity requirements. The site will be renovated in phases to enable operations to continue during works. Upon completion of this renovation, the building will be able to welcome 145 residents. The investment budget for the project amounts to approx. €5 million. Completion of the works is expected in 2019. This investment was realised through the acquisition of the control of a company based in Luxemburg, which currently owns the building. The operation was financed using Aedifica's credit facilities. The rest home is rented and operated by Residenz Zehlendorf Kranken- und Pflegeheim GmbH, a subsidiary of the Aetas group. The contract established for the rest home is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7%. The contractual value amounts to approx. €8 million. In time, Aedifica's total investment (including the renovation), will amount to approx. €13 million.

Acquisition of a senior housing site in Wuppertal-Elberfeld (State of North Rhine-Westphalia)

On 31 May 2017, Aedifica announced an agreement for the acquisition of a senior housing site in Germany. This agreement was subject to outstanding conditions, which were fulfilled as of 30 June 2017. The purchase price has been paid and Aedifica SA/NV has acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities. The Seniorenresidenz Laurentiusplatz senior housing site benefits from an excellent location in the centre of Wuppertal-Elberfeld (350,000 inhabitants, State of North Rhine-Westphalia). The office building (a protected monument which dates from the 19th century) was renovated and redeveloped into a residential care facility in 1998. The site has a capacity of 79 units, including 69 units intended for seniors opting to live independently with care services available on demand and 10 units for seniors requiring continuous care (rest home rooms). Aedifica has budgeted approx. €3 million for renovation works. Operations of the site will continue during renovation works. Completion of the works is expected by the end of 2018. The contractual value amounts to approx. €5 million. In time, Aedifica's total investment (including the renovation), will

amount to approx. €8 million. The site is operated by an entity of the Medeor Seniorenresidenzen group (Seniorenresidenz Laurentiusplatz GmbH). The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 6.5%.

Acquisition of a rest home in Halberstadt (State of Saxony-Anhalt)

On 13 June 2017, Aedifica announced an agreement for the acquisition of a rest home in Germany. This agreement was subject to outstanding conditions, which were fulfilled as of 28 July 2017. The purchase price has been paid and Aedifica SA/NV has acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities. The Seniorenheim am Dom rest home benefits from an excellent location in the historic centre of Halberstadt (40,000 inhabitants, State of Saxony-Anhalt). The residential care facility is intended for seniors requiring continuous care (Pflegeheim). The rest home has approximately one hundred rooms and includes several recreational rooms and physical therapy rooms. The building was constructed in 2008 and can welcome 126 residents. The contractual value amounts to approx. €9 million. The site is operated by an entity of the Deutsche Pflege und Wohnen group (Deutsche Pflege und Wohnstift GmbH). Since 2016, DPUW is controlled by the Belgian group Armonea. The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7%.

2.1.3. Investments in The Netherlands

Acquisition of a portfolio of 3 senior housing sites

On 14 September 2016, Aedifica announced the acquisition of a portfolio of three senior housing sites in The Netherlands. The portfolio comprises three senior housing sites in the Dutch provinces of Limburg and North Brabant. The Parc Imstenrade residence is located in Heerlen (87,000 inhabitants, Province of Limburg), approx. 20 km East of Maastricht. The site comprises multiple buildings dedicated for senior housing and care. The main building (a protected monument built in 1923, originally operated as a maternity hospital with a midwifery school) was entirely redeveloped as a senior housing site and expanded with addition of a new wing in 2000. Another new building was added to the site in 2007. Parc Imstenrade comprises 240 apartments for seniors, a care hotel in a separate building that comprises ten rooms and a wing for hospital care ("verpleeghuis") comprising 13 units for seniors suffering from

7 sites

ACQUIRED IN GERMANY
IN 2016/2017

12 sites

ACQUIRED IN
THE NETHERLANDS
IN 2016/2017

dementia. Moreover, the site (gross aboveground floor area of approx. 47,500 m²) contains several common areas, a restaurant, a convenience store, a physiotherapist's office and approx. 380 above and underground parking spaces. The senior apartments are primarily rented out in the non-subsidised sector, but some apartments which are also offered in the subsidised sector. The site also contains plots of land which offer future extension potential. The Genderstate residence is located in Gestel, a residential area at the outskirts of Eindhoven's city centre (225,000 inhabitants, Province of North Brabant). The site comprises two buildings and benefits from an excellent location in a green area next to public Genderpark park. The Genderstate residence is part of a larger site that offers several services and housing possibilities specifically for seniors in subsidised and non-subsidised sectors. Both buildings on the site were constructed in the early 2000s. The Genderstate residence (gross aboveground floor area of approx. 7,500 m²) contains 44 senior apartments (non-subsidised sector rentals) and approx. 45 above and underground parking spaces. The Petruspark residence is located in a residential area on the North side of Eindhoven (Province of North Brabant). The building was constructed in 1991 around a vast courtyard. The site (gross aboveground floor area of approx. 20,000 m²) comprises 139 senior apartments (non-subsidised rentals), a restaurant, several common areas and approx. 100 underground parking spaces. About half of the apartments were recently renovated and the other half will be renovated in the near future. Aedifica has allocated a budget amounting to €2 million to fund this ongoing renovation. These three sites are primarily or entirely focused on senior housing in the form of apartments that offer care services on-demand. The buildings weren't designed as traditional rest homes (with rooms), rather, they were designed as classic apartment complexes, but with inclusion of specific accessibility features, common areas (e.g. restaurants, community spaces) and specialised facilities (e.g. on-call nursing services). Care and other services are optional for the residents. Nursing care is available on demand (as indicated by the presence of a wing for hospital care for seniors suffering from dementia in Parc Imstenrade). Consequently, these buildings offer a range of alternative usages, whether directed toward care services, traditional rentals, or sale on the private residential market. Aedifica Nederland BV, a 100% Dutch subsidiary of Aedifica SA, acquired the full property of the three sites. The contractual value of this portfolio amounts to approx. €73 million, including plots of land amounting to €1.5 million. The initial yields for the existing buildings amount to approx. 5.5%. The operation was financed using Aedifica's credit facilities. The operator of the three sites is Stichting Vitalis Residentiële Woonvormen. This foundation is part of the Vitalis WoonZorg Groep, a group of foundations that has been active in the senior care and housing market since 1969 (and since 1999 under the name of Vitalis). Stichting Vitalis Residentiële Woonvormen sublets the

apartments to residents and/or parts of the buildings to specialised operators (e.g. Stichting Vitalis Zorg Groep). Stichting Vitalis Zorg Groep (a foundation which is part of Vitalis WoonZorg Groep, but separated from Stichting Vitalis Residentiële Woonvormen) has committed itself to provide care services to the residents of the three sites for the duration of the lease period with Aedifica. The leases established with Stichting Vitalis Residentiële Woonvormen for these three sites are 15-year long leases (irrevocable by operator).

Acquisition of a care residence in Vleuten (Province of Utrecht)

On 21 December 2016, Aedifica announced the acquisition of a senior housing site in The Netherlands. The Spes Nostra care residence is a small-scale residential care facility in the mid- to high-end market segment and is intended for seniors requiring continuous care. The site is located in Vleuten (7,000 inhabitants), an area near the historic centre of the city of Utrecht (340,000 inhabitants, Province of Utrecht). The building is a former convent, constructed in the 1950s, which was entirely redeveloped into a modern residential care facility for seniors. Transformation works were completed in November 2016. The site can welcome 30 residents. It also offers extension potential. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA, acquired the full property of the Spes Nostra site. The contractual value amounts to approx. €7 million. The operation was financed using Aedifica's credit facilities. The site is operated by the Stepping Stones Home & Care group. The lease established for this site is an irrevocable 20-year triple net long lease, which generates an initial gross yield of approx. 7%. The acquisition of Spes Nostra marks the 100th senior housing site in Aedifica's portfolio.

Agreement of a senior housing site in Oude Pekela (Province of Groningen)

On 19 January 2017, Aedifica announced the acquisition of a new senior housing site in the Netherlands. The Het Dokhuis care residence benefits from an excellent location in the centre of Oude Pekela (8,000 inhabitants, Province of Groningen), approx. 35 km from the city of Groningen. The site was completed in 2016 and comprises a medical centre and a care residence. The medical centre (situated on the ground floor) includes a pharmacy, a general practitioners' office, a physical therapists' office, a psychologists' office and a centre for medical analysis. The care residence (situated on the first and second floors) is a small-scale residential

care facility and is intended for seniors requiring continuous care. It can welcome 32 residents. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA, acquired the full property of the site. The contractual value amounts to approx. €5 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by Stichting Oosterlengte. The medical centre is operated by several tenants. The lease established for the care residence is an irrevocable 15-year double net long lease. The leases established with the medical centre's five operators are irrevocable double net leases with a weighted average lease term of 14 years. In accordance with these double net leases, the owner will assume responsibility for the building's insurance costs and local taxes. A part of the building's maintenance costs is borne by the owner as well. However, (complete) maintenance of the building will be covered by the seller for a 10-year period in accordance with a specific management agreement. The initial gross (double net) yield amounts to approx. 7.5%.

Acquisition of a care residence to be constructed in Hilversum (Province of North Holland)

On 31 March 2017, Aedifica announced an agreement for the acquisition of a senior housing site to be constructed in The Netherlands. This agreement was subject to one outstanding condition, which has been fulfilled on 23 May 2017. The Martha Flora Hilversum care residence will benefit from an excellent location in a residential area in the city centre of Hilversum (88,000 inhabitants, Province of North Holland). The site features a former office building which will be entirely redeveloped into a modern residential care facility for seniors requiring continuous care, in particular seniors suffering from dementia. The building is expected to be completed during the first half of 2018 and will be able to welcome 33 residents. On 23 May 2017, Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the plot of land (for a contractual value of approx. €2 million). The construction project will be carried out by Aalberts Bouw BV and delivered turnkey to Aedifica on behalf of Aalberts Ontwikkeling BV. The contractual value amounts to approx. €8 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by the Martha Flora group. The lease that was established for this site is an irrevocable 25-year triple net long lease, which will generate an initial gross yield of approx. 7%.

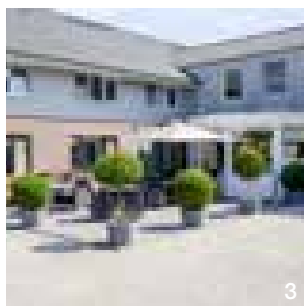
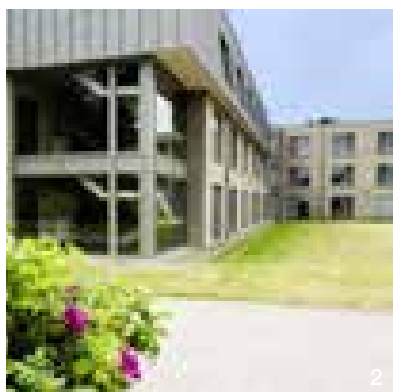
Acquisition of a care residence in Hilversum (Province of North Holland)

On 31 March 2017, Aedifica confirmed the acquisition of a senior housing site in The Netherlands, as announced in the press release of 1 March 2016. The Villa Walgaerde care residence is a small-scale residential care facility in the high-end market segment and is intended for seniors requiring continuous care. It is located in Hilversum (88,000 inhabitants, Province of North Holland) and benefits from an excellent location in a green, residential area at the outskirts of the city centre. The building is a protected monument which was entirely transformed into a modern residential care facility. Transformation works were completed in March 2017. Villa Walgaerde is able to welcome 15 residents. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value amounts to approx. €4 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by Domus Magnus. The lease established for this site is an irrevocable 20-year triple net long lease, which generates an initial gross yield of approx. 7%.

Acquisition of two care residences in Kampen and Driebergen (Provinces of Overijssel and Utrecht)

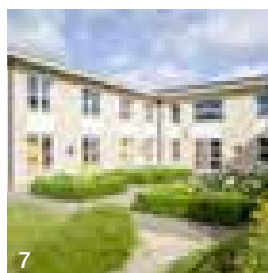
On 4 April 2017, Aedifica announced the acquisition of two senior housing sites in The Netherlands. The Het Gouden Hart care residence is a small-scale residential care facility in the middle to high-end market segment, intended for seniors requiring continuous care. The site (a protected monument which dates from 1854) benefits from an excellent location in the historical centre of Kampen (35,000 inhabitants, Province of Overijssel). The building, which previously housed a barracks and subsequently a university, was entirely transformed into a modern residential care facility. Transformation works were carried out by Schagen Groep and were completed in early April 2017. The site comprises a care residence, which is able to welcome 26 residents, and a care hotel (intended for short-term rehabilitative and respite care) with a capacity of 11 residents. The Huize Dennehof care residence is located in Driebergen-Rijsenburg (18,500 inhabitants, Province of Utrecht), at approx. 15 km from the city of Utrecht. The site benefits from an excellent location next to a large park. It is a small-scale residential care facility in the middle to high-end market segment, oriented toward seniors requiring on-going assistance. The care residence is able to welcome 9 residents. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the full property of the two sites. The contractual value of the sites amounts to approx. €7 million and €1 million, respectively. The operation was financed using Aedifica's credit facilities. Both care residences are operated by Het Gouden Hart BV. The leases established for both sites are irrevocable 20-year triple net long leases, which generate initial gross yields of approx. 7%.

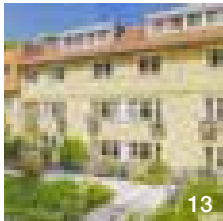
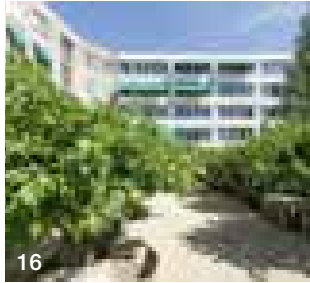
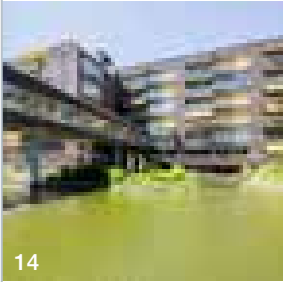
PORTFOLIO EVOLUTION DURING THE 2016/2017 FINANCIAL YEAR



ADDITIONS TO THE PORTFOLIO

1. **Oosterzonne** rest home in Zutendaal (Limburg, Belgium)
2. **De Witte Bergen** rest home in Lichtaart (Antwerp, Belgium)
3. **Seniorenhof** rest home in Tongeren (Limburg, Belgium)
4. **Beerzelhof** rest home in Beerzel (Antwerp, Belgium)
5. **Uilenspiegel** rest home in Genk (Limburg, Belgium)
6. **Coham** rest home in Ham (Limburg, Belgium)
7. **Sorgvliet** rest home in Linter (Flemish Brabant, Belgium)
8. **Ezeldijk** rest home in Diest (Flemish Brabant, Belgium)
9. **Am Kloster** rest home in Halberstadt (Saxony-Anhalt, Germany)
10. **Rosenpark** rest home in Uehlfeld (Bavaria, Germany)
11. **Patricia** rest home in Nuremberg (Bavaria, Germany)
12. **St. Anna** rest home in Höchstadt (Bavaria, Germany)
13. **Frohnau** rest home in Berlin (Berlin, Germany)
14. **Parc Imstenrade** senior housing site in Heerlen (Limburg, The Netherlands)
15. **Genderstate** senior housing site in Eindhoven (North Brabant, The Netherlands)
16. **Petruspark** senior housing site in Eindhoven (North Brabant, The Netherlands)
17. **Den Boomgaard** rest home in Glabbeek (Flemish Brabant, Belgium)
18. **Les Jardins de la Mémoire** rest home in Anderlecht (Brussels, Belgium)
19. **Residenz Zehlendorf** rest home in Berlin (Berlin, Germany)







20



26



21



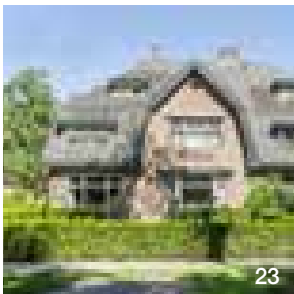
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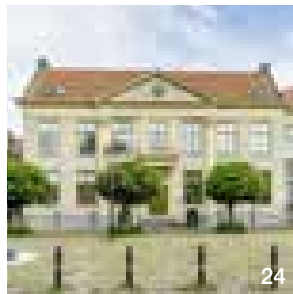
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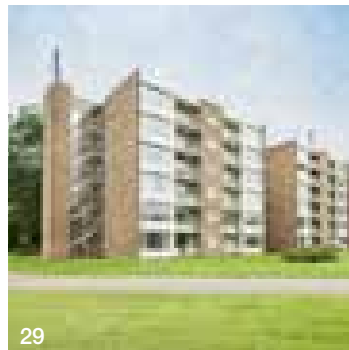
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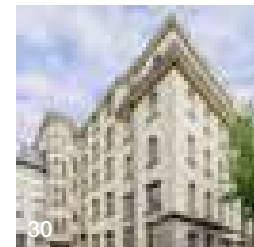
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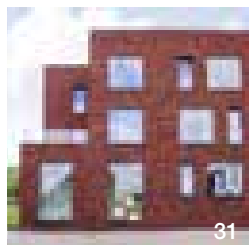
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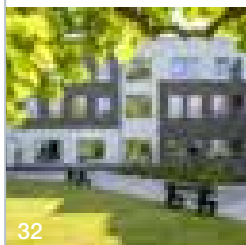
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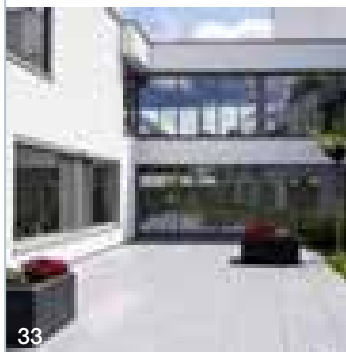


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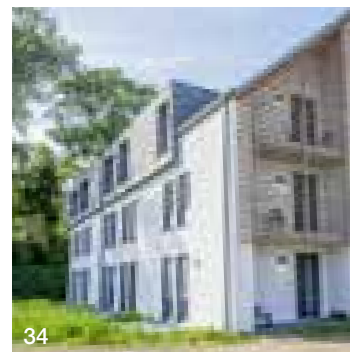
- 20. Spes Nostra** care residence in Vleuten (Utrecht, The Netherlands)
- 21. Het Dokhuis** senior housing site in Oude Pekela (Groningen, The Netherlands)
- 22. Villa Walgaerde** care residence in Hilversum (North Holland, The Netherlands)
- 23. Huize Dennehof** care residence in Driebergen-Rijsenburg (Utrecht, The Netherlands)
- 24. Het Gouden Hart** care residence in Kampen (Overijssel, The Netherlands)
- 25. LTS Winschoten** healthcare site in Winschoten (Groningen, The Netherlands)
- 26. Martha Flora Hilversum** care residence in Hilversum (North Holland, The Netherlands)
- 27. Het Gouden Hart van Leersum** care residence in Leersum (Utrecht, The Netherlands)
- 28. Residentie Blaret** rest home in Sint-Genesius-Rode (Flemish Brabant, Belgium)
- 29. Oeverlanden** healthcare site in Meppel (Drenthe, The Netherlands)
- 30. Seniorenresidenz Laurentiusplatz** senior housing site in Wuppertal-Elberfeld (North Rhine-Westphalia, Germany)

EXTENSIONS AND RENOVATIONS

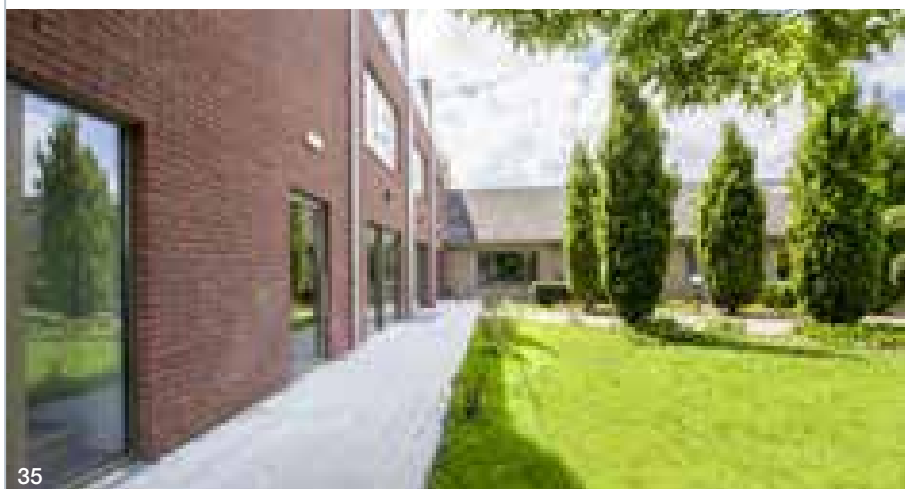
- 31. Villa Temporis** senior housing site in Hasselt (Limburg, Belgium)
- 32. Au Bon Vieux Temps** senior housing site in Mont-Saint-Guibert (Walloon Brabant, Belgium)
- 33. Vinkenbosch** rest home in Hasselt (Limburg, Belgium)
- 34. La Ferme Blanche** rest home in Remicourt (Liège, Belgium)
- 35. Prinsenhof** rest home in Koersel (Limburg, Belgium)
- 36. Op Haanven** rest home in Veerle-Laakdal (Antwerp, Belgium)
- 37. 't Hoge** senior housing site in Kortrijk (West Flanders, Belgium)
- 38. Plantijn** rest home in Kapellen (Antwerp, Belgium)
- 39. Hotel Martin's Brugge** hotel in Bruges (West Flanders, Belgium)



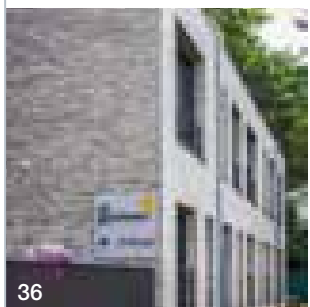
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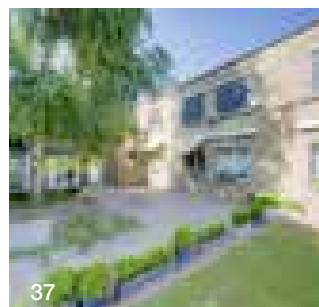
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35



36



37



38



39

82%

SHARE OF SENIOR HOUSING
IN THE PORTFOLIO

Acquisition of a healthcare site to be constructed in Winschoten (Province of Groningen)

On 10 May 2017, Aedifica announced the acquisition of a healthcare site to be constructed, combining senior housing with a medical centre. The LTS healthcare site will benefit from an excellent location in the centre of Winschoten, part of Oldambt (38,500 inhabitants, Province of Groningen). The site features a former school building which will be entirely redeveloped and extended by Vastgoud BV. The site will be completed during the summer of 2018 and will comprise a medical centre, a care residence and apartments for seniors. The medical centre (situated on the ground floor) includes approx. fifteen units which will be rented out to various players in the care sector (i.e. a pharmacy, general practitioner's office, physical therapists' office, etc.). The care residence (situated on the first and second floors) is a small-scale residential care facility and intended for seniors requiring continuous care. It will be able to welcome 32 residents. Approx. 50 apartments for seniors (situated on the second and third floors) will be rented out to seniors willing to live independently. Care services will be provided on-demand. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the plot of land (for a contractual value of approx. €2 million). The construction project will be carried out and delivered turnkey to Aedifica by Vastgoud BV. The contractual value of this site amounts to approx. €12 million. The operation will be financed using Aedifica's credit facilities. The care residence will be rented out to Stichting Oosterlengte. The medical centre will be operated by several tenants. The senior apartments will be rented out to an entity of the Vastgoud group, which will sublet the apartments to the residents. They will be able to benefit from on-demand care services provided by Stichting Oosterlengte. The lease established for the care residence is an irrevocable 15-year long lease. The leases that will be established with the medical centre's tenants are irrevocable leases for a period of 5 to 15 years. The lease for the senior apartments will be an irrevocable 15-year long lease. In accordance with these leases, the owner will assume responsibility for the building's insurance costs and local taxes. A part of the building's maintenance costs is borne by the owner as well. However, (complete) maintenance of the building will be covered by the seller for a 15-year period in accordance with a specific management agreement. The initial gross yield amounts to approx. 7.5%.

Acquisition of a care residence in Leersum (Province of Utrecht)

On 29 May 2017, Aedifica announced the acquisition of a senior housing site to be constructed in The Netherlands. The future Het Gouden Hart van Leersum care residence will benefit from an excellent location in the centre of Leersum (8,000 inhabitants, Province of Utrecht). The site features a former town hall which will be entirely redeveloped into a modern residential care facility serving seniors requiring continuous care in the middle to high-end market segment. The site will have

a capacity of 26 units. Aedifica has budgeted approx. €4 million for renovation works. Completion of the works is expected during the first quarter of 2018. On 29 May 2017, Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value of the site amounts to approx. €2 million. The construction will be carried out by Legemaat van Elst BV and delivered turnkey to Aedifica. Aedifica's total investment (including the renovation) will amount to approx. €6 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by Het Gouden Hart. The lease established for this site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5%.

Acquisition of a healthcare site in Meppel (Province of Drenthe)

On 30 May 2017, Aedifica announced the acquisition of a healthcare site in The Netherlands. The Oeverlanden healthcare site is located in the centre of Meppel (33,000 inhabitants, Province of Drenthe) near the Wilhelminalpark. The site comprises 140 housing units, including 92 apartments oriented intended for seniors requiring either low care service levels or continuous care, 48 apartments catering to disabled people, and several common areas (e.g. conference rooms, recreation rooms, therapy rooms, a store, a hairdresser, a bar, etc.). The buildings were constructed in 1970, 2004 and 2012. After previous renovation works in 2001 and 2016, the tenant will soon continue the site's renovation. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value of this site amounts to approx. €12 million. The operation was financed using Aedifica's credit facilities. The site is rented out to Zorggroep Noorderboog, a foundation (a Dutch not-for-profit organisation) set up following the merger between the Noorderboog foundation and the De Stouwe foundation. Part of the site (including 48 apartments) is sublet by Zorggroep Noorderboog to Promens Care, a Dutch foundation offering support to disabled people. The lease established for this site with Zorggroep Noorderboog is an irrevocable 18-year long lease, which generates an initial gross yield of approx. 6.5%. In accordance with this lease, the tenant assumes responsibility for (complete) technical maintenance costs.

9

DEVELOPMENT PROJECTS
COMPLETED IN 2016/2017

2.1.4. Sites available for use after renovation and extension works

Hasselt (Province of Limburg, Belgium)

On 30 September 2016, Aedifica announced that the Villa Temporis senior housing site (located in Hasselt, 76,000 inhabitants, Province of Limburg, Belgium) is available for use following completion of phase I of the extension project. Phase I of the extension involved the construction of a new rest home with a capacity of 63 units. The 40 existing assisted-living apartments will be completely renovated during phase II. Villa Temporis is well located in a residential area, near the centre of Hasselt. The rest home was acquired in 2014 and is rented out to an entity of the Vulpia Group on the basis of a 27-year long lease. The lease generates an initial triple net yield of approx. 5.5%. The contractual value of the site upon completion of phase I amounts to approx. €12 million (i.e. a contractual value of approx. €5 million for the existing building and plot of land and an invested budget of approx. €7 million for the construction project). The remaining investment budget for phase II amounts to approx. €2 million.

Mont-Saint-Guibert (Province of Walloon Brabant, Belgium)

On 30 September 2016, Aedifica announced that a new building on the Au Bon Vieux Temps senior housing site (located in Mont-Saint-Guibert, 7,000 inhabitants, Province of Walloon Brabant, Belgium) is available for use. The construction included a rest home with a capacity of 79 units and 25 assisted-living apartments. Au Bon Vieux Temps is well located in the vicinity of the centre of Mont-Saint-Guibert. The site was acquired in 2008 and is rented out to an entity of the group Senior Living Group on the basis of a long lease, generating an initial triple net yield of approx. 6%. The investment budget for the extension amounted to approx. €10 million.

Hasselt (Province of Limburg, Belgium)

On 19 January 2017, Aedifica announced that the Vinkenbosch rest home (located in Hasselt, 76,000 inhabitants, Province of Limburg, Belgium) is available for use following completion of phase I of the extension project. Phase I of the extension involved the construction of a new rest home with a capacity of 80 units. During phase II, the initial building will be entirely redeveloped into a rest home with 30 units. After phase II (which is expected to start in 2017 and to be completed in 2018), the total capacity of the site will reach 110 units. Vinkenbosch is well located in a residential area in the centre of Kermt, part of Hasselt. The rest home was acquired



AU BON VIEUX TEMPS
BELGIUM –
SENIOR HOUSING SITE

in 2015 (see press release of 1 October 2015) and is rented out to an entity of Senior Living Group on the basis of a long lease which generates a triple net yield of approx. 5.5%. The contractual value of the site upon completion of phase I amounts to approx. €15 million.

Remicourt (Province of Liège, Belgium)

On 31 March 2017, Aedifica announced that the La Ferme Blanche rest home, located in Remicourt (6,000 inhabitants, Province of Liège, Belgium) is available for use following completion of transformation and extension works. Works included a complete renovation and the construction of a new wing to bring the capacity of the site to 90 units. The La Ferme Blanche rest home is located in a residential area of Pousset, part of Remicourt. The site was acquired in 2014 (see press release of 18 December 2014) and is rented out to an entity of the Vulpia group on the basis of a long lease which generates a triple net yield of approx. 5.5%. The contractual value of the site after works amounts to approx. €10 million (i.e. a contractual value of approx. €4 million for the existing building and plot of land, and approx. €6 million for the transformation and extension works).

Koersel (Province of Limburg, Belgium)

On 4 April 2017, Aedifica announced that the Prinsenhof rest home, located in Koersel (Province of Limburg, Belgium) is available for use following extension works. Works included the construction of a new wing to bring the total capacity of the site to 91 units. The Prinsenhof rest home is well located in a green area near the centre of Koersel, part of Beringen (45,000 inhabitants). The site was acquired in 2015 (see press release of 17 December 2015) and is operated by WZC Prinsenhof VZW on the basis of a long lease which generates a triple net yield of approx. 6%. Since 31 March 2017, the contractual value of the site after extension works amounts to approx. €10 million (i.e. a contractual value of approx. €6 million for the existing building and plot of land, and approx. €4 million for the extension works).

Veerle-Laakdal (Province of Antwerp, Belgium)

On 4 April 2017, Aedifica announced that the Op Haanven rest home (located in Veerle-Laakdal, 16,000 inhabitants, Province of Antwerp, Belgium) is available for use following completion of the last phase of renovation and extension works. Works included renovation of a building and construction of a new wing to bring the total capacity of the site to 111 units. The Op Haanven rest home is located in the centre of Veerle-Laakdal. The site was acquired in 2008 (see press release of 3 June 2008) and is operated by an entity of Senior Living Group on the basis of a long lease which generates a triple net yield of approx. 6%. The contractual value of the site after the last phase of renovation and extension works amounts to approx. €11 million.

Kortrijk (Province of West Flanders, Belgium)

The 't Hoge senior housing site in Kortrijk is available for use following completion of phase II of the extension and renovation works, during the fourth quarter of 2016/2017. Phase III is still subject to outstanding conditions. Completion of the works is expected during the 2018/2019 financial year. The site is operated by an entity of Senior Living Group.

LA FERME BLANCHE
BELGIUM -
SENIOR HOUSING



> € 195 M

BANK FINANCING CONCLUDED OR RENEGOCIATED
DURING THE 2016/2017 FINANCIAL YEAR

Kapellen (Province of Antwerp, Belgium)

The Plantijn rest home in Kapellen is available for use following completion of phase I of the extension and renovation works during the fourth quarter of 2016/2017. Completion of the works is expected during the 2019/2020 financial year. The site is operated by an entity of the Armonea group.

Bruges (Province of West Flanders, Belgium)

The Hotel Martin's Brugge hotel in Bruges is available for use following completion of the works during the fourth quarter of 2016/2017. The site is operated by Martin's Hotels.

2.1.5. Development projects in progress

The Property Report included in this Annual Financial Report includes a table describing all projects in progress as of 30 June 2017.

As of 30 June 2017, the following development projects are in progress:

- Villa Temporis phase II (renovation of a rest home in Hasselt, Limburg, Belgium);
- Molenenk (construction of a care residence in Deventer, Overijssel, The Netherlands);
- Parc Imstenrade (renovation of a site in Heerlen, Limburg, The Netherlands);
- Petruspark (renovation of a site in Eindhoven, North Brabant, The Netherlands);
- Résidence Les Cheveux d'Argent (extension of a rest home in Sart-lez-Spa, Liège, Belgium);
- Résidence l'Air du Temps (extension and renovation of a rest home in Chênée, Liège, Belgium);
- Het Gouden Hart van Leersum (construction of a care residence in Leersum, Utrecht, The Netherlands);
- Huize Lieve Moenssens (extension and renovation of a rest home in Dilsen-Stokkem, Limburg, Belgium);
- Martha Flora Hilversum (construction of a care residence in Hilversum, North Holland, The Netherlands);
- Bonn (renovation of a rest home in Bonn, North Rhine-Westphalia, Germany);
- LTS Winschoten (construction of a care residence in Winschoten, Groningen, The Netherlands);
- De Stichel (extension of a rest home in Vilvoorde, Flemish Brabant, Belgium);
- Plantijn phase II (extension and renovation of a rest home in Kapellen, Antwerp, Belgium);
- Residenz Zehlendorf (renovation of a rest home in Berlin, State of Berlin, Germany).

2.1.6. Financing

In terms of financing, the following transactions took place since the beginning of the 2016/2017 financial year:

- August 2016: assumption of investment credit facilities as part of the acquisition of a portfolio of eight senior housing sites in Belgium (€33 million maturing between now and 2035);
- September 2016: established new bilateral credit facilities with ING (€40 million and €20 million, maturing in 2021 and 2023, respectively);
- October 2016: established two new bilateral credit facilities with BNP Paribas S.A. Niederlassung Deutschland, a new banking relationship in Germany (2 x €15 million, both maturing in 2021);
- December 2016: assumption of investment credit facilities as part of the acquisition of a rest home in Belgium (€7 million maturing between now and 2036);
- February 2017: established a new bilateral credit facility with Triodos Bank (€20 million, maturing in 2024);
- February 2017: refinancing of two credit facilities with ING which were due to mature in April 2017 (€30 million) and in November 2017 (€25 million), extending them to 2024 (total of €55 million);
- February 2017: refinancing of a credit facility with BNP Paribas Fortis (€30 million) which was due to mature in August 2017, extending it to 2024.

Taking into account the abovementioned financing arrangements, the timetable showing the maturity of Aedifica's current credit facilities is as follows (in € million):

	Lines	Utilisation
• 2017/2018 :	37	30
• 2018/2019 :	131	111
• 2019/2020 :	80	68
• 2020/2021 :	91	91
• 2021/2022 :	167	100
• 2022/2023 :	160	33
• 2023/2024 :	156	106
• > 2024/2025 :	78	78
Total	898	615
Weighted Average Maturity (years)	4.5	4.2

Hence, no less than €195 million in bank financing was established or renegotiated during the 2016/2017 financial year.

Establishment of these credit facilities demonstrates once again the strong and durable relationship Aedifica maintains with its banks.

2.1.7. Other events

• Disposals

The disposal program for the assisted-living apartments located in Tienen (49 apartments) reached completion in the first half of the 2016/2017 financial year.

On 27 March 2017, the office building on rue Royale in Brussels (presented in the segment "hotels and others") was sold for an amount of approx. €2 million.

On 29 June 2017, the apartment building located at avenue de Tervueren 13A in Brussels (presented in the segment "apartment buildings") was sold for an amount of approx. €8 million.

The remaining assisted-living apartments to be sold (located at the Residentie Poortvelden site in Aarschot) amount to approx. €4 million. Thus, the assets classified as held for sale amount to €4 million as of 30 June 2017.

• Aedifica receives an award with regard to financial communication

On 8 September 2016, Aedifica received a 2nd consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2014/2015), keeping the Company at the top of the 117 real estate companies assessed by EPRA, the European association of listed real estate companies.

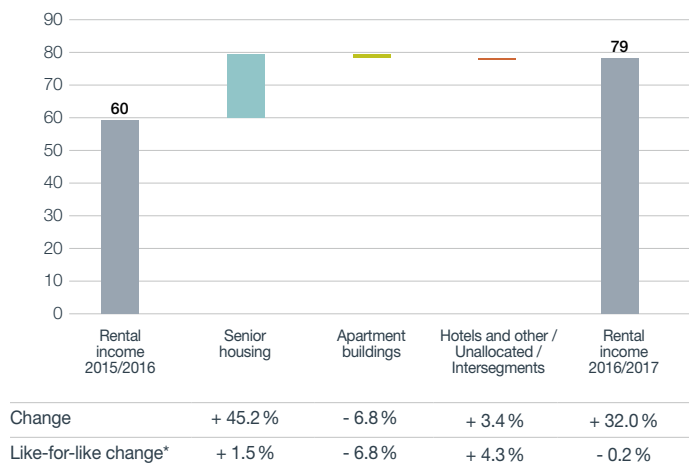
• Optional dividend 2015/2016

On 28 October 2016, Aedifica's Board of Directors decided to offer shareholders the possibility to contribute their 2015/2016 net dividend entitlement back into the capital of the Company in exchange for new shares. Shareholders were given the option to subscribe for one new share at an issue price of €65.919 per 43 no. 15 coupons (valued at €1.533 net each) contributed. Aedifica's shareholders opted to contribute approx. 37% of their net dividend entitlement back into the capital of the Company in exchange for new shares (i.e. instead of cash dividend payment). This resulted in a capital increase of approx. €8 million for Aedifica.

• Capital increase of €219 million

On 15 March 2017, Aedifica launched a capital increase in cash with priority allocation right in a gross amount of €219.3 million. The main objective was to raise new financial resources in order to pursue growth in its property portfolio while maintaining an appropriate debt-to-assets-ratio of approx. 50 to 55%. On 28 March 2017, Aedifica issued 3,595,164 new shares at an issue price of €61.00 per share, i.e. €219,305,004.00 (including share premium). These new shares were immediately admitted to trading and give right to a prorata temporis dividend as from 28 March 2017.

Rental income (30 June 2017) (in € million)



32%

INCREASE OF THE
CONSOLIDATED RENTAL INCOME

2.2. OPERATIONS AFTER THE 30 JUNE 2017 CLOSURE

2.2.1. Investments

Acquisition of a care residence to be constructed in Ede (Province of Gelderland, The Netherlands)

On 10 July 2017, Aedifica announced the acquisition of a senior housing site to be constructed in The Netherlands. The future Huize De Compagnie care residence is located near the centre of Ede (114,000 inhabitants, Province of Gelderland) on the site of a former barracks which will be entirely redeveloped. A portion of this site will be renovated into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed during the second half of 2018 and will be able to welcome 42 residents. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the full property of the buildings and the plot of land on which they are located. The contractual value amounts to approx. €2 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €6 million for renovation works. Aedifica's total investment (including the renovation) will amount to approx. €9 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group, a private Dutch player on the senior care market. Compartijn is a subsidiary of Incluzio BV, owned by the Facilicom Services Group. The lease established for this site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5%.

Co-operation agreement for the construction and acquisition of two senior housing sites in The Netherlands

On 19 July 2017, Aedifica announced the signing of a co-operation agreement between Aedifica, Stichting Rendant and HEVO, for the construction of new buildings on two sites of Stichting Rendant, which will replace the existing buildings which have become obsolete. The sites are located in the cities of Leeuwarden (96,000 inhabitants, Province of Friesland) and Heerenveen (50,000 inhabitants, Province of Friesland). Both sites comprise approx. 130 housing units oriented toward seniors opting to live independently with care services available on demand. Completion of the works is expected during the second half of 2019. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, will acquire the full property of both sites in principle during the second half of 2017 (after receipt of the development permits). Subsequently, the existing buildings will be demolished and replaced by new constructions. The works will be carried out and delivered turnkey by HEVO BV. Aedifica's total investment will amount to approx. €40 million. The operation will be financed using Aedifica's credit facilities. The sites will be operated by Stichting Rendant, a Dutch not-for-profit organisation that is active on the senior care market. The leases that will be established for these sites are irrevocable 25-year triple net long leases. The initial yields amount to approx. 5.5%.

Acquisition of a rest home in Halberstadt (State of Saxony-Anhalt, Germany)

On 28 July 2017, Aedifica acquired a rest home in Germany given fulfilment of the outstanding conditions, as was announced in the press release of 13 June 2017. See section 2.1.2 above for a more elaborate account of the acquired site. The purchase price has been paid and Aedifica SA/NV has acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities.

Co-operation agreement for the construction of seventeen rest homes in Germany

On 17 August 2017, Aedifica announced the signing of a co-operation agreement with Specht Gruppe for the construction of seventeen rest homes in Germany. The rest homes (to be constructed) will be located in urban and rural areas in several states of northern Germany (Lower Saxony, North Rhine-Westphalia, Schleswig-Holstein, Mecklenburg-Vorpommern and Bremen). These residential care facilities will be designed for seniors requiring continuous care ("Pflegeheim") and will consist primarily of single rooms. In addition to the standard single rooms, larger rooms (suites) will be included to cater to the high-end market segment. The buildings will also house complementary services, such as day centres for seniors and, in some cases, childcare services or a pharmacy. One of the buildings will contain some apartments designed for independent living (with care services available on demand). Upon completion of

all buildings, this portfolio will have a total capacity of approx. 1,500 units. The rest homes will generally be located on care campuses, which also contain buildings offering independent living apartments for seniors (with care services available on demand). With only one exception, these apartments will be constructed in separate buildings that will not be acquired by Aedifica. Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (in principle after receipt of the development permits) during the next few months and, as is currently expected, by the end of the second quarter of 2018 at the latest. After each takeover, construction of the new buildings will begin. Therefore, an agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, who will carry out the construction of the new buildings for a fixed amount and who guarantees its completion in due time. Assuming all development permits will be received, Aedifica's total investment will ultimately amount to approx. €200 million. The first buildings are expected to be completed by the end of 2018/beginning of 2019. The operation will be financed using Aedifica's credit facilities. All sites will be rented out to Residenz Management GmbH, an entity of Specht Gruppe, and will be operated by high quality operators. The sites will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration which will cover the buildings' maintenance. The initial yields amount to approx. 5.5%.

Completion of the renovation of assisted-living apartments in Hasselt (Province of Limburg, Belgium)

On 18 August 2017, phase II of the works at the Villa Temporis senior housing site in Hasselt (Province of Limburg, Belgium) was completed, in particular the renovation of the assisted-living apartment building (invested amount of approx. €2 million). The site is operated by an entity of the Vulpia group.

Completion of a care residence in Deventer (Province of Overijssel, The Netherlands)

The new construction of the Molenenk care residence in Deventer (Province of Overijssel, The Netherlands) was completed on 21 August 2017 (invested amount of approx. €11 million). The site is operated by an entity of the Domus Magnus group. The building was developed by Panta Rhei HealthCare BV.

Acquisition of a care residence in Zeist (Province of Utrecht, The Netherlands)

On 24 August 2017, Aedifica announced the acquisition of a care residence in The Netherlands. The Huize Hoog Kerckebosch care residence is located in a green, residential area near the centre of Ede (63,000 inhabitants, Province of Utrecht), approx. 10 km from the city of Utrecht. It is a modern residential care facility serving seniors requiring continuous care in the middle to high-end market segment. The site is able to welcome 32 residents in an exceptional environment. It was completed in early July 2017 and is operational since the month

83%

EBIT MARGIN *
AS OF 30 JUNE 2017

of August. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value amounts to approx. €8 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by an entity of the Compartijn group. The lease established for the site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5%.

3. ANALYSIS OF THE 30 JUNE 2017 CONSOLIDATED FINANCIAL STATEMENTS

The commentary and analysis presented below refer to the Consolidated Financial Statements included in this Annual Financial Report.

3.1 PORTFOLIO AS OF 30 JUNE 2017

During the 2016/2017 financial year (1 July 2016 – 30 June 2017), Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale*** by €397 million, from a fair value of €1,131 million to €1,528 million (€1,545 million for the investment properties including assets classified as held for sale*). This 35% growth comes mainly from net acquisitions (see sections 2.1.1, 2.1.2 and 2.1.3 above), completion of development projects (see section 2.1.4 above) and changes in the fair value of marketable investment properties recognised in income (+€16.1 million, or +1.1%). The fair value of marketable investment properties, as assessed by independent experts, is broken down as follows:

- senior housing: +€18.8 million, i.e. +1.5%;
- apartment buildings: +€0.2 million, i.e. +0.1%;
- hotels and other: -€2.9 million, i.e. -4.1%.

€ 219 M

CAPITAL INCREASE
OF 28 MARCH 2017

Consolidated income statement - analytical format (x €1,000)

	30 June 2017	30 June 2016
Rental income	78,983	59,822
Rental-related charges	-48	-35
Net rental income	78,935	59,787
Operating charges*	-13,158	-12,173
Operating result before result on portfolio	65,777	47,614
EBIT margin* (%)	83	80
Financial result excl. changes in fair value*	-16,538	-12,707
Corporate tax	-1,275	-581
EPRA Earnings*	47,964	34,326
Denominator (IAS 33)	15,235,696	14,122,758
EPRA Earnings* per share (€/share)	3.15	2.43
EPRA Earnings*	47,964	34,326
Changes in fair value of financial assets and liabilities	5,119	-5,685
Changes in fair value of investment properties	10,357	10,775
Gains and losses on disposals of investment properties	1,459	731
Deferred taxes	-1,541	120
Roundings	0	-1
Profit (owners of the parent)	63,358	40,266
Denominator (IAS 33)	15,235,696	14,122,758
Earnings per share (owners of the parent - IAS 33 - €/share)	4.16	2.85

As of 30 June 2017, Aedifica has 192 marketable investment properties including assets classified as held for sale*, with a total surface area of approx. 798,000 m², consisting mainly of:

- 110 senior housing sites with a capacity of 10,349 residents;
- 862 apartments;
- 6 hotels comprising 544 rooms.

The breakdown by sector is as follows (in terms of fair value):

- 82 % senior housing;
- 14 % apartment buildings;
- 4 % hotels and other building types.

The geographical breakdown is as follows (in terms of fair value):

- 77 % in Belgium, of which:
 - 46 % in Flanders;
 - 21 % in Brussels;
 - 10 % in Wallonia;
- 14 % in Germany;
- 9 % in The Netherlands.

The **occupancy rate** (see glossary) of the **total unfurnished portion of the portfolio** (representing 95 % of the fair value of marketable investment properties including assets classified as held for sale*) reached 98.7 % as of 30 June 2017. This is an increase, even compared to the record level reached at the end of the previous financial year (30 June 2016: 98.1 %).

The **occupancy rate of the furnished portion of the portfolio** (representing only 5 % of the fair value of marketable investment properties) reached 73.5 % for the year ended 30 June 2017. This is a decrease as compared to the occupancy rate realised in the previous financial year (78.6 %) and a slight increase as compared to the last published occupancy rate (72.0 % as of 31 March 2017).

The **overall occupancy rate** of the total portfolio reached 99 % for the year ending 30 June 2017.

The **average remaining lease term** for all buildings in the Company's portfolio is 20 years, equal to 30 June 2016. This impressive aggregate performance is explained by the large proportion of long-term contracts (such as long leases) in the Company's portfolio.

3.2 CONSOLIDATED INCOME STATEMENT

The Consolidated Financial Statements are provided as part of this Annual Financial Report. The following sections of this Consolidated Board of Directors' Report analyse the financial statements using an analytical framework that is aligned with the Company's internal reporting structure. The consolidated income statement covers the 12-month period from 1 July 2016 to 30 June 2017. Acquisitions are accounted for on the date of the effective transfer of control. Such operations will present different impacts on the income statement, depending on whether they took place at the beginning, during, or end of the period.

The consolidated turnover (**consolidated rental income**) for the year amounts to €79.0 million, an increase of 32 % as compared to the prior year. This is in line with forecast (as derived from the annual outlook for the 2016/2017 financial year presented in the Securities Note regarding the capital increase of March 2017).

Changes in total consolidated rental income (€19 million, i.e. +32.0 % as compared to the same period of the previous financial year overall or -0.2 % on a like-for-like basis*) are presented below by segment:

- Senior housing: +€19.9 million, i.e. +45.2 % (or +1.5 % on a like-for-like basis*);
- Apartment buildings: -€0.8 million, i.e. -6.8 % (or -6.8 % on a like-for-like basis*);
- Hotels and other: +€0.1 million, i.e. +3.4 % (or +4.3 % on a like-for-like basis*).

The increasing rental income in the senior housing segment (+45.2 % and +1.5 % on a like-for-like basis*) demonstrates the relevance of Aedifica's investment

strategy in this segment, which now generates almost 81% of the Group's turnover and almost 96% of its operating result before result on portfolio.

The rental incomes of the apartment buildings, and in particular furnished apartments, have declined given difficult market conditions (the security situation and changes within the Brussels' regulatory framework for short term stays) and the ongoing renovation and transformation program. Their change compared to the previous financial year is in line with that observed over the previous quarters.

The rental incomes of the hotels and others have increased over the financial year under review. As previously stated, the Company does not expect this growth to continue, given the actual ratio between the rents and earnings of some of the tenants.

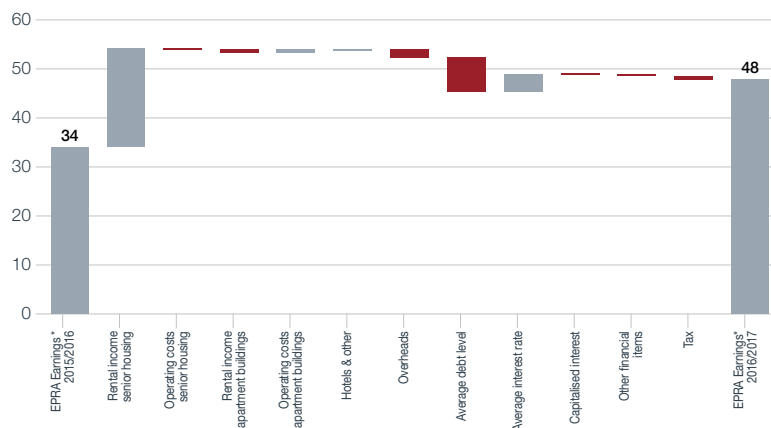
After deducting **rental-related charges**, the **net rental income** for the year ended 30 June 2017 amounts to €78.9 million (+32% as compared to 30 June 2016).

The **property result** is €78.1 million (30 June 2016: €58.4 million). This result, minus other direct costs, provides a **property operating result** of €74.1 million (30 June 2016: €54.2 million), which represents an operating margin* of 94% (30 June 2016: 91%).

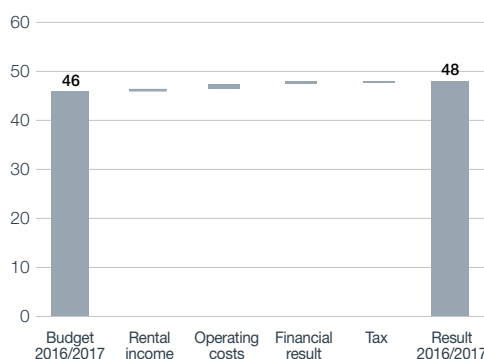
After deducting overheads of €8.5 million (30 June 2016: €6.7 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 38% to reach €65.8 million (30 June 2016: €47.6 million). This result represents an EBIT margin* (see Note 57.3) of 83% (30 June 2016: 80%) and is above forecast.

After taking into account the cash flows generated by hedging instruments (described below), Aedifica's **net interest charges** amount to €15.4 million (30 June 2016: €11.9 million). The average effective interest rate* (2.3% before capitalised interest on development projects) is below that reported in 2015/2016 (2.9%) and below forecast (2.4%). Taking into account other income and charges of a financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value (non-cash movements accounted for in accordance with IAS 39 are not included in the EPRA Earnings* as explained below), the **financial result excluding changes in fair value*** represents a net charge of €16.5 million (30 June 2016: €12.7 million), slightly below forecast.

EPRA Earnings* in fair value (30 June 2017) (in € million)



EPRA Earnings* vs Budget (30 June 2017) (in € million)



Corporate taxes are composed of current taxes and deferred taxes. In conformity with the Company's legal status (i.e. as a RREC), current taxes (charge of €1.3 million; 30 June 2016: charge of €0.6 million) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax on the result generated abroad by Aedifica and tax on the result of consolidated subsidiaries. These taxes are in line with forecast.

EPRA Earnings* (alternative performance measure replacing – and corresponding to – the previously published profit excl. changes in fair value, see Note 57.7) reached €48.0 million (30 June 2016: €34.3 million), or €3.15 per share, based on the weighted average number of shares outstanding (30 June 2016: €2.43 per share). This profit (absolute and per share) is above forecast.



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The income statement also includes elements with no monetary impact (that is to say, non-cash) which vary as a function of market parameters. These consist of (1) the changes in the fair value of investment properties (accounted for in accordance with IAS 40), (2) changes in the fair value of financial assets and liabilities (accounted for in accordance with IAS 39) and (3) deferred taxes (arising from IAS 40):

- At the end of the financial year, **changes in the fair value of marketable investment properties** (corresponding to the sum of the positive and negative variations between that of 30 June 2016 or at the time of entry of new buildings in the portfolio, and the fair value estimated by experts as of 30 June 2017) taken into income amounted to +1.1%, or +€16.1 million (30 June 2016: +1.5%, or +€16.9 million). A change in fair value of -€5.8 million was recorded on development projects (compared to -€6.1 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €10.4 million (30 June 2016: +€10.8 million). Capital gains on disposals (€1.5 million; 30 June 2016: €0.7 million) are also taken into account here.
- In order to limit the interest rate risk stemming from its investments financing, Aedifica has put in place very conservative hedges (called “cash flow hedges”) which, over the long term, allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. These financial instruments are detailed in Note 33 of the Consolidated Financial Statements. Moreover, the financial instruments also reflect put options granted to non-controlling shareholders in relation to the subsidiaries that are not wholly owned by the Group) which

are the subject to appraisal at fair value. **Changes in the fair value of financial assets and liabilities** taken in the income statement as of 30 June 2017 represent an income of €5.1 million (30 June 2016: charge of €5.7 million).

- **Deferred taxes** (charge of €1.5 million as of 30 June 2017; income of €0.1 million as of 30 June 2016) arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are excluded from the EPRA Earnings*.

Given the non-monetary elements described above, the **profit (attributable to owners of the parent)** amounts to €63.4 million (30 June 2016: €40.3 million). The earnings per share (basic earnings per share, as defined in IAS 33 and calculated in Note 26 to the Consolidated Financial Statements) is €4.16 (30 June 2016: €2.85).

The **adjusted statutory result** as defined in the annex to the Royal Decree of 13 July 2014 regarding RRECs, is €42.1 million (30 June 2016: €32.2 million), an increase of 31% (as calculated in Note 50). Taking into account the rights to dividend for the shares issued during the financial year, this represents an amount of €2.74 per share (30 June 2016: €2.27 per share).

3.3 CONSOLIDATED BALANCE SHEET

As of 30 June 2017, **investment properties including assets classified as held for sale*** represent 98% (30 June 2016: 99%) of the assets recognised on Aedifica's balance sheet, valued in accordance with IAS 40 (that is to say, accounted for at their fair value as determined by independent real estate experts, namely de Crombrugghe & Partners SA, Stadim SCRL, CBRE GmbH and DTZ Zadelhoff VOF) at a value of €1,545 million (30 June 2016: €1,157 million). This heading includes:

- **Marketable investment properties including assets classified as held for sale*** (30 June 2017: €1,528 million; 30 June 2016: €1,131 million), which marked an increase of €397 million. The net growth in the fair value of marketable investment properties* is attributed mainly to €333 million from investment operations (see points 2.1.1, 2.1.2 and 2.1.3 above), to -€10 million for disinvestment operations (see point 2.1.7 above), to €51 million for the completion of development projects (see point 2.1.4 above), and to €16 million for the change in fair value of marketable investment properties.
- **Development projects** (30 June 2017: €17 million; 30 June 2016: €26 million), consisting primarily of investment properties under construction or renovation (see point 2.1.5 above). These projects are undertaken in the context of the multi-annual investment budget described in section 4.2 of the Property Report included in this 2016/2017 Annual Financial Report.

Other assets included in the debt-to-assets ratio represent 2% of the total balance sheet (30 June 2016: 1%).

Since Aedifica's formation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and as a result of capital increases (in cash) in October 2010, December 2012, June 2015 and March 2017. It has increased to €474 million as of 30 June 2017 (30 June 2016: €374 million). The share premium amounts to €287 million as of 30 June 2017 (30 June 2016: €156 million). Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the statutory capital reserves. **Equity** (also called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

- €922 million excluding the effect of the changes in fair value of hedging instruments* (30 June 2016: €668 million, including the €30 million dividend distributed in December 2016);
- €888 million including the effect of the changes in fair value of hedging instruments (30 June 2016: €621 million, including the €30 million dividend distributed in December 2016).

As of 30 June 2017, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 regarding RRECs) reached €639 million (30 June 2016: €499 million), of which €614 million (30 June 2016: €479 million) represent amounts drawn on the Company's credit facilities, detailed in Note 40. The **debt-to-assets ratio** amounts to 40.8% on a consolidated level (30 June 2016: 42.5%) and 38.6% on a statutory level (30 June 2016: 40.4%). The maximum ratio permitted for Belgian REITs is set at 65% of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €379 million in constant assets (that is, excluding growth in the real estate portfolio) or €1,084 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, other things being equal, the Company to absorb a decrease of up to 38% in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing bank commitments, which further limit the maximum debt-to-assets ratio to 60%, the headroom available amounts to €301 million in constant assets, €753 million in variable assets, and - 32% in the fair value of investment properties.

Other liabilities of €43 million (30 June 2016: €54 million) represent primarily the fair value of hedging instruments (30 June 2017: €34 million; 30 June 2016: €46 million).

The opposite table presents the change in the **net asset value per share**.

Recall that IFRS requires the presentation of the annual accounts before appropriation. The net asset value in the amount of €43.74 per share as of 30 June 2016 thus included the dividend distributed in December

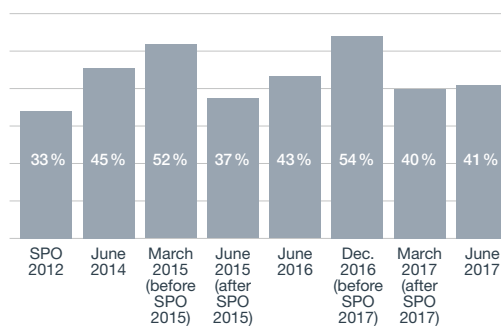
Consolidated balance sheet (x €1,000)

	30 June 2017	30 June 2016
Investment properties including assets classified as held for sale*	1,544,849	1,156,834
Other assets included in debt-to-assets ratio	22,566	15,832
Other assets	2,707	496
Total assets	1,570,122	1,173,162
Equity		
Equity excl. changes in fair value of hedging instruments*	922,094	668,155
Effect of the changes in fair value of hedging instruments	-34,055	-47,407
Equity	888,039	620,749
Liabilities included in debt-to-assets ratio	639,077	498,796
Other liabilities	43,006	53,617
Total equity and liabilities	1,570,122	1,173,162
Debt-to-assets ratio (%)	40.8	42.5

Net asset value per share (in €)

	30 June 2017	30 June 2016
Net asset value excl. changes in fair value of hedging instruments*	51.30	44.98
Effect of the changes in fair value of hedging instruments	-1.89	-3.34
Net asset value	49.40	41.64
Number of share outstanding (excl. treasury shares)	17,975,820	14,192,032

Debt-to-assets ratio (%)



2016, and should be adjusted by €2.10 per share in order to compare with the value as of 30 June 2017. This amount corresponds to the amount of the total dividend (€30 million) divided by the total number of shares outstanding as of 30 June 2016 (14,192,032).

Excluding the non-monetary effects (that is to say, non-cash) of the changes in fair value of hedging instruments and after accounting for the distribution of the 2015/2016 dividend in December 2016, the net asset value per share based on the fair value of investment properties is €51.30 as of 30 June 2017 (30 June 2016: €44.98 per share).

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3.4 CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement included in the attached Consolidated Financial Statements shows total cash flows for the period of +€3.2 million (30 June 2016: +€1.3 million), which is made up of net cash from operating activities of +€69.2 million (30 June 2016: +€50.1 million), net cash from investing activities of -€279.6 million (30 June 2016: -€74.6 million), and net cash from financing activities of +€213.6 million (30 June 2016: +€25.8 million).

3.5 SEGMENT INFORMATION

3.5.1. Senior housing

Rental income in this segment amounts to €63.9 million (30 June 2016: €44.0 million), or 81 % of Aedifica's total rental income. These buildings are usually operated under triple net long leases (see glossary) and, as such, the property operating result for this segment is almost equal to the rental income. The fair value of investment properties including assets classified as held for sale* attributed to this segment under IFRS 8 has been established at €1,244 million (30 June 2016: €840 million), or 81.5 % of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

3.5.2. Apartment buildings

Rental income in this segment amounts to €11.0 million (30 June 2016: €11.8 million), or 14 % of Aedifica's total rental income. After deducting direct costs related to this activity, the property operating result for apartment buildings amounts to €7.0 million (30 June 2016: €7.1 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €215 million (30 June 2016: €219 million), or 14 % of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

3.5.3. Hotels and other

Rental income in this segment amounts to €4.2 million (30 June 2016: €4.1 million), or 5 % of Aedifica's total rental income. After deducting direct costs related to this activity the property operating result for these buildings amounts to €4.2 million (30 June 2016: €4.0 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €68 million (30 June 2016: €72 million), or 4 % of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

4. APPROPRIATION OF THE RESULTS

The Board of Directors proposes to the Annual General Meeting of 27 October 2017 to approve the Aedifica SA Annual Accounts of 30 June 2017 (for which a summary is provided in the chapter "Abridged Statutory Annual Accounts" of this Annual Financial Report) and to distribute a gross dividend of €2.25 per share (split as follows: coupon No.17: €1.66; coupon No.18: €0.59). The statutory pay-out ratio is 82 %.

€ 2.25/share

PROPOSED GROSS DIVIDEND FOR 2016/2017,
REPRESENTING A STATUTORY PAY-OUT RATIO OF 82%

The statutory result for the 2016/2017 financial year will be submitted as presented in the table below.

The proposed dividend respects the requirements laid down in Article 13, § 1, paragraph 1 of the Royal Decree of 13 July 2014 regarding RRECs in that it is greater than the required minimum pay-out of 80% of the adjusted statutory result, after deduction of the debt reduction over the financial year.

The proposed dividend will be payable, after approval at the Annual General Meeting, in principle as from 6 November 2017 ("payment date" of coupons 17 and 18 related to the 2016/2017 financial year). The "ex-date" of coupon 17 (already detached) was 16 March 2017, the

"ex-date" of coupon 18 will be 2 November 2017. The dividend will be paid by bank transfer as from the same date. The net dividend per share after deduction of 15% withholding tax will amount to €1.4110 for coupon 17 and €0.5015 for coupon 18.

Effective 1 January 2017, the withholding tax rate is 15%. The reader is referred to section 5.2 of the chapter entitled "Standing Documents" of the Annual Financial Report for more information on the tax treatment of dividends, as well as to section 4.2. of the chapter entitled "Risk Factors" for more information on the expected evolution of the withholding tax rate.

Proposed appropriation (x €1,000)

	30 June 2017	30 June 2016
A. Profit (loss)	57,040	40,341
B. Transfer to/from the reserves (-/+)	15,000	8,501
1. Transfer to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	7,408	18,066
- previous fiscal years	0	0
- disposals of investment properties	1,485	731
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	815	-4,382
3. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (-)		
- fiscal year	0	-135
- previous years	0	0
4. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (+)		
- fiscal year	22	0
- previous years	0	0
5. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (-)		
- fiscal year	0	-5,456
- previous years	0	0
6. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (+)		
- fiscal year	6,053	0
- previous years	0	0
7. Transfer to/from the reserve of the balance of currency translation differences on monetary assets and liabilities (-/+)	0	0
8. Transfer to the reserve of the fiscal latencies related to investment properties abroad (-/+)	-783	-324
9. Transfer to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	0	0
11. Transfer to/from the result carried forward of the previous years (-/+)	0	0
C. Remuneration of the capital provided in article 13, § 1, para. 1	33,642	25,778
D. Remuneration of the capital - other than C	836	4,014
Result to be carried forward	7,562	2,048

5. KEY RISKS (EXCLUDING THOSE LINKED TO FINANCIAL INSTRUMENTS)

Aedifica carries out its activities in a constantly changing environment, which implies certain risks. The occurrence of these risks could have a negative impact on the Company as a whole, or on its operations, outlook, financial position or financial result. Thus, these risks must be duly considered as part of any investment decision.

Aedifica aims to manage these risks to the greatest extent possible in order to generate recurring rental income and maximize the potential for gains on disposals.

The key risk factors are the focus of a specific section of the Annual Financial Report and summarised here in accordance with Article 119 of the Belgian Companies Code. Key risk factors with which Aedifica is confronted are the focus of regular monitoring both by Management and by the Board of Directors, who have developed prudent policies that are continuously reviewed and adapted as necessary.

The following risks are presented in detail in the chapter "Risk Factors" of this Annual Financial Report: market risks (economic risks, risks related to the real estate market, inflation risk, concentration risk in the senior housing segment); risks related to Aedifica's property portfolio (rents, asset management, quality and valuation of buildings, risk of expropriation, risk arising from mergers, de-mergers and acquisitions), regulatory risks, corporate risks, and risks related to support processes. Risks related to financial instruments are described in the following section.

6. USE OF FINANCIAL INSTRUMENTS

Aedifica's financial management activities are aimed at ensuring permanent access to credit and to monitor and minimise the interest rate risk.

The use of financial instruments as described under "financial risks" in the "Risk Factors" chapter of this Annual Financial Report) is detailed in Note 44 of the attached Consolidated Financial Statements. The following elements are presented: debt structure, liquidity risk, interest rate risk, counterparty risk, foreign exchange risk, and financial planning risks.

7. RELATED PARTY TRANSACTIONS

Related party transactions, as defined under IAS 24 and in the Belgian Companies Code, are the object of Note 48 of the attached Consolidated Financial Statements. These transactions comprise the remuneration of Aedifica's directors and Executive Managers.

Moreover, certain types of transactions are covered by Article 37 of the Act of 12 May 2014 (with the exception of cases explicitly covered by Article 38 of the same Act). Over the course of the 2016/2017 financial year, no transactions covered by this Article and outside of normal business transactions were executed between Aedifica and its regular service providers.

8. SUBSIDIARIES

As of 30 June 2017, Aedifica SA holds ten stable subsidiaries, of which two are established in Belgium, six in Luxemburg, one in Germany, and one in The Netherlands. The figures mentioned below represent Aedifica's share in the capital, as well as its share in voting rights.

• Belgium

- Aedifica Invest SA is wholly owned by Aedifica SA (along with Aedifica Invest Brugge SA). This subsidiary was created to facilitate takeovers and temporarily hold the shares of target companies.
- Aedifica Invest Brugge SA is wholly owned by Aedifica SA (along with Aedifica Invest SA); it holds the residual right to the expansion of Martin's Hotel Brugge.

• Luxemburg

- Aedifica Luxemburg I SCS is owned for 94 % by Aedifica SA. This subsidiary holds three buildings located in Germany. The residual 6% is held by an investor who is unrelated to Aedifica.
- Aedifica Luxemburg II SCS is owned for 94 % by Aedifica SA. This subsidiary holds three buildings located in Germany. The residual 6% is held by an investor who is unrelated to Aedifica.
- Aedifica Luxemburg III SCS is owned for 94 % by Aedifica SA. This subsidiary holds two buildings located in Germany. The residual 6% is held by an investor who is unrelated to Aedifica.
- Aedifica Luxemburg IV SCS is owned for 94 % by Aedifica SA. This subsidiary holds two buildings located in Germany. The residual 6% is held by an investor who is unrelated to Aedifica.
- Aedifica Luxemburg V SCS is owned for 94 % by Aedifica SA. This subsidiary holds three buildings located in Germany. The residual 6% is held by an investor who is unrelated to Aedifica.
- Aedifica Luxemburg VI SARL is owned for 94 % by Aedifica SA. This subsidiary holds one building located in Germany. The residual 6% is held by an investor who is unrelated to Aedifica.

• Germany

- Aedifica Asset Management GmbH is wholly owned by Aedifica SA. This subsidiary advises and supports Aedifica in the growth and management of its real estate portfolio in Germany.

• **The Netherlands**

- Aedifica Nederland BV is wholly owned by Aedifica SA. This subsidiary holds the buildings located in The Netherlands.

Furthermore, as of 30 June 2017, Aedifica (together with Aedifica Invest SA) also holds eight subsidiaries located in Belgium holding real estate assets; these subsidiaries will be merged with Aedifica in the following months. These subsidiaries are: VSP SA, VSP Kasterlee SA, Het Seniorenhof SA, Compagnie Immobilière Beerzelhof SA, Avorum SA, Coham SA, Residentie Sorgvliet SPRL and WZC Arcadia SPRL.

The opposite organisational chart shows the Group's subsidiaries as well as its share in each subsidiary.

9. RESEARCH AND DEVELOPMENT

Aedifica is not engaged in research and development activities covered by Articles 96 and 119 of the Belgian Companies Code.

10. TREASURY SHARES

Aedifica applies IFRS both for the preparation of its Consolidated Financial Statements and for its Statutory Accounts. In accordance with IAS 32 and the Annex C of the Royal Decree of 13 July 2014, treasury shares held by Aedifica are presented as a reduction to total equity. As of 30 June 2017, the Aedifica Group held no treasury shares.

In addition, Aedifica SA benefits occasionally from pledges on shares of the Company, constituted in connection with buildings acquisitions. If necessary, these guarantees are detailed in Note 45.3.2 of the Consolidated Financial Statements.

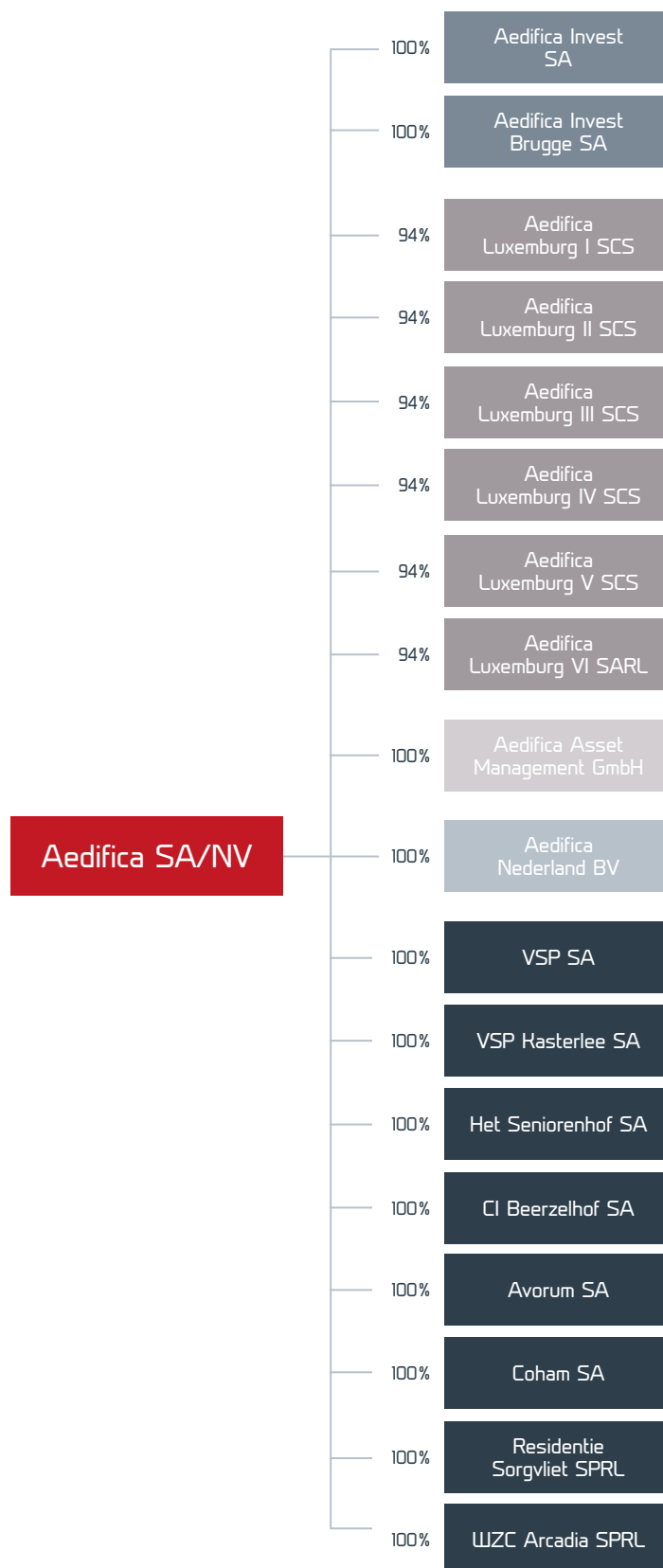
11. OUTLOOK FOR 2017/2018

The projections presented below have been developed by the Board of Directors with a view to establish the budget for the 2017/2018 financial year on a comparable basis with the Company's historical financial information.

11.1. ASSUMPTIONS

11.1.1. External factors

- a) The indexation rate of rents and charges: 1.31 % on average for the financial year, in line with the monthly projections released by the Belgian Federal Planning Bureau on 4 July 2017;
- b) Investment properties: assessed at their fair value, based on a zero growth rate;
- c) Average interest rate before capitalised interests: 2.1 % based on the Euribor rate curve of 30 June 2017, bank margins, and hedges currently in place;
- d) The budget supposes that the legal status of Regulated Real Estate Company is maintained (see section 4.1. of chapter on risk factors).



11.1.2. Internal factors

a) Rents: rent projections are based on current contractual rates and take indexation into account. Vacancy rates, charges on unoccupied properties and agency fees (commissions) from the time of relocation are also taken into consideration in the projections. Forecasts are updated and projections revised as necessary in light of the latest operational trends and the actual state of the markets in which the Company is active.

In addition, the projected rental income from senior housing includes assumptions regarding future portfolio additions (completion of buildings currently under development and possible acquisitions for which the timing cannot be determined with certainty.

b) Real estate charges: the assumptions concerning real estate charges relate to internal and external real estate management costs (management fees, concierge, etc.); repair and maintenance costs; general taxes and property tax; and insurance.

c) Overheads: these projections include employee benefits, administrative fees, and fees directly associated with the listing of shares in the Company.

d) Investment budget: it is assumed that projected net investments for the next financial year (i.e. €224 million), will be paid in cash. These consist mainly of (i) cash outflows related to the development projects in progress on 30 June 2017, (ii) cash outflows related to the acquisitions announced since 1 July 2017, and (iii) additional investments – for which there are no agreements at this date – which are assumed to be carried out in the senior housing segment during the 2017/2018 financial year, amounting to €66 million, paid in cash, and generating rental incomes in line with today's market practice.

e) Financial assumptions:

- Average cash balance of €8 million.
- The model permits controlling the debt-to-assets ratio to a maximum of 65%.
- Changes in the fair value of hedging instruments for financial debts (IAS 39) are not modelled as they have no impact on EPRA Earnings*, and are not estimable. Thus, these changes have no impact on the projections presented below.

11.2. FINANCIAL PROJECTIONS

The Board of Directors continues to pay close attention to the evolution of the economic and financial context and the associated impacts on the Company's activities.

In the current economic climate, Aedifica's key strengths include the following:

- Its strategic focus on health care real estate and its expansion in Europe, which allows the Company to adapt to shifting market opportunities and economic conditions, in the context of an ageing population.

- Thanks to its investments in senior housing, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The average remaining lease maturity on the total of its leases (20 years) provides a very good view toward the majority of its future income streams over the long term.
- External financing of the real estate portfolio (including commitments for development projects) is assured, with credit facilities in place totalling €898 million and none of these are reaching maturity before June 2018. At present drawings on these credit facilities are in large part covered by hedging instruments.
- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 40.8% as of 30 June 2017 (far below the maximum legal limit of 65% imposed for Belgian REITs and the contractual maximum of 60% imposed by way of bank covenants). This is further supported by the stable fair values that the Company's real estate portfolio has demonstrated for many years. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations (commitments representing approximately €122 million as of 30 June 2017 – plus €257 million for the acquisitions announced on 10 July (€9 million), 19 July (€40 million), 17 August (€200 million) and 24 August (€8 million) –, of which €105 million are still to be realised within a three-year period) and to realise new investments.

Considering the Company's strengths and the assumptions listed above (see section 11.1), the Board of Directors projects to generate rental income of €91 million for the 2017/2018 financial year, leading to an EPRA Earnings* of €57 million or €3.15 per share, and permitting a gross dividend of €2.50 per share (an increase of 11%) to be distributed to shareholders. These projections are based on the expected perimeter of the real estate portfolio, excluding unexpected events, and stand to generate an increasing dividend as compared to that proposed by the Board of Directors for the 2016/2017 financial year. On this basis, net profit would reach €55 million. The distributable reserves (statutory) calculated in accordance with Article 617 of the Belgian Companies Code and the Royal Decree of 7 December 2010 would amount to €24 million.

11.3 IMPORTANT REMARK CONCERNING PROJECTED FINANCIAL INFORMATION

The projected financial information presented above consists of estimates for which the actual realisation will vary, most notably, depending on the evolution of the real estate and financial markets. They do not constitute a commitment by the Company's Executive Managers and have not been certified by an external auditor. However, the Company's auditor, Ernst & Young Réviseurs d'Entreprises Sc s.f.d. SCRL, represented by Mr. Jean-François Hubin, has issued the following report (this auditor's report has been faithfully reproduced and, to Aedifica's knowledge, no facts have been omitted which would render the information reproduced inexact or misleading):

"As a statutory auditor of the company, we have prepared the present report on the forecasts of the consolidated balance sheet and income statement of the company, included in chapter 11 of its annual report, as approved by the Board of Directors of the company on 4 September 2017. The assumptions included in paragraph 11.1 result in the following profit forecast (excluding changes in fair value) for the year 2017-2018:

- Date: 30 June 2018
- EPRA Earnings: 57 million €

Board of Director's responsibility

It is the board of directors' responsibility to prepare the profit forecast, together with the material assumptions upon which it is based, in accordance with the requirements of EU Regulation n° 809/2004.

Auditor's responsibility

It is our responsibility to provide an opinion on the forecasts as required by Annex I, item 13.2 of the EU Regulation n° 809/2004. We are not required nor do we express an opinion on the possibility to achieve that result or on the assumptions underlying these forecasts.

We performed our work in accordance with the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), including the related guidance of its research institute and the standard "International Standard on Assurance Engagements 3400" related to the examination of forecast information. Our work included an evaluation of the procedures undertaken by the Board of Directors in compiling the forecasts and procedures aimed at verifying the consistency of the methods used for the forecasts with the accounting policies normally adopted by Aedifica.

We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with reasonable assurance that the forecasts have been properly compiled on the basis stated.

Since the forecasts and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the forecasts. Any differences may be material.

Opinion

In our opinion:

- (i) the forecasts have been properly compiled on the basis of the assumptions stated above; and
- (ii) the basis of accounting used for these forecasts is consistent with the accounting policies applied by Aedifica sa for the consolidated financial statements of 2016/2017.

Brussels, 4 September 2017

Ernst & Young Réviseurs d'Entreprises scrl, Statutory auditor represented by Jean-François Hubin¹, Partner

RESIDENZ ZEHLENDORF
GERMANY –
SENIOR HOUSING



1. Acting on behalf of a SPRL.

PRINSENHOF
BELGIUM –
SENIOR HOUSING



12. CONFLICTS OF INTEREST

One conflict of interest occurred over the course of the 2016/2017 financial year, as explained below.

AT THE 2 SEPTEMBER 2016 MEETING OF THE BOARD OF DIRECTORS: VARIABLE REMUNERATION OF THE MANAGEMENT COMMITTEE

“Pursuant to Article 523 of the Belgian Companies Code, the Management Committee’s members present (Ms. Laurence Gacoin, Mr. Jean Kotarakos and Mr. Stefaan Gielens) announced that they had interests contrary to those of the Company; after informing the Chairman, they left the meeting.

Ms. Adeline Simont, Chairman of the Nomination and Remuneration Committee, made a report to the Board on the deliberation of the aforementioned committee, which proposed to establish the gross variable remuneration of the Management Committee as follows:

- (i) The variable remuneration for the 2015/2016 financial year is a (gross) amount which does not exceed a certain percentage of the annual remuneration excluding sundry benefits and post-retirement benefits (CEO and CFO: 50%, COO and CLO: 40% prorata temporis). The effective amount was determined by the Board of Directors, based on quantitative and qualitative criteria listed in the 2014/2015 Annual Financial Report as well as in the aforementioned additional agreements signed on 2 September 2015. Recall that the variable remuneration can only be paid if the actual profit excl. IAS 39 and IAS 40 per share is at least 85% of the budgeted amount. The criteria (and their weight) were as follows: consolidated profit excl. changes in fair value per share (25%), growth of the consolidated property portfolio (including the internationalisation of the Group’s activities) (25%), consolidated operating margin (25%) and management of the Group’s teams (25%). The Board of Directors concluded that the Executive Managers met the objectives and decided to grant variable as remuneration €170,500 to the CEO, €127,500 to the CFO, € 78,500 to the COO and €58,000 to the CLO.
- (ii) In respect of the 2016/2017 financial year, the maximum variable remuneration will not exceed 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The variable remuneration can only be paid if the actual profit excl. changes in fair value per share is at least 85% of the budgeted amount. The effective amount will be determined by

the Board of Directors based on consolidated quantitative and qualitative criteria: consolidated profit excl. changes in fair value per share (30%), growth of the consolidated property portfolio (including the internationalisation of the Group's activities) (20%), consolidated operating margin (25%) and other (25%).

- (iii) In respect of the 2017/2018 financial year, the maximum variable remuneration will be kept to 50% of the annual remuneration excluding sundry benefits and post-retirement benefits, based on quantitative and qualitative criteria that will be set in a future stage.

The Board approved the Committee's proposals. The members of the Management Committee re-entered the meeting and heard the Board's decisions concerning executive management remuneration."

13. CAPITAL INCREASES CARRIED OUT WITHIN THE FRAMEWORK OF THE AUTHORISED CAPITAL

In accordance with Article 608 of the Belgian Companies Code, the Board of Directors comments on (i) the capital increases decided by the Board of Directors during the financial year; and (ii) the conditions and the effective impacts of the capital increases for which the Board of Directors limited or cancelled preferential rights (when applicable).

Pursuant to the decision of the Board of Directors of 28 October 2016, the share capital was increased, in the framework of the authorised capital and the optional dividend, by way of contribution in kind, (as amended on 18 November 2016; see section 2 of this Consolidated Board of Directors' Report), by €3,237,042.22 (from €374,496,272.11 to €377,733,314.33) on 2 December 2016. 122,672 new shares without par value were issued. The shares have the same rights as existing shares. As of 1 July 2016, these shares participate in the Company's results for the 2016/2017 financial year.

Following the decision of the Board of Directors of 8 December 2016, the capital was increased, in the framework of the authorised capital, by way of contribution in kind (see section 2 of this Consolidated Board of Directors' report), by €1,740,327.12 (from €377,733,314.33 to €379,473,641.45). 65,952 new shares without par value were issued. The shares have the same rights as existing shares. As of 1 July 2016, these shares participate in the Company's results for the 2016/2017 financial year.

In the framework of capital increases by contribution-in-kind, shareholders do not have preferential rights.

Following the decision of the Board of Directors of 14 March 2017, the capital was increased, in the framework of the authorised capital, by way of issuance of shares (see section 2 of this Consolidated Board of Directors' report), by €94,868,410.37 (from €379,473,614.45 to €474,342,051.82) by way of contribution in cash with restriction of preferential subscription rights and attribution of priority allocation rights, on 28 March 2017. 3,595,164 new shares without par value were issued. As of 28 March 2017, these shares participate prorata temporis in the Company's results for the 2016/2017 financial year.

An appropriate comment on the conditions and the actual impact of this capital increase (for which preferential subscription rights were restricted and priority allocation rights were assigned) is included in the special report of the Board of Directors, dated 14 March 2017, in accordance with section 596 of the Belgian Companies Code.

14. ENVIRONMENTAL, ETHICAL, AND SOCIAL MATTERS

Environmental, ethical, and social matters are an integral part of Aedifica's daily management and blend into the Company's continual efforts to achieve and maintain quality standards.

14.1 ENVIRONMENTAL MATTERS

Aedifica follows a pragmatic approach to environmental issues, paying close and constant attention to find the right balance in its use of human and financial resources to generate maximum value-added.

Before each potential building acquisition, Aedifica examines the environmental risks. In the event that risks are identified, plans are put in place to mitigate or eliminate risks entirely. In order to identify and control pollution risks, the Company studies the soil quality for all sites that host risky activities (e.g. fuel tanks, printing industries, etc.) or which have done so in the past.

Aedifica holds environmental permits for operations relating to listed elements of its buildings or takes the necessary steps in case of extensions and renewals. It holds urban development permits, the majority of which were obtained by the former owners of buildings under development. Where the responsibility for environmental and urban development permits falls to its tenants, Aedifica endeavors to encourage the tenants to obtain the required permits on a timely basis.

For the buildings managed by Aedifica (directly or indirectly through external service providers), the technical and security installations are periodically inspected for conformity with applicable legislation. Regarding buildings for which the tenants assume responsibility for the property and its technical systems, Aedifica makes every effort to ensure that the required inspections are



VILLA TEMPORIS
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SENIOR HOUSING

organised in due time. In addition, a programme is in place to ensure the conformity and compliance of building elevators.

A study is conducted for each new investment to determine the likelihood of asbestos and identify the related risks. All the devices identified as being at risk of containing asbestos and deemed harmful for humans are removed from the buildings. The remaining devices become the object of a management plan which is re-evaluated annually by accredited experts. The Company also uses regular maintenance works and planned upgrades to remove any remaining, insignificant, residues. With regard to triple net leases, the Company ensures that the management plan is carried out by the operators of the buildings through regular monitoring visits.

Regarding the buildings located in Belgium, the regulation on the energy performance of buildings ("PEB") requires that a study on energy performance is conducted for all new construction projects. For existing buildings, the regulation has introduced a certificate to attest to the energy performance of buildings, with reference to the energy performance coefficient. For buildings managed by Aedifica (directly or indirectly through external managers), a programme is in place to obtain this certification. Regarding buildings for which the tenant assumes responsibility for the property and its technical systems, Aedifica makes every effort to ensure that the necessary certificates are obtained.

Regarding its buildings located outside Belgium, Aedifica ensures the follow-up of local regulation. The Company is increasingly making use of sustainability solutions for its new constructions in The Netherlands (for example, heat pumps, solar thermal collectors and solar panels).

As a priority item for apartment building renovations, Aedifica replaces oil and gas burning heating systems with natural gas systems, and seeks to improve the overall level of thermal insulation in its buildings (level K). A number of buildings is also equipped with solar panels, namely Aedifica's registered office (Louise 331), Résidence Palace and Héliotropes.

At its head office, Aedifica uses certified paper (including for printing the Annual Financial Report), and encourages its staff to recycle waste to the greatest extent possible.

14.2 SOCIAL MATTERS

Aedifica's Board of Directors is composed of 9 directors, comprising 4 women and 5 men. The gender diversity requirement included in the Belgian Act of 28 July 2011 (which modifies the Belgian Companies Code, among others) is met given the current composition of the Company's Board of Directors. The Company's mixed gender ratio of 44 % exceeds the 30 % threshold required by law for financial years which began on or after 1 July 2017. Aedifica's high percentage of women on the Board has been noted in various studies dealing with gender diversity in governance bodies of Belgian companies (most notably in articles published on 10 June 2016 in *De Tijd*, 20 June 2014 in *L'Echo*, 18 October 2012 in *De Morgen*, 2 March 2011 in *L'Echo*, 26 June 2010 in *De Tijd*, and 4 December 2009 in *Expertise News*).

Aedifica aims to promote personal development of its employees by offering a work environment that is motivating, comfortable, and adapted to their needs. The Company strives to identify and further reinforce the talents of its staff in favour of promoting diversity and equal opportunity in the workplace. As of 30 June 2017, the Aedifica team consists of 46.5 full-time equivalent positions (FTEs), or 48 individuals (44 individuals on 30 June 2016). Total staff breakdown by gender is 27 women and 21 men, and by position type is 36 staff, 11 labourers and one intern. During the 2016/2017 financial year, Aedifica recorded an average of 24 hours of training per FTE (13 hours as of 30 June 2016). The average age of the Aedifica team is 40 years (30 June 2016: 41 years).

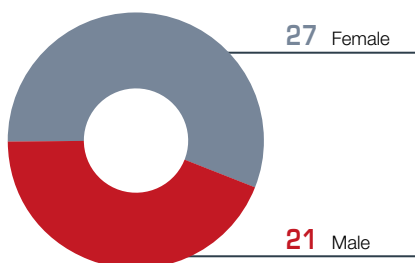
Aedifica functions in the framework of Joint Committees 100 (labourers) and 200 (staff). The remuneration proposed by Aedifica remains positioned with reference to market remuneration for similar functions. For the 2016/2017 financial year remuneration includes a plan for non-recurring benefits linked to the Company's profitability, as has been the case from 2008/2009 onwards. In addition, other recurring benefits are offered, such as a defined contribution group insurance plan and hospitalisation coverage.

Each member of the team participates in at least one performance review per year with his/her manager; this review is based on a multi-dimensional template that covers relations between the Company and its employees.

14.3 ETHICAL AND SOCIETAL MATTERS

In 2010, Aedifica adopted a Charter of Ethics which formalised the code of conduct already in place. This

Gender balance at Aedifica



charter addresses conflicts of interest, confidentiality, share purchase and sales, abuse of company property, business gifts, and respect for others. It is included in the Corporate Governance Charter.

Aedifica's investments respond to multiple housing needs and the Company contributes to the renewal of certain districts. The Company also offers solutions to the challenges associated with the ageing population through its investments in senior housing. Furthermore, Aedifica contributes to the perseveration of national heritage in Belgium as well as abroad, as the owner of several listed buildings in Belgium and protected buildings in Germany and The Netherlands (e.g. in Belgium: the Résidence Palace and building in rue du Lombard in Brussels, Hotel Martin's Brugge, hotel Martin's Klooster in Leuven, and Residentie Blaret in Sint-Genesius-Rode; in Germany: the entire Seniorenresidenz Laurentiusplatz site in Wuppertal-Elberfeld, some parts of the Service-Residenz Schloss Bensberg site in Bergisch Gladbach, and St. Anna in Höchstadt; in The Netherlands: Holland in Utrecht, Benvenuta in Hilversum, Villa Walgaerde in Hilversum, Parc Imstenrade in Heerlen, and the Het Gouden Hart sites in Kampen and Leersum).

Aedifica presents a series of semi-annual and annual roadshows in Belgium and abroad (Amsterdam, Frankfurt, London, Luxembourg, Paris, Zürich), which attract foreign investment to Belgian capital markets.

Aedifica participates in debates related to the Belgian REIT sector (via the REITs workshop organised within the Belgian Association of Asset Managers or BEAMA) and related to the new legislation regarding Regulated Real Estate Companies (SIR/GVV); it is a member of the Association of Belgian listed companies (via the "Association Belge des Sociétés cotées" or ABSC) and a founding member of the ASBL BE-REIT Association. The Company is also a member of the "Union Professionnelle du Secteur Immobilier" (UPS) and sponsors the VFB federation and investment association.

Members of Aedifica's Executive Management participate personally as speakers for university and

46.5

FULL-TIME EQUIVALENT
POSITIONS

post-graduate programmes offered by the University of Leuven (KU Leuven) and the University of Brussels (Université Libre de Bruxelles).

15. IN THE EVENT OF A TAKEOVER BID

In accordance with Article 34 of the Royal Decree of 14 November 2007, items that can be of influence in the event of a takeover bid are summarised below.

15.1 STRUCTURE OF THE SHARE CAPITAL

15.1.1 Share capital

There is one single category of shares without par value: all shares are fully paid-up. As of 30 June 2017, the share capital amounts to €474,342,051.82, consisting of 17,975,820 shares, each representing 1/17,975,820th of the share capital.

15.1.2 Rights and obligations attached to the shares

All holders of shares have equal rights and obligations, except for the pro rata temporis dividend right, which may be assigned when new shares are issued. The 3,595,164 new shares that were issued on 28 March 2017 participate prorata temporis in the Company's results for the 2016/2017 financial year.

Please refer to applicable laws, including the Belgian Companies Code, the Act of 12 May 2014 on Regulated Real Estate Companies and the Royal Decree of 13 July 2014 on Regulated Real Estate Companies. Moreover, attention should be paid to the Company's Articles of Association (see section 4 of the chapter "Standing Documents" in the Annual Financial Report).

15.2 LEGAL, CONTRACTUAL OR STATUTORY LIMITS TO THE TRANSFER OF SHARES

There are no legal or statutory limits for share transfers.

In order to provide sufficient liquidity to the shareholders, Article 21 of the Act of 12 May 2014 quoted above requires that the shares of Belgian REITs are listed on a regulated stock exchange.

The totality of the 17,975,820 Aedifica shares are listed on the Euronext Brussels continuous market.

15.3 SPECIFIC CONTROL RIGHTS

There are no shareholders benefitting from specific control rights.

15.4 CONTROL MECHANISMS IN FAVOUR OF PERSONNEL

Aedifica has not put in place any mechanism in relation to employee shareholdings.

15.5 LEGAL OR STATUTORY LIMITS TO VOTING RIGHTS

As of 30 June 2017, Aedifica holds no treasury shares.

15.6 AGREEMENTS BETWEEN SHAREHOLDERS, KNOWN BY AEDIFICA, WHICH COULD LIMIT THE TRANSFER OF SHARES AND/OR VOTING RIGHTS

Aedifica is not aware of any agreement between shareholders that could limit the transfer of shares and/or voting rights.

15.7 RULES FOR THE NOMINATION AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS, AND FOR ANY CHANGE OF THE ARTICLES OF ASSOCIATION

15.7.1 Nomination and replacement of members of the Board of Directors

Pursuant to Article 11 to the Articles of Association, the members of the Board of Directors are elected for a term of up to 3 years by the shareholders at the Annual General Meeting. They are always revocable. They can be re-elected.

If not re-elected, the office of director ends just after the general meeting that decides on re-elections.

In case of vacancy of one or several director seats, the remaining directors have the power to provisionally elect one or several persons, to act as director(s) until the next general meeting, when shareholders will decide on the re-election. This right of re-election by the remaining directors becomes an obligation when the number of directors falls below the statutory minimum number.

A director elected to replace another director finishes the original term of the replaced director.

15.7.2 Change of the Articles of Association

Please refer to the regulations applicable to RRECs. In particular, one should bear in mind that any contemplated change to the Articles of Association must be approved by the market authority (FSMA).

15.8 POWERS OF THE BOARD OF DIRECTORS, ESPECIALLY REGARDING THE ISSUANCE OR REPURCHASE OF SHARES

Pursuant to Article 6.4 of the Articles of Association, the Board of Directors is authorised to increase the share capital the share capital in one or more transactions by a maximum amount of:

- 1) €374,000,000 if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right,
- 2) €74,800,000 for any other type of capital increase;

it being understood that the share capital can never be increased within the framework of the authorised capital in excess of €374,000,000 on such dates and in accordance with such terms and conditions as will be determined by the board of directors, in accordance with Section 603 of the Belgian Companies Code and as set out in Note 38 of the Consolidated Financial Statements.

On the date of this Consolidated Board of Directors' report, the remaining balance of the authorised capital as of 30 June 2017 amounts to 1) €277,391,262.51 if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right, or 2) €73,059,672.88 for any other type of capital increase.

Moreover, Aedifica may, in accordance with Article 6.2 of the Articles of Association, repurchase, or receive as security, treasury shares under the conditions set out in the Belgian Companies Code; the Company must also inform the market authority (FSMA) in due time. As of 30 June 2017, Aedifica has pledged 3,258 treasury shares.

15.9 MAJOR AGREEMENTS WHICH ARE INITIATED, CHANGED OR TERMINATED IN THE EVENT OF A TAKEOVER BID

The credit facilities of 27 June 2013, 5 August 2013, 10 July 2014, 15 June 2016 and 24 February 2017 (bilateral credits issued by BNP Paribas Fortis), as well as the credit facility of 8 October 2014 (bilateral credits issued by ING Belgium) and the credit facility of 7 May 2013 (bilateral credit issued by Bank Degroof), provide for early termination in the event of a change in control (control being defined as the concentration of 50% plus one share in the hands of a single shareholder, or as the concentration of 50% plus one voting right in the hands of a single shareholder).

The credit facilities of 28 June 2016 issued by KBC Bank provide for early termination in case of substantial change in the shareholding structure that could result in a change in the composition of the Board of Directors or in the risk assessment carried out by the bank.

The credit facilities of 26 June 2013 issued by Banque LB Lux (for which activities were resumed by its parent company Bayerische Landesbank on 1 July 2014) provide for early termination in the event of a substantial change in control. Control is defined with reference to the capital holdings of Aedifica (more than 50%) or



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by reference to the right or possibility to control, either directly or indirectly, the management activities or the majority of the Board of Directors. The credit facility of 30 June 2015 issued by Caisse d'Épargne et de Prévoyance Nord France ("CENFE") and with which CENFE takes over the credit issued by Bayerische Landesbank, as well as the credit facility of 7 June 2016 issued by CENFE, includes an identical clause.

The credit facilities of 14 June 2014 and 13 November 2014 issued by Banque Européenne du Crédit Mutuel provides for early termination in the event of a substantial change in control in favour of one or more investors acting in concert. "Control" and "action in concert" are defined with reference to the Belgian Companies Code.

The credit facilities of 27 November 2014 and 27 June 2016 issued by Belfius Banque SA provide for early termination if the administration of the Company is modified or if one of the working partners of a partner with joint and several liability or one of the majority shareholders withdraws or passes away.

The credit facilities of 19 February 2016, 20 September 2016 and 14 February 2017 issued by ING Belgium provide for immediate payment without notice of all amounts due related to these credit facilities (interests, fees, associated costs), and immediate cancellation



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of all obligations awaiting execution, unless otherwise agreed by the banks, in the event of a change in control. Control being defined as (i) the concentration, either directly or indirectly, of more than 50% of shares, voting rights or similar rights in the hands of a single shareholder or (ii) the possibility to control, either directly or indirectly, the management activities or the composition of the majority of the Board of Directors, pursuant to an agreement and through the exercise of voting rights.

The credit facilities of 24 October 2016 issued by BNP Paribas SA Niederlassung Deutschland provide for early termination in case of a change in control of Aedifica. Change in control being defined as the concentration, either directly or indirectly, of more than 50% of shares or voting rights in the hands of a single shareholder or multiple shareholders acting in concert ("multiple shareholders acting in concert" being defined as shareholders who align themselves with respect to the acquisition of shares or voting rights, or who discuss the exercise of their voting rights).

The credit facility of 3 February 2017 issued by Banque Triodos SA provide for early termination in case of substantial change in the shareholding structure that could

result in a change in the risk assessment carried out by the bank; or in case of a disagreement between directors or associates; or if the Company is ungovernable, regardless of the reason.

15.10 AGREEMENTS WITH DIRECTORS OR PERSONNEL WHICH PROVIDE FOR INDEMNITIES IN THE EVENT OF A TAKEOVER BID

If the management agreement signed with the CEO is terminated by the CEO or by the Company within a period of 6 months after the launch of a takeover bid, the CEO will receive an indemnity amounting to 18 months of benefits (except in case of serious misconduct).

If the management agreement signed with the CFO is terminated by the CFO or by the Company within a period of 6 months after the launch of a takeover bid, the CFO will receive an indemnity amounting to 12 months of benefits (except in case of serious misconduct).

No such clause has been included in contracts signed with other members of the Management Committee and the Aedifica staff.

16. INDEPENDENCE AND COMPETENCE WITH RESPECT TO ACCOUNTING AND AUDIT OF AT LEAST ONE MEMBER OF THE AUDIT COMMITTEE

The Audit Committee of the Company is made up of 3 non-executive directors; among these, 2 meet the independence criteria set out by Article 526ter of the Belgian Companies Code. Namely, Ms. Katrien Kesteloot and Mr. Serge Wibaut:

- 1° Have never acted as executive directors, as members of the Management Committee, or as persons in charge of the daily management, of Aedifica or of a related party of Aedifica;
- 2° Have acted as non-executive directors during less than 3 consecutive terms, for a total term of less than 12 years;
- 3° Have not been part of management personnel (as defined by Article 19, 2° of the Act of 20 September 1948) of Aedifica, or of a related party of Aedifica. Moreover, they have never been hired as employees of Aedifica, or of a related party of Aedifica;
- 4° Have never received any remuneration or other substantial benefit from Aedifica or a related party of Aedifica, except as for their remuneration and attendance fees as non-executive directors;
- 5° Have no shareholdings in Aedifica;
- 6° Have no significant business relationships with Aedifica or with a related party of Aedifica, either directly as an employee or indirectly as a partner, shareholder, member of the Board of Directors, or as management personnel (as defined by Article 19, 2° of the Act of 20 September 1948) of an entity with has that kind of relationship with Aedifica;
- 7° Have not been, over the last 3 years, a Partner of or employed by the statutory auditor of Aedifica, or of a related party of Aedifica;
- 8° Are not executive directors in another entity in which Mr. Stefaan Gielens and/or Mr. Jean Kotarakos and/or Ms. Laurence Gacoin and/or Ms. Sarah Everaert act as non-executive directors. Furthermore, they do not have major relationships with Mr. Stefaan Gielens and/or Mr. Jean Kotarakos and/or Ms. Laurence Gacoin and/or Ms. Sarah Everaert through other duties in other entities;

- 9° Have not, within Aedifica or within a related party of Aedifica, any spouse, parents, or family members up to the second grade, acting as director, members of the Management Committee, as person in charge of the daily management, or as management personnel (as defined by Article 19, 2° of the Act of 20 September 1948), of Aedifica or of a related party of Aedifica;
- 10° Have no relationship with Aedifica which could affect their independence.

Moreover, all members of the Audit Committee have the necessary competencies with respect to accounting and audit, given their level of education and their broad experience in these matters.

17. CORPORATE GOVERNANCE STATEMENT

The statement of corporate governance (including the remuneration report and the description of the main features of systems of internal control and risk management) is provided in the chapter "Corporate Governance Statement", on pages 132 to 147 of this Annual Financial Report.

Brussels, 4 September 2017

A photograph of a modern, multi-story apartment building with a light grey facade and dark window frames. The building has several balconies and is situated on a street with some landscaping. The sky is blue with light clouds. A semi-transparent grey box is overlaid on the top left of the image, containing the text 'EPRA¹'.

EPRA¹

1%

EPRA VACANCY RATE

18.9%

WEIGHTING IN THE
BELGIAN EPRA INDEX

**€ 3.15/
share**

EPRA EARNINGS*

1. The data in this chapter are not compulsory according to the RREC regulation.



EPRA

Aedifica passed all eligibility criteria for inclusion in the EPRA indices during the March 2013 quarterly review. As a result, Aedifica's shares were added to the "FTSE EPRA/ NAREIT Developed Europe Index" on 18 March 2013.

The EPRA ("European Public Real Estate Association") is the voice of Europe's publicly traded real estate sector and the most widely used global benchmark for listed real estate. It represents more than 220 active members and over €365 billion in real estate assets. The European indices include more than 100 constituents, with a free-float market capitalisation of more than €200 billion. The criteria for inclusion in the indices are publicly available on the EPRA website (www.epra.com).

As of 30 June 2017, Aedifica is registered in the European EPRA Index with a weighting of approx. 0.7% and in the Belgian EPRA Index with a weighting of approx. 18.9%.

In November 2016, the Board of Directors of the European Public Real Estate Association ("EPRA") published an update of the report entitled "EPRA Reporting: Best Practices Recommendations Guidelines" ("EPRA Best Practices"). The report is available on the EPRA website.

This document contains EPRA's recommendations for defining the main financial performance indicators applicable to listed real-estate companies. Aedifica supports this approach to reporting standardisation, which has been designed to improve the quality and comparability of information. The Company supplies its investors with most of the information recommended by EPRA. Some of the EPRA indicators are considered to be alternative performance measures (APM). They are described in note 57 of this annual financial report's financial statements, as well.

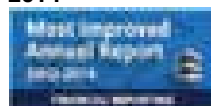
On 24 September 2014, Aedifica was rewarded the "EPRA Silver Award" and the "EPRA Most Improved Award" for its 2012/2013 Annual Financial Report.

On 9 September 2015, Aedifica was rewarded for the first time the "EPRA Gold Award" for its 2013/2014 Annual Financial Report, bringing the Company to the forefront of the 106 companies surveyed. This performance was repeated in September 2016 for the 2014/2015 Annual Financial Report and in September 2017 for the 2015/2016 Annual Financial Report.



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2014



2014



2015 - 2016



2017



Key performance indicators according to the EPRA principles

		30 June 2017	30 June 2016
EPRA Earnings*	x €1,000	47,964	34,326
Earnings from operational activities	€ / share	3.15	2.43
EPRA NAV*	x €1,000	925,192	640,568
Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model	€ / share	51.47	45.14
EPRA NNAV*	x €1,000	879,516	588,215
EPRA NAV* adjusted to include the fair values of financial instruments, debt and deferred taxes	€ / share	48.93	41.45
EPRA Net Initial Yield (NIY)	%	5.2	5.2
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchaser's costs			
EPRA Topped-up NIY	%	5.2	5.2
This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents			
EPRA Vacancy Rate	%	1	2
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio			
EPRA Cost Ratio (including direct vacancy costs)*	%	17	20
Administrative & operating costs (including costs of direct vacancy) divided by gross rental income			
EPRA Cost Ratio (excluding direct vacancy costs)*	%	17	20
Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income			

These data are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The auditor verified (through a limited review) whether these data EPRA are calculated according to the definitions included in the EPRA Best Practices Recommendations Guidelines and whether the financial data used in the calculation of these figures comply with the accounting data included in the audited consolidated financial statements.

“Inclusion in the EPRA index has always been a key milestone for Aedifica, that was achieved in 2013. It displays a wider recognition of Aedifica’s commitment to best practice, and provides an opportunity for global investors to play a part in the Company’s continued success.”
Stefaan Gielens,
CEO

EPRA Earnings* (x €1,000)

	30 June 2017	30 June 2016
Earnings (owners of the parent) per IFRS income statement	63,358	40,266
Adjustments to calculate EPRA Earnings*, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	-10,357	-10,775
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-1,459	-731
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	-5,119	5,685
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	1,541	-120
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	0	0
EPRA Earnings* (owners of the parent)	47,964	34,326
Number of shares (Denominator IAS 33)	15,235,696	14,122,758
EPRA Earnings* per Share (EPRA EPS* - in €/share)	3.15	2.43

EPRA Net Asset Value* (NAV) (x €1,000)

	30 June 2017	30 June 2016
NAV per the financial statements (owners of the parent)	888,039	590,956
NAV per the financial statements (in €/share) (owners of the parent)	49.40	41.64
Effect of exercise of options, convertibles and other equity interests (diluted basis)	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	888,039	590,956
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	0	0
(i.b) Revaluation of investment properties under construction (IPUC) (if IAS 40 cost option is used)	0	0
(i.c) Revaluation of other non-current investments	0	0
(ii) Revaluation of tenant leases held as finance leases	0	0
(iii) Revaluation of trading properties	0	0
Exclude:		
(iv) Fair value of financial instruments	34,055	47,407
(v.a) Deferred tax	3,098	2,205
(v.b) Goodwill as a result of deferred tax	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV* (owners of the parent)	925,192	640,568
Number of shares (Denominator IAS 33)	17,975,820	14,192,032
EPRA NAV* (in €/share) (owners of the parent)	51.47	45.14

EPRA Triple Net Asset Value* (NNAV) (x €1,000)

	30 June 2017	30 June 2016
EPRA NAV* (owners of the parent)	925,192	640,568
Include:		
(i) Fair value of financial instruments	-34,055	-47,407
(ii) Fair value of debt	-8,523	-2,741
(iii) Deferred tax	-3,098	-2,205
EPRA NNAV* (owners of the parent)	879,516	588,215
Number of shares (Denominator IAS 33)	17,975,820	14,192,032
EPRA NNAV* (in €/share) (owners of the parent)	48.93	41.45

EPRA Net Initial Yield (NIY) and EPRA Topped-up NIY (x €1,000)

	30 June 2017					
	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Intersegment items	Total
Investment properties - wholly owned	1,240,021	215,205	68,009	17,174	0	1,540,409
Investment properties - share of JVs/Funds	0	0	0	0	0	0
Trading properties (including share of JVs)	4,440	0	0	-	-	4,440
Less: developments	-	-	-	-17,174	-	-17,174
Completed property portfolio	1,244,461	215,205	68,009	0	0	1,527,675
Allowance for estimated purchasers' costs	42,165	5,914	1,779	0	0	49,858
Gross up completed property portfolio valuation	1,286,626	221,119	69,788	0	0	1,577,533
Annualised cash passing rental income	71,372	10,702	4,451	0	0	86,525
Property outgoing ¹	-909	-3,413	-34	0	-197	-4,552
Annualised net rents	70,463	7,289	4,417	0	-197	81,973
Add: notional rent expiration of rent free periods or other lease incentives	0	0	0	0	0	0
Topped-up net annualised rent	70,463	7,289	4,417	0	-197	81,973
EPRA NIY (in %)	5.5	3.3	6.3	0.0	-	5.2
EPRA Topped-up NIY (in %)	5.5	3.3	6.3	0.0	-	5.2

	30 June 2016					
	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Intersegment items	Total
Investment properties - wholly owned	835,300	219,332	71,657	25,924	0	1,152,213
Investment properties - share of JVs/Funds	0	0	0	0	0	0
Trading properties (including share of JVs)	4,621	0	0	-	-	4,621
Less: developments	-	-	-	-25,924	-	-25,924
Completed property portfolio	839,921	219,332	71,657	0	0	1,130,910
Allowance for estimated purchasers' costs	29,119	6,024	2,083	0	0	37,226
Gross up completed property portfolio valuation	869,040	225,356	73,740	0	0	1,168,136
Annualised cash passing rental income	49,300	11,779	4,533	0	0	65,612
Property outgoing ¹	-664	-4,186	-46	-140	-119	-5,154
Annualised net rents	48,636	7,593	4,487	-140	-119	60,458
Add: notional rent expiration of rent free periods or other lease incentives	0	0	0	0	0	0
Topped-up net annualised rent	48,636	7,593	4,487	-140	-119	60,458
EPRA NIY (in %)	5.6	3.4	6.1	0.0	-	5.2
EPRA Topped-up NIY (in %)	5.6	3.4	6.1	0.0	-	5.2

1. The scope of the real-estate charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "real-estate charges" as presented in the consolidated IFRS accounts.

Investment properties - Rental data (x €1,000)

	30 June 2017						
	Gross rental income	Net rental income	Lettable space (in m ²)	Contractual rents ³	Estimated rental value (ERV) on empty spaces	Estimated rental value (ERV)	EPRA Vacancy rate (in %)
Segment							
Senior housing	63,933	63,062	656,704	71,372	0	77,319	0
Apartment buildings	10,587	6,645	105,597	10,702	1,073	11,872 ⁴	9
Hotels and other	4,095	4,065	35,564	4,451	16	4,137	0
Non-allocated	0	0					
Intersegment items	-197	-197					
Total marketable investment properties	78,419	73,575	797,865	86,525	1,089	93,328	1
Reconciliation to income statement							
Properties sold during the 2016/2017 financial year	516	480					
Properties held for sale	0	0					
Other Adjustments	0	0					
Total marketable investment properties	78,935¹	74,055²					

	30 June 2016						
	Gross rental income	Net rental income	Lettable space (in m ²)	Contractual rents ³	Estimated rental value (ERV) on empty spaces	Estimated rental value (ERV)	EPRA Vacancy rate (in %)
Segment							
Senior housing	44,027	43,416	398,803	49,300	0	53,494	0
Apartment buildings	11,799	7,052	110,223	11,779	1,154	12,369 ⁴	9
Hotels and other	4,080	4,039	37,519	4,533	55	4,292	1
Non-allocated	0	-141					
Intersegment items	-119	-119					
Total marketable investment properties	59,787	54,247	546,545	65,612	1,209	70,155	2
Reconciliation to income statement							
Properties sold during the 2015/2016 financial year	0	0					
Properties held for sale	0	0					
Other Adjustments	0	0					
Total marketable investment properties	59,787¹	54,247²					

1. The total "gross rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "net rental income" of the consolidated IFRS accounts.

2. The total "net rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "property operating result" of the consolidated IFRS accounts.

3. The current rent at the closing date plus future rent on leases signed as at 30 June 2016 or 30 June 2017.

4. This ERV does not take into account a furnished occupancy.

Investment properties - Like-for-like net rental income (x €1,000)

	30 June 2017				30 June 2016		Like-for-like net rental income
	Net rental income on a like-for-like basis ¹	Acquisitions	Disposals	Transfers due to completion	Net rental income of the period ²	Net rental income on a like-for-like basis ¹	
Segment							
Senior housing	40,001	21,062	0	1,999	63,062	39,591	1 %
Apartment buildings	7,029	0	0	0	7,029	7,049	0 %
Hotels and other	4,155	0	0	6	4,161	3,992	4 %
Non-allocated	0	0	0	0	0	-141	-
Intersegment items	-197	0	0	0	-197	-119	-
Total marketable investment properties	50,988	21,062	0	2,005	74,055	50,373	1 %
Reconciliation to income statement							
Properties sold during the financial year					0		
Properties held for sale					0		
Other Adjustments					0		
Total marketable investment properties					74,055		

1. Marketable investment properties owned throughout the 2 financial years.

2. The total "net rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "property operating result" of the consolidated IFRS accounts.

Investment properties - Valuation data (x €1,000)

	30 June 2017			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate (in %) ¹
Segment				
Senior housing	1,244,461	18,782	5.5	8
Apartment buildings	215,205	217	6.4	1 ¹
Hotels and other	68,009	-2,880	6.3	-8
Total marketable investment properties including assets as held for sale*	1,527,675	16,119	5.2	6
Reconciliation to the consolidated IFRS balance sheet				
Development projects	17,174	-5,762		
Total marketable investment properties including assets as held for sale*	1,544,849	10,357		

	30 June 2016			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate (in %) ¹
Segment				
Senior housing	839,921	17,589	5.6	8
Apartment buildings	219,332	338	6.5	-5 ¹
Hotels and other	71,657	-1,062	6.1	-7
Total marketable investment properties including assets as held for sale*	1,130,910	16,865	5.2	5
Reconciliation to the consolidated IFRS balance sheet				
Development projects	25,924	-6,090		
Total marketable investment properties including assets as held for sale*	1,156,834	10,775		

1. This reversion rate does not take into account a furnished occupancy for some apartments.

Investment properties - Lease data

	30 June 2017				
	Weighted average lease term ¹ (in years)	Current rent of leases expiring (x €1,000)			
		Not later than one year	Later than one year and not later than two years	Later than two years and not later than five years	Later than five years
Segment					
Senior housing	22	0	0	890	70,482
Apartment buildings	4	3,933	6,023	0	746
Hotels and other	26	51	0	0	4,400
Total marketable investment properties including assets as held for sale*	20	3,984	6,023	890	75,628

1. Termination at following possible break.

Properties being constructed or developed (in millions €)

	30 June 2017							
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (in m ²)	% Pre-let	ERV on completion
Total	17	104	1	122	2019/2020	± 95,000	98	7.5

	30 June 2016							
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (in m ²)	% Pre-let	ERV on completion
Total	24	226	1	252	2018/2019	± 120,000	99	15.0

The breakdown for these projects is provided in section 4.2. of the Property Report.

EPRA Cost ratios* (x €1,000)

	30 June 2017	30 June 2016
Administrative/operating expense line per IFRS statement	-13,206	-12,208
Rental-related charges	-48	-35
Recovery of property charges	40	25
Rental charges and taxes normally paid by tenants on let properties	-917	-1,454
Technical costs	-1,247	-1,119
Commercial costs	-567	-584
Charges and taxes on unlet properties	-165	-119
Property management costs	-998	-1,037
Other property charges	-1,026	-1,252
Overheads	-8,544	-6,694
Other operating income and charges	266	61
EPRA Costs (including direct vacancy costs)* (A)	-13,206	-12,208
Charges and taxes on unlet properties	165	119
EPRA Costs (excluding direct vacancy costs)* (B)	-13,041	-12,089
Gross Rental Income (C)	78,983	59,822
EPRA Cost Ratio (including direct vacancy costs)* (A/C)	17 %	20 %
EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)	17 %	20 %
Overhead and operating expenses capitalised (including share of joint ventures)	78	28

Aedifica capitalises internal architect costs.

EPRA Capex (x €1,000)

	30 June 2017	30 June 2016
Property related capex		
(1) Acquisitions	333,028	105,169
(2) Development	47,451	25,631
(3) Like-for-like portfolio	6,364	6,532
(4) Other (capitalised interests and project management)	400	400
Capital expenditure	387,243	137,732

The data in the table come from Note 29 of the Consolidated Financial Statements.

Property report

5.7%

AVERAGE GROSS YIELD
IN TERMS OF FAIR VALUE

23%

PART OF THE PORTFOLIO
IN GERMANY AND IN THE NETHERLANDS

20 years

WEIGHTED AVERAGE LEASE TERM OF
CURRENT CONTRACTS

€1.5 billion

FAIR VALUE OF
INVESTMENT PROPERTIES



Property report



RESIDENTIE POORTVELDEN
BELGIUM –
SENIOR HOUSING

in €		Total investment	Purchasing costs	Net purchase price	Financing 80%	Required personal contribution
Existing	Minimum	200,000	20,000	180,000	144,000	56,000
	Maximum	250,000	25,000	225,000	180,000	70,000
New construction	Minimum	200,000	35,000	165,000	132,000	68,000
	Maximum	250,000	44,000	206,000	165,000	85,000

1. THE REAL ESTATE MARKET

All data presented in sections 1.1 and 1.3.1 of this chapter is based on information publicly available through the Belgian Ministry of Economy as of 31 March 2017.

1.1 THE BELGIAN RESIDENTIAL MARKET¹

Turnover on the secondary residential market saw an increase by the end of 2014, mainly in Flanders, due to changes announced in relation to mortgage interest tax relief schemes. The stricter credit policies imposed by financial institutions as a result of Basel III directives, however, have an increasing impact on market activity. This trend is expected to continue in 2016.

Moreover, the base rates for mortgage loans decreased in 2014 (from 3.7% in the first half to 2.7% by the end of the year) and fell further in the first quarter of 2015 to 2.5% by April. At the beginning of 2016, the base rates further decreased to 1.9% in summer. At the same time, inflation was flat at 0% in 2014 but climbed steadily from March to July 2016 to reach approx. 2.5%. In the second half of 2016, inflation decreased to 1.8%. This implies that the real interest rate (the difference between the base rate and rate of inflation) decreased in 2016, and even became negative from March to August and again from December 2016 to April 2017. There is a risk that a negative real interest rate will lead to excessively high prices. In line with the adage that real estate offers protection against inflation, investors are attracted by the notion that the value derived from their property will be greater than their cost of capital.

Therefore, two opposing undercurrents exist concerning private buyers (owner-occupiers); stricter credit policies require more initial capital and thus hinder investment in housing, whereas low – or even negative – interest rates encourage purchase. For investment buyers (landlords), real estate investments are very attractive under current conditions, given direct comparisons between real estate returns and yields on alternative investments. In practice, we observe a convergence toward a total budget of between €200,000 and €250,000 for both first-time buyers and residential real estate investors. In Flanders, this results in a net purchase price between €180,000 and €225,000 for existing properties (including renovations), and between €165,000 and €206,000 for new constructions. If financing covers 80% of the purchase price, the initial capital required personal resources amounts to between €56,000 and €85,000 on average. The result is about the same in Brussels and Wallonia, taking into account the higher tax reductions in Brussels and the more common reduced tariffs in Wallonia (see table on the left).

The figures presented in the above table show the ceilings (maximum amount feasible) for young families, relying on their own savings and parental support.

After a particularly weak 2015, the number of approved development permits recovered to 2014 levels in 2016, with approximately 19,900 (+4%) development permits

issued for single-family homes and 31,400 (+16%) for apartments.

Demand for rented dwellings has experienced a significant increase as more and more higher-income households are staying in the rental market for longer periods of time.

Prices continue to show an upward trend: in 2016, we observed an increase of 2.6% for single-family dwellings and 0.2% for apartments. Price increases seem to be mainly concentrated in the segment up to €250,000, whereas formation of prices above €500,000 is more difficult.

Between 1983 and 2016, prices for private dwellings multiplied by 6.87 times. This represents an average yearly increase of 5.8%, compared to average inflation of 2.07%. The most important factors reflected during the period 1983-2016 include, on one hand, the increase in the consumer price index (+98.32%) and in purchasing power (inflation excluded) of households (+60.46%), and on the other hand, increased in the borrowing capacities as a result of lower interest rates (+121.41%) and longer mortgage terms (+6.85%). The result obtained by multiplying these four factors ($1.9932 \times 1.6046 \times 2.2141 \times 1.0685$) shows that the baseline index of 100 (established in 1983) has increased to 717 by 2016. Thus, prices for private dwellings showed a 8% growth potential for 2016. Over a period of 103 years (1913-2016), prices for single-family dwellings have multiplied by a factor of 841, which represents an annual increase of 6.76%, compared to average inflation of 5.45% over the same period.

1.2 THE MARKET FOR FURNISHED APARTMENTS IN BELGIUM

The market for furnished apartments in Belgium is characterised by the dispersion of operators and by a very diverse offering (ranging from the simple activity of renting out furnished apartments to providing furnished apartment rentals with additional services, and from very short term (daily) rental contracts to the more common monthly rental contracts, etc.). Moreover, this market is characterised by its lack of transparency. To the best of our knowledge, no independent market study has been carried out on this segment to date.

The business of furnished apartment rentals must not be confused with the hotel industry. The main activity is indeed the renting out of apartments, which include all necessary furnishings such that tenants can immediately move in without having to worry about the interior design. However, the additional services provided are rather limited, usually consisting of a monthly cleaning service only.

Taking into account short-term rental contracts and the target clientele (expatriates), this rental activity is more sensitive to economic cycles. The current economic context and market conditions lead to increased volatility in occupancy rates and prices.

In Flanders, the activity of renting furnished apartments is subject to a specific regulation, the Decree of 5 February 2016 on Touristic Housing, as amended by the Decree of 10 March 2017 (published in the Belgian State Gazette dated 11 April 2017). In the Brussels-Capital Region, an Ordinance was also adopted under which the activity of furnished apartment rentals, and their service providers, are in certain cases regulated by the regulatory framework for Touristic Housing (Ordinance of 8 May 2014 on Touristic Housing, which was implemented on 24 April 2016).

1.3 THE SENIOR HOUSING MARKET

1.3.1 Belgium¹

The total number of rest home beds in Belgium increased by 2,543 in units between 22 June 2016 and 14 May 2017 to reach a capacity of 143,431 units. However, according to several studies, this increase remains below the real annual incremental need. Many of these studies are based on growth forecasts for the number of persons over 65 years, which will rise from 17% to 22% of the population between 2013 and 2030. However, within this category, the portion of seniors who are still autonomous is growing and the number of dependant persons is increasing less sharply. According to a Dutch study (CBS), life expectancies have increased between 1980 and 2010, increasing from 72.5 to 79 years for men and from 79 to 83 years for women. The number of years during which elderly people suffer from health problems has remained stable since 1990 for men (approx. 15 years) and since 1998 for women (approx. 20 years). Moreover, domestic technologies and homecare also play an increasing role. The average duration of stay remains relatively stable. Over the last 5 years, the number of beds has increased by 11,181 units. Private not-for-profit organisations operate the lion's share of these units, representing 50% of the market. It is notable as well that the number of rest home beds showed a consistent decrease between 1997 (93,056 beds) and 2012 (62,545 beds). Since 2012 however, it has risen to 70,319 units.

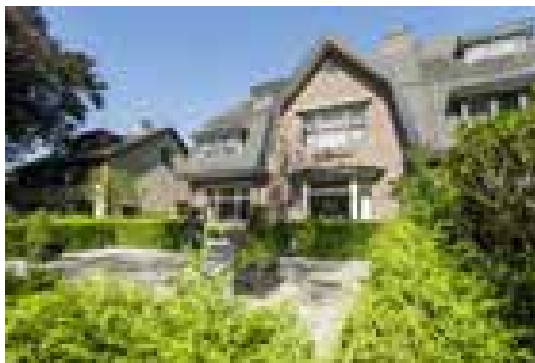
As a long-term investment, health care real estate is attracting more and more interest. The investment market has rapidly extended toward insurers and pension funds, for whom (very) long-term and indexed contracts present attractive features. This also corresponds to operators' desire to pursue a long-term strategy. Financial ratios, such as the debt to turnover, are of greater concern to operators than to real estate investors. For investors, a debt that is eight times the turnover (rental income) is easily acceptable, whereas, for operators, debt generally amounts to only one quarter of the turnover. The separation between operational activities and real estate, which is also found in the hotel segment, is therefore a logical consequence. However, these two aspects remain linked, with profits split between the two parties: they are thus dependent on one another. For the operator, the building represents a "real estate machine" that cannot be defective at any time. Like in the hotel segment, triple net

1. Written in Dutch on 19 June 2017 by Stadim CVBA, and reproduced with permission. Translation by Aedifica.

Population ageing and increasing life expectancies especially have an effect on the German market. Germany has approximately 82.2 million inhabitants, of which approximately 17.3 million are over 65 (21.1 %) and an estimated 9 million are more than 75 years of age (11 %).

contracts are logically established in the healthcare sector as well. It is essential for operators that the quality of the asset is maintained and that they can intervene quickly if action is needed. This type of contract might be misleading for investors who think they are fully relieved of all matters relating to building management given the long-term contracts in place with the operators. Operational sustainability and technical requirements of the building, as well as compliance with constantly changing regional regulations, are the Achilles heel of relations between investors and operators. What value will remain if a building is not up to code? If the establishment were located in collective community services zone ("blue zone"), what alternative use would be possible? If operations become insufficiently profitable due to a reduction in state/public subsidies, change in regulation, or excessive rent, a downward rent revision may be required if the operations are to continue. It is crucial for the investor to monitor all changes and trends of either technical or regulatory nature and as well as those affecting operations.

Various authorities are taking initiatives to limit the possibility to offer individual rooms in a rest home for sale as investment properties. Co-ownership in the health care sector, while permitted in the apartment sector, has fortunately reached an impasse. In addition, it will be impossible to impose significant investments on co-owners at the same time, except for justified social reasons. Hopefully, this legislation will be adopted in other Belgian regions, and extended to other types of operational properties. How would it be possible to maintain, under co-ownership, the quality requirements of a hotel, a student residence or even a house transformed into an apartment building?



HUIZE DENNEHOF
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Given the increasing trend toward professionalisation among rest home operators, the attractiveness to investors, and reduced interest rates, gross rental yields are decreasing. Certain transactions (based on long-term triple net contracts) are already being established at rental yields lower than 5%. In this context, the necessity of quality and versatility and the overall sustainability of the investment is even more important: with current yields, there is no room for error. Attempts are being made to capitalise on the experience accumulated in the senior care segment by combining or expanding residences to serve other types of dependent persons, such as youth with disabilities. Ancillary services such as welcoming, catering, etc. could also be combined which could serve to improve the complementarity and flexibility of real estate assets. In some cases, independent operators are not profitable due to their small size but, as targets for acquisition, offer new possibilities to pursue these types of projects, including projects at the local level.

1.3.2 Germany¹

General Trends

The German healthcare market is a growth market, secured by: demographic trends showing a drastic shift in the age structure and increasing life expectations. According to the most recent data as of the end of 2015 Germany had approx. 82.2 million inhabitants, of which approx. 17.3 million over 65 (21.1%) and an estimated 9.0 million are more than 75 years of age (11%). Population ageing will be further amplified by the generation of baby boomers who will reach age 60 in approximately ten years. Consequently, the need for senior housing will increase over the next decades.

When looking at the population by age cohorts, it is noted that approx. 0.8% of people below 65 years of age need long-term care. This percentage increases to 9.9% for those over 65 and reaches 17.2% after the age of 75. The total rest home capacity in Germany should be expanded, given the number of persons in need of care. An increase of one million people requiring nursing care anticipated in the period through to 2030 is expected.

Currently, there are approx. 900,000 beds in more than 11,250 rest homes in Germany. These are operated by not-for-profit operators (approx. 55.7%), private operators (approx. 38.8%) and public operators (approx. 5.6%), in a very fragmented market. It is estimated that the market share of the five biggest operators is approx. 11%.

According to some market studies, the capacity of rest homes should increase by approx. 340,000 units by 2030. Thus, the ageing population offers significant growth potential and consolidation opportunities in the collective senior housing sector in Germany.

Investment Market

On the back of a strong final quarter, the full-year result of 2016 posts a new record of €3 billion in total, driven mainly by large-scale portfolio acquisitions. At €2.6 billion, the portfolio share in the overall transaction volume

amounts to around 87%. Compared with the 2015 transaction volume, the new record represents a year-on-year increase of some 255%.

In the investment year now elapsed, the German nursing care property market was largely determined by large-scale portfolio transactions. Above all, the largest transaction of the year, which consisted of France's Primonial REIM acquiring a nursing home portfolio comprising 68 nursing homes from Even Capital, contributed a considerable share of almost €1 billion to the overall transaction volume. The two second largest portfolio deals also account for a significant portion in this year's result. This concerned, on the one hand, Deutsche Wohnen's takeover of the Pegasus portfolio of 28 nursing homes in a volume of €420.5 million from Berlinovo Immobilien Gesellschaft mbH and, on the other, AXA Investment Managers' takeover of the 16 nursing homes in the Lisa portfolio from Blackstone.

At the end of Q1 2017 the prime yield for state-of-the-art nursing care homes stood at 5.50% which is 50 basis points below the figure of Q1 2016.

Investors are increasingly attracted to alternative investment opportunities in their property allocation, with the focus shifting to managed properties. Above all, institutional investors, such as insurance companies and pension funds, are turning increasingly to the asset class of social and healthcare property as, in comparison with conventional core commercial property, such as office or commercial buildings, this is how they can generate higher risk-adjusted returns. In addition, the healthcare market has received significantly better ratings than in the past, ultimately due to the maturing of the operator market as a consequence of the ongoing process of consolidation.

2016 proved to be a special year with an exceptional investment volume which cannot be taken as a yardstick for developments in the coming years. At present, there is no great pressure to sell in the market, which might suggest a result similar to that of 2016. Nevertheless, the process of a maturing market and the current yield advantage of nursing care properties are increasingly attracting the attention of domestic and foreign investors on the lookout for alternative investment opportunities. A dynamic trend can therefore be expected in the nursing care property market in 2017 as well. All in all, a transaction volume of around €1 billion is within the realm of the possible.



HET GOUDEN HART
THE NETHERLANDS –
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1.3.3 The Netherlands²

The Netherlands currently has a population of approx. 17.1 million inhabitants. The Central Bureau of Statistics predicts a slight growth in the population, to reach 17.8 million inhabitants by 2040. Population growth beyond 2040 remains uncertain.

However, it is certain that the number of elderly will increase sharply over this period, from 3 million persons over 65 years of age to 4.7 million in 2040 (i.e. 26% of the population), and from 0.7 million persons over 80 years old to 2 million persons in 2040 (i.e. 11% of the population). About 20% of this group needs care, and over 5% requires on-going assistance (as provided in traditional care facilities). This latter group often includes individuals suffering from dementia. According to Alzheimer Nederland, the number will more than double by 2040. Consequently, senior care constitutes a significant growth area in The Netherlands.

An increasing portion of these people do not choose for traditional care facilities, but prefer to obtain in-home care or care in private residential care facilities (such as the care residences offered by Domus Magnus). This is due to a number of factors:

- the increasing number of elderly persons with greater financial means and higher education levels as compared to average;
- the policy of separating financing for housing and care, which offers more freedom of choice;
- the high personal contribution required for occupancy in traditional care facilities;
- the higher expectations of the current generation of seniors and their children;
- the limited offerings available in traditional care facilities.

1. Written in English on 21 June 2017 by CBRE GmbH, and reproduced with permission.
2. Written in Dutch on 19 June 2017 by DTZ Zadelhoff VOF, and reproduced with permission. Translation by Aedifica.

Dutch private care providers have anticipated these trends: there are already more than 150 private residential care facilities in the country and it is foreseen that this number will increase to over 300 by 2025.

According to these trends, it appears that an increasing group of seniors seek - and are able to pay for - higher quality services.

On average, a private residential care facility contains 18 units. The limited number of units is what strengthens and distinguishes them from traditional care facilities and assisted-living apartment facilities, which comprise 60 to 200 residents.

More than half of the country's private residential care facilities are operated independently. Expectations are thus that an increasing number of operators will manage several locations.

1.4 THE MARKET FOR HOTELS AND OTHER TYPES OF BUILDINGS¹

The Belgian hotel market is slowly recovering from the March 2016 attacks in Brussels and Zaventem. The positive trend of prior years suffered a major setback in 2016, as indicated by the sharp downturn in occupancy rates and RevPar (Revenue per Available Room). In comparison with 2015, the average decrease of RevPar amounts to 12% in 2016. However, figures of the first quarter of 2017 are again in line with those of 2015. The overall occupancy rate of March 2017 has increased by 10% as compared to March 2016, while RevPar increased by more than 12%.

Preliminary figures provided by Toerisme Vlaanderen (Tourism Flanders) for 2016 show a similar pattern, albeit

less negative, pointing to a decrease in the number of overnight stays of 5.6% or 1,735,000 units. In particular, the number of foreign tourists has diminished (-11%), while the decrease on the domestic market was negligible (-0.4%). Additional figures with respect to the Flemish art cities are not yet available. At provincial level, there are significant differences with, in particular, a sharp decline in the Province of Flemish Brabant.

The difficult market conditions of the past do not seem to hinder the construction of several new hotels. The Meiningen group is planning to build a new hotel comprising 150 rooms at rue Bara in Anderlecht by the end of 2018. In the same area, Marriott International is planning the opening of a Moxy hotel comprising 80 rooms. In the meantime, the Sheraton Brussels Hotel, which recently went bankrupt, found a buyer (Prime City Investment). Outside of Brussels, a new hotel is planned in Wavre as well as two new hotels in Antwerp, in the Zuid district at Ledeganckkaai (B&B Hotels) and in the former National Bank building at Frankrijklei.

Although the hotel sector is struggling, investments have continued. Pandox bought the Silken Berlaymont hotel (€32.7 million) and the French Company Foncière des Régions acquired the SA Airport Garden Hotel (Crown Plaza Brussels Airport) (>€40 million). The group Westmont Hospitality Group acquired a portfolio of 9 hotels, primarily located in Belgium.

Strong demand for hotel real estate is not only limited to Belgium but also extends across Europe, thanks to the continued growth of global tourism. However, the record investment volume of 2015 was not exceeded by the investment volume of 2016, which amounted to approx. €17.8 billion as compared to more than €23 billion in 2015.

1. Written in Dutch on 14 June 2017 by de Crombrughe & Partners SA, and reproduced with permission. Translation by Aedifica.

2. GROWTH OF THE CONSOLIDATED PROPERTY PORTFOLIO AS OF 30 JUNE 2017

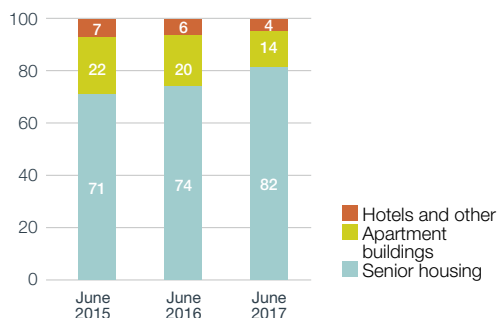
(x1,000 €)	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016	30 June 2016
Investment properties in fair value					
Senior housing ²	1,244,461	1,176,003	1,140,263	1,108,660	839,921
Apartment buildings	215,205	221,582	220,767	219,428	219,332
Hotels and other	68,009	66,676	68,576	68,554	71,657
Total of marketable investment properties in fair value	1,527,675	1,464,261	1,429,607	1,396,642	1,130,910
Development projects	17,175	16,452	26,686	19,183	25,924
Total of investments properties in fair value	1,544,849	1,480,714	1,456,292	1,415,825	1,156,834
Contractual rents¹	86,525	83,005	80,921	79,300	65,612
Contractual rents + ERV on empty spaces	87,614	84,392	82,306	80,641	66,821
Valeur locative estimée (ERV)¹	93,328	88,552	88,128	86,336	70,154
Occupancy rate¹ of the investment properties (in %)					
Total Portfolio (excl. furnished apartments)	98.7 %	98.3 %	98.2 %	98.3 %	98.1 %
Furnished apartments	73.5 %	72.0 %	71.1 %	69.4 %	78.6 %

1. See glossary.

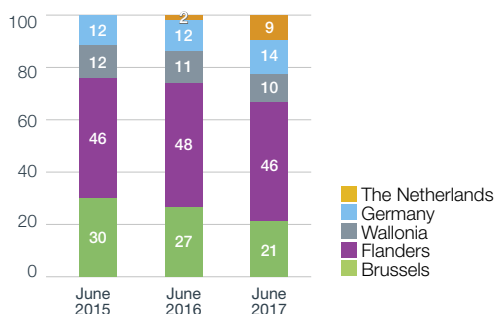
2. Including assets classified as held for sale*.

3. PORTFOLIO ANALYSIS AS OF 30 JUNE 2017

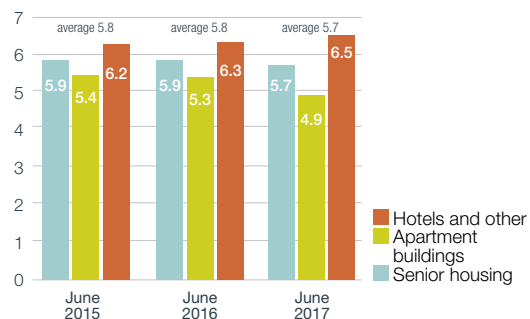
3.1 BREAKDOWN BY SEGMENT IN FAIR VALUE (%)



3.2 GEOGRAPHICAL BREAKDOWN IN FAIR VALUE (%)



3.3. GROSS YIELD BY SEGMENT BASED ON FAIR VALUE¹ (%)

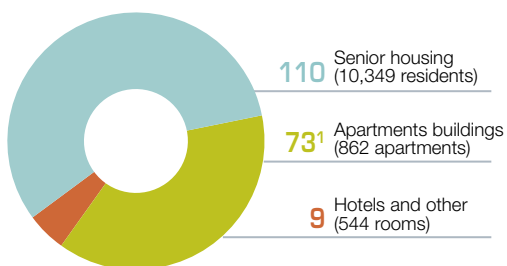


3.4 BREAKDOWN BY BUILDING (IN FAIR VALUE)

None of the buildings represents more than 3 % of total consolidated assets.

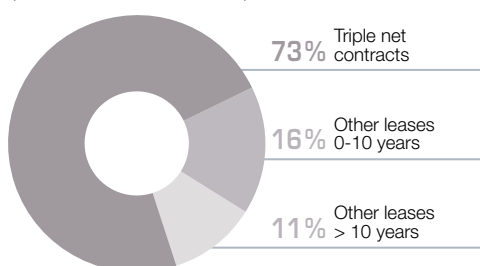
1. Based on the fair value (re-assessed every 3 months, plus goodwill and the furniture for the furnished apartments). In the senior housing segment in Belgium and in The Netherlands, gross yield and net yields are normally equal ("triple net" contracts, under which operating charges, maintenance costs and rents on empty spaces are borne by the operator). The same applies for hotels. In Germany, the net yield is normally less than the gross yield, as the owner remains responsible for certain expenses ("double net" contracts, under which the repair and maintenance of the roof, structure and facades of the building remain the responsibility of the owner while other costs are borne by operator).

3.5. NUMBER OF BUILDINGS PER SEGMENT

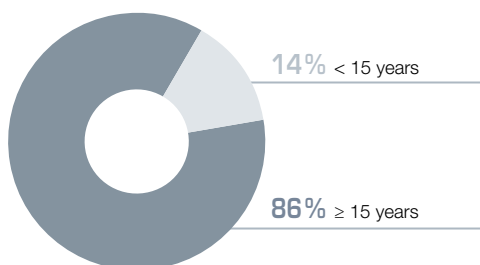


1. Every building of each complex is taken into account. In the table in section 4.1, all buildings that form part of a single complex appear on one line.

3.6. AGE OF BUILDINGS BY TYPE OF CONTRACT (BASED ON FAIR VALUE)

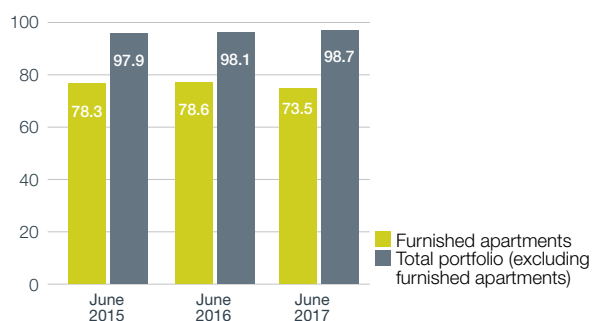


3.7. BREAKDOWN BY LEASE TERM (BASED ON FAIR VALUE)



Remaining lease term: 20 years.

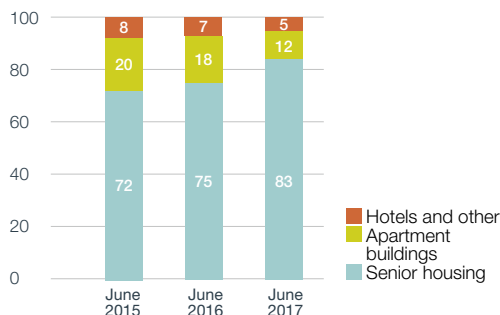
3.8. OCCUPANCY RATES¹ (%)



1. See glossary.

Overall occupancy rate for the year ended 30 June 2017 is 99%.

3.9. BREAKDOWN BY SEGMENT IN CONTRACTUAL RENT (%)



3.10. PROPERTY PORTFOLIO IN VALUE INSURED

Aedifica's investment properties are insured for a total value of €1,407 million (including furniture in the furnished apartments, and excluding lands), i.e. €1,124 million for senior housing, €200 million for apartment buildings and €84 million for hotels and other.

3.11. BREAKDOWN OF SENIOR HOUSING CONTRACTUAL RENT BY GROUP CONTROLLING THE LEGAL ENTITIES IN CONTRACTUAL RELATION WITH AEDIFICA

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Numbers of sites	30/06/2017	30/06/2016
Senior housing				110	83 %	75 %
	Belgium			72	57 %	59 %
		Armonea		19	17 %	21 %
			Armonea SA	8	8 %	10 %
			Restel Flats SPRL	1	1 %	1 %
			LDC De Wimilingen ASBL	1	0 %	0 %
			Happy Old People SPRL	1	1 %	1 %
			Citadelle Mosane SPRL	1	1 %	1 %
			Huize Lieve Moenssens ASBL	5	4 %	5 %
			Eyckenborgh ASBL	2	2 %	3 %
		Senior Living Group ²		27	19 %	14 %
			Ennea Rustoord ASBL	1	0 %	0 %
			Residentie Kasteelhof SCS	1	0 %	1 %
			Wielant-Futuro SCS	1	1 %	1 %
			Home Residence du Plateau SPRL	1	1 %	2 %
			Seniorie de Maretak SA	1	1 %	1 %
			Senior Living Group SA	7	4 %	6 %
			Résidence Au Bon Vieux Temps SA	1	1 %	0 %
			Résidence Les Cheveux d'Argent SA	1	0 %	0 %
			Helianthus ASBL	1	1 %	1 %
			Rustoord 't Hoge ASBL	1	1 %	1 %
			Vinkenbosch ASBL	1	1 %	0 %
			Residentie Sporenpark SPRL	1	1 %	2 %
			FDL Group SCA	1	1 %	0 %
			Foyer De Lork ASBL	6	4 %	0 %
			Proinvest SPRL	1	0 %	0 %
			Les Jardins de la Mémoire ASBL	1	1 %	0 %
	Orpea			9	8 %	10 %
			Château Chenois Gestion SPRL	3	2 %	3 %
			New Philip SA	3	2 %	2 %
			Parc Palace SA	1	1 %	2 %
			Progestimmob SA	1	1 %	2 %
			Résidence du Golf SA	1	1 %	1 %

1. With AGO.

2. Korian Group.

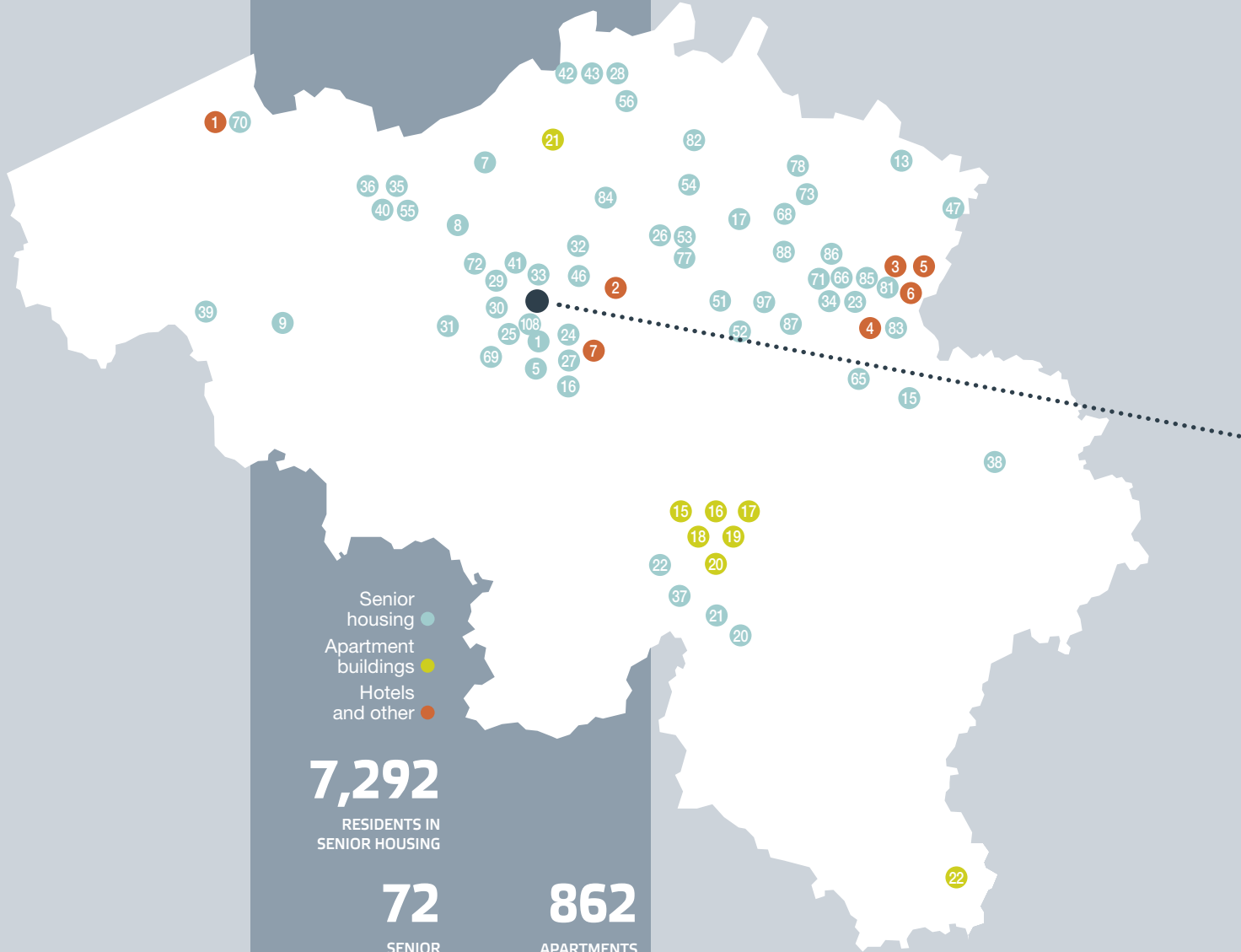
3. Sub-tenant of Senioren Wohnpark Weser GmbH.

4. Sub-tenant of Residenz Management GmbH.

5. At the end of 2016, Oase proceeded to a sale (subject to conditions) of its operations. The conditions were satisfied as per March 2017.

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	30/06/2017	30/06/2016
Senior housing						
Belgium						
		Vulpia ⁵		10	10%	9%
			Vulpia Vlaanderen ASBL	9	9%	9%
			Vulpia Wallonie ASBL	1	1%	0%
		Time for Quality		1	1%	1%
			Service Flat Residenties ASBL	1	1%	1%
		Other		6	3%	4%
			Le Château de Tintagel SPRL	1	0%	0%
			Résidence Bois de la Pierre SA	1	1%	1%
			Buitenhof ASBL	1	1%	1%
			Résidence de la Houssière SA	1	1%	1%
			Heydeveld Woon- en Zorgcentrum ASBL	1	1%	1%
			WZC Prinsenhof ASBL	1	1%	1%
Germany				22	16%	13%
		Orpea		5	4%	5%
			Senioren Wohnpark Weser GmbH	3	2%	3%
			Bonifatius Seniorendienstr GmbH ³	1	1%	1%
			Seniorenresidenz Kierspe GmbH ³	1	1%	1%
		Alloheim ¹		4	3%	4%
			AGO Herkenrath Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Dresden Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Weisseritz Betriebsgesellschaft für Sozialeinrichtungen mbH	1	0%	1%
			Senator Senioren- und Pflegeeinrichtungen GmbH	1	1%	1%
		Residenz Management		3	2%	2%
			Medeor Senioren-Residenzen GmbH ⁴	1	1%	1%
			Katholische Hospitalgesellschaft Südwestfalen GmbH Olpe ⁴	2	1%	1%
		Volkssolidarität		1	0%	1%
			Volkssolidarität Südthüringen e. V.	1	0%	1%
		DRK Kreisverband Nordfriesland e. V.		1	1%	1%
			DRK Pflegedienste Nordfriesland gGmbH	1	1%	1%
		Vitanas		5	4%	0%
			Vitanas GmbH & Co. KGaA	5	4%	0%
		Aaetas Management GmbH		1	1%	0%
			Residenz Zehlendorf Kranken- und Pflegeheim GmbH	1	1%	0%
		Other		2	1%	1%
			Schloss Bensberg Management GmbH + AachenMünchener Lebensversicherung AG	1	1%	1%
			Seniorenresidenz Laurentiusplatz GmbH	1	0%	0%
The Netherlands				16	10%	3%
		Domus Magnus		3	2%	2%
			Panta Rhei V BV	1	1%	1%
			DM Benvenuta BV	1	0%	0%
			DM Walgaerde BV	1	0%	0%
		Het Gouden Hart		3	1%	0%
			Het Gouden Hart Driebergen BV	1	0%	0%
			Het Gouden Hart Kampen BV	1	1%	0%
			Het Gouden Hart Leersum BV	1	0%	0%
		Stepping Stones Home & Care		2	1%	1%
			Poort van Sachsen Weimar BV	1	1%	1%
			Villa Spes Nostra BV	1	1%	0%
		Martha Flora		2	0%	0%
			Martha Flora Lochem BV	1	0%	0%
			Martha Flora Hilversum BV	1	0%	0%
		Vitalis		3	4%	0%
			Stichting Vitalis Residentiële Woonvormen	3	4%	0%
		Other		3	1%	0%
			Stichting Oosterlengte + Multi-tenant	2	1%	0%
			Stichting Zorggroep Noorderboog	1	1%	0%
Hotels and other				9	5%	7%
Belgium						
		Martin's Hotels		2	4%	5%
			Martin's Brugge SA	1	2%	3%
			Martin's Hotel SA	1	2%	2%
		Different Hotel Group		4	1%	2%
			Different Hotels SA	4	1%	2%
		Senior Living Group ²		1	0%	0%
			Senior Living Group SA	1	0%	0%
		Other		2	0%	0%
Other tenants				73	12%	18%
Belgium						
				73	12%	18%
TOTAL				192	100%	100%

Belgium



- Senior housing ●
- Apartment buildings ●
- Hotels and other ●

7,292

RESIDENTS IN SENIOR HOUSING

72

SENIOR HOUSING SITES

862

APARTMENTS

77%

BELGIAN PORTION OF THE PORTFOLIO

6

HOTELS



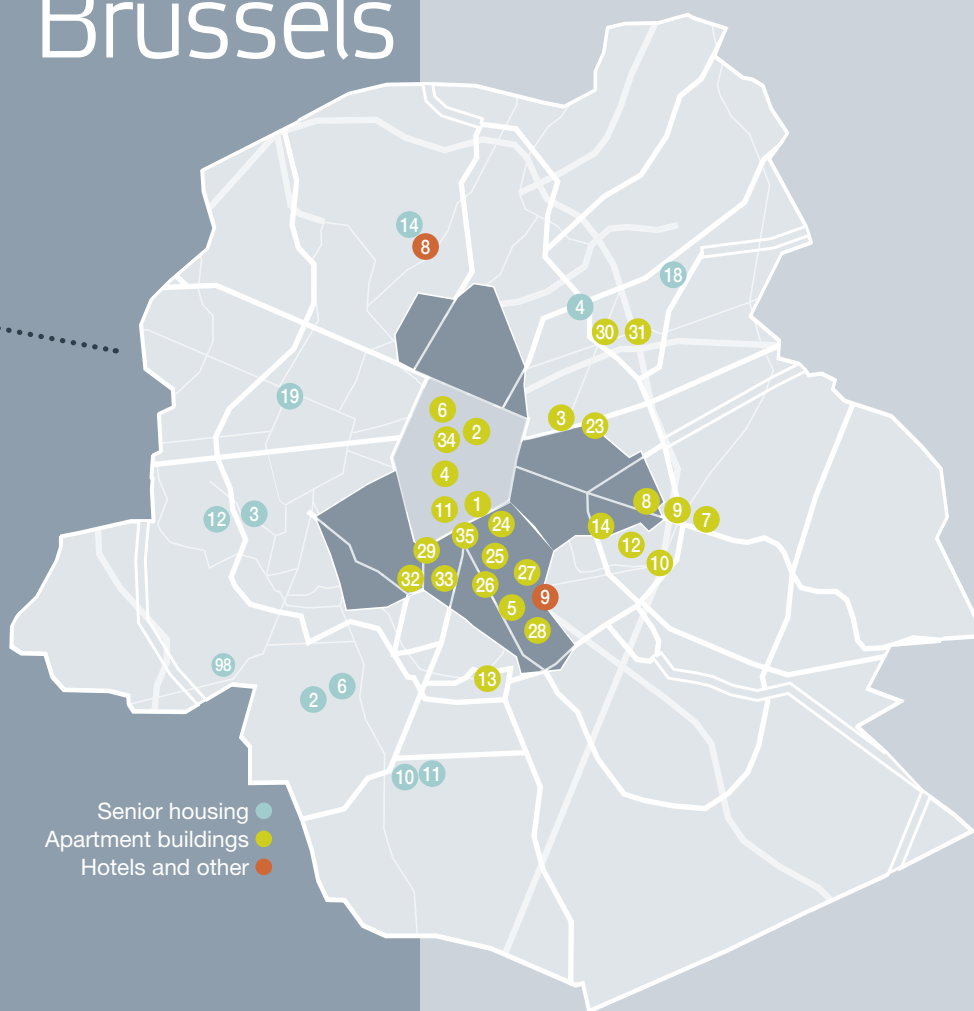
23% Germany and The Netherlands

21% Brussels

10% Wallonia

46% Flanders

Brussels



Senior housing ●
 Apartment buildings ●
 Hotels and other ●



23% Germany and The Netherlands

21% Brussels

10% Wallonia

46% Flanders

The Netherlands

2016

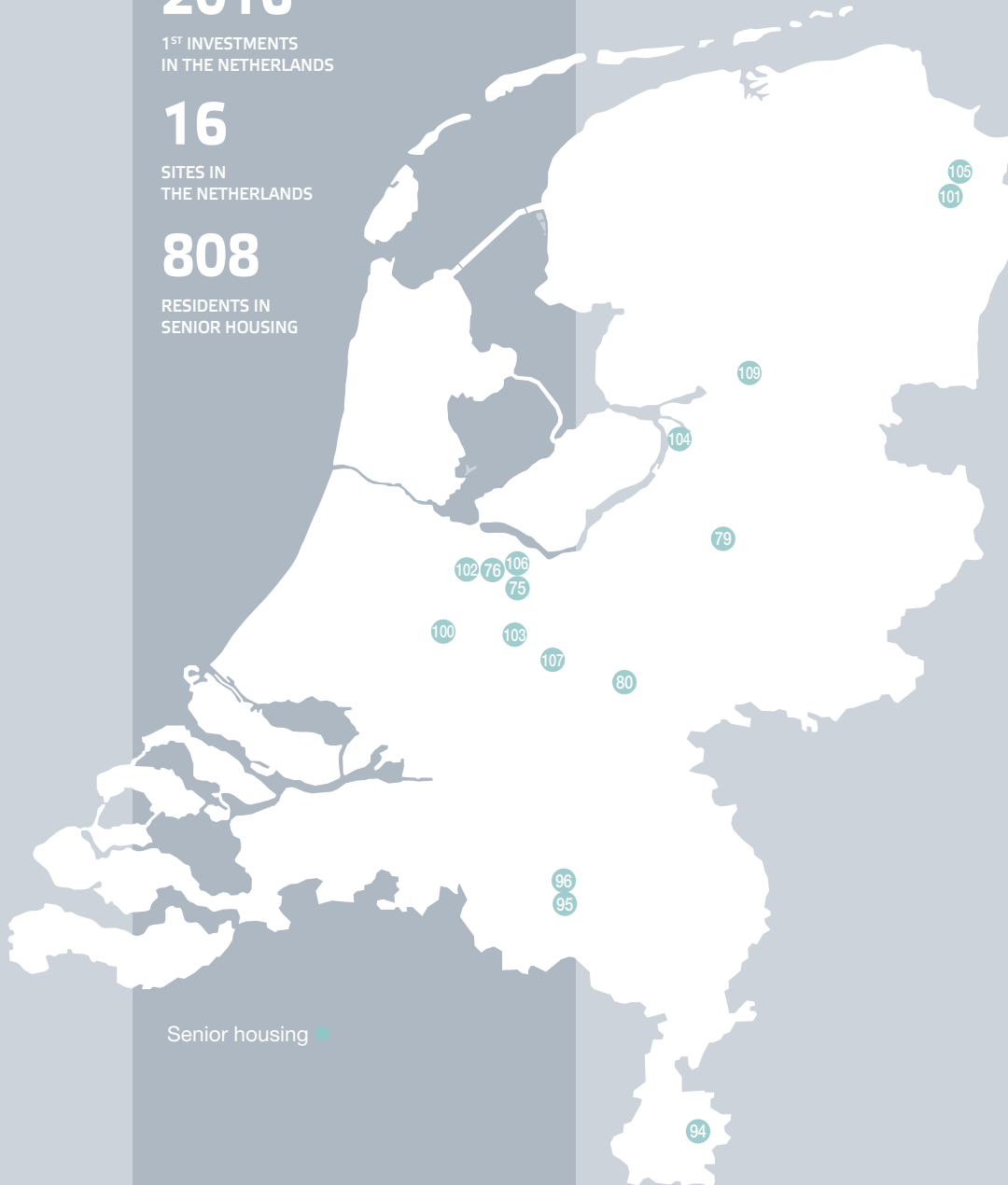
1ST INVESTMENTS
IN THE NETHERLANDS

16

SITES IN
THE NETHERLANDS

808

RESIDENTS IN
SENIOR HOUSING



77% Belgium

9% **The Netherlands**

14% Germany

Germany

2013

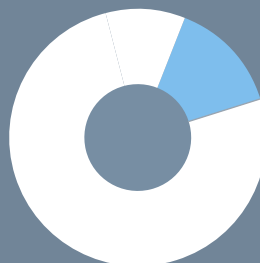
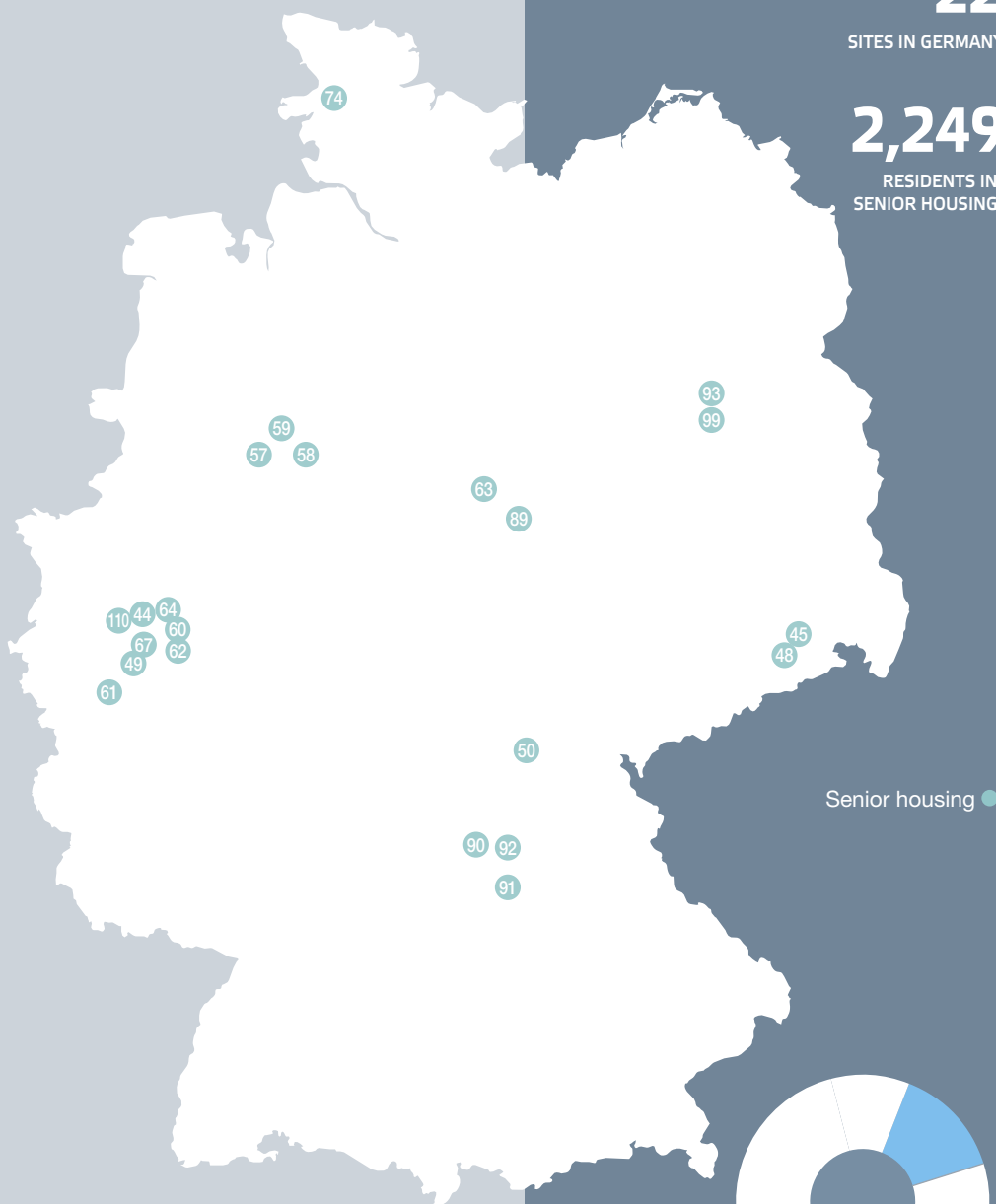
1ST INVESTMENTS
IN GERMANY

22

SITES IN GERMANY

2,249

RESIDENTS IN
SENIOR HOUSING



77% Belgium

9% The Netherlands

14% Germany

4. SUMMARY TABLE OF INVESTMENT PROPERTIES AS OF 30 JUNE 2017

4.1 MARKETABLE INVESTMENT PROPERTIES

	Total surface (m ²) ¹	Number of residential units	% Occupancy rate ²	Contractual rents ³	Contractual rents + ERV on empty spaces ⁴	Estimated rental value (ERV) ⁵	
Senior housing							
1	Château Chenois (B-1410 Waterloo)	6,354	115	100.0%	881,736	881,736	1,142,823
2	New Philip (B-1190 Brussels)	3,914	111	100.0%	483,524	483,524	619,377
3	Jardins de Provence (B-1070 Brussels)	2,280	72	100.0%	396,923	396,923	440,221
4	Bel Air (B-1030 Brussels)	5,350	161	100.0%	721,678	721,678	861,574
5	Résidence Grange des Champs (B-1420 Braine-l'Alleud)	3,396	75	100.0%	427,022	427,022	508,870
6	Résidence Augustin (B-1190 Brussels)	4,832	94	100.0%	536,963	536,963	601,275
7	Ennea (B-9100 Sint-Niklaas)	1,848	34	100.0%	196,177	196,177	197,436
8	Kasteelhof (B-9200 Dendermonde)	3,500	81	100.0%	354,814	354,814	516,242
9	Wielant (B-8570 Ingooigem)	4,834	104	100.0%	544,935	544,935	630,476
10	Résidence Parc Palace (B-1180 Brussels)	6,719	162	100.0%	1,249,670	1,249,670	1,567,552
11	Résidence Service (B-1180 Brussels)	8,716	175	100.0%	1,285,375	1,285,375	1,095,980
12	Résidence du Golf (B-1070 Brussels)	6,424	194	100.0%	774,769	774,769	1,367,908
13	Résidence Boneput (B-3960 Bree)	2,993	78	100.0%	462,142	462,142	623,667
14	Résidence Aux Deux Parcs (B-1090 Brussels)	1,618	53	100.0%	266,419	266,419	329,529
15	Résidence l'Air du Temps (B-4032 Chênée)	2,763	88	100.0%	473,024	473,024	546,458
16	Au Bon Vieux Temps (B-1435 Mont-Saint-Guibert)	7,868	104	100.0%	831,156	831,156	767,879
17	Op Haanven (B-2431 Veerle-Laakdal)	6,587	111	100.0%	682,105	682,105	782,943
18	Résidence Exclusiv (B-1140 Brussels)	4,253	104	100.0%	722,476	722,476	687,119
19	Séniorie Mélopée (B-1080 Brussels)	2,967	70	100.0%	501,628	501,628	522,388
20	La Boule de Cristal (B-5564 Wanlin)	1,290	36	100.0%	93,730	93,730	127,505
21	Les Charmes en Famenne (B-5560 Houyet)	3,165	96	100.0%	300,310	300,310	387,312
22	Seniorerie La Pairelle (B-5100 Wépion)	6,016	118	100.0%	774,395	774,395	723,122
23	Gaerveld (assisted-living apartments) (B-3500 Hasselt)	1,504	20	100.0%	172,116	172,116	184,400
24	Résidence du Plateau (B-1300 Wavre)	8,069	143	100.0%	1,290,592	1,290,592	1,259,874

1. The surface of apartment buildings has been adapted as of 31 December 2015 in order to be in line with the Code of Measuring Practice (6th edition) published by the Royal Institute of Chartered Surveyors (RICS), and is computed as follows: Gross External Area (GEA) + common areas + 50% of terrace surface. It does not include parkings and other underground areas.

2. See glossary. As reminder, the occupancy rate of the buildings with furnished apartments can not be compared to the occupancy rate calculated on the rest of the portfolio, as the methodology is different. We also note that the occupancy rate of the residential and mixed buildings includes units in renovation and hence temporarily not rentable.

3. The amounts related to the buildings with furnished apartments correspond to the annualised rental income excl. VAT.

4. For the buildings with furnished apartments, no estimated rented value (ERV) were added for vacancy.

5. See glossary.

6. Partially presented on the balance sheet among the assets classified as held for sale.

7. This ERV is not comparable to the contractual rents because (for the buildings with furnished apartments) it does not take into account the fact that the apartments are furnished.

8. Although still under construction, these sites already generate limited rental incomes. This explains why they were included in this table and why the number of residential units and the estimated rental value are not mentioned.

		Total surface (m ²) ¹	Number of residential units	% Occupancy rate ²	Contractual rents ³	Contractual rents + ERV on empty spaces ⁴	Estimated rental value (ERV) ⁵
25	Seniorie de Maretak (B-1500 Halle)	5,684	122	100.0%	537,433	537,433	742,294
26	De Edelweis (B-3130 Begijnendijk)	6,914	122	100.0%	768,678	768,678	962,532
27	Bois de la Pierre (B-1300 Wavre)	2,272	65	100.0%	451,730	451,730	458,414
28	Buitenhof (B-2930 Brasschaat)	4,386	80	100.0%	552,884	552,884	775,307
29	Klein Veldeken (B-1730 Asse)	5,824	58	100.0%	502,000	502,000	776,774
30	Koning Albert I (B-1700 Dilbeek)	7,775	110	100.0%	933,319	933,319	985,200
31	Eyckenborch (B-1755 Gooik)	8,771	141	100.0%	1,113,053	1,113,053	977,256
32	Rietdijk (B-1800 Vilvoorde)	2,155	59	100.0%	341,600	341,600	368,707
33	Marie-Louise (B-1780 Wemmel)	1,959	30	100.0%	373,301	373,301	332,193
34	Gaerveld (rest home) (B-3500 Hasselt)	6,994	115	100.0%	804,395	804,395	844,411
35	Larenshof (B-9270 Laarne)	6,988	117	100.0%	1,030,723	1,030,723	1,004,562
36	Ter Venne (B-9830 Sint-Martens-Latem)	6,634	102	100.0%	994,672	994,672	1,165,034
37	Pont d'Amour (B-5500 Dinant)	8,984	150	100.0%	996,448	996,448	895,274
38	Résidence Les Cheveux d'Argent (B-4845 Sart-lez-Spa)	4,177	80	100.0%	249,069	249,069	335,856
39	't Hoge (B-8500 Kortrijk)	4,632	81	100.0%	566,144	566,144	699,185
40	Helianthus (B-9090 Melle)	4,799	67	100.0%	475,733	475,733	449,795
41	Hestia (B-1780 Wemmel)	12,682	222	100.0%	1,367,984	1,367,984	1,662,799
42	Plantijn (B-2950 Kapellen)	7,310	147	100.0%	698,843	698,843	797,001
43	Salve (B-2930 Brasschaat)	6,730	117	100.0%	1,017,146	1,017,146	1,022,015
44	SZ AGO Herkenrath (D-51429 Bergisch Gladbach)	4,000	80	100.0%	575,000	575,000	613,273
45	SZ AGO Dresden (D-01159 Dresden)	5,098	116	100.0%	583,234	583,234	670,950
46	De Stichel (B-1800 Vilvoorde)	6,257	116	100.0%	666,675	666,675	717,025
47	Huize Lieve Moenssens (B-3650 Dilsen-Stokkem)	4,301	68	100.0%	333,294	333,294	348,680
48	SZ AGO Kreischa (D-01731 Kreischa)	3,670	84	100.0%	416,516	416,516	414,896
49	Bonn (D-53129 Bonn)	5,927	130	100.0%	740,000	740,000	711,240
50	Goldene Au (D-96515 Sonneberg)	4,141	83	100.0%	402,240	402,240	397,531
51	Residentie 't Spelthof (B-3211 Binkom)	4,076	100	100.0%	773,439	773,439	696,900
52	Residentie Twee Poorten (B-3300 Tienen)	8,413	129	100.0%	984,242	984,242	893,280
53	Residentie Demerhof (B-3200 Aarschot)	10,657	120	100.0%	947,234	947,234	891,600
54	De Notelaar (B-2250 Olen)	8,651	94	100.0%	977,469	977,469	1,099,786
55	Overbeke (B-9230 Wetteren)	6,917	113	100.0%	801,886	801,886	846,758

		Total surface (m ²) ¹	Number of residential units	% Occupancy rate ²	Contractual rents ³	Contractual rents + ERV on empty spaces ⁴	Estimated rental value (ERV) ⁵
56	Halmolen (B-2980 Halle-Zoersel)	9,200	140	100.0%	1,032,650	1,032,650	1,145,440
57	Seniorenresidenz Mathilde (D-32130 Enger)	3,448	75	100.0%	558,750	558,750	579,264
58	Die Rose im Kalletal (D-32689 Kalletal)	4,027	96	100.0%	664,396	664,396	685,892
59	Seniorenresidenz Klosterbauerschaft (D-32278 Kirchlengern)	3,497	80	100.0%	594,657	594,657	608,478
60	Senioreneinrichtung Haus Matthäus (D-57462 Olpe-Rüblinghausen)	2,391	50	100.0%	357,259	357,259	365,823
61	Bonifatius Seniorenzentrum (D-53359 Rheinbach)	3,967	80	100.0%	603,091	603,091	606,951
62	Senioreneinrichtung Haus Elisabeth (D-57482 Wenden-Rothemühle)	3,380	80	100.0%	571,614	571,614	577,980
63	Seniorenresidenz Am Stübchenbach (D-38667 Bad Harzburg)	5,874	130	100.0%	788,648	788,648	828,234
64	Seniorenresidenz Kierspe (D-58566 Kierspe)	3,721	79	100.0%	552,404	552,404	546,987
65	La Ferme Blanche (B-4350 Remicourt)	4,240	90	100.0%	549,533	549,533	638,420
66	Villa Temporis (B-3500 Hasselt)	8,354	103	100.0%	685,777	685,777	829,411
67	Service-Residenz Schloss Bensberg (D-51429 Bergisch Gladbach)	8,215	87	100.0%	941,832	941,832	1,158,596
68	Residentie Sporenpark (B-3582 Beringen)	9,261	127	100.0%	1,078,108	1,078,108	973,060
69	Résidence de la Houssière (B-7090 Braine-le-Comte)	4,484	94	100.0%	583,557	583,557	549,900
70	Senior Flandria (B-8310 Brugge)	7,501	108	100.0%	621,720	621,720	745,200
71	Vinkenbosch (B-3510 Hasselt)	6,180	80	100.0%	824,492	824,492	939,567
72	Heydeveld (B-1745 Opwijk)	3,414	75	100.0%	508,984	508,984	487,500
73	Prinsenhof (B-3582 Koersel)	4,526	91	100.0%	575,535	575,535	578,100
74	Käthe-Bernhardt-Haus (D-25813 Husum)	4,088	83	100.0%	498,240	498,240	490,560
75	Holland (NL-3743 HE Baarn)	2,897	34	100.0%	821,519	821,519	880,000
76	Benvenuta (NL-1217 BR Hilversum)	924	10	100.0%	212,987	212,987	235,000
77	Residentie Poortvelden ⁶ (B-3200 Aarschot)	7,071	84	100.0%	712,305	712,305	680,035
78	Leopoldspark (B-3970 Leopoldsborg)	10,614	150	100.0%	1,199,639	1,199,639	1,234,700
79	Saksen Weimar (NL-6822 Arnhem)	2,291	42	100.0%	512,568	512,568	575,000
80	Martha Flora Lochem (NL-7241 Lochem)	1,012	13	100.0%	162,884	162,884	175,000
81	Oosterzonne (B-3690 Zutendaal)	4,948	82	100.0%	714,920	714,920	644,679
82	De Witte Bergen (B-2460 Lichtaart)	8,262	119	100.0%	995,318	995,318	955,150
83	Seniorenhof (B-3700 Tongeren)	3,116	52	100.0%	312,652	312,652	341,373
84	Beerzelhof (B-2580 Beerzel)	5,025	61	100.0%	322,812	322,812	492,007
85	Uilenspiegel (B-3600 Genk)	6,863	97	100.0%	722,165	722,165	664,950
86	Coham (B-3945 Ham)	6,956	120	100.0%	870,000	870,000	842,000
87	Sorgvliet (B-3350 Linter)	4,738	83	100.0%	534,828	534,828	482,940

	Total surface (m ²) ¹	Number of residential units	% Occupancy rate ²	Contractual rents ³	Contractual rents + ERV on empty spaces ⁴	Estimated rental value (ERV) ⁵
88 Ezeldijk (B-3290 Diest)	7,101	105	100.0%	710,000	710,000	829,500
89 Am Kloster (D-38820 Halberstadt)	5,895	136	100.0%	732,554	732,554	689,764
90 Rosenpark (D-91486 Uehlfeld)	4,934	79	100.0%	457,860	457,860	370,021
91 Patricia (D-90429 Nuremberg)	7,556	174	100.0%	1,023,154	1,023,154	1,156,070
92 St. Anna (D-91315 Höchstadt)	7,176	161	100.0%	910,066	910,066	775,004
93 Frohnau (D-13465 Berlin)	4,101	107	100.0%	575,534	575,534	516,745
94 Parc Imstenrade (NL-6418 PP Heerlen)	57,181	263	100.0%	2,025,000	2,025,000	2,550,000
95 Genderstate (NL-5616 EE Eindhoven)	8,813	44	100.0%	500,000	500,000	575,000
96 Petruspark (NL-5623 AP Eindhoven)	24,987	139	100.0%	1,300,000	1,300,000	1,530,000
97 Residentie Den Boomgaard (B-3380 Glabbeek)	6,274	90	100.0%	677,000	677,000	698,400
98 Les Jardins de la Mémoire (B-1070 Anderlecht)	6,852	110	100.0%	675,000	675,000	747,999
99 Residenz Zehlendorf (D-14165 Berlin)	4,540	180	100.0%	600,000	600,000	598,920
100 Spes Nostra (NL-3451 EZ Vleuten)	2,454	30	100.0%	450,000	450,000	495,000
101 Het Dokhuis (NL-9665 JA Oude Pekela)	4,380	32	100.0%	391,992	391,992	488,552
102 Villa Walgaerde (NL-1217 BR Hilversum)	1,440	15	100.0%	303,054	303,054	340,000
103 Huize Dennehof (NL-3971 PA Driebergen-Rijsenburg)	353	9	100.0%	77,000	77,000	85,000
104 Het Gouden Hart (NL-8261 JX Kampen)	3,610	37	100.0%	494,367	494,367	555,000
105 LTS Winschoten ⁶ (NL-9671 EM Winschoten)	4,560	0	100.0%	72,000	72,000	0
106 Martha Flora Hilversum ⁶ (NL-1217 KD Hilversum)	4,055	0	100.0%	42,000	42,000	0
107 Het Gouden Hart van Leersum ⁶ (NL-3956 CR Leersum)	2,280	0	100.0%	75,000	75,000	0
108 Residentie Blaret (B-1640 Rhode-Saint-Genèse)	9,578	107	100.0%	1,077,598	1,077,598	1,057,500
109 Oeverlanden (NL-7944 BB Meppel)	13,555	140	100.0%	803,000	803,000	1,310,000
110 Seniorenresidenz Laurentiusplatz (D-42103 Wuppertal-Elberfeld)	5,506	79	100.0%	314,000	314,000	363,661
Total senior housing in Belgium	416,760	7,292	100.0%	49,667,665	49,667,665	53,798,403
Total senior housing in Germany	105,152	2,249	100.0%	13,461,048	13,461,048	13,726,839
Total senior housing in Netherlands	134,792	808	100.0%	8,243,370	8,243,370	9,793,552
Total of the segment "Senior housing"	656,704	10,349	100.0%	71,372,084	71,372,084	77,318,794

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3. The amounts related to the buildings with furnished apartments correspond to the annualised rental income excl. VAT.

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	Total surface (m ²) ¹	Number of residential units	% Occupancy rate ²	Contractual rents ³	Contractual rents + ERV on empty spaces ⁴	Estimated rental value (ERV) ⁵
Apartment buildings						
1 Sablon (B-1000 Brussels)	5,546	30	77.0%	716,457	930,689	935,056
2 Complexe Laeken - Pont Neuf (B-1000 Brussels)	7,130	42	80.0%	539,286	674,094	691,342
3 Le Bon 24-28 (B-1000 Brussels)	2,159	15	81.9%	155,613	189,959	217,512
4 Lombard 32 (B-1000 Brussels)	1,622	13	96.8%	214,249	221,389	184,165
5 Complexe Louise 331-333 (B-1050 Brussels)	4,962	8	89.5%	644,132	719,754	693,806
6 Place du Samedi 6-10 (B-1000 Brussels)	4,543	24	95.5%	313,997	328,807	324,589
7 Broqueville 8 (B-1150 Brussels)	725	6	51.1%	35,479	69,436	71,841
8 Bataves 71 (B-1040 Brussels)	653	3	23.0%	15,000	65,125	64,375
9 Tervuren 103 (B-1040 Brussels)	1,202	6	100.0%	130,199	130,199	120,960
10 Louis Hap 128 (B-1040 Brussels)	969	7	90.0%	79,932	88,842	81,294
11 Rue Haute (B-1000 Brussels)	2,600	20	100.0%	257,780	257,780	298,150
12 Résidence Palace (B-1040 Brussels)	6,077	57	64.7%	412,960	638,052	720,271
13 Churchill 157 (B-1180 Brussels)	2,440	22	88.6%	243,376	274,609	275,454
14 Auderghem 237-239-241-266-272 (B-1040 Brussels)	2,241	22	80.4%	163,205	203,029	221,282
15 Edison (B-5000 Namur)	1,897	7	97.4%	119,744	122,984	138,689
16 Verlaine/Rimbaud/Baudelaire (B-5000 Namur)	3,671	21	86.3%	236,546	274,216	271,695
17 Ionesco (B-5100 Jambes)	1,148	10	96.0%	89,814	93,594	99,080
18 Musset (B-5000 Namur)	659	6	85.4%	43,086	50,450	50,306
19 Giono & Hugo (B-5100 Jambes)	1,718	15	85.5%	113,610	132,853	135,297
20 Antares (B-5100 Jambes)	476	7	100.0%	41,930	41,930	39,768
21 Ring (B-2018 Antwerp)	9,604	88	99.2%	740,243	746,026	867,909

	Total surface (m ²) ¹	Number of residential units	% Occupancy rate ²	Contractual rents ³	Contractual rents + ERV on empty spaces ⁴	Estimated rental value (ERV) ⁵
22 Résidence Gauguin et Manet (B-6700 Arlon)	3,496	35	95.5 %	300,853	315,153	311,028
23 Résidence de Gerlache (B-1030 Brussels)	7,406	75	93.7 %	697,197	743,997	820,347
24 Ensemble Souveraine (B-1050 Brussels)	13,740	116	76.2 %	1,556,754	1,556,754	1,550,664 ⁷
25 Louise 130 (B-1050 Brussels)	944	9	78.3 %	174,342	174,342	165,627 ⁷
26 Louise 135 (+ 2 parkings Louise 137) (B-1050 Brussels)	2,505	31	64.3 %	379,459	379,459	347,553 ⁷
27 Louise 270 (B-1050 Brussels)	1,205	14	60.0 %	166,964	166,964	151,715 ⁷
28 Vallée 48 (B-1000 Brussels)	653	6	77.3 %	100,916	100,916	91,350 ⁷
29 Livourne 16-18 (+ 24 parkings Livourne 7-11) (B-1000 Brussels)	1,982	16	57.9 %	220,250	220,250	268,133 ⁷
30 Freesias (B-1030 Brussels)	2,777	38	85.1 %	443,064	443,064	368,135 ⁷
31 Héliotropes (B-1030 Brussels)	1,364	25	59.1 %	116,097	116,097	185,724 ⁷
32 Livourne 20-22 (B-1050 Brussels)	1,407	12	74.5 %	271,954	271,954	187,882 ⁷
33 Livourne 14 (B-1050 Brussels)	275	6	99.5 %	33,142	33,142	34,644 ⁷
34 Résidence Chamaris (B-1000 Brussels)	2,328	23	78.4 %	469,931	469,931	360,559 ⁷
35 Stephanie's Corner (B-1060 Brussels)	3,472	27	87.8 %	464,483	528,984	525,978
Total of the segment "Apartment buildings"	105,597	862	n.a.	10,702,045	11,774,822	11,872,176

1. The surface of apartment buildings has been adapted as of 31 December 2015 in order to be in line with the Code of Measuring Practice (6th edition) published by the Royal Institute of Chartered Surveyors (RICS), and is computed as follows: Gross External Area (GEA) + common areas + 50 % of terrace surface. It does not include parkings and other underground areas.
2. See glossary. As reminder, the occupancy rate of the buildings with furnished apartments can not be compared to the occupancy rate calculated on the rest of the portfolio, as the methodology is different. We also note that the occupancy rate of the residential and mixed buildings includes units in renovation and hence temporarily not rentable.
3. The amounts related to the buildings with furnished apartments correspond to the annualised rental income excl. VAT.
4. For the buildings with furnished apartments, no estimated rented value (ERV) were added for vacancy.
5. See glossary.
6. Partially presented on the balance sheet among the assets classified as held for sale.
7. This ERV is not comparable to the contractual rents because (for the buildings with furnished apartments) it does not take into account the fact that the apartments are furnished.
8. Although still under construction, these sites already generate limited rental incomes. This explains why they were included in this table and why the number of residential units and the estimated rental value are not mentioned.

	Total surface (m ²) ¹	Number of residential units	% Occupancy rate ²	Contractual rents ³	Contractual rents + ERV on empty spaces ⁴	Estimated rental value (ERV) ⁵
Hotels and other						
1 Hotel Martin's Brugge (B-8000 Brugge)	11,369	0	100.0%	1,770,608	1,770,608	1,232,610
2 Martin's Klooster (B-3000 Leuven)	6,935	0	100.0%	1,329,541	1,329,541	1,141,080
3 Carbon (B-3600 Genk)	5,715	0	100.0%	428,965	428,965	567,841
4 Eburon (B-3700 Tongeren)	4,016	0	100.0%	308,769	308,769	471,543
5 Ecu (B-3600 Genk)	1,960	0	100.0%	185,399	185,399	232,870
6 Eurotel (B-3620 Lanaken)	4,779	0	100.0%	310,062	310,062	379,369
7 Villa Bois de la Pierre (B-1300 Wavre)	320	4	55.1%	20,077	36,411	40,306
8 Duysburgh (B-1090 Brussels)	470	5	100.0%	66,397	66,397	40,238
9 Résidence du Lac (B-1050 Brussels)	0	0	100.0%	30,700	30,700	30,700
Total of the segment "Hotels and other"	35,564	9	99.6%	4,450,520	4,466,854	4,136,557
Total marketable investment properties	797,865	11,220	n.a.	86,524,648	87,613,760	93,327,527

1. The surface of apartment buildings has been adapted as of 31 December 2015 in order to be in line with the Code of Measuring Practice (6th edition) published by the Royal Institute of Chartered Surveyors (RICS), and is computed as follows: Gross External Area (GEA) + common areas + 50% of terrace surface. It does not include parkings and other underground areas.

2. See glossary. As reminder, the occupancy rate of the buildings with furnished apartments can not be compared to the occupancy rate calculated on the rest of the portfolio, as the methodology is different. We also note that the occupancy rate of the residential and mixed buildings includes units in renovation and hence temporarily not rentable.

3. The amounts related to the buildings with furnished apartments correspond to the annualised rental income excl. VAT.

4. For the buildings with furnished apartments, no estimated rented value (ERV) were added for vacancy.

5. See glossary.

4.2 PROJECTS AND RENOVATIONS IN PROGRESS (IN € MILLION)

Project or renovation		Esti- mated inv.	Inv. as of 30 June 2017	Future inv.	Date of completion	Comments
I. Projects in progress						
Villa Temporis II	Hasselt (BE)	2	0	2	2017/2018	Renovation of assisted-living apartments
Molenenk	Deventer (NL)	11	9	2	2017/2018	Construction of a care residence
Genderstate/Petruspark/ Parc Imstenrade	Eindhoven (NL)/ Heerlen (NL)	2	0	2	2017/2018	Renovation
Résidence Les Cheveux d'Argent	Spa (BE)	3	0	3	2017/2018	Extension of a rest home
Résidence l'Air du Temps	Chênée (BE)	7	3	5	2017/2018	Extension and renovation of a rest home
Het Gouden Hart van Leersum	Leersum (NL)	4	0	3	2017/2018	Construction of a care residence
Huize Lieve Moenssens	Dilsen-Stokkem (BE)	4	0	4	2017/2018	Extension and renovation of a rest home
Martha Flora Hilversum	Hilversum (NL)	7	1	5	2017/2018	Construction of a care residence
Bonn	Bonn (DE)	1	0	1	2017/2018	Renovation of a rest home
Frohnau	Berlin (DE)	1	0	1	2017/2018	Renovation of a rest home
Vinkenbosch II	Hasselt (BE)	2	0	2	2018/2019	Renovation of a rest home
Seniorenresidenz Laurentiusplatz	Wuppertal- Elberfeld (DE)	3	0	3	2018/2019	Renovation of a rest home
LTS Winschoten	Winschoten (NL)	11	1	9	2018/2019	Construction of a care residence
De Stichel	Vilvoorde (BE)	4	0	4	2018/2019	Extension of a rest home
Plantijn II	Kapellen (BE)	4	0	4	2018/2019	Extension and renovation of a rest home
Résidence Aux Deux Parcs	Jette (BE)	2	0	2	2018/2019	Extension of a rest home
Plantijn III	Kapellen (BE)	1	0	1	2019/2020	Extension and renovation of a rest home
Residenz Zehlendorf	Berlin (DE)	5	0	5	2019/2020	Renovation of a rest home
II. Projects subject to outstanding conditions						
't Hoge III	Kortrijk (BE)	2	0	2	2018/2019	Extension of a rest home
III. Land reserves						
Plot of land Bois de la Pierre	Wavre (BE)	2	2	0	-	Land reserve
Platanes	Brussels (BE)	0	0	0	-	Land reserve
IV. Acquisitions subject to outstanding conditions						
Seniorenheim am Dom	Halberstadt (DE)	9	0	9	2017/2018	Acquisition of a rest home
Oostende	Oostende (BE)	10	0	10	2017/2018	Acquisition of a rest home
Martha Flora Rotterdam	Rotterdam (NL)	2	0	2	2017/2018	Acquisition of a plot of land
Oostende	Oostende (BE)	2	0	2	2018/2019	Renovation of a rest home
Martha Flora Rotterdam	Rotterdam (NL)	6	0	6	2018/2019	Construction of a care residence
Mechelen	Mechelen (BE)	15	0	15	2019/2020	Acquisition of a new rest home
Total		122	17	105		
Changes in fair value			-1			
Roundings			1			
On balance sheet			17			

Of these projects, 98% are pre-let. It is expected that the total investment budget as of 30 June 2017 (€122 million) will be paid in cash. €257 million need to be added to the total investment budget due to the acquisitions announced on 10 July (€9 million), 19 July (€40 million), 17 August (€200 million) and 24 August (€8 million) (see section 2.2.1 of the Consolidated Board of Director's Report).

5. INVESTMENT PROPERTY FACT SHEETS

1 - Château Chenois

- Chemin des Postes 260 - 1410 Waterloo - Belgium
- Year of construction / renovation: 1985 - 2009
- Location: Château Chenois is located at the heart of a very nice and green area between the chemin des Postes, rue Bruyère-Saint-Jean and avenue Beau Vallon.
- Operator: An entity of the Orpea group (30-year long lease).



2 - New Philip

- Avenue Monte-Carlo 178 - 1190 Brussels - Belgium
- Year of construction / renovation: 1999
- Location: New Philip is located between the avenue de Monte-Carlo, the roundabout Monaco and the chaussée de Bruxelles.
- Operator: An entity of the Orpea group (30-year long lease).



3 - Jardins de Provence

- Boulevard Sylvain Dupuis 94-96 - 1070 Brussels - Belgium
- Year of construction / renovation: by the end of the 1990s - extension in 2007
- Location: Jardins de Provence is located along the boulevard Sylvain Dupuis, between rue A. Demunter and rue J. Morjeau, behind the Anderlecht stadium.
- Operator: An entity of the Orpea group (30-year long lease).



4 - Bel Air

- Boulevard Lambert 227 - 1030 Brussels - Belgium
- Year of construction / renovation: 1997
- Location: Bel Air is located at the corner of boulevard Lambert and chaussée de Haecht with a lateral view over the Josaphat park, and in front of the Aeropolis site.
- Operator: An entity of the Orpea group (30-year long lease).



5 - Résidence Grange des Champs

- Rue Grange des Champs 140 - 1420 Braine-l'Alleud - Belgium
- Year of construction / renovation: 1995
- Location: Résidence Grange des Champs is located in a residential area, in a street perpendicular to the chaussée d'Alsemberg and near to the chaussée Bara.
- Operator: An entity of the Orpea group (30-year long lease).



6 - Résidence Augustin

- Chaussée d'Alsemberg 305 - 1190 Brussels - Belgium
- Year of construction / renovation: 2006
- Location: Résidence Augustin is located on the corner of chaussée d'Alsemberg and avenue Saint-Augustin, a few steps from Altitude 100.
- Operator: An entity of the Orpea group (15-year financial lease).



7 - Ennea

- Lepelhoekstraat 19 - 9100 Sint-Niklaas - Belgium
- Year of construction / renovation: 1997
- Location: Ennea is located in the city of Sint-Niklaas, along the Lepelhoekstraat, in a residential area.
- Operator: An entity of the group Senior Living group (27-year long lease).



8 - Kasteelhof

- Steenweg van Aalst 110 - 9200 Dendermonde - Belgium
- Year of construction / renovation: 1994
- Location: Kasteelhof is located in the city of Dendermonde, along the Steenweg van Aalst, between the Kerkhofweg and the Denderstraat.
- Operator: An entity of the group Senior Living group (27-year long lease).



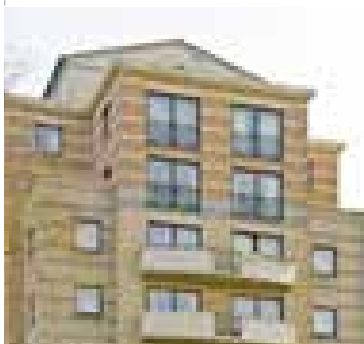
9 - Wielant

- Schellebellestraat 8 - 8570 Anzegem/Ingoogem - Belgium
- Year of construction / renovation: 1997 - 2001
- Location: Wielant is located in a green area in the municipality of Ingoogem (Anzegem).
- Operator: An entity of the group Senior Living group (27-year long lease).



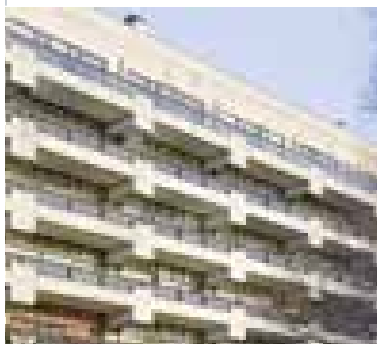
10 - Résidence Parc Palace

- Avenue du Lycée Français 2 - 1180 Brussels - Belgium
- Year of construction / renovation: 1992 - 2001
- Location: Résidence Parc Palace is located in a green area in the municipality of Uccle.
- Operator: An entity of the Orpea group (36-year long lease).



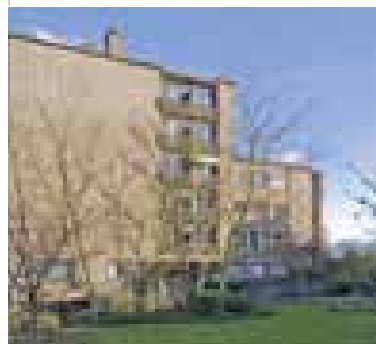
11 - Résidence Service

- Avenue du Lycée Français 6 - 1180 Brussels - Belgium
- Year of construction / renovation: 1997 - 2001 - 2008/2009
- Location: Résidence Service is located in a green area in the municipality of Uccle.
- Operator: An entity of the Orpea group (36-year long lease).



12 - Résidence du Golf

- Rue du Sillon 119-121 - 1070 Brussels - Belgium
- Year of construction / renovation: 1997 - 2001
- Location: Résidence du Golf is located in the municipality of Anderlecht.
- Operator: An entity of the Orpea group (27-year long lease).



13 - Résidence Boneput

- Boneputstraat 5 - 3960 Bree - Belgium
- Year of construction / renovation: 1994 - 1999
- Location: Résidence Boneput is located in a green area in the municipality of Bree, not far from the city centre.
- Operator: An entity of the group Senior Living group (27-year long lease).



14 - Résidence Aux Deux Parcs

- Rue Duysburgh 21 - 1090 Brussels - Belgium
- Year of construction / renovation: 1987 - 2008
- Location: Résidence Aux Deux Parcs is located in a residential and green zone in Jette, between Parc de la Jeunesse and Square Léopold, at about 300 metres from the Brugmann hospital. An extension project is planned on the plot of land next to the building.
- Operator: An entity of the group Senior Living group (27-year long lease).



15 - Résidence l'Air du Temps

- Rue des Haisses 60 - 4032 Chênée - Belgium
- Year of construction / renovation: 1997 - 2008
- Location: Résidence l'Air du Temps is perched on a hill, surrounded by nature despite its proximity to the city of Liège.
- Operator: An entity of the group Senior Living group (27-year long lease).



16 - Au Bon Vieux Temps

- Rue de Corbais 18 - 1435 Mont-Saint-Guibert - Belgium
- Year of construction / renovation: 1988 - 2006 / 2016
- Location: Au Bon Vieux Temps is located 100 metres from the train station and 500 metres from the centre of the village.
- Operator: An entity of the group Senior Living group (27-year long lease).



17 - Op Haanven

- Oude Geelsebaan 33 - 2431 Veerle-Laakdal - Belgium
- Year of construction / renovation: 1988 / 2005 - 2017
- Location: Op Haanven is located in the centre of the municipality of Veerle-Laakdal.
- Operator: An entity of the group Senior Living group (27-year long lease).



18 - Résidence Exclusiv

- Rue Jean-Baptiste Desmeth 50 - 1140 Brussels - Belgium
- Year of construction / renovation: 1993 - extension in 2012
- Location: Résidence Exclusiv is located near the Square S. Hoedemaekers in Evere.
- Operator: An entity of the group Senior Living group (27-year long lease).



19 - Séniorie Mélopée

- Rue de la Mélopée 50 - 1080 Brussels - Belgium
- Year of construction / renovation: 1993 – 1994 – extension in 2010
- Location: Séniorie Mélopée is located in the centre of the municipality of Molenbeek-Saint-Jean.
- Operator: An entity of the group Senior Living group (27-year long lease).



20 - La Boule de Cristal

- Rue du Château 47 - 5564 Wanlin - Belgium
- Year of construction / renovation: 1998
- Location: La Boule de Cristal is located in Wanlin in the region of Dinant, in a rural and rustic environment.
- Operator: Le Carrosse (27-year long lease).



21 - Les Charmes en Famenne

- Rue du Tchaurnia 32 - 5560 Houyet - Belgium
- (Mesnil-Saint-Blaise)
- Year of construction / renovation: 1982
- Location: Les Charmes en Famenne is located in a green and rural area.
- Operator: An entity of the Armonea group (27-year long lease).



22 - Seniorerie La Pairelle

- Chaussée de Dinant 708-710 - 5100 Wépion - Belgium
- Year of construction / renovation: 2012
- Location: Seniorerie La Pairelle is located in Wépion, on the banks of the Meuse River, less than a kilometre from the city centre.
- Operator: An entity of the Armonea group (27-year long lease).



23 - Résidence Gaerveld (assisted-living apartments)

- Kramerslaan - 3500 Hasselt - Belgium
- Year of construction / renovation: 2008 – 2009
- Location: Résidence Gaerveld is a new building located near the city centre of Hasselt.
- Operator: An entity of the Armonea group (27-year long lease).



24 - Résidence du Plateau

- Chaussée d'Ottenbourg 221 - 1300 Wavre - Belgium
- Year of construction / renovation: 1994 – 2001 - 2007
- Location: Résidence du Plateau is located in Wavre.
- Operator: An entity of the group Senior Living group (27-year long lease).



25 - Seniorie de Maretak

- Ziekenhuis 10 - 1500 Halle - Belgium
- Year of construction / renovation: 2007
- Location: Seniorie de Maretak is located in Halle, next to the regional St-Maria hospital.
- Operator: An entity of the group Senior Living group (27-year long lease).



26 - De Edelweis

- Liersesteeweg 165-171 - 3130 Begijnendijk - Belgium
- Year of construction / renovation: 1993 – 2003 – 2014
- Location: De Edelweis is located in Begijnendijk (Flemish Brabant).
- Operator: An entity of the group Senior Living group (27-year long lease).



27 - Bois de la Pierre

- Venelle du Bois de la Pierre 20 - 1300 Wavre - Belgium
- Year of construction / renovation: 1955 – 1987 – extension in 2012
- Location: Bois de la Pierre is located in Wavre.
- Operator: Pierre Invest SA (27-year long lease).



28 - Buitenhof

- Papestraat 24 - 2930 Brasschaat - Belgium
- Year of construction / renovation: 2005 - 2008
- Location: Buitenhof is located in a green zone around Brasschaat in Antwerp.
- Operator: Buitenhof ASBL (27-year long lease).



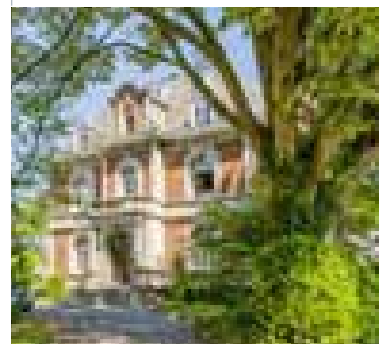
29 - Klein Veldeken

- Klein Veldeken 12A - 1730 Asse - Belgium
- Year of construction / renovation: 1996 – extension in 2014/2015
- Location: Klein Veldeken is located in a green zone around Asse in Flemish Brabant.
- Operator: Time for Quality (27-year long lease).



30 - Koning Albert I

- Keperenberg 36 - 1700 Dilbeek - Belgium
- Year of construction / renovation: 1972 – extension in 2014
- Location: Koning Albert I is located in a park of 3 hectares in Dilbeek (Flemish Brabant).
- Operator: An entity of the Armonea group (27-year long lease).



31 - Eyckenborch

- Bronnenweg 2 - 1755 Gooik - Belgium
- Year of construction / renovation: 1993/1994 - 2003/2004 - 2014/2015
- Location: Eyckenborch is located in the centre of Gooik (Flemish Brabant).
- Operator: An entity of the Armonea group (27-year long lease).

**32 - Rietdijk**

- Bolwerkstraat 7 - 1800 Vilvoorde - Belgium
- Year of construction / renovation: 1996
- Location: Rietdijk is located in the centre of Vilvoorde (Flemish Brabant).
- Operator: An entity of the Armonea group (27-year long lease).

**33 - Marie-Louise**

- Zijp 157 - 1780 Wemmel - Belgium
- Year of construction / renovation: 1960 - 1970 - 2016
- Location: Marie-Louise is located in a residential area in Wemmel (Flemish Brabant).
- Operator: An entity of the Armonea group (27-year long lease).

**34 - Gaerveld (Rest home)**

- Runkstersteenweg 212 - 3500 Hasselt - Belgium
- Year of construction / renovation: 2011
- Location: Gaerveld is a new building located near the city centre of Hasselt.
- Operator: An entity of the Armonea group (27-year long lease).

**35 - Larenschhof**

- Schoolstraat 11-13-15 and Achterstraat 27, 35-37 - 9270 Laarne - Belgium
- Year of construction / renovation: 2011 - 2012 - 2013
- Location: Larenschhof is located in a residential area in Laarne.
- Operator: An entity of the Armonea group (30-year long lease).

**36 - Ter Venne**

- Vennelaan 21 - 9830 Sint-Martens-Latem - Belgium
- Year of construction / renovation: 2011 - 2012
- Location: Ter Venne is located in the residential and green area of Elsaker.
- Operator: An entity of the Armonea group (30-year long lease).



37 - Pont d'Amour

- Rue Pont d'Amour 58 - 5500 Dinant - Belgium
- Year of construction / renovation: 2012 - 2015
- Location: Pont d'Amour is located close to the citadel and historical centre of Dinant.
- Operator: An entity of the Armonea group (27-year long lease).



38 - Résidence Les Cheveux d'Argent

- Avenue F. Jérôme - 4845 Sart-lez-Spa - Belgium
- Year of construction / renovation: 1988 - 2000
- Location: Résidence Les Cheveux d'Argent benefits from a beautiful location on the hillside of Spa.
- Operator: An entity of the group Senior Living group (27-year long lease).



39 - 't Hoge

- 't Hoge 55-57 - 8500 Kortrijk - Belgium
- Year of construction / renovation: 1983 - 1994 - 2017
- Location: 't Hoge is located in a residential area, near to the AZ Groeninge hospital, Kennedylaan and the university campus KULAK.
- Operator: An entity of the group Senior Living group (27-year long lease).



40 - Helianthus

- Brusselsesteenweg 322 - 9090 Melle - Belgium
- Year of construction / renovation: 1998 - 2007 / 2016
- Location: Helianthus is located in a private park measuring 1 hectare, in a residential area in front of the Paters Jozefieten College.
- Operator: An entity of the group Senior Living group (27-year long lease).



41 - Hestia

- Zijk 20 - 1780 Wemmel - Belgium
- Year of construction / renovation: 2013
- Location: Hestia is located in a residential area in Wemmel (Flemish Brabant).
- Operator: An entity of the Armonea group (27-year long lease).



42 - Plantijn

- Koningin Astridlaan 5 - 2950 Kapellen - Belgium
- Year of construction / renovation: 1972
- Location: Plantijn is located in a residential district close to the centre of Kapellen.
- Operator: An entity of the Armonea group (27-year long lease).



43 - Salve

- Rustoordlei 77 - 2930 Brasschaat - Belgium
- Year of construction / renovation: 1979 – 2013 – 2015
- Location: Salve is located in a residential district in Brasschaat.
- Operator: An entity of the Armonea group (27-years long lease).

**44 - SZ AGO Herkenrath**

- Kirchgasse 1 - 51429 Bergisch Gladbach - Germany
- Year of construction / renovation: 2010
- Location: AGO Herkenrath is located 20 km from Cologne, in the city of Bergisch Gladbach in North Rhine-Westphalia.
- Operator: An entity of the Alloheim group (25-year long lease).

**45 - SZ AGO Dresden**

- Wernerstrasse 37 - 01159 Dresden - Germany
- Year of construction / renovation: 2012
- Location: AGO Dresden is located in a residential district of Dresden, the capital of Saxony.
- Operator: An entity of the Alloheim group (25-year long lease).

**46 - De Stichel**

- Romeinsesteenweg 145 - 1800 Vilvoorde - Belgium
- Year of construction / renovation: from 1990 until 2006
- Location: De Stichel is located in a residential district of Vilvoorde, the Military Hospital Queen Astrid and the Brussels Ring highway.
- Operator: An entity of the Armonea group (27-year long lease).

**47 - Huize Lieve Moenssens**

- Lieve Moenssenslaan 3 - 3650 Dilsen-Stokkem - Belgium
- Year of construction / renovation: 1986 - 2007
- Location: Huize Lieve Moenssens is located near a residential district of Dilsen-Stokkem, a few kilometres from Maasmechelen Village.
- Operator: An entity of the Armonea group (27-year long lease).

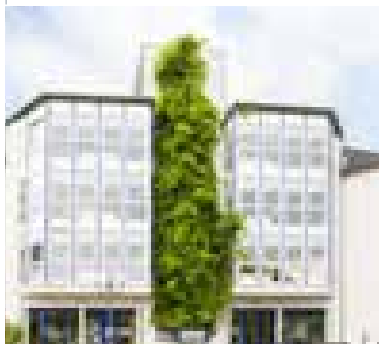
**48 - SZ AGO Kreischa**

- Dresdner Strasse 4-6 - 01731 Kreischa - Germany
- Year of construction / renovation: 2011
- Location: AGO Kreischa is located along the central park of Kreischa, approx. ten kilometres from Dresden.
- Operator: An entity of the Alloheim group (25-year long lease).



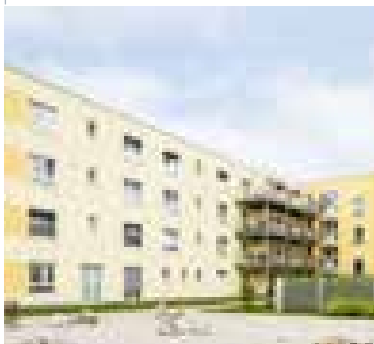
49 - Bonn

- Hinter Hoben 179 - 53129 Bonn - Germany
- Year of construction / renovation: 1994
- Location: The Bonn senior housing site is located in a residential area close to a variety of shops.
- Operator: Alloheim (25-year long lease).



50 - Goldene Au

- Bettelhecker Strasse 1 - 96515 Sonneberg - Germany
- Year of construction / renovation: 2010
- Location: Goldene Au is located in a residential area, close to a variety of shops, the train station and the city hall.
- Operator: Volkssolidarität (20-year long lease).



51 - Residentie 't Spelthof

- Kerkstraat 5 - 3211 Binkom - Belgium
- Year of construction / renovation: 1989 - 2012
- Location: Residentie 't Spelthof is located next to a church, approx. ten kilometres from Leuven.
- Operator: An entity of the Vulpia group (27-year long lease).



52 - Residentie Twee Poorten

- Withuisstraat-Raeymaeckersvest - 3300 Tienen - Belgium
- Year of construction / renovation: 2014
- Location: Residentie Twee Poorten is located in a residential area of the city centre, close to a variety of shops, public transport and the RZ Tienen hospital. The construction of a rest home and assisted-living apartments is currently under way.
- Operator: An entity of the Vulpia group (27-year long lease).



53 - Residentie Demerhof

- Wissenstraat 20 - 3200 Aarschot - Belgium
- Year of construction / renovation: 2014
- Location: Residentie Demerhof is located in a residential area close to Aarschot's city centre, approx. 20 kilometres from Leuven.
- Operator: An entity of the Vulpia group (27-year long lease).



54 - De Notelaar

- Notelaar 1 - 2250 Olen - Belgium
- Year of construction / renovation: 2012
- Location: De Notelaar is located in a residential and green area of Olen.
- Operator: An entity of the Armonea group (27-year long lease).



55 - Overbeke

- Spinnerijstraat – Bovenboekakker - 9230 Wetteren - Belgium
- Year of construction / renovation: 2012
- Location: Overbeke is situated in a central location next to the church of Overbeke, part of Wetteren and approx. 10 kilometres from Ghent.
- Operator: An entity of the Armonea group (27-year long lease).

**56 - Halmolen**

- Halmolenweg 68 - 2980 Halle-Zoersel - Belgium
- Year of construction / renovation: 2013-2014
- Location: Halmolen is located in a green area, near the centre of Halle-Zoersel, approx. 15 kilometres from Antwerp.
- Operator: An entity of the Vulpia group (27-year long lease).

**57 - Seniorenresidenz Mathilde**

- Brandstraße 14 - 32130 Enger - Germany
- Year of construction / renovation: 2010
- Location: Seniorenresidenz Mathilde is located in Enger (North Rhine-Westphalia).
- Operator: Senioren Wohnpark Weser (25-year long lease).

**58 - Die Rose im Kalletal**

- Rosenweg 3 & 10 - 32689 Kalletal - Germany
- Year of construction / renovation: 2016
- Location: Die Rose im Kalletal is located in Kalletal (North Rhine-Westphalia).
- Operator: Medeor Seniorenresidenz (25-year long lease).

**59 - Seniorenresidenz Klosterbauerschaft**

- Heenfeld 5 - 32278 Kirchlegern - Germany
- Year of construction / renovation: 2010
- Location: Seniorenresidenz Klosterbauerschaft is located in Kirchlegern (North Rhine-Westphalia).
- Operator: Senioren Wohnpark Weser (25-year long lease).

**60 - Senioreneinrichtung Haus Matthäus**

- Biggestraße 65 - 57462 Olpe-Rüblinghausen - Germany
- Year of construction / renovation: 2009
- Location: Senioreneinrichtung Haus Matthäus is located in Olpe-Rüblinghausen (North Rhine-Westphalia).
- Operator: Katholische Hospitalgesellschaft (25-year long lease).



61 - Bonifatius Seniorenzentrum

- Schweitzerstraße 2 - 53359 Rheinbach - Germany
- Year of construction / renovation: 2009
- Location: Bonifatius Seniorenzentrum is located in Rheinbach (North Rhine-Westphalia).
- Operator: Bonifatius Seniorendienste (25-year long lease).



62 - Senioreneinrichtung Haus Elisabeth

- Kölner Straße 3 - 57482 Wenden-Rothemühle - Germany
- Year of construction / renovation: 2010
- Location: Senioreneinrichtung Haus Elisabeth is located in Wenden-Rothemühle (North Rhine-Westphalia).
- Operator: Katholische Hospitalgesellschaft (25-year long lease).



63 - Seniorenresidenz Am Stübchenbach

- Stübchenalstraße 10 - 38667 Bad Harzburg - Germany
- Year of construction / renovation: 2010
- Location: Seniorenresidenz Am Stübchenbach is located in Bad Harzburg (Lower Saxony).
- Operator: Senioren Wohnpark Weser (25-year long lease).



64 - Seniorenresidenz Kierspe

- Montigny Allee 6 - 58566 Kierspe - Germany
- Year of construction / renovation: 2011
- Location: Seniorenresidenz Kierspe is located in Kierspe (North Rhine-Westphalia).
- Operator: Seniorenresidenz Kierspe (25-year long lease).



65 - La Ferme Blanche

- Rue Modeste Rigo 10 - 4350 Remicourt - Belgium
- Year of construction / renovation: different periods: 2004 / 2017
- Location: La Ferme Blanche is located in a residential area, next to the centre of Pousset (in the municipality of Remicourt) approx. 20 kilometres from Liège.
- Operator: An entity of the Vulpia group (27-year long lease).



66 - Villa Temporis

- Excelsiorlaan 6-8 - 3500 Hasselt - Belgium
- Year of construction / renovation: 1993 / 2016
- Location: Villa Temporis is located in a residential area, near the centre of Hasselt.
- Operator: An entity of the Vulpia group (27-year long lease).



67 - Service-Residenz Schloss Bensberg

- Im Schlosspark 10 - 51429 Bergisch Gladbach - Germany
- Year of construction / renovation: 2002/2003
- Location: Service-Residenz Schloss Bensberg is located in a private park, near the centre of Bergisch Gladbach.
- Operator: Schloss Bensberg Management GmbH (25-year fixed lease) and AachenMünchener Lebensversicherung (7-year fixed lease).



68 - Residentie Sporenpark

- Stationsstraat 20 - 3582 Beringen - Belgium
- Year of construction / renovation: 2015
- Location: Residentie Sporenpark is located on the former mining site in Beringen-Mijn.
- Operator: An entity of the group Senior Living group (27-year long lease).



69 - Résidence de la Houssière

- Avenue de la Houssière 207 - 7090 Braine-le-Comte - Belgium
- Year of construction / renovation: 2006
- Location: Résidence de la Houssière is located in a green area, near the centre of Braine-le-Comte.
- Operator: Résidence de la Houssière SA (27-year long lease).



70 - Senior Flandria

- Baron Ruzetelaan 74 - 8310 Brugge - Belgium
- Year of construction / renovation: 1991
- Location: Senior Flandria is located in a residential area, close to the centre of Brugge.
- Operator: An entity of the Armonea group (20-year long lease).



71 - Vinkenbosch

- Lindekensveldstraat 56 - 3510 Hasselt - Belgium
- Year of construction / renovation: 2016
- Location: Vinkenbosch is located in a residential and green area, close to the centre of Kermt, part of Hasselt.
- Operator: An entity of the group Senior Living group (long lease).



72 - Heydeveld

- Ringlaan 28 - 1745 Opwijk - Belgium
- Year of construction / renovation: 2005
- Location: Heydeveld is located in a residential area, close to the centre of Opwijk.
- Operator: Heydeveld Woon- en Zorgcentrum ASBL (long lease).



73 - Prinsenhof

- Heerbaan 375 - 3582 Koersel - Belgium
- Year of construction / renovation: 2017
- Location: Heydeveld is located in a green area next to a park, near the centre of Koersel, part of Beringen.
- Operator: WZC Prinsenhof ASBL (long lease).



74 - Käthe-Bernhardt-Haus

- Ferdinand-Tönnies-Str. 1 - 25813 Husum – Germany
- Year of construction / renovation: 2009
- Location: Käthe-Bernhardt-Haus is located in the centre of Husum next to the Klinik Husum Hospital, in Schleswig-Holstein.
- Operator: Deutsches Rotes Kreuz Kreisverband Nordfriesland e.V. (25-year long lease).



75 - Holland

- Javalaan 3-5 - 3743 HE Baarn – The Netherlands
- Year of construction / renovation: 2015
- Location: Holland is situated in a historical villa area next to the central park in Baarn, close to Utrecht.
- Operator: An entity of the Domus Magnus group (20-year long lease).



76 - Benvenuta

- Bussumergrintweg 40 - 1217 BR Hilversum – The Netherlands
- Year of construction / renovation: 2009
- Location: Benvenuta is a protected building situated in a residential area in the vicinity of the centre of Hilversum, in North Holland.
- Operator: An entity of the Domus Magnus group (20-year long lease).



77 - Residentie Poortvelden

- Jan Hammeneckerlaan 4-4A - 3200 Aarschot - Belgium
- Year of construction / renovation: 2016
- Location: Residentie Poortvelden benefits from an excellent location in a residential area, at approx. 20 km from Leuven.
- Operator: An entity of the Vulpia Group (27-year long lease).



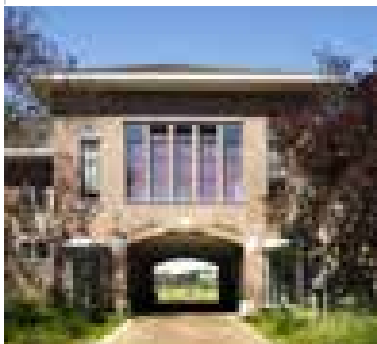
78 - Leopoldspark

- Koningsstraat 39 - 3970 Leopoldsburg - Belgium
- Year of construction / renovation: 2016
- Location: Leopoldspark is located in the centre of Leopoldsburg, next to the train station, in the province of Limburg.
- Operator: An entity of the Vulpia group (27-year long lease).



79 - Saksen Weimar

- Compagnieplaats 22 - 6822 Arnhem – The Netherlands
- Year of construction / renovation: 2015
- Location: Saksen Weimar is a barracks which was completely redeveloped. It's situated in a residential area, near a park.
- Operator: Stepping Stones Home & Care (20-year long lease).



80 - Martha Flora Lochem

- Zutphenseweg 91 - 7241 Lochem – The Netherlands
- Year of construction / renovation: 2010
- Location: Martha Flora Lochem benefits from an excellent location in a residential area.
- Operator: Martha Flora (20-year long lease).



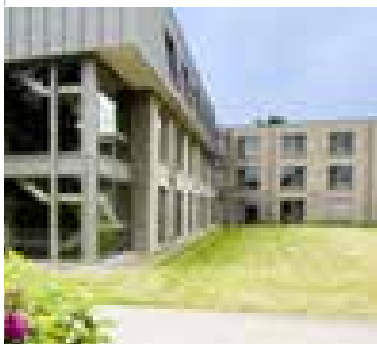
81 - Oosterzonne

- Nieuwstraat 2-6 - 3690 Zutendaal – Belgium
- Year of construction / renovation: 1996 / 2016
- Location: Oosterzonne is located in the centre of Zutendaal.
- Operator: An entity of the group Senior Living group (long lease).



82 - De Witte Bergen

- Diestweg 1 - 2460 Lichtaart – Belgium
- Year of construction / renovation: 2006
- Location: De Witte Bergen is located in the wooded area of Lichtaart, a part of Kasterlee.
- Operator: An entity of the group Senior Living group (long lease).



83 - Seniorenhof

- Bilzersteenweg 306 - 3700 Tongeren – Belgium
- Year of construction / renovation: 2006
- Location: Seniorenhof is located in the rural area surrounding Tongeren.
- Operator: An entity of the group Senior Living group (long lease).



84 - Beerzelhof

- Mechelbaan 53 - 2580 Beerzel – Belgium
- Year of construction / renovation: 2000 - 2007
- Location: Beerzelhof is situated in a green area.
- Operator: An entity of the group Senior Living group (long lease).



85 - Uilenspiegel

- Socialestraat 4 - 3600 Genk – Belgium
- Year of construction / renovation: 1967 / 1997 / 2010
- Location: Uilenspiegel benefits from an excellent location in a residential area featuring a green environment.
- Operator: An entity of the group Senior Living group (long lease).



86 - Coham

- Meulenven 16 - 3945 Ham – Belgium
- Year of construction / renovation: 1995 / 2005 / 2010
- Location: Coham benefits from a location near a wooded area.
- Operator: An entity of the group Senior Living group (long lease).



87 - Sorgvliet

- Helen-Bosstraat 60 - 3350 Linter – Belgium
- Year of construction / renovation: 1999
- Location: Sorgvliet is located in a residential and rural area.
- Operator: An entity of the group Senior Living group (long lease).



88 - Ezeldijk

- Bogaardenstraat 13 - 3290 Diest – Belgium
- Year of construction / renovation: 2016
- Location: Ezeldijk benefits from a green environment at the outskirts of the city centre of Diest, near Warandepark.
- Operator: An entity of the group Senior Living group (long lease).



89 - Am Kloster

- Röderhofer Strasse 7 - 38820 Halberstadt – Germany
- Year of construction / renovation: 2003
- Location: Am Kloster is located at the outskirts of the city centre of Halberstadt in the State of Saxony-Anhalt.
- Operator: Vitanas (long lease).



90 - Rosenpark

- Am kleinen Zeckernberg 1 - 91486 Uehlfeld – Germany
- Year of construction / renovation: 2003
- Location: Rosenpark is located near Höchststadt in the State of Bavaria. The rest home benefits from a location at the outskirts of a residential area in a green environment.
- Operator: Vitanas (long lease).



91 - Patricia

- Bärenschanzstraße 44 - 90429 Nuremberg – Germany
- Year of construction / renovation: 2003
- Location: Patricia is located in a lively residential area in Nuremberg (State of Bavaria), in the vicinity of several recreation activities.
- Operator: Vitanas (long lease).



92 - St. Anna

- Am Brauhaus 1 - 91315 Höchststadt – Germany
- Year of construction / renovation: 2002
- Location: St. Anna is located in a residential area at the outskirts of the historic centre of Höchststadt (State of Bavaria). The rest home is situated in a green environment.
- Operator: Vitanas (long lease).



93 - Frohnau

- Welfenallee 37-43 - 13465 Berlin – Germany
- Year of construction / renovation: 1969 / 1992
- Location: Frohnau benefits from an excellent location in a green, residential area.
- Operator: Vitanas (long lease).



94 - Parc Imstenrade

- Parc Imstenrade 66 - 6418 PP Heerlen – The Netherlands
- Year of construction / renovation: 1923 / 2000 / 2007
- Location: Parc Imstenrade comprises multiple buildings destined for senior housing and care, including a care hotel and a wing for hospital care. Its main building is a protected monument.
- Operator: An entity of the Vitalis group (long lease).



95 - Genderstate

- Maria van Bourgondiëlaan 8 - 5616 EE Eindhoven – The Netherlands
- Year of construction / renovation: 1997-1998
- Location: Genderstate benefits from an excellent location in a green area next to a public park. The site comprises two buildings.
- Operator: An entity of the Vitalis group (long lease).



96 - Petruspark

- Monseigneur Swinkelsstraat 2 - 5623 AP Eindhoven – The Netherlands
- Year of construction / renovation: 1994 / 2016
- Location: Petruspark is located in a residential area of Eindhoven. It was constructed around a vast, green courtyard.
- Operator: An entity of the Vitalis group (long lease).



97 - Residentie Den Boomgaard

- Stationstraat 2A - 3380 Glabbeek – Belgium
- Year of construction / renovation: 2016
- Location: The rest home is well located in the centre of the Glabbeek commune.
- Operator: An entity of the Vulpia Group (27-year long lease).



98 - Les Jardins de la Mémoire

- Lenniksebaan 792 - 1070 Anderlecht – Belgium
- Year of construction / renovation: 2005
- Location: The rest home is situated on the Université libre de Bruxelles (“ULB”) campus, where the Erasmus Hospital is also located. It is specialised in caring for dementia patients.
- Operator: An entity of the group Senior Living group (long lease).



99 - Residenz Zehlendorf

- Claszeile 40 - 14165 Berlin – Germany
- Year of construction / renovation: 1984 / 1993 / 2002
- Location: The rest home is located in a green, residential area of Berlin city. It benefits from an excellent location near two parks and a hospital.
- Operator: An entity of the Aaetas group (25-year long lease).



100 - Spes Nostra

- Hindersteinlaan 30 - 3451 EZ Vleuten – The Netherlands
- Year of construction / renovation: 2016
- Location: The care residence is located in a green area near the historic centre of the city of Utrecht. The building is a former convent, which was entirely redeveloped.
- Operator: Stepping Stones Home & Care (20-year long lease).



101 - Het Dokhuis

- Raadhuislaan 41-43-45-47 - 9665 JA Oude Pekela – The Netherlands
- Year of construction / renovation: 2016
- Location: The site is located in the centre of Oude Pekela and comprises a medical centre and a care residence. The medical centre includes a pharmacy, several medicine’s offices and a centre for medical analysis.
- Operator: Stichtig Oosterlengte and five other operators (long leases).



102 - Villa Walgaerde

- Sweelincklaan 16 - 1217 BR Hilversum – The Netherlands
- Year of construction / renovation: 2017
- Location: Villa Walgaerde benefits from an excellent location in a green, residential area at the outskirts of the city centre of Hilversum. The building is a protected monument.
- Operator: An entity of the Domus Magnus group (20-year long lease).



103 - Huize Dennehof

- Diedrichlaan 21 -
3971 PA Driebergen Rijnsburg –
The Netherlands
- Year of construction / renovation: /
- Location: Huize Dennehof is a small-scale residential care facility in Driebergen-Rijnsburg. The site is located next to a large park.
- Operator: An entity of the Het Gouden Hart group (20-year long lease).

**104 - Het Gouden Hart**

- Koornmarkt 1 -
8261 JX Kampen – The Netherlands
- Year of construction / renovation:
2017
- Location: Het Gouden Hart is a protected monument which benefits from an excellent location in the historical centre of Kampen.
- Operator: An entity of the Het Gouden Hart group (20-year long lease).

**105 - LTS Winschoten**

- Poststraat 4 -
9671 EM Winschoten –
The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site, which already generates a limited rental income. The site will be entirely redeveloped and delivered turnkey to Aedifica. More details are provided in the table in section 4.2 of the Property Report.

**106 - Martha Flora Hilversum**

- Melkpad 24-26 -
1217 KD Hilversum – The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site, which already generates a limited rental income. The site will be entirely redeveloped and delivered turnkey to Aedifica. More details are provided in the table in section 4.2 of the Property Report.

**107 - Het Gouden Hart van Leersum**

- Rijksstraat 46 -
3956 CR Leersum – The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site, which already generates a limited rental income. The site will be entirely redeveloped and delivered turnkey to Aedifica. More details are provided in the table in section 4.2 of the Property Report.

**108 - Residentie Blaret**

- Zoomlaan 1 -
1640 Sint-Genesius-Rode – Belgium
- Year of construction / renovation:
2017
- Location: The site is well located in a residential area of Sint-Genesius-Rode. The rest home lies within a large private park with a pond.
- Operator: An entity of the Vulpia Group (27-year long lease).



109 - Oeverlanden

- Reestlaan 2 -
7944 BB Meppel – The Netherlands
- Year of construction / renovation:
1970 / 2004 / 2012 / 2016
- Location: The Oeverlanden healthcare site is located in the centre of Meppel near the Wilhelminapark.
- Operator: Zorggroep Noorderboog (18-year long lease).



110 - Seniorenresidenz Laurentiusplatz

- Auer Schulstraße 12, Osterfelder
Straße 11-15 -
42103 Wuppertal-Elberfeld –
Germany
- Year of construction / renovation:
1998
- Location: The site (a protected monument) benefits from an excellent location in the historical centre of Wuppertal-Elberfeld.
- Operator: An entity of the Medeor Seniorenresidenzen group (25-year long lease).



1 - Sablon

- Rue Bodenbroek 22-25 - Rue de Ruysbroeck 63-67 1000 Brussels
- Year of construction / renovation: 2003 - 2004
- Location: Building ideally located in the Grand Sablon area, a highly regarded and central tourism and shopping district in the centre of Brussels.
- Description: The building comprises 30 apartments spread over five levels as well as a commercial level.

**2 - Complexe Laeken-Pont Neuf**

- Rue de Laeken 89-117-119-123-125 - Rue du Cirque 25-29 - Rue du Pont Neuf 3-3A - 1000 Brussels
- Year of construction / renovation: 1993 - 2015
- Location: Benefitting from an impressive view of the Pont-Neuf gardens, the complex is located close to the place de Brouckère, the Flemish Royal Theatre, the Grand Place, and boulevard Albert II.
- Description: The complex consists of buildings designed by European architects and comprising 42 apartments, offices, and a commercial space.

**3 - Le Bon 24-28**

- Rue Philippe le Bon 24-28 - 1000 Brussels
- Year of construction / renovation: 1990
- Location: Located in the rue de la Loi and boulevard du Regent district, very close to the European institutions and the Leopold district.
- Description: The building comprises 15 apartments spread over 6 levels.

**4 - Lombard 32**

- Rue du Lombard 32 - 1000 Brussels
- Year of construction / renovation: 1995
- Location: Building located close to Brussels' Grand Place, on the corner of rue du Lombard and rue de l'Etuve, a lively tourist district in the capital.
- Description: The building comprises 13 apartments spread over 7 levels and a commercial level. The building's facade is classified by the city of Brussels as from the 1st level.

**5 - Complexe Louise 331-333**

- Avenue Louise 331-333 - Rue Jordaens 10 - 1050 Brussels
- Year of construction / renovation: 2000
- Location: Complex located between avenue Louise and rue Jordaens.
- Description: Mixed-use complex, which includes a building fronting on avenue Louise and comprising 5 apartments and office spaces spread over 9 levels, a central block (former stables) comprising offices, as well as a single-family home located in the rear on rue Jordaens.

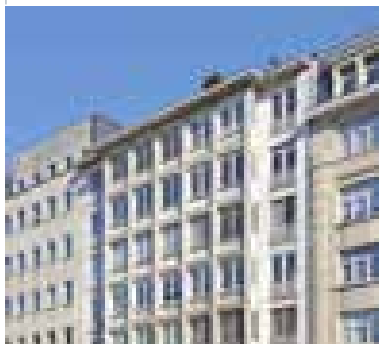
**6 - Place du Samedi 6-10**

- Place du Samedi 6-10 - 1000 Brussels
- Year of construction / renovation: Partially renovated in 2004
- Location: Building located in the touristic centre of Brussels, near to the Vieux Marché aux Poissons and the Grand Place.
- Description: The building comprises 24 apartments spread over 6 levels, as well as a commercial space on the ground level and on the first floor.



7 - Broqueville 8

- Avenue de Broqueville 8 - 1150 Brussels
- Year of construction / renovation: 1959 - partially renovated in 2008
- Location: Building located in Brussels near Montgomery Square.
- Description: The building is held under traditional co-ownership arrangements; Aedifica owns 6 apartments.



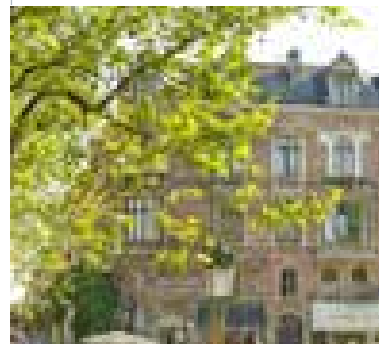
8 - Bataves 71

- Rue des Bataves 71 - 1040 Brussels
- Year of construction / renovation: Partially renovated in 1996 and 2011
- Location: Building located at the corner of rue des Bataves and avenue de Tervueren.
- Description: The building comprises 3 apartments and an office space spread over 4 levels.



9 - Tervueren 103

- Avenue de Tervueren 103 - 1040 Brussels
- Year of construction / renovation: 1990 (renovation) – 1995 (renovation), 2011 (partially renovated)
- Location: Building located at the corner of rue de l'Armée and avenue de Tervueren.
- Description: The building comprises 6 apartments and an office space spread over 4 levels, plus a commercial ground floor.



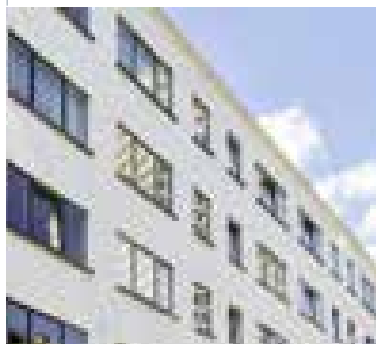
10 - Louis Hap 128

- Rue Louis Hap 128 - 1040 Brussels
- Year of construction / renovation: 1990 (renovation) – 2011/2012 (renovation)
- Location: Building located on a residential road that links place Saint-Pierre with chaussée d'Auderghem.
- Description: The building comprises 7 apartments spread over 6 levels.



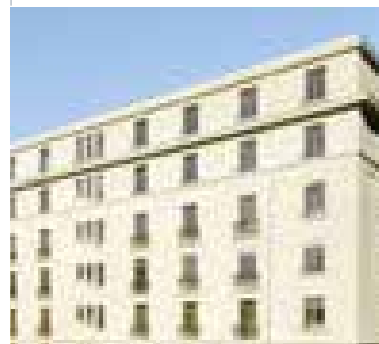
11 - Rue Haute

- Rue Haute 39-51 - 1000 Brussels
- Year of construction / renovation: 1961 - 1985 (renovation) – 2015
- Location: Building located along the upper part of rue Haute, near to Sablon.
- Description: The building comprises 20 apartments spread over 5 levels, and a ground-floor commercial space.



12 - Résidence Palace

- Chaussée d'Etterbeek 62 - 1040 Brussels
- Year of construction / renovation: 2006
- Location: Building located at the heart of the Leopold district, near to the European institutions and the Schuman train station.
- Description: This prestigious building comprises 57 apartments spread over 7 floors, as well as a ground-floor commercial space.



13 - Churchill 157

- Avenue Winston Churchill 157 - 1180 Brussels
- Year of construction / renovation: 1974 – partially renovated in 2011 and 2012
- Location: Building located in the Churchill/Molière district in Uccle, offering a view over the Montjoie park, which is accessible via a private garden.
- Description: The building comprises 22 apartments and an office space spread over 9 levels.



14 - Auderghem 237-239-241-241-266-272

- Avenue d'Auderghem - 237-239-241-266-272 - 1040 Brussels
- Year of construction / renovation: End of 19th century – several renovations between 1999 and 2004
- Location: Building located near to La Chasse, the European district and the Cinquantenaire esplanade.
- Description: Houses in 19th-century Brussels' style divided into apartments (partially in co-ownership).



15 - Edison

- Avenue Sergent Vrithoff 123-129 - 5000 Namur
- Year of construction / renovation: 1972 - 2004
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur.
- Description: Mixed-use building, which comprises 7 apartments and an office space, spread over 4 levels.



16 - Verlaine/Rimbaud/Baudelaire

- Avenue Sergent Vrithoff 131-143 - 5000 Namur
- Year of construction / renovation: 1998
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur.
- Description: Mixed-use building, which comprises 21 apartments and an office space, spread over 5 levels.



17 - Ionesco

- Boulevard de la Meuse 81 - 5100 Jambes
- Year of construction / renovation: 2004
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur, in a residential area near to the major traffic routes.
- Description: The building comprises 10 apartments spread over 7 levels.



18 - Musset

- Rue Henri Bles 140 - 5000 Namur
- Year of construction / renovation: 2002
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur.
- Description: The building comprises 6 apartments and an office space spread over 4 levels.



19 - Giono & Hugo

- Rue Capitaine Jomouton 30-32 - 5100 Jambes
- Year of construction / renovation: 2004 - 2005
- Location: Complex located in the municipality of Jambes, south of Namur, in a residential district near to the major traffic routes.
- Description: 2 adjacent residential buildings of almost same configuration and finish, comprising 15 apartments spread over 4 levels.



20 - Antares

- Rue Champêtre 46 - 5100 Jambes
- Year of construction / renovation: 1956 - 1994
- Location: Building located in the municipality of Jambes, south of Namur, in a residential district near to the main roads.
- Description: Houses divided in apartments, comprising 7 apartments spread over 4 levels.



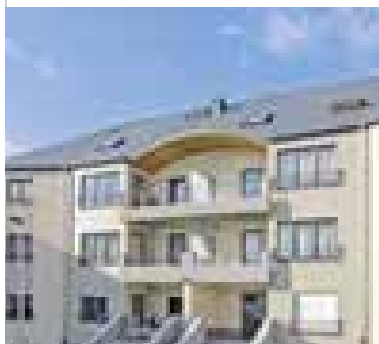
21 - Ring

- Plantin en Moretuslei 107-115 - 2018 Antwerp
- Year of construction / renovation: 1993 - 1994 (renovation) - 2015
- Location: Complex located near to the major road access leading to the centre of Antwerp, near the Ring, but also the Diamond district, the central train station and the offices of the Kieftplein.
- Description: Complex in 2 parts, of which the 1st section comprises commercial spaces and a hotel, and the 2nd section is in co-ownership (87 apartments owned by Aedifica).



22 - Résidence Gauguin et Manet

- Rue du Wäschbour 22-24 - 6700 Arlon
- Year of construction / renovation: 2007
- Location: Building located in a new subdivision, less than a kilometre from the centre of Arlon.
- Description: The building comprises 35 residential apartments spread over 2 blocks, each with 4 levels above ground.



23 - Résidence de Gerlache

- Chaussée de Louvain 710-732 - 1030 Brussels
- Year of construction / renovation: 2011
- Location: Building located halfway between the European district and the NATO.
- Description: This low-energy building comprises 75 residential apartments spread over 5 levels, 4 commercial spaces and a space for liberal professional.



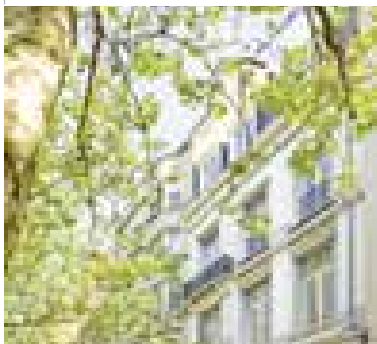
24 - Ensemble Souveraine

- Rue Souveraine 5, 21-35, 39-45 - 1050 Brussels
- Year of construction / renovation: 1985 to 1995 - 2011/2012 (partially renovated) - 2015 (renovation in progress)
- Location: Lot of building located in a quiet street, perpendicular to chaussée d'Ixelles and avenue Louise.
- Description: Houses divided in apartments; the building comprises 116 apartments and recreational infrastructure.



25 - Louise 130

- Avenue Louise 130 - 1050 Brussels
- Year of construction / renovation: End of the 19th century – 1996 - 2015
- Location: Building located in a highly regarded district, between the shops of avenue Louise and the restaurants of the Châtelain district.
- Description: The building comprises 9 furnished apartments spread over 3 levels and a ground-floor commercial space.

**26 - Louise 135**

- Avenue Louise 135 - 1050 Brussels
- Year of construction / renovation: 1996 - 2015
- Location: Building located in a highly regarded district, between the shops of avenue Louise and the restaurants of the Châtelain district.
- Description: The building comprises 31 furnished apartments spread over 12 levels and a ground-floor commercial space.

**27 - Louise 270**

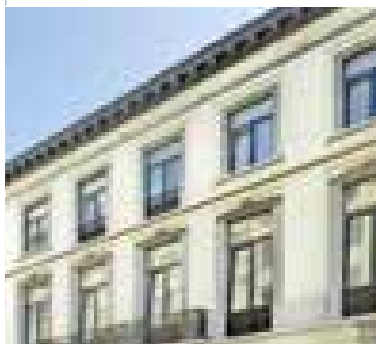
- Avenue Louise 270 - 1050 Brussels
- Year of construction / renovation: 1996 – 2012 -2015
- Location: Building located in a highly regarded district, between the shops of avenue Louise and the restaurants of the Châtelain district.
- Description: The building comprises 14 furnished apartments and a small ground-floor commercial space.

**28 - Vallée 48**

- Rue de la Vallée 48 - 1000 Brussels
- Year of construction / renovation: 1993
- Location: Building located in a nice and green area near to avenue Louise, Abbaye de la Cambre and place Flagey.
- Description: The building comprises 6 furnished apartments.

**29 - Livourne 16-18**

- Rue de Livourne 16-18 - 1000 Brussels
- Year of construction / renovation: 2004
- Location: Building located between the chaussée de Charleroi and avenue Louise, near to the Goulet Louise and its numerous luxury shops.
- Description: The building comprises 2 adjacent houses, containing 16 furnished apartments.

**30 - Freesias**

- Allée des Freesias 18 - 1030 Brussels
- Year of construction / renovation: 1990 - 2015
- Location: Building located in the Flowers district of Schaerbeek, near to NATO, the industrial zones of Diegem and Zaventem Airport.
- Description: The building comprises 37 furnished apartments.



31 - Héliotropes

- Avenue des Héliotropes 35 - 1030 Brussels
- Year of construction / renovation: 1979
- Location: Building located in the Flowers district of Schaerbeek, near to NATO, the industrial zones of Diegem and Zaventem Airport.
- Description: The building comprises 25 furnished apartments.



32 - Livourne 20-24

- Rue de Livourne 20-24 - 1050 Brussels
- Year of construction / renovation: 2010
- Location: Building located between chaussée de Charleroi and avenue Louise, near to the Goulet Louise and its numerous luxury shops.
- Description: The building comprises 2 adjacent houses, containing 15 furnished apartments.



33 - Livourne 14

- Rue de Livourne 14 - 1050 Brussels
- Year of construction / renovation: 2010
- Location: Building located between chaussée de Charleroi and avenue Louise, near to the Goulet Louise and its numerous luxury shops.
- Description: The building comprises 3 furnished apartments.



34 - Résidence Chamarris

- Rue d'Arlon 39 - 1000 Brussels
- Year of construction / renovation: 2010
- Location: Building located at the heart of the Leopold Quarter, Brussels' premier business district, next to the main European Union institutions.
- Description: The building comprises 23 furnished apartments and 1 ground-floor commercial space.



35 - Stephanie's Corner

- Rue Jean Stas/ Rue Dejoncker - 1060 Brussels
- Year of construction / renovation: 2007
- Location: Building located in a highly ranked district, close to the shops of avenue Louise.
- Description: The building comprises 27 apartments, 3 commercial spaces and a 27-space underground parking lot.



1 - Hotel Martin's Brugge

- Oude Burg 5 - 8000 Bruges
- Year of construction / renovation: 2005 - 2009
- Location: Three-star hotel located in the heart of Old Bruges, near the Belfry and the historic centre.
- Description: Hotel comprising 199 rooms (after integration of De Tassche Hotel, acquired in 2008), 8 seminar rooms, a central body and 3 annexed buildings equipped for the hotel industry. The building is made available to Martin's Hotels pursuant to a 36-year long lease (with an option to extend). It is operated by Martin's Hotels.

**2 - Martin's Klooster**

- Onze-Lieve-Vrouwstraat 18 - 3000 Leuven
- Year of construction / renovation: 2003 - 2012
- Location: Four-star hotel located at the heart of the historic centre of Leuven ("island of the Dijle").
- Description: Hotel comprising 103 rooms and suites, a new conference centre, a lounge bar, a new reception lobby, and an orangery for events. The building is made available to Martin's Hotels pursuant to a 36-year long lease (with an option to extend). It is operated by Martin's Hotels.

**3 - Carbon**

- Europalaan 38 - 3600 Genk
- Year of construction / renovation: 2008
- Location: Four-star design hotel located in the heart of Genk.
- Description: The hotel comprises 60 rooms and suites, a restaurant and one of the most beautiful spas in Belgium. The entire complex has been transferred to the operator Different Hotel group which manages the hotel (under a 27-year long lease).

**4 - Eburon**

- De Schiervelstraat 10 - 3700 Tongeren
- Year of construction / renovation: 2008
- Location: Four-star design hotel located at the heart of the historical city of Tongeren.
- Description: The hotel comprises 52 rooms and suites. The entire complex has been transferred to the operator Different Hotel Group which manages the hotel (under a 27-year long lease).

**5 - Ecu**

- Europalaan 46 - 3600 Genk
- Year of construction / renovation: 1992
- Location: Budget hotel of high quality in the centre of Genk.
- Description: The hotel comprises 51 rooms and has been transferred to the operator Different Hotel Group which manages the hotel (under a 27-year long lease).

**6 - Eurotel**

- Koning Albertlaan 269 - 3620 Lanaken
- Year of construction / renovation: 1987 - 2007 - 2010
- Location: Four-star hotel located in Lanaken, near the centre of Maastricht.
- Description: The hotel comprises 79 rooms, all recently renovated, a restaurant, a spa and a sport centre. The entire complex has been transferred to the operator Different Hotel Group which manages the hotel (under a 27-year long lease).



7 - Villa Bois de la Pierre

- Venelle du Bois de la Pierre 20 - 1300 Wavre
- Year of construction / renovation: 1955 - 1987
- Location: Adjacent villa to the Villa Bois de la Pierre rest home.
- Description: Villa Bois de la Pierre is located next to the Bois de la Pierre rest home. The villa counts 4 apartments and office spaces.



8 - Duysburgh

- Rue Duysburgh +19 - 1090 Brussels
- Year of construction / renovation: -
- Location: Adjacent building to the Aux Deux Parcs rest home.
- Description: Duysburgh is a building located in a residential and green zone, between Parc de la Jeunesse and Square Léopold, and not far from the Brugmann hospital. The building is intended to be incorporated into the Aux Deux Parcs rest home.



9 - Résidence du Lac

- Between avenue Louise, rue Vilain XIII and rue du Lac - 1050 Brussels
- Location: Plot of land located between avenue Louise, rue Vilain XIII and rue du Lac.
- Description: The plot of land is located in a highly ranked district, near avenue Louise, the Etangs d'Ixelles and the Abbaye de la Cambre. A residential project is being studied on the plot of land, which is currently rented.



6. MANAGEMENT TEAM

6.1. AEDIFICA'S INTERNAL ORGANISATION

The Company is structured as shown in the organisational chart below:

Each component of the organisational chart is described in the following paragraphs. The "Operations" component, to which approx. 30 people are assigned, represents most of the Company's staff.

OPERATIONS

The daily management of Aedifica's real estate portfolio in Belgium, Germany and The Netherlands is supervised by the COO.

At the end of the previous financial year, a Valuation & Asset Management function was created in order to enhance the dialogue between the Company and the independent experts who value Aedifica's real estate in each of the countries it is located.

Operations Belgium

Aedifica's daily activities in Belgium mainly involve managing the Company's senior housing sites and apartment buildings.

Regarding senior housing in Belgium, Aedifica has established long-term contracts (mainly in the form of long leases) with specialised and professional operators who in turn, assume responsibility for building maintenance (triple net contracts). Thus, Aedifica is not responsible for the daily management of these buildings. However, it monitors overall quality via ad hoc visits (in particular as part of periodic portfolio evaluations and monitoring of extension and renovation projects in progress). Although rental contracts are triple net, the Company insists on improving existing sites as well as developing new projects in partnership with its tenants/operators. This practice allows the Company to maintain a portfolio of high-quality buildings that generate attractive net yields over the long term. This kind of partnership includes all aspects of the development of real estate projects, whether they are of technical, legal, organisational or other nature. Such projects are presented in the table "projects and renovations in progress".

Management of the relations with operators, as well as the projects and renovations in progress, is entrusted to the Asset Management Senior Housing team which was established last financial year.

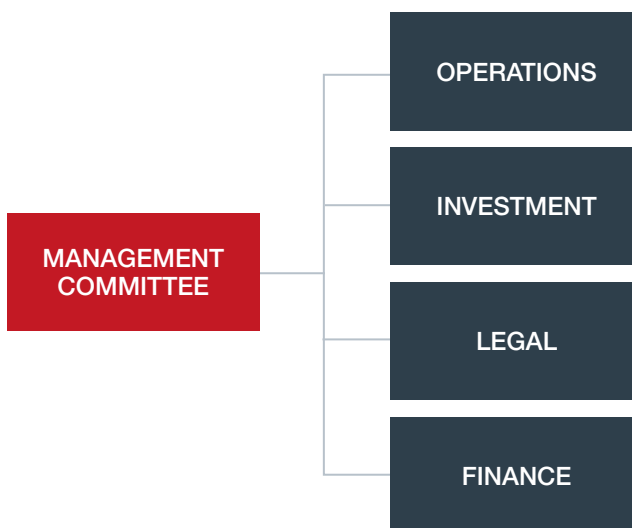
For commercial management of its apartment buildings, Aedifica employs a Sales and Marketing Manager who secures rentals through direct contact with tenants and real estate agents. He is assisted by an internal commercial team.

Technical management of Aedifica's apartment buildings ("technical property management") includes the diligent management of the buildings' common areas, implementation and follow-up of maintenance and technical control contracts, management of insurance claims, and

assistance to tenants at the time of arrival and departure. Technical management is carried out by both Aedifica's own property management team and by external service providers who are continuously monitored by aforementioned team. It ensures that the required duties are performed and quality standards maintained.

Administrative and accounting management ("administrative property management") includes managing calls for rent payments and indexations, provisions for expenses, quarterly closing of common area expenses, tax recoveries, budgeting for common area expenses, and tracking tenant payments. Administrative management is also carried out by both Aedifica's own team and by external service providers, under the supervision of Aedifica's Property Accounting Manager and his team.

External property managers are selected based on a competitive bidding process and their reputation in the Belgian market. Contracts generally cover a period of 1 year and include the possibility for renewal. In terms of risk management, Aedifica has divided its portfolio across several external property managers, depending, primarily based on their specialities and their geographic location. These intermediaries are assigned with either full responsibility for day-to-day building management on both technical and administrative levels or for with day-to-day technical management only, in cases where Aedifica performs administrative and accounting management internally. Aedifica monitors external service providers through periodic reporting and by conducting spot checks. The remuneration of external managers is proportional to the rental incomes generated. Overall, remuneration of external service providers amounted to €7 thousand (VAT included) during the 2016/2017 financial year, or 2% of the net rental income for the buildings concerned. Over the past few years, Aedifica gradually internalised most tasks that were previously outsourced.



The only external building manager currently engaged by Aedifica in Belgium for fully owned buildings, is the following:

Pianissimo

Rue des Fabriques 1
6747 Saint-Leger, Belgique
For Résidence Gauguin et Manet.

Management of buildings in co-ownership is assigned to external building managers as chosen during the General Meeting of the co-owners.

Aedifica is also assisted by a German service provider and a Dutch service provider with regard to the management of two specific sites.

Hotels follow the management principles applicable for senior housing, whereas other buildings follow the management principles applicable for apartment buildings.

Operations Germany

The buildings located in Germany follow the same management principles as those described above for senior housing in Belgium. The contracts in place with the operators are also irrevocable long-term leases, but are of a double net structure (vs. triple net structure in Belgium). This means that the repair and maintenance of the roof, structure and facades of the buildings remains the responsibility of the owner.

Aedifica has held a German subsidiary since 1 January 2015: Aedifica Asset Management GmbH advises and supports Aedifica and its other subsidiaries on the growth and management of their real estate portfolio in Germany.

Operations The Netherlands

The buildings located in The Netherlands follow the same management principles as those described above for senior housing in Belgium. The contracts in place with the operators are also generally irrevocable long-term leases of a triple net structure (as in Belgium).

Aedifica has held a Dutch subsidiary since early 2016: Aedifica Nederland BV holds Aedifica's Dutch real estate portfolio on its balance sheet and benefits from the know-how of its local experts as well as its parent company. Aedifica plans on establishing a local management team in The Netherlands when the scale of its Dutch portfolio justifies doing so.

INVESTMENT

Aedifica assigns the "investment" aspects of its operational activities to the Company's Investment Officer and his team, which provides the primary point of contact for new investment opportunities in Belgium and abroad. The Investment Officer filters the cases and undertakes preliminary studies before presenting them to the Management Committee and, if accepted, to the Investment Committee and Board of Directors. The Investment Officer, or (for Aedifica's international operations) the International M&A Officer, also organises various aspects of the due diligence audits in close cooperation with other members of the Company's internal team and by engaging external specialists, depending on the need and characteristics of individual cases. The

Group's international expansion is supported by an International M&A Officer since 2016.

The Investment Officer and the International M&A Officer are supervised by the CEO.

LEGAL

Aedifica assigns the "Legal" aspects of its operational activities to a team led by the CLO, whose mission includes the day-to-day management of the legal affairs of the Company and its subsidiaries ("corporate housekeeping") as well as assistance in other aspects of operational activities ("legal support"). Its mission mainly involves conducting legal due diligence audits of investment cases in Belgium, carried out with assistance of external specialists depending on the cases' individual characteristics, drafting conventions and, occasionally, dispute management. Insurance coverage is also centralised here. The CLO is also charged with the functions of Compliance Officer and Secretary-General of the Board of Directors.

FINANCE

The "Finance" aspects of Aedifica's operational activities cover many disciplines placed under the CFO's supervision, such as the financing of day-to-day activities and investments, accounting, taxation, cash management, internal reporting, controlling, external financial communication and investor relations, and credit control. Management of human resources, IT and the vehicle fleet is also centralised here.

7. EXPERTS' REPORT

Gentlemen,

We are pleased to send you our estimate of the fair value of investment properties held by the Aedifica group as of 30 June 2017.

Aedifica assigned to each of the four independent external valuers the task of determining the fair value (from which the investment value is derived²) of one part of its portfolio of investment properties. Assessments are established taking into account the remarks and definitions contained in the reports and following the guidelines of the International Valuation Standards issued by the "IVSC".

We have acted individually as independent external valuers and have a relevant and recognised qualification, as well as an ongoing experience for the location and the type of buildings assessed. The valuer's opinion of fair value was primarily derived using comparable recent market transactions at arm's length terms.

Properties are considered in the context of current leases and of all rights and obligations that these commitments entail. We have evaluated each entity individually. Assessments do not take into account a potential value that can be generated by offering the whole portfolio on the market. Assessments do not take into account selling costs applicable to a specific transaction, such as brokerage fees or advertising. Assessments are based on the inspection of real estate properties and information provided by Aedifica (i.e. rental status and surface area, sketches or plans, rental charges and property taxes related to the property, and

€1,545 M

FAIR VALUE OF THE PORTFOLIO

compliance and pollution matters). The information provided was assumed to be accurate and complete. Assessments are made under the assumption that no non-communicated piece of information is likely to affect the value of the property.

Based on the four assessments, the consolidated fair value of the portfolio amounted to €1,544,849,109³ as of 30 June 2017, including €1,527,674,588 for marketable investment properties⁴. Contractual rents amounted to €86,524,648 which corresponds to an initial rental yield of 5.66%⁵ compared to the fair value of marketable investment properties. Assuming that the marketable investment properties, except for furnished apartments, are 100% rented and that the currently vacant spaces are rented at market prices, contractual rents would amount to €87,613,730, i.e. an initial rental yield of 5.74%⁶ compared to the fair value of marketable investment properties.

In the context of a reporting in compliance with the International Financial Reporting Standards, our evaluations reflect the fair value. The fair value is defined by IAS 40 and IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The IVSC considers that the definition of fair value under IAS 40 and IFRS 13 is generally consistent with market value.

DE CROMBRUGGHE & PARTNERS SA OPINION

The fair value of the part of Aedifica's portfolio valued by de Crombrughe & Partners SA is estimated as of 30 June 2017 at €475,757,500 and the investment value (before deduction of the transfer costs⁷) is estimated at €488,123,000.

Michaël Zapatero and Karen Cox
29 August 2017

STADIM CVBA OPINION

The fair value of the part of Aedifica's portfolio valued by Stadim CVBA is estimated as of 30 June 2017 at €703,681,609 and the investment value (before deduction of the transfer costs⁸) is estimated at €721,661,587.

Dave Verbist and Katrien Van Grieken, MRE
29 August 2017

CBRE GMBH OPINION

The fair value of the part of Aedifica's portfolio valued by CBRE GmbH is estimated as of 30 June 2017 at €208,890,000 and the investment value (before deduction of the transfer costs⁹) is estimated at €223,634,818.

Sandro Höselbarth and Tim Schulte
29 August 2017

DTZ ZADELHOFF VOF OPINION

The fair value of the part of Aedifica's portfolio valued by DTZ Zadelhoff VOF is estimated as of 30 June 2017 at €156,520,000 and the investment value (before deduction of the transfer costs¹⁰) is estimated at €161,820,000.

Paul Smolenaers and Fabian Pauwelse
29 August 2017

1. The expert report was reproduced with the agreement of Crombrughe & Partners SA, Stadim CVBA, CBRE GmbH and DTZ Zadelhoff VOF. The sum of all elements of the portfolio individually assessed by the abovementioned independent experts constitutes Aedifica's whole consolidated portfolio.
2. “Investment value” is defined by Aedifica as the value assessed by the external valuers, of which transfer costs are not deducted (also known as “gross capital value”).
3. The abovementioned portfolio is broken down in two lines on the balance sheet (lines “I.C. Investment properties” and “II.A. Assets classified as held for sale”).
4. “Marketable investment properties” are defined by Aedifica as investment properties including assets classified as held for sale and excluding development projects. Marketable investment properties are hence completed properties that are let or lettable.
5. 5.65% compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.
6. 5.72% compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.
7. In this context, the transfer costs require adaptation to the market conditions. Based on the analysis of a large number of transactions in Belgium, the Belgian experts acting at the request of publicly traded real estate companies, reunited in a working group, came to the following conclusion: given the various ways to transfer property in Belgium, the weighted average of the transfer costs was estimated at 2.5%, for investment properties with a value in excess of €2.5 million. The investment value corresponds therefore to the fair value plus 2.5% of transfer costs. The fair value is also calculated by dividing the investment value by 1.025. Properties in Belgium below the threshold of €2.5 million remain subject to usual transfer costs (10.0% or 12.5% depending on their location). Their fair value corresponds thus to the value excluding transfer costs. In this specific case, for residential units, the fair value reflects the potential capital gain per apartment, if sold.
8. Same comment on transfer costs as in footnote 7 above.
9. Assets located in Germany are not concerned by the comments in footnotes 7 and 8 above. In the assessment of their investment value, the usual German transfer costs are taken into account.
10. Assets located in The Netherlands are not concerned by the comments in footnotes 7 and 8 above. In the assessment of their investment value, the usual German transfer costs are taken into account.



Aedifica on the stock market

2.9%

GROSS DIVIDEND YIELD
AS OF 30 JUNE 2017

€ 76.37

SHARE PRICE
AS OF 30 JUNE 2017

17,975,820

TOTAL NUMBER OF SHARES LISTED
AS OF 30 JUNE 2017

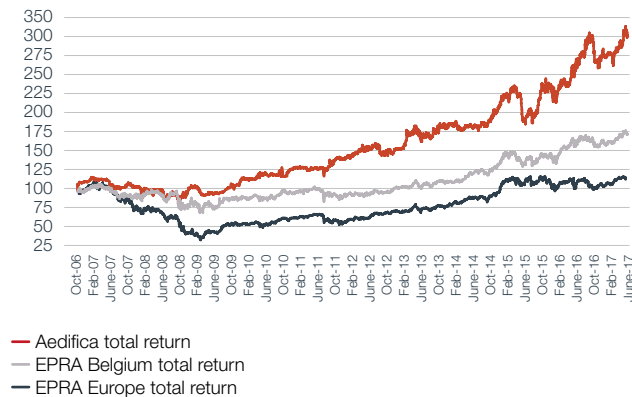
€ 1.4 billion

MARKET CAPITALISATION
AS OF 30 JUNE 2017



Aedifica on the stock market

**Comparison – indices in total return
from 23 october 2006 (IPO) to 30 June 2017**

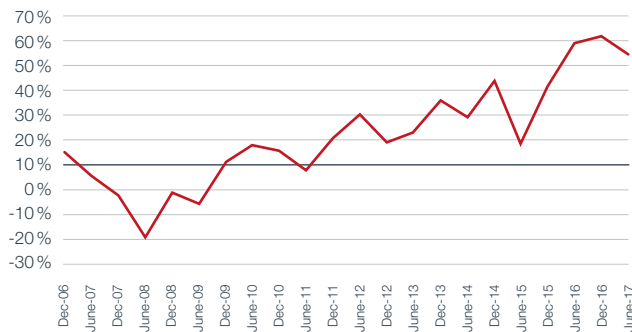


Aedifica provides the investor with an attractive alternative to direct investment in residential real estate.

Aedifica's diversified investment policy (see "Strategy" section of the Consolidated Board of Directors' Report) offers the shareholder a unique investment that generates optimal rental incomes with a limited risk profile. The structure of Aedifica's portfolio generates attractive returns, opportunities for growth and capital gains, and recurrent dividends.

According to the "Weekly table value", published on 1 September 2017 by Bank Degroof Petercam, Aedifica is currently the 3rd REIT in terms of market capitalisation.

**Premium and discount of the share price in relation
to the net asset value**



**HET GOUDEN HART
THE NETHERLANDS -
SENIOR HOUSING**

1. STOCK PRICE AND VOLUME

Aedifica's shares (AED) have been quoted on Euronext Brussels continuous market since 23 October 2006. Since that date, Aedifica has completed four capital increases, in cash and with preferential rights or priority allocation rights.

- 15 October 2010: issuance of 2,013,334 new shares at a subscription price of €33.45 per share to raise a total gross amount of €67 million.
- 7 December 2012: issuance of 2,697,777 new shares at a subscription price of €37.00 per share to raise a total gross amount of €99.8 million.
- 29 June 2015: issuance of 3,121,318 new shares at a subscription price of €49.00 per share to raise a total gross amount of €153 million.
- 28 March 2017: issuance of 3,595,164 new shares at a subscription price of €61.00 per share to raise a total gross amount of €219 million.

On 30 June 2017, Aedifica was registered in the Bel Mid index with a weighting of 5.8%.

Taking the stock price on 30 June 2017 (€76.37) as a baseline, Aedifica shares show:

- a 49% premium as compared to the net asset value per share excluding changes in fair value of hedging instruments*;
- a 55% premium as compared to the net asset value per share.

The abovementioned estimated premiums do not take into account the detachment of coupon No.17 in March 2017, which will be paid in principle in November 2017.

Between the date of the IPO (after deduction of the coupons which represented the preferential rights or the priority allocation rights issued as part of the 15 October 2010, 7 December 2012, 29 June 2015 and 28 March 2017 capital increases) and 30 June 2017, Aedifica's stock price increased by 120.2%. This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by 30.4%, and when compared to the EPRA Europe index, which fell by 20.8%, over the same period.

Internationally, the Aedifica shares have been included in the EPRA indices since 18 March 2013 and in the MSCI indices since 1 December 2015.

Aedifica share

	30 June 2017	30 June 2016
Share price at closing (in €)	76.37	69.68
EPRA NAV* excl. changes in fair value of hedging instruments* (in €)	51.30	44.98
Premium (+) / Discount (-) excl. changes in fair value of hedging instruments*	48.9%	54.9%
EPRA NAV* (in €)	49.40	41.64
Premium (+) / Discount (-)	54.6%	67.3%
Market capitalisation	1,372,813,373	987,517,176
Free float ¹	100.00%	100.00%
Total number of shares listed	17,975,820	14,172,176
Denominator for the calculation of the EPRA NAV* per share	17,975,820	14,192,032
Average daily volume	17,818	16,741
Velocity ²	32.3%	30.6%
Gross dividend per share (in €) ³	2.25	2.10
Dividend gross yield ⁴	2.9%	3.0%

1. Percentage of the capital of a company held by the market, according to the definition of Euronext. See press release of 31 March 2017.
2. Total volume of share exchanged annualised divided by the total number of shares listed on the market, according to the definition of Euronext.
3. 2016/2017: proposed dividend to the Annual General Meeting, divided over 2 coupons (coupon No. 17: €1.66; coupon No. 18: €0.59)
4. Gross dividend per share divided by the closing share price.

Number of shares

	30 June 2017	30 June 2016
Number of shares outstanding ¹	17,975,820	14,192,032
Total number of shares	17,975,820	14,192,032
Total number of shares on the stock market ³	17,975,820	14,172,176
Weighted average number of shares outstanding (IAS 33)	15,235,696	14,122,758
Number of dividend rights ²	15,323,388	14,186,987

1. After deduction of the treasury shares.
2. Based on the rights to the dividend for the shares issued during the year.
3. 19,856 shares were traded on 2 November 2016.
122,672 shares were traded on 2 December 2016.
65,952 shares were traded on 12 December 2016.
3,595,164 shares were traded on 28 March 2017.



SPES NOSTRA
THE NETHERLANDS –
SENIOR HOUSING

100%
FREE FLOAT

2. DIVIDEND POLICY

Aedifica has the obligation to distribute the majority of its profits in the form of dividends (see “income to distribute” in the glossary). The proposed gross dividend for 2016/2017 financial year amounts to €2.25 per share (2006/2007: €1.48 per share; 2007/2008: €1.71 per share; 2008/2009: €1.80 per share; 2009/2010: €1.82 per share; 2010/2011: €1.82 per share; 2011/2012: €1.86 per share; 2012/2013: €1.86; 2013/2014: €1.90 per share; 2014/2015: €2.00 per share; 2015/2016: €2.10 per share) as detailed in Note 38 of the Consolidated Financial Statements. It will be divided over 2 coupons (coupon No.17: €1.66; coupon No.18: €0.59). The dividend is payable 5 working days after the date of the ordinary general shareholder’s meeting, which is fixed in the Articles of Association to be held annually on the 4th Friday of October. The dividend related to the 2016/2017 financial year will in principle be paid as from 6 November 2017.

As a RREC investing more than 60% of its portfolio in healthcare property, the withholding tax for Aedifica investors amounts to 15%. For the tax treatment of the dividend, readers, in particular shareholders who are Belgian tax payers (natural persons), are referred to section 5 of the chapter entitled “Standing Documents” and to section 4.2. of the chapter entitled “Risk Factors” included in this Annual Financial Report. The net dividend per share after deduction of the withholding tax of 15% will amount to €1.4110 for coupon No.17 and €0.5015 for coupon No.18.

3. SHAREHOLDING STRUCTURE

Since 28 March 2017, no shareholder has held more than 5% of the Company’s capital. The free float is thus 100% (as of 30 June 2017, based on the number of shares held by the shareholders concerned as of 28 March 2017). Declarations of transparency are available on Aedifica’s website. As of the date of this report (4 September 2017), the Company has received no additional declarations of transparency since 28 March 2017.

4. SHAREHOLDERS’ CALENDAR¹

Annual General Meeting 2017	27 October 2017
Dividend payment date – Coupons related to the 2016/2017 financial year	
• Ex-date	2 November 2017
• Record date	3 November 2017
• Payment date	As from 6 November 2017
Interim statement	14 November 2017
Half-Year Financial Report 31.12.2017	21 February 2018
Interim statement	16 May 2018
Annual press release	5 September 2018
Annual Financial Report 2017/2018	September 2018
Annual General Meeting 2018	26 October 2018
Dividend – Coupon related to the 2017/2018 financial year (“ex-date”)	1 November 2018

Financial service for the coupon payment: Degroof Bank Petercam (main paying agent) or any other financial institutions

1. These dates are subject to change.



Corporate governance statement

9 members

OF THE MANAGEMENT COMMITTEE

5 independents

AMONG THE 9 DIRECTORS

44%

MIXED GENDER RATIO AMONG
THE BOARD OF DIRECTORS

4 members

OF THE BOARD OF DIRECTORS



Corporate governance statement

This chapter on corporate governance is part of the Consolidated Board of Directors' report. The Corporate Governance Statement is issued in accordance with the provisions of the Belgian Corporate Governance Code 2009 (the "2009 Code") and the Belgian Act of 6 April 2010 amending the Belgian Companies Code.

1. CODE OF REFERENCE

Aedifica acts in accordance with the principles of the 2009 Code published on 12 March 2009, while taking into consideration the Company's unique features and characteristics. Aedifica considers itself compliant with all provisions of the aforementioned Code.

The Royal Decree of 6 June 2010 specifies that the 2009 Code is the only applicable code. The 2009 Code is available on the website of the Belgian State Gazette, as well as on www.corporategovernancecommittee.be

The Corporate Governance Charter was set out by the Board of Directors of Aedifica and aims to provide full disclosure regarding the governance rules in place at Aedifica. It is available on the Company's website (www.aedifica.be) and was last updated on 20 February 2017.

2. INTERNAL CONTROL AND RISK MANAGEMENT

This section aims to provide a description of the main features of the Company's internal control system and risk management practices.

2.1 RISK MANAGEMENT AND INTERNAL CONTROL

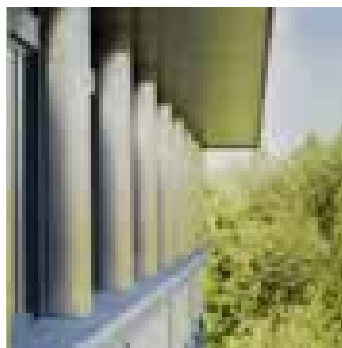
The Board of Directors is responsible for the Company's identification and assessment of risks, as well as for monitoring the effectiveness of internal controls. Aedifica's Executive Managers are responsible for setting up an effective internal control environment and putting in place effective risk management practices.

In these respects, the Belgian legal framework is made up of the following regulations:

- The Belgian Act of 17 December 2008 setting up audit committees in listed companies (in application of the European Directive 2006/43 on the financial control of corporations);



SENIORRESIDENZ LAURENTIUSPLATZ
GERMANY –
SENIOR HOUSING



LES JARDINS DE LA MEMOIRE
BELGIUM –
SENIOR HOUSING

- The Belgian Act of 6 April 2010 on corporate governance within listed companies and on the regulation modification concerning professional prohibition within the banking and financial sector (the so-called “Corporate Governance Act”).

As of 30 June 2017, this framework is further enhanced by:

- The Belgian Corporate Governance Code 2009;
- The Belgian Act of 12 May 2014 on Regulated Real Estate Companies.

Pursuant to Article 17 of the Belgian Act of 12 May 2014, the Company has the following internal control functions:

Risk Management function

The Risk Management function aims to implement measures and procedures to identify and monitor the risks to which the Company is confronted, and to avoid risks becoming reality and/or to limit the impact of these risks (if applicable) and to estimate, control and follow up as much as possible their effects.

The Board of Directors designated Mr. Jean Kotarakos, CFO, Executive Manager and member of the Management Committee, as Risk Manager. Mr. Jean Kotarakos’ office of Risk Manager is of indefinite duration. He has the required professional reliability and appropriate experience to perform these duties.

Independent Compliance function

The Independent Compliance function aims to ensure that the Company, its Directors, its Executive Managers, its personnel or proxy holders respect the legal rules regarding the integrity of the Company’s activity.

The Board of Directors appointed Ms. Sarah Everaert, CLO/Secretary-General, Executive Manager and member of the Management Committee, as Compliance Officer. The Compliance Officer is appointed for an indefinite period and has the required professional reliability and appropriate experience to perform these duties.

Independent Internal Audit function

The person in charge of the Independent Internal Audit function is appointed to independently and permanently judge the Company’s activities and to examine the quality and the efficiency of the existing internal control procedures and methods.

The internal audit function is performed by an external consultant, namely PKF-VMB Risk Advisory SPRL (a subsidiary of VMB Financial Solutions SCRL, member of the PKF International network), represented by Mr. Christophe Quiévreux. The Internal Audit function (which is thus outsourced to an external legal person, represented by a natural person) is performed under the supervision and responsibility of Mr. Eric Hohl, non-executive director, has the required professional reliability and appropriate experience to perform these duties.

Moreover, Aedifica has put in place risk management procedures and an internal control system that are consistent with the Company’s manner of operating and with the environment in which it evolves. This system is based on the internal control model called “COSO” (“Committee of Sponsoring Organisations of the Treadway Commission”). COSO is a well-known international organisation that stems from the private sector. Its purpose is to promote improvement in the quality of corporate governance rules, internal control, risk management and financial reporting.

The COSO model has 5 components:

- internal control environment;
- risk analysis;
- control activities;
- information and communication;
- surveillance and monitoring.

The latest version of the COSO (2013) defines 17 principles underlying these five components which clarify the requirements of an efficient internal control system.

2.2 INTERNAL CONTROL ENVIRONMENT

The underlying principles of the component “internal control environment” are the following:

- **Principle 1:** The organisation demonstrates a commitment to integrity and ethical values:
 - As regards ethics, Aedifica developed a Charter of Ethics (named “Code of Conduct”) in 2010, which formalises the previously existing unwritten codes of conduct. This charter includes matters such as conflicts of interests, confidentiality, dealing codes, misappropriation of corporate assets, business gifts, and respect for others. It has been attached to the Corporate Governance Charter.
 - As regards integrity, Aedifica complies with legal provisions regarding conflicts of interests (see below).

- **Principle 2:** The Board of Directors demonstrates independence from management and exercises oversight of the development and performance of internal control:

The Board of Directors comprises 9 members, 5 of whom are independent, as defined in Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code (see below). Given their experience (see below), the Directors are sufficiently qualified for their positions, particularly in respect of accounting, finance and remuneration policy. Aedifica’s Board of Directors supervises the effectiveness of the risk management practices and of the internal control implemented by the Executive Managers.

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PRINCIPLES OF THE INTERNAL CONTROL MODEL CALLED “COSO”

- **Principle 3:** The Executive Managers establish, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives:
 - The organisational chart of Aedifica is kept up to date.
 - Aedifica has a Board of Directors, an Audit Committee, a Nomination and Remuneration Committee, an Investment Committee and a Management Committee whose tasks are described below.
 - In accordance with Article 14 § 3 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies, the members of the Management Committee (who are all Executive Managers) are in charge of the daily management of the Company in these activities. They report to the Board of Directors. The Executive Managers are responsible for setting up an effective internal control environment and for putting in place effective risk management practices.
- **Principle 4:** The organisation demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives:

The Company's recruitment processes ensure the qualification of the Executive Managers and personnel. For each position, there is a defined profile and a suitable training programme. Aedifica endeavours to support the personal development of its staff and associates by offering them a motivating and comfortable working environment that is adapted to their needs, by identifying their talents, and by further reinforcing these individual strengths. Succession plans are elaborated according to the evolution of the career plans and according to chances of personnel leaving temporarily (maternity leave, parental leave, etc.) or permanently (such as retirement).
- **Principle 5:** The organisation holds individuals accountable, in particular for their internal control responsibilities in the pursuit of objectives:

Each member of the Aedifica team has at least one evaluation interview per year with his or her responsible, based on a framework that considers the relationships between Company and employee in a very broad way. Furthermore, the remuneration and assessment policy of Executive Managers and personnel is based on achievable and measurable targets. It was thoroughly analysed in 2009 by specialised consultants, with follow-up reviews performed in 2010 and in 2011. A study of remuneration of the members of the Management Committee was carried out in 2011, and again in 2016.

2.3 RISK ANALYSIS

The underlying principles of the component "risk analysis" are the following:

- **Principle 6:** The organisation specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives:

"Aedifica aims to position itself as a market leader

among listed Belgian healthcare real estate companies, in particular with regard to senior housing. It aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains. Aedifica's strategy is based on the demographic trend of population ageing in Europe and the consequent specific healthcare and housing needs. Therefore, the Company acts in a conservative way with respect to risk culture."

- **Principle 7:** The organisation identifies risks to the achievement of its objectives across the entity and analyses risks to determine how the risks should be managed:

The Company has a risk map. The main risks are monitored by the Board of Directors every 3 months and disclosed in the Annual and Half-Year Financial Reports, as well as in interim statements. The risks are also followed up during the regular meetings of the Board of Directors. Mitigating actions are undertaken as and when required. For a detailed list of the risks identified, please refer to the section "Risks Factors" of the Annual Financial Report.
- **Principle 8:** The organisation considers the potential for fraud in assessing risks to the achievement of objectives:

Any attempt to fraud is properly analysed to mitigate the potential effects on the Company and to avoid any new attempt.
- **Principle 9:** The organisation identifies and assesses changes that could significantly impact the system of internal control:

Significant changes are continuously identified and analysed, both at the level of the Executive Managers as of that of the Board of Directors. This analysis enriches the section "Risk Factors" of the Annual Financial Report.

2.4 CONTROL ACTIVITIES

The underlying principles of the component "control activities" are the following:

- **Principle 10:** The organisation selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels:
 - There is an audit trail for each property acquisition or disposal. This covers the origin of the transaction, the identification of parties involved, the precise nature of the transaction, and the time and place where the transaction took place. This can be achieved through notarial deeds (in cases of outright purchase of property, contribution in kind, merger, de-merger or partial de-merger) or private deeds (in case of indirect purchase of property). Furthermore, each transaction is tested upfront to ensure conformity with the Company's Articles of Association and with applicable regulations;

- The Management Committee carries out a monthly analysis of the deviation between actual figures and budgeted amounts. The same process is performed quarterly by the Audit Committee and then by the Board of Directors;
- Key indicators such as occupancy rates, trade receivables and cash balances are monitored daily;
- A summary of outstanding balances is reviewed daily for other tenants (long-term leases);
- The 4-eye principle is applied:
 - Contract signature: jointly by two Executive Directors (or, if not possible, jointly by two other Directors), or jointly by two members of the Management Committee, except in the case of rental agreements for apartments and office/retail spaces, for which a specific delegation of power is organised;
 - Invoice approval: jointly by the manager in charge and by a member of the Management Committee;
 - Invoice payment: jointly by the accountant in charge of daily treasury management and by the CFO (or CEO);
 - A specific delegation of power is organised for treasury operations.
- Moreover, the Company has put in place specific control measures to mitigate its main financial risks:
 - Interest rate risk: hedges are entered into with leading banks (mainly IRS and caps);
 - Counterparty risk: Aedifica has working relationships with several leading banks to diversify its funding sources.

- **Principle 11:** The organisation selects and develops general control activities over technology to support the achievement of objectives:

Technologies employed the Company are selected using a “best of breed” approach (as opposed to an integrated system approach). Every technological application is under the responsibility of a pilot, while the management of the infrastructure (hardware and network), the security of the access and the storage of computerised data are ensured by an external service provider, working with Aedifica on the basis of a service-level agreement (“SLA”). All rental agreements are registered. Contracts and other important documents, including notarial deeds, are stored in a suitable way outside the Company’s headquarters.

- **Principle 12:** The organisation deploys control activities through policies that establish what is expected and in procedures that put policies into action:

Formal documentation is carried out with an objective aimed at continual improvement, which also takes into account the balance between the level of formalisation and the size of the Company.



The Company's information management system provides relevant and complete information in a timely manner, responding to both internal control as well as external reporting needs.

2.5 INFORMATION AND COMMUNICATION

The underlying principles of the component "information and communication" are the following:

- **Principle 13:** The organisation obtains or generates and uses relevant, quality information to support the functioning of internal control:

The Company's information management system provides relevant and complete information in a timely manner, responding to both internal control as well as external reporting needs.

- **Principle 14:** The organisation communicates information internally as necessary for the good functioning of other internal control components, including in relation to objectives and responsibilities for internal control:

The internal information elements regarding internal control are disseminated in a transparent manner within the Company to make clear to all the Company's policies, procedures, objectives, and roles and responsibilities. The communication procedures are aligned to fit with the size of the Company. They mainly consist of general communications targeted at personnel, physical meetings and e-mail correspondence.

- **Principle 15:** The organisation communicates with external parties regarding matters affecting the functioning of internal control:

- In the broad sense, external communication (aimed at the shareholders – publication of occasional and periodic information – but also general communication towards other stakeholders) is essential for a listed company. Aedifica devotes attention to its external communication duties on a daily basis.

- External communication related to internal control follows a process for the elaboration and publication of periodic information (editing by the members of the Management Committee, revision by the Audit Committee, approval by the Board of Directors).

2.6 MONITORING ACTIVITIES

The underlying principles of the component "surveillance and monitoring" are the following:

- **Principle 16:** The organisation selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning:

To ensure the effectiveness of the above components of COSO, Aedifica has put in place (since the 2010/2011 financial year) an internal audit function to review the Company's main processes. The internal audit is organised over a multi-annual cycle. The specific scope of the internal audit is determined on an annual basis in consultation with the Audit Committee and the head of internal audit as defined by the Belgian Act of 12 May 2014 on Regulated Real Estate Companies (who can be no other than Mr. Eric Hohl,

non-executive director – see above) and the internal audit service provider (see above). Given the independence requirements and taking the principle of proportionality into consideration, Aedifica has indeed chosen to outsource the internal audit by entrusting this function to a specialised consultant, placed under the supervision and responsibility of the head of internal audit as defined by the abovementioned Act.

- **Principle 17:** The organisation evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including the Management Committee and the Board of Directors, as appropriate:

The recommendations developed by the internal audit are communicated to the Audit Committee. This ensures that the Executive Managers put in place the anticipated corrective actions.

3. SHAREHOLDING STRUCTURE

The shareholding structure, as derived from the transparency declarations received, is provided in the section "Aedifica in the Stock Market" in this Annual Financial Report.

4. BOARD OF DIRECTORS AND COMMITTEES

4.1 CURRENT COMPOSITION OF THE BOARD OF DIRECTORS

The Company's directors are elected for a term of up to 3 years at the Annual General Meeting. They are revocable, and can be re-elected.

At the Annual General Meeting of 28 October 2016, the following Directors were appointed for a 3-year term ending after the Annual General Meeting of 2019:

- Mr. Jean Kotarakos, executive director;
- Mr. Jean Franken, non-executive independent Director.

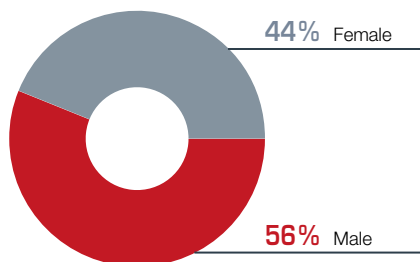
Recall that Mr. Olivier Lippens ended his mandate as Director and Chairman of the Board of Directors (see press release of 30 September 2016). The Board once again expresses its appreciation for his contribution to Aedifica's development.

As announced on 30 September 2016, Mr. Serge Wibaut was appointed to serve as the new Chairman by the Board of Directors. Mr. Serge Wibaut has been a member of the Board of Directors since 2015, as Independent Director, and was Chairman of the Audit Committee since 2016. He has become a member of the Investment Committee as well. Mr. Wibaut has been replaced by Ms. Adeline Simont in the position of Chairman of the Audit Committee. Ms. Simont has been a member of the Board of Directors since 2005. Although Ms. Simont is not an Independent Director, the Board of Directors is convinced she meets all the necessary conditions for this interim office in terms of competencies as well as experience.

As of 30 June 2017, Aedifica was directed by a Board of 9 members, which includes 5 independent Directors (required under Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code), as listed below.

Moreover, a significant level of gender diversity (required by the Belgian Act of 28 July 2011) has been achieved. The Board includes 4 women and 5 men, a gender diversity ratio of 44 %, which is higher than the minimum ratio of one third set by law for financial years started on or after 1 July 2017.

Mixed gender ratio among the Board of Directors



4.2 MEMBERS EXPIRING AT THE ANNUAL GENERAL MEETING

The terms of Ms. Adeline Simont, of Ms. Sophie Maes and of Mr. Eric Hohl as members of the Board of Directors will expire at the upcoming Annual General Meeting of 27 October 2017.

Ms. Sophie Maes will reach the end of the second renewal of her term as independent director (either as a natural person or a permanent representative of Bevalex SA, then of Insumat SA) and, in accordance with the provisions of Article 526ter of the Belgian Companies Code, lose her status of independent director on 27 October 2017. The Board of Directors wants to express its warmest thanks to Ms. Sophie Maes for her commitment since 2009.

At the Annual General Meeting of 27 October 2017, the following will be proposed:

- to renew the office of Ms. Adeline Simont;
- to renew the office of Mr. Eric Hohl;
- to elect Ms. Marleen Willekens as independent director;
- to elect Mr. Luc Plasman as independent director.

In case of election and after approval by the market authority (FSMA), they will act as non-executive directors for a term ending in October 2020.



BOARD OF DIRECTORS
(FROM LEFT TO RIGHT)
FIRST ROW:
JEAN FRANKEN, SOPHIE MAES,
STEFAN GIELENS, SERGE WIBAUT,
ELISABETH MAY-ROBERTI
SECOND ROW:
ADELINE SIMONT, ERIC HOHL,
KATRIEN KESTELOOT,
JEAN KOTARAKOS

BOARD OF DIRECTORS



1. Mr. Serge Wibaut

Chairman - Independent Director

Belgian – 18.08.1957

Vijversweg 29 – 1640 Sint-Genesius-Rode

- Beginning of 1st office as Director: 23 October 2015
- Term of office: October 2018
- Other offices as Director or current positions: Securex Assurance, Cigna Life Insurance Company of Europe SA, Alpha Assurances SA, Reacfin SA, ADE SA, Eurinvest Partners SA. Professor of finance at Université Saint-Louis.
- Offices as Director in the past 5 years and professional career: BNP Paribas Fortis SA, Belfius Banque SA, Gambit Financial Solutions SA. Former CEO at Axa Bank. Professor of Finance.

2. Mr. Stefaan Gielens, mrics

Managing Director - Chief Executive Officer - Executive Manager

Belgian - 21.10.1965

331-333, avenue Louise - 1050 Brussels

- Beginning of 1st office as Director: 1 January 2006
- Term of office: October 2018
- Other offices as Director or current positions: CEO of Aedifica SA – Director of Aedifica Invest SA, Aedifica Invest Brugge SA, VSP SA, Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA. Permanent representative of Aedifica SA (manager of VSP Kasterlee SPRL, Residentie Sorgvliet SPRL and WZC Arcadia SPRL).
- Offices as Director in the past 5 years and professional career: Several positions and offices as director in several companies of the group KBC, including the group Almaxin, including the offices of Managing Director of Almaxin Real Estate SA and Director of Immolease-Trust SA – Member of the Brussels Bar.

3. Mr. Jean Franken

Independent Director

Belgian – 2.10.1948

30, avenue du Joli Mai - 1332 Genval

- Beginning of 1st office as Director: 1 July 2013
- Term of office: October 2019
- Other offices as Director or current positions: /
- Offices as Director in the past 5 years and professional career: Director and member of the Executive Committee of Cofinimmo, Managing Director of several investment and real estate developments companies, including Prifast SA and Igox SA.

4. Mr. Eric Hohl

Director representing the shareholders, head of internal audit

Belgian – 6.05.1962

7, avenue des Violettes – 1970 Wezembeek-Oppem

- Beginning of 1st office; as director: 24 October 2014
- Term of office: October 2017
- Other offices as Director or current positions: Financial Director of Chrono Euro Diffusion SA.
- Offices as Director in the past 5 years and professional career: Head of administration, accountancy and IT services at TWC-Tapernoux SA.

5. Mr. Jean Kotarakos

Director

Chief Financial Officer - Executive Manager

Belgian – 20.02.1973

331-333, avenue Louise - 1050 Brussels

- Beginning of 1st office as Director: 3 June 2008
- Term of office: October 2019
- Other offices as Director or current positions: CFO of Aedifica SA, Director of Aedifica Invest SA, Aedifica Invest Brugge SA, VSP SA, Seniorenhof SA, CI Beerzelhof SA, Avorum SA, Coham SA and BE-REIT Association ASBL.
- Offices as Director in the past 5 years and professional career: Finance and Quality Manager SA D'leteren Lease NV – Head of Consolidation & Corporate Planning SA D'leteren NV – Auditor KPMG.

6. Ms. Katrien Kesteloot

Independent Director

Belgian – 28.07.1962

47, Hoveniersdreef – 3001 Leuven

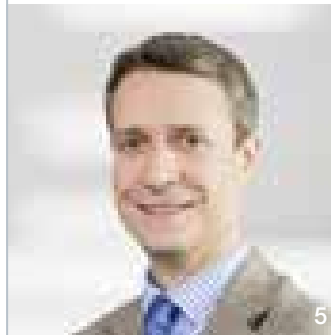
- Beginning of 1st office as Director: 23 October 2015
- Term of office: October 2018
- Other offices as Director or current positions: CFO University Hospitals Leuven, Member of the Board of Directors of Hospex SA, of ASBL Faculty Club KU Leuven, of Rondon ASBL – President of the Board of Directors and member of the Audit Committee of EMMAUS ASBL. Expert advisor in hospital financing at the strategic unit of the Minister of social affairs and public health. Professor at KU Leuven.
- Offices as Director in the past 5 years and professional career: PhD in Economics and academic career at KU Leuven (Faculty of Medicine), member of various advisory bodies at the Flemish and Federal authorities.

7. Ms. Sophie Maes**Independent Director**

Belgian – 29.04.1957

Moutstraat 9 – 9000 Ghent

- Beginning of 1st office as Director: 24 October 2014 (Ms. Maes was previously permanent representative of Bevalex SA, then of Insumat SA, consecutively Directors of Aedifica since 13 October 2009).
- Term of office: October 2017
- Other offices as Director or current positions: CEO Group Maes – Director of UPSI-BVS, VOKA-Kamer van Koophandel Oost-Vlaanderen ASBL, VOKA Vlaams Economisch Verbond ASBL, Investissement Leopold SA, Algemene Bouw Maes SA, Insumat SA, Vlaams Overleg Voor Ruimtelijke ordening en huisvesting ASBL and Montea – Member of the Comité de Gestion at BNP Paribas Fortis – Manager of Profin SPRL.
- Offices as Director in the past 5 years and professional career: Executive Director of Bevalex SA, Espace Belliard SA, Ghent Industrial Investment SA, Fonsny SA, Alides Projects SA, Krekelendries SA and Immo Spa SA – Chairman and Managing Director of Aalterpaint, R. Maes SA – Director of Messiah SA, Orelia SA, Wonen op Poel en Ramen ASBL, Advanced Computer Systems Technics SA, Alides SA, Building Hotel Maes SA – Operational and management function in the Maes group – Manager of MAPP SCI and Imco SCI.

**8. Ms. Elisabeth May-Roberti****Independent Director**

Belgian – 17.11.1963

22, Avenue Maurice – 1050 Bruxelles

- Beginning of 1st office as Director: 23 October 2015
- Term of office: October 2018
- Other offices as Director or current positions: Secretary General of the Interparking-group, Director of Parking Des Deux Portes SA, Parking Kouter SA, Parking Monnaie SA, Servipark SA, Servipark International SA, Uniparc-Belgique SA, Parking Entre-Deux-Portes SA, Belgian Parking Federation ASBL, Interparking SA, Beheerscentrale SA, Parking Roosevelt SA, Interparking France SA, Centre 85 Parkgaragen und Immobilien GmbH, Contipark International Parking GmbH, Contipark Parkgaragen GmbH, DB Bahnpark GmbH, Interparking italia S.r.l., Interparking Servizi S.r.l., Interparking Nederland B.V., Interparking Hispania SA, Aparcament Parc Sanitari S.L., Interparking Iberica S.L.
- Offices as Director in the past 5 years and professional career: Metropark Aparcamientos SAU, Villacher Parkgaragen GmbH & Co. KG, Optimus Parkhausverwaltungs GmbH & Co. KG, Mazzini 82 Spa, SIS Srl, Uniparc Nederland BV. Various offices held within companies of the Interparking group.

**9. Ms. Adeline Simont****Director**

Belgian - 16.01.1960

36, Ancien Dieweg – 1180 Brussels

- Beginning of 1st office as Director: 14 November 2005
- Term of office: October 2017
- Other offices as Director or current positions: Managing Director of Degroof Petercam Corporate Finance SA, Director of Andel SA (Group Martin's Hotels), Collines de Wavre SA, Axxes Certificates SA, Bassem Certificates SA, Atlantic Certificates SA, Picardie Invest SA, Stockel Residence Certificates SA, Stockel Residence Investment SA.
- Offices as Director in the past 5 years and professional career: Director of Société anonyme des Galeries Royales Saint Hubert, Société civile des Galeries Royales Saint Hubert, Inclusio, ReKoDe. Several positions within Banque Degroof SA in the Corporate Finance & Investment Banking department and in the Credit department.



4.3 ACTIVITY REPORT OF THE BOARD OF DIRECTORS

During the 2016/2017 financial year, the Board of Directors met 14 times and covered the following items:

- Operational and financial reporting;
- Communication policy;
- Strategy and investment policy;
- Financing policy by debt and equity;
- Analysis and approval of investment cases;
- Internal organisation of the Company;
- Organisation of the general meetings of shareholders;
- Reporting from the committees;
- Composition and evaluation of the Board of Directors and of the Management Committee;
- Review and approval of the trading updates and of the Annual and Half-Year Financial Reports;
- Review and approval of the yearly budget, the long-term financial plan and the short-term outlook;
- Review and approval of the special reports issued by the Board of Directors in relation to mergers and contributions in kind;
- Completion of these mergers and contributions in kind.

RESIDENTIE SPOENPARK
BELGIUM –
SENIOR HOUSING



4.4 COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established three specialised committees: the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee. They are meant to assist and provide guidance to the Board in their respective domains. The committees have no decision power and are hence consultative bodies only. They report to the Board of Directors, which takes the decisions.

4.4.1 Audit Committee

The Board of Directors established an Audit Committee from among its members.

The 2009 Code recommends that the majority of the members of the Audit Committee are independent directors, which is effectively the case.

Aedifica's Corporate Governance Charter provides that the Audit Committee is chaired by an independent Director. However, in the interest of continuity, the Board of Directors requested that Ms. Adeline Simont, member of the Audit Committee from its creation in 2006, chair the Committee again on a temporary basis in order to replace Mr. Serge Wibaut, who was asked to chair the Board of Directors (see point 4 above).

As of 30 June 2017, the Audit Committee consists of 3 Directors, including 2 independent Directors, namely:

- **Ms. Adeline Simont**
Chairman of the Committee
Director
- **Ms. Katrien Kesteloot**
Independent Director
- **Ms. Serge Wibaut**
Independent Director

The CEO and CFO are not part of the audit committee, but they participate in the committee's meetings.

During the 2016/2017 financial year, the audit committee met four times. The statutory auditor attended committee meetings on two occasions.

In the context of its mission (i.e. to ensure the accuracy and fair presentation of the annual and half-year reports, the quality of internal and external reporting, and the quality of the published information), the Audit Committee covered the following items:

- Quarterly reviews of the accounts, press releases and financial reports;
- Review of internal management procedures;
- Monitoring of changes in standards and regulations.

4.4.2 Nomination and Remuneration Committee

The Board of Directors established a Nomination and Remuneration Committee from among its members. The current composition of the Nomination and Remuneration Committee, and as well as the tasks entrusted to it, meet the criteria set out in the Belgian Act of 6 April 2010 inserting Article 526quater in the Belgian Companies Code. The Nomination and Remuneration Committee is made up of a majority of independent directors, as defined by Article 526ter of the Belgian Companies Code, who are sufficiently qualified with regard remuneration policy.

As of 30 June 2017, the Nomination and Remuneration Committee consists of 3 Directors, namely:

- **Ms. Adeline Simont**
Chairman of the Committee
Director
- **Ms. Elisabeth May-Roberti**
Independent Director
- **Mr. Jean Franken**
Independent Director

The Chairman of the Board of Directors, Mr. Serge Wibaut, and the CEO, Mr. Stefaan Gielens, are not part of the Nomination and Remuneration Committee, but

they are invited to participate in certain meetings of the committee in a limited way, depending on the topics discussed.

During the 2016/2017 financial year, the Committee met seven times, to cover the following items:

- Composition and evaluation of the Board of Directors;
- Assessment of the members of the Management Committee and of the variable remuneration for the financial year ended 30 June 2016;
- Preparation of the remuneration report as of 30 June 2016;
- Organisation of the Company.

4.4.3 Investment Committee

As of 30 June 2017, the Investment Committee consists of the Executive Directors and of three independent directors, namely:

- **Mr. Jean Franken**
Chairman of the Committee
Independent Director
- **Ms. Sophie Maes**
Independent Director
- **Mr. Serge Wibaut**
Independent Director
- **Mr. Stefaan Gielens**
CEO
- **Mr. Jean Kotarakos**
CFO

During the 2016/2017 financial year, the Investment Committee met eight times to assess investment opportunities. Many cases were analysed. In addition, a number of communications were organised (by phone or by electronic means) when formal meetings were deemed unnecessary.

4.5 ATTENDANCE OF THE DIRECTORS AND REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

Attendance at the Board of Directors and the committees and the related remuneration

Name	Board of Directors			Audit Committee	Nomination and Remuneration Committee	Investment Committee	Remuneration of the office (€)	Attendance fees ¹ (€)	Total remuneration (€)
	Presences	Proxy	Total	Presences	Presences	Presences			
Jean Franken	14	-	14/14	-	7/7	8/8	25,000	27,500	52,500
Stefaan Gielens	14	-	14/14	-	-	8/8	0	0	0
Eric Hohl	13	1	14/14	-	-	-	15,000	13,000	28,000
Katrien Kesteloot	9	2	11/14	3/4	-	-	15,000	11,700	26,700
Jean Kotarakos	13	1	14/14	-	-	7/8	0	0	0
Olivier Lippens	1	-	1/2	-	-	1/1	12,055	1,900	13,955
Sophie Maes	8	3	11/14	-	-	7/8	15,000	14,300	29,300
Elisabeth May-Roberti	13	1	14/14	-	7/7	-	15,000	19,300	34,300
Adeline Simont	13	-	13/14	4/4	7/7	-	48,356	22,900	71,256
Serge Wibaut	11	2	13/14	4/4	-	4/7	42,220	18,200	60,420
Total							187,631	128,800	316,431

1. Attendance fees are not granted for meetings the directors attend by proxy.

4.6 MANAGEMENT COMMITTEE AND EXECUTIVE MANAGERS

4.6.1 Composition

The Board of Directors decided to set up a Management Committee as defined by Article 524bis of the Belgian Companies Code, effective 12 May 2015. The Management Committee consists of the following persons, who are all Executive Managers in accordance with the Belgian Act of 12 May 2014:

Name	Function
Stefaan Gielens	Chief Executive Officer (CEO)
Jean Kotarakos	Chief Financial Officer (CFO)
Laurence Gacoïn	Chief Operating Officer (COO)
Sarah Everaert	Chief Legal Officer (CLO) / Secretary-General

Mr. Stefaan Gielens and Mr. Jean Kotarakos were already Executive Managers of the Company before the establishment of the Management Committee. Moreover, they are Executive Directors (see above).

Ms. Laurence Gacoïn has performed the duties of Chief Operating Officer for the Company since 1 January 2015 and is also a member of the Management Committee, acting as Executive Manager since 12 May 2015. Her office is of indefinite duration.

MANAGEMENT COMMITTEE (FROM LEFT TO RIGHT)

FIRST ROW: SARAH EVERAERT,
STEFaan GIELENS

SECOND ROW: JEAN KOTARAKOS,
LAURENCE GACOÏN



Ms. Sarah Everaert has performed the duties of Chief Legal Officer/Secretary-General since 12 May 2015 and in that capacity she is member of the Management Committee as Executive Manager. She is also the Company's Compliance Officer. Previously, she performed the duties of Legal Counsel within Aedifica for more than 5 years. Her office is of indefinite duration.

The division of tasks between the Management Committee and the Board of Directors, along with other aspects of the Management Committee's functioning is available in the Company's Corporate Governance Charter (version of 20 February 2017), published on its website (www.aedifica.be).

Ms. Laurence Gacoïn

Executive Manager – Chief Operating Officer

French – 26.01.1977

331-333, avenue Louise - 1050 Brussels

- Other offices as Director or current positions: Member of the Management Committee of Aedifica SA. Director of VSP SA, Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA. Director and Manager of NOVA Laga SPRL.
- Offices as Director in the past 5 years and professional career: Director of Vinkenbosch SA and RL Invest SA. Chairman of FPR Leuze SA – Director of FIDES Capman SPRL and APERIO SA – Managing partner of FIDES Capital Group – Head of Development of Cofinimmo SA – Area & Development Manager of Cofinimmo SA.

Ms. Sarah Everaert

Executive Manager – Chief Legal Officer / Secretary-General

Belgian – 14.06.1977

331-333, avenue Louise - 1050 Brussels

- Other offices as Director or current positions: Member of the Management Committee of Aedifica SA. Director of VSP SA, Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA.
- Offices as Director in the past 5 years and professional career: Legal Counsel of Aedifica SA – Real estate and administrative lawyer and secretary ad interim of LRM SA – Member of the Brussels Bar.

4.6.2 Remuneration

Please refer to the Remuneration Report presented in section 8 below.

5. PREVENTING CONFLICTS OF INTEREST

5.1 CONFLICTS OF INTEREST

The directors, the persons in charge of daily management and any other corporate officers cannot act as counterparties in transactions with the Company or entities controlled by the Company. They cannot earn any benefit from transactions carried out with the Company, except when the transaction is undertaken in the best interest of the Company, in accordance with the Company's investment policy, and in line with market practice. The Company must inform the market authority (FSMA) in advance of any such transactions.

These transactions are immediately disclosed in a press release and in the annual and half-year financial reports.

The market authority need not be informed of the transactions listed in Article 38 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies. Articles 523 and 524 of the Belgian Companies Code are always applicable, as is Article 37 of the abovementioned Belgian Act.

No conflict of interest on real estate transactions occurred during the course of the 2016/2017 financial year. The only occurrences of conflicts of interest were the Management Committee's remuneration, as detailed in section 12 of the Consolidated Board of Directors' Report included in this Annual Financial Report.

5.2 COMPLIANCE OFFICER

The independent compliance function is carried out in accordance with Article 17 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies (see above) and with Appendix B of the 2009 Code. Ms. Sarah Everaert, CLO, acts as the Company's Compliance Officer. In this regard, she must ensure that the Deal Code is properly applied and that any insider trading is properly reported, in order to reduce the risk of abuse of insider trading.

5.2.1 Monitoring of the transactions carried out on Aedifica shares

The compliance officer updates the list of persons having access to privileged information. She ensures that the persons on this list are aware of what this implies.

Furthermore, she oversees of the definition of closed periods by the Board of Directors. During these periods, trading of Aedifica shares is prohibited for the Company leaders, for the persons listed and for their relatives. The closed periods are as follows:

- (a) starting on the first day of a new financial year and on the first day of the second half of the financial year, ending when the annual and half-year press releases are published;
- (b) starting one month before the press release related to the first and third quarters of the financial year, and ending when the quarterly press releases are published;
- (c) when privileged information is known.



RESIDENTIE BLARET
GERMANY –
SENIOR HOUSING

5.2.2 Limits to insider dealings

Leaders who contemplate any transaction on equity instruments or derivative instruments linked to Aedifica must give notice to the Compliance Officer at least 48 hours in advance (by fax or e-mail). The Compliance Officer, who contemplates any transaction on equity instruments or derivatives instruments linked to the Company, must give notice to the Chairman of the Board of Directors at least 48 hours in advance (by fax or e-mail). The Compliance Officer or, if required, the Chairman of the Board of Directors have to inform the person concerned within 48 hours after receipt of the notification if, in his opinion, there is reason to believe the planned transaction constitutes a violation of the rules. The leaders must then confirm completion of the transaction to the Company within two working days. The Compliance Officer needs to keep a written record of all notifications regarding planned and realised transactions. The leaders must receive a written confirmation of receipt of any notification.

The leaders must notify the FSMA of transactions realised on their account in relation to shares of the Company. Notification must be given within 3 working days following the completion of the transaction(s).

6. ASSESSMENT PROCESS

Under the scrutiny of the Chairman, the Board of Directors regularly performs a self-assessment of its size, composition, way of functioning (as well as those of the committees), and interaction with the Executive Managers. This should be done at least every 2 to 3 years.

This assessment aims to perform 4 tasks:

- review the way the Board and its committees operate;
- check whether the most important topics are well prepared and deeply debated;
- determine the effective input of each director, and his/her attendance record and commitment during discussions and the discussion process;
- check whether the composition of the Board and its committees remains adequate.

In this respect, the Board of Directors is supported by the Nomination and Remuneration Committee, and, if needed, by external experts.

The non-executive directors regularly review their own interaction with the Executive Managers. To this end, they meet at least once per year in the absence of the CEO and of any other executive director.

A regular review of the input of each director is organised in order to adapt the composition of the Board as needed and take into account any changes in circumstances. When the re-election of a director is approaching, the input and effectiveness of the director is reviewed based on a transparent and well defined procedure.

The Board of Directors ensures that adequate succession planning is in place. It monitors the balance of skills and experience in the Board (for both executive and non-executive directors).

7. RIGHTS TO ACQUIRE SHARES

The “long-term incentive plan” granted to the CEO, CFO, COO and CLO (as announced in the 2008/2009 Annual Financial Report for subsequent financial years) was approved at the 28 October 2016 Annual General Meeting of the Shareholders. Within this plan, the CEO, CFO, COO and CLO have the right to definitively purchase Aedifica shares in subsequent financial years. Thus, the CEO, CFO, COO and CLO received additional gross remunerations of respectively €110,000, €90,000, €40,000 and €40,000 which, after deducting personal withholding taxes, permitted them to acquire respectively 896, 733, 326 and 326 shares at a unit price of €57.0833 (the last known closing share price multiplied by a factor amounting to 100/120th, in accordance with comment 36/16 of the Belgian Income Tax Code), corresponding to a total amount of respectively €51,146.67, €41,842.08, €18,609.17 and €18,609.17. The CEO, CFO, COO and CLO are irrevocably committed to hold these shares for a period of 2 years. The shares sold by Aedifica were part of the treasury shares held by the Company that were acquired on the stock exchange.

For the upcoming financial year, the Board of Directors will propose to the shareholders to approve a “long-term incentive plan” for the four members of the Management Committee, namely the CEO, CFO, COO and CLO, under the same form previously used, with individual gross values of respectively €120,000, €100,000, €50,000 and €50,000 (and €40,000 for any possible new member of the Management Committee), in accordance with principle 7.13 of the 2009 Code and with Article 14 of the Belgian Act of 6 April 2010.



8. REMUNERATION REPORT

The Remuneration Report is provided in accordance with the 2009 Code and with the Belgian Act of 6 April 2010; it has been applicable to Aedifica since the beginning of the 2010/2011 financial year.

8.1 INTERNAL PROCEDURES

During the 2016/2017 financial year, the remuneration policy for non-executive directors and Executive Managers were set out as follows:

- **Non-executive directors:** the continuity principle has been applied (as regards the composition of the remuneration).
- **Executive Managers:**
 - the Management agreements signed with the CEO and the CFO in 2006 and 2007, respectively, have been honoured. The foreseen contractual indexation is applicable. Additional agreements were signed on 2 September 2011, 3 September 2012, 2 September 2013, 25 August 2014, 2 September 2015, 2 September 2016 and 4 September 2017 with the CEO and CFO in order to clearly define criteria for the variable remuneration (see section 8.2 below), in accordance with Article 13 of the Act of 6 April 2010, which came into force for Aedifica on 1 July 2011.
 - the Management agreements signed with the COO and the CLO in 2014 and 2015, respectively, have been honoured. The foreseen contractual indexation is applicable. Additional agreements were signed on 2 September 2015, 2 September 2016 and 4 September 2017 with the CEO and CFO in order to clearly define criteria for the variable remuneration (see section 8.2 below), in accordance with Article 13 of the Act of 6 April 2010, which came into force for Aedifica on 1 July 2011.

During the same period, the actual remuneration of the non-executive directors and Executive Managers was determined as follows:

- **Non-executive directors:** in accordance with the decisions taken by the shareholders during the Annual General Meeting of 28 October 2016, the actual remuneration of the non-executive directors amounted to:

1° fixed annual remuneration:

- (i) a fixed annual remuneration of €50,000 for the Chairman of the Board of Directors,
- (ii) a fixed annual remuneration of €25,000 for the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee and the Chairman of the Investment Committee,
- (iii) a fixed annual remuneration of €15,000 for the other non-executive directors; and

2° attendance fees:

- (i) an attendance fee amounting to €1,000 per director and per meeting of the Board of Directors,
- (ii) an attendance fee amounting to €900 per director and per meeting of the Audit Committee, of the Nomination and Remuneration Committee and of the Investment Committee.

For the 2016/2017 financial year, the Board of Directors will collectively receive €316,431.

- **Executive Managers:** the actual level of remuneration was determined based on the Management Agreements signed in 2006 (CEO), 2007 (CFO), 2014 (COO) and 2015 (CLO), and on the additional abovementioned agreements, in accordance with the criteria for the variable remuneration set out in section 12 of the Consolidated Board of Directors' Report. These remuneration packages were reviewed in 2009 and 2011 by specialised consultants. In light of the creation of the Management Committee on 12 May 2015, a specialised consultant conducted a new survey in May 2016.

8.2 EXECUTIVE MANAGERS' REMUNERATION

The remuneration package of the Executive Managers consists of: fixed remuneration (arising from the Management Agreements), variable remuneration (for which no claw-back in favour of the Company is applicable), post-retirement benefits (defined contribution plan and associated benefits), and other components (medical insurance, benefits-in-kind linked to the usage of a company car). Moreover, the fixed remuneration also consists of amounts resulting from the long-term incentive plan. The amounts are shown in the table on page 147.

The Executive Managers carry out their office as director of Aedifica and its subsidiaries for free. They are not remunerated by Aedifica's subsidiaries.

The gross variable remuneration of the Executive Managers was determined as follows:

- The variable remuneration for the 2016/2017 financial year is a (gross) amount which does not exceed 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The effective amount was determined by the Board of Directors, based on quantitative and qualitative criteria listed in the 2015/2016 Annual Financial Report as well as in the aforementioned additional agreements signed on 2 September 2016. Recall that the variable remuneration can only be paid if the actual EPRA Earnings* (previously referred to as “consolidated profit excl. changes in fair value”) per share is at least 90% of the budgeted amount. The criteria (and their weight) were as follows: EPRA Earnings* per share (30%), growth of the consolidated property portfolio (including the internationalisation of the Group’s activities) (20%), consolidated operating margin* (25%) and others (25%). The Board of Directors concluded on 4 September 2017 that the Executive Managers met the objectives and decided to grant as variable remuneration €195,000 to the CEO, and €291,000 to the CFO, COO and CLO in aggregate.
- In respect of the 2017/2018 financial year, the variable remuneration of the members of the Management Committee will not exceed a maximum amount of 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The variable remuneration can only be paid if the actual EPRA Earnings* per share is at least 90% of the budgeted amount. The effective amount will be determined by the Board of Directors based on consolidated quantitative and qualitative criteria: EPRA Earnings* per share (30%), growth of the consolidated property portfolio (including the internationalisation of the Group’s activities) (20%), consolidated operating margin* (25%) and others (25%).
- In respect of the 2018/2019 financial year, the maximum variable remuneration will be kept to 50% of the annual remuneration excluding sundry benefits and post-retirement benefits, based on quantitative and qualitative criteria that will be set in a future stage.

The Nomination and Remuneration Committee has established a “long-term incentive plan” for the members of the Management Committee (see section 7 above). For information purposes, note that the ratio between the total remuneration of the CEO for 2016/2017 and the average remuneration of personnel amounts to 10 times.

Each Executive Manager benefits from a company car as from the time of entering the Company. In 2016/2017, the cost to the Company (rental charge and petrol) was €20,000 excl. VAT for the CEO and a combined total of €42,000 excl. VAT for the three other Executive Managers. Each Executive Manager also uses a laptop and a smartphone. Moreover, the Company reimburses the Executive Managers’ actual professional expenses, and grants them a fixed allowance for representation expenses of €300 per month.

During the 2017/2018 financial year, Executive Managers’ remunerations will be indexed, as specified in the Management Agreements. Moreover, on a proposal by the Nomination and Remuneration Committee to provide the members of the Management Committee with an adequate and motivating remuneration in line with market practice, the Board of Directors decided on 4 September 2017 to adapt executive remuneration as follows (effective 1 July 2017):

- increase CEO’s fixed annual remuneration to €425,000 (resulting from the Management Agreement), plus an additional €120,000 (resulting from the long-term incentive plan) for the 2017/2018 financial year, and increase the maximum variable remuneration to €212,500 for the 2017/2018 financial year, based on the abovementioned criteria;
- With respect to the other members of the Management Committee (CFO, COO, CLO in aggregate):
 - increase the fixed remuneration to €670,500 for the three concerned parties, in accordance with the Management Agreements (before contractually provided indexation at 1 July 2017);
 - increase the maximum variable remuneration to €335,250 (rounded amount) for the 2017/2018 financial year, based on the abovementioned criteria;
 - participation in the long term incentive plan: €100,000 for the CFO, €50,000 for the COO and €50,000 for the CLO.

Total remuneration for the year 2016/2017 (in €)

	Stefaan Gielens - CEO	Others	Total
Fixed remuneration (management agreements)	403,564	639,726	1,043,290
Fixed remuneration ("long term incentive plan")	110,000	170,000	280,000
Variable remuneration	195,000	291,000	486,000
Pension scheme	61,641	85,026	146,667
Insurance premiums	6,423	14,226	20,649
Benefits in kind	6,507	15,605	22,112
Total	783,135	1,215,583	1,998,718

The Management Agreements signed with the Executive Managers may be terminated in the following circumstances:

- If Aedifica gives a 12-month notice, starting three working days after receipt of the notice (sent by registered mail);
- Immediately in case of serious misconduct (notice must be sent by registered mail);
- Immediately in case of withdrawal by the market authority (FSMA) of their approval of the hiring of the Executive Manager;
- Immediately if the Executive Manager does not act as Executive Manager during a period of 3 months, except in case of illness or accident;
- Immediately if the Executive Manager cannot act as Executive Manager during a period of 6 months, in case of illness or accident.

The Management Agreements provide for specific events of termination in the event of a change in control of the Company, as disclosed in section 15.10 of the Consolidated Board of Directors' Report.

The only case in which an indemnity granted to an Executive Manager could exceed 12 months of remuneration is in the event of a change in control of the Company; in this case, the CEO is eligible to obtain 18 months' remuneration. The Nomination and Remuneration Committee highlights the fact that this clause is included in the Management Agreement signed with the CEO in 2006 and that it is consistent with market practice. The approval of the shareholders is not required, as specified in Article 9 of the Belgian Act of 6 April 2010.

8.3 REMUNERATION OF THE BOARD OF DIRECTORS

The Board of Directors expects to keep its current remuneration policy unchanged for the non-executive directors. This policy is described in 8.1 above.



Financial statements¹

1. The annual financial reports, the Board of Directors' reports and the statutory auditor's reports related to financial years 2012/2013, 2013/2014, 2014/2015 and 2015/2016 and the experts' reports, interim statements and semi-annual reports (including the statutory auditor's reports) are available on the website of the Company (www.aedifica.be) or on request at the headquarters of the Company.



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1. Consolidated Financial Statements

1.1 Consolidated Income Statement

Year ending on 30 June (x €1,000)	Notes	2017	2016
I. Rental income	4	78,983	59,822
II. Writeback of lease payments sold and discounted		0	0
III. Rental-related charges	5	-48	-35
Net rental income		78,935	59,787
IV. Recovery of property charges	6	40	25
V. Recovery of rental charges and taxes normally paid by tenants on let properties	7	2,588	2,064
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	8	0	0
VII. Rental charges and taxes normally paid by tenants on let properties	9	-2,588	-2,064
VIII. Other rental-related income and charges	10	-917	-1,454
Property result		78,058	58,358
IX. Technical costs	11	-1,247	-1,119
X. Commercial costs	12	-567	-584
XI. Charges and taxes on unlet properties	13	-165	-119
XII. Property management costs	14	-998	-1,037
XIII. Other property charges	15	-1,026	-1,252
Property charges		-4,003	-4,111
Property operating result		74,055	54,247
XIV. Overheads	16	-8,544	-6,694
XV. Other operating income and charges	17	266	61
Operating result before result on portfolio		65,777	47,614
XVI. Gains and losses on disposals of investment properties	18	1,459	731
XVII. Gains and losses on disposals of other non-financial assets	19	0	0
XVIII. Changes in fair value of investment properties	20	10,357	10,775
XIX. Other result on portfolio		0	0
Operating result		77,593	59,120
XX. Financial income	21	155	283
XXI. Net interest charges	22	-15,365	-11,904
XXII. Other financial charges	23	-1,328	-1,087
XXIII. Changes in fair value of financial assets and liabilities	47	5,119	-5,685
Net finance costs		-11,419	-18,393
XXIV. Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)		66,174	40,727
XXV. Corporate tax	24	-2,816	-461
XXVI. Exit tax	25	0	0
Tax expense		-2,816	-461
Profit (loss)		63,358	40,266
Attributable to:			
Non-controlling interests		0	0
Owners of the parent		63,358	40,266
Basic earnings per share (€)	26	4.16	2.85
Diluted earnings per share (€)	26	4.16	2.85

1.2 Consolidated Statement of Comprehensive Income

Year ending on 30 June (x €1,000)	2017	2016
I. Profit (loss)	63,358	40,266
II. Other comprehensive income recyclable under the income statement		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	0
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	7,276	-3,893
H. Other comprehensive income, net of taxes	0	0
Comprehensive income	70,634	36,373
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	70,634	36,373

1.3 Consolidated Balance Sheet

ASSETS	Notes	2017	2016
Year ending on 30 June (x €1,000)			
I. Non-current assets			
A. Goodwill	27	1,856	1,856
B. Intangible assets	28	221	119
C. Investment properties	29	1,540,409	1,152,213
D. Other tangible assets	31	1,611	1,624
E. Non-current financial assets	32	2,959	794
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets	54	1,208	676
I. Equity-accounted investments		0	0
Total non-current assets		1,548,264	1,157,282
II. Current assets			
A. Assets classified as held for sale	29	4,440	4,621
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables and other non-current assets	34	6,718	3,880
E. Tax receivables and other current assets	35	1,679	1,374
F. Cash and cash equivalents	36	8,135	4,947
G. Deferred charges and accrued income	37	886	1,058
Total current assets		21,858	15,880
TOTAL ASSETS		1,570,122	1,173,162

EQUITY AND LIABILITIES	Notes	2017	2016
Year ending on 30 June (x €1,000)			
EQUITY	38		
I. Issued capital and reserves attributable to owners of the parent			
A. Capital		459,231	364,467
B. Share premium account		287,194	155,509
C. Reserves		78,256	60,507
<i>a. Legal reserve</i>		0	0
<i>b. Reserve for the balance of changes in fair value of investment properties</i>		131,253	115,366
<i>c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties</i>		-29,397	-25,015
<i>d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS</i>		-16,418	-23,560
<i>e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS</i>		-23,712	-18,256
<i>h. Reserve for treasury shares</i>		0	0
<i>k. Reserve for deferred taxes on investment properties located abroad</i>		230	110
<i>m. Other reserves</i>		0	0
<i>n. Result brought forward from previous years</i>		16,300	11,862
D. Profit (loss) of the year		63,358	40,266
Equity attributable to owners of the parent		888,039	620,749
II. Non-controlling interests		0	0
TOTAL EQUITY		888,039	620,749
LIABILITIES			
I. Non-current liabilities			
A. Provisions	39	0	0
B. Non-current financial debts			
a. Borrowings	40	579,438	447,721
C. Other non-current financial liabilities	32	37,933	47,382
a. Authorised hedges		33,787	46,055
b. Other		4,146	1,327
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred taxes liabilities	54	4,306	2,881
Non-current liabilities		621,677	497,984
II. Current liabilities			
A. Provisions	39	0	0
B. Current financial debts			
a. Borrowings	40	34,524	31,027
C. Other current financial liabilities		0	0
D. Trade debts and other current debts			
a. Exit tax	41	717	4,505
b. Other	41	20,252	14,216
E. Other current liabilities		0	0
F. Accrued charges and deferred income	42	4,913	4,681
Total current liabilities		60,406	54,429
TOTAL LIABILITIES		682,083	552,413
TOTAL EQUITY AND LIABILITIES		1,570,122	1,173,162

1.4 Consolidated Cash Flow Statement

Year ending on 30 June (x €1,000)	Notes	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		63,358	40,266
Non-controlling interests		0	0
Tax expense	24	2,816	461
Amortisation and depreciation		678	701
Write-downs	5	28	15
Change in fair value of investment properties (+/-)	20	-10,357	-10,775
Gains and losses on disposals of investment properties	18	-1,459	-731
Net finance costs		11,419	18,393
Changes in trade receivables (+/-)		-2,866	457
Changes in tax receivables and other current assets (+/-)		18	321
Changes in deferred charges and accrued income (+/-)		173	-148
Changes in trade payables and other current debts (excl. exit tax) (+/-)		5,694	1,135
Changes in accrued charges and deferred income (+/-)		233	366
Cash generated from operations		69,735	50,461
Taxes paid		-581	-376
Net cash from operating activities		69,154	50,085
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-177	-67
Purchase of real estate companies and marketable investment properties		-247,585	-56,166
Purchase of tangible assets		-592	-441
Purchase of development projects		-42,343	-20,604
Disposals of investment properties		11,044	2,656
Net changes in non-current receivables		46	51
Net investments in other assets		0	0
Net cash from investing activities		-279,607	-74,571
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs ^o		214,438	0
Disposals of treasury shares		0	0
Dividend for previous fiscal year		-22,108	-21,887
Net changes in borrowings		95,127	108,583
Net changes in other loans		0	0
Net finance costs paid		-17,666	-13,634
Repayment of financial debts of acquired or merged companies		0	-2,150
Repayment of working capital of acquired or merged companies		-56,150	-45,077
Net cash from financing activities		213,641	25,835
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		3,188	1,349
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		4,947	3,598
Total cash flow for the period		3,188	1,349
Cash and cash equivalents at end of period	36	8,135	4,947

^o Some types of capital increases (contributions in kind, partial demergers) do not result in any cash flow.

1.5 Consolidated Statement of Changes in Equity

Year ending on 30 June (x €1,000)	2015	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2016
Capital	360,633	1	3,833	0	0	0	0	364,467
Share premium account	151,388	0	4,121	0	0	0	0	155,509
Reserves	41,084	0	0	0	-3,893	23,315	1	60,507
<i>a. Legal reserve</i>	0	0	0	0	0	0	0	0
<i>b. Reserve for the balance of changes in fair value of investment properties</i>	95,679	0	0	0	0	19,686	1	115,366
<i>c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties</i>	-25,015	0	0	0	0	0	0	-25,015
<i>d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS</i>	-19,667	0	0	0	-3,893	0	0	-23,560
<i>e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS</i>	-18,717	0	0	0	0	461	0	-18,256
<i>h. Reserve for treasury shares</i>	0	0	0	0	0	0	0	0
<i>k. Reserve for deferred taxes on investment properties located abroad</i>	244	0	0	0	0	-134	0	110
<i>m. Other reserves</i>	0	0	0	0	0	0	0	0
<i>n. Result brought forward from previous years</i>	8,560	0	0	0	0	3,302	0	11,862
Profit (loss)	45,165	0	0	0	40,266	-45,165	0	40,266
Equity attributable to owners of the parent	598,270	1	7,954	0	36,373	-21,850	1	620,749
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	598,270	1	7,954	0	36,373	-21,850	1	620,749

Year ending on 30 June (x €1,000)	2016	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2017
Capital	364,467	90,002	4,762	0	0	0	0	459,231
Share premium account	155,509	124,437	7,248	0	0	0	0	287,194
Reserves	60,507	0	0	0	7,276	10,473	0	78,256
<i>a. Legal reserve</i>	0	0	0	0	0	0	0	0
<i>b. Reserve for the balance of changes in fair value of investment properties</i>	115,366	0	0	0	0	15,888	-1	131,253
<i>c. Reserve for the balance of changes in fair value of investment properties resulting from estimated transaction costs resulting from hypothetical disposal of investment properties</i>	-25,015	0	0	0	0	-4,382	0	-29,397
<i>d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS</i>	-23,560	0	0	0	7,276	-135	1	-16,418
<i>e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS</i>	-18,256	0	0	0	0	-5,456	0	-23,712
<i>h. Reserve for treasury shares</i>	0	0	0	0	0	0	0	0
<i>k. Reserve for deferred taxes on investment properties located abroad</i>	110	0	0	0	0	120	0	230
<i>m. Other reserves</i>	0	0	0	0	0	0	0	0
<i>n. Result brought forward from previous years</i>	11,862	0	0	0	0	4,438	0	16,300
Profit (loss)	40,266	0	0	0	63,358	-40,266	0	63,358
Equity attributable to owners of the parent	620,749	214,439	12,010	0	70,634	-29,793	0	888,039
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	620,749	214,439	12,010	0	70,634	-29,793	0	888,039

1.6 Notes to the Consolidated Financial Statements

Note 1: General information

Aedifica SA (referred to in the financial statements as “the Company”, “the Parent” or “the Group”) is a limited liability company having opted for public Regulated Real Estate Company (RREC) status under Belgian law. Its primary shareholders are listed in Note 38. The address of its registered office is the following:

Avenue Louise 331-333, B-1050 Brussels (telephone: +32 (0)2 626 07 70)

The Aedifica Group (referred to in the financial statements as “the Group”) is composed of the parent-company and its subsidiaries.

Aedifica aims to position itself as a market leader among listed Belgian healthcare real estate companies, in particular in terms of senior housing. Its strategy is focused on the underlying demographic trend toward population ageing in Europe and the specific needs this trend implies in terms of care and housing. The Company aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

The Group mainly concentrates its activity in the senior housing segment, but is also active in apartment buildings and hotels and other building types.

The Company’s shares are listed on the Euronext Brussels (continuous market), as they have been since October 2006.

Publication of the Consolidated Financial Statements was approved by the Board of Directors on 4 September 2017. The Company’s shareholders have the power to amend the Consolidated Financial Statements after issue at the Annual General Meeting, to be held on 27 October 2017.

Note 2: Accounting policies

Note 2.1: Basis of preparation

The Consolidated Financial Statements cover the 12-month period ending 30 June 2017. They have been prepared in conformity with “International Financial Reporting Standards” (“IFRS”) and the interpretations of the “International Financial Reporting Interpretations Committee” (“IFRIC”), issued as of 30 June 2017 and approved by the European Union (“EU”).

These are fully in line with the standards and interpretations published by the “International Accounting Standards Board” (“IASB”) applicable as of 30 June 2017. Elements of IAS 39 that were rejected by the EU are not applicable for the Aedifica group. The Consolidated Financial Statements have also been prepared in accordance with the spirit and provisions of the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

The Consolidated Financial Statements are prepared in Euros, and presented in thousands of Euros.

The Consolidated Financial Statements have been prepared with application of the historical cost convention, except for the following assets and liabilities, which are measured at fair value: investment properties, investment properties held for sale, financial assets and liabilities held for hedging or held for trading (mainly derivatives), and put options granted to non-controlling shareholders.

The Consolidated Financial Statements have been prepared in accordance with accrual accounting principles on a going concern basis.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires significant judgment in the application of accounting policies (including the classification of lease contracts, identification of business combinations, and calculation of deferred taxes) and the use of certain accounting estimates (such as impairment tests involving goodwill). Underlying assumptions are based on prior experience, input from third parties (notably real estate experts), and on other relevant factors. Actual results may vary on the basis of these estimations. Consequently, the assumptions and estimates are regularly revisited and modified as necessary.

The new and amended standards and interpretations listed below are obligatory and have been applied by the Group since 1 July 2016 and have no impact on the Consolidated Financial Statements presented for the 2016/2017 financial year:

- IAS 1 (amended) – Disclosure Initiative;
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 16 et IAS 41 (amended) – Bearer Plants;
- IAS 27 (amended) – Equity Method in Separate Financial Statements;
- IFRS 10, IFRS 12 and IAS 28 (amended) – Investment Entities: Applying the Consolidation Exception;
- IFRS 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations;
- Annual Improvements to IFRS 2012-2014 Cycle issued in September 2014.

Several new standards, as well as amendments and interpretations related to existing standards have been issued and will become mandatory for application in financial years beginning on or after 1 July 2017. These changes, which the Aedifica group has not adopted anticipatively, include the following (as of 13 July 2017):

- IFRS 9 (new) – Financial Instruments (effective 1 July 2018);
- IFRS 14 (new) – Regulatory Deferral Accounts (the EU has decided not to launch the endorsement process of this interim standard and to wait for the final standard);
- IFRS 15 (new) – Revenue from Contracts with Customers (effective 1 July 2018);
- IFRS 16 (new) – Leases (effective 1 July 2019, pending EU approval);
- IFRS 17 (new) – Insurance Contracts (effective 1 July 2021, pending EU approval);
- IAS 7 (amended) – Disclosure Initiative (effective 1 July 2017, pending EU approval);
- IAS 12 (amended) – Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 July 2017, pending EU approval);
- IAS 40 (amended) – Transfers of Investment Property (effective 1 July 2018, pending EU approval);
- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions (effective 1 July 2018, pending EU approval);
- IFRS 4 (amended) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 July 2018, pending EU approval);
- IFRS 15 (clarification) – Revenue from Contracts with Customers (effective 1 July 2018, pending EU approval);
- Annual Improvements to IFRS Standards 2014-2016 Cycle issued in December 2016 (partially effective 1 July 2017 and 1 July 2018, pending EU approval);
- IFRIC 22 (new) – Foreign Currency Transactions and Advance Consideration (effective 1 July 2018, pending EU approval);
- IFRIC 23 (new) – Uncertainty over Income Tax Treatments (effective 1 July 2019, pending EU approval).

The Group is currently evaluating the impacts of the above-listed changes. Among them, the most relevant elements for the Company are the following:

- IFRS 9 – Financial Instruments (effective 1 July 2018):

IFRS 9 was finalised and published by IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 contains the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and the general hedge accounting. IFRS 9 will replace most parts of IAS 39 – Financial Instruments: Recognition and Measurement.

Based on an analysis of Aedifica's situation as at 30 June 2017, IFRS 9 is not expected to have a material impact on the statutory or consolidated financial statements. With respect to the impairment of financial assets measured at amortised cost, including trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade receivables combined with the low associated credit risk, Aedifica does not anticipate a material impact on the statutory or consolidated financial statements.

— IFRS 15 – Revenue from Contracts with Customers (effective 1 July 2018):

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Upon its effective date IFRS 15 will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts and the related interpretations.

IFRS 15 is not expected to have a material impact on the statutory or consolidated financial statements of Aedifica as lease contracts are excluded from the scope of the standard and represent the main source of income for Aedifica. The principles of IFRS 15 are still applicable to the non-lease components that may be contained in lease contracts or in separate agreements, such as maintenance related services charged to the lessee. Considering however that such non-lease components are relatively limited in amount and mostly represent services recognised over time under both IFRS 15 and IAS 18, Aedifica does not anticipate a material impact in that respect.

— IFRS 16 – Leases (effective 1 July 2019):

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17 – Leases and related interpretations upon its effective date. IFRS 16 has not yet been endorsed at the EU level.

Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As Aedifica is almost exclusively acting as lessor, IFRS 16 is not expected to have a material impact on its consolidated financial statements. In the limited cases where Aedifica is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions (e.g. lease of cars, property used by the Group, etc.), a right-of-use asset and related liability will be recognised on the consolidated balance sheet.

Note 2.2: Summary of significant accounting policies

The main significant accounting policies applied during the preparation of the Consolidated Financial Statements are presented below. These methods were applied consistently to all previous financial years.

The numbering of the paragraphs below refers to the lines presented on the balance sheet and income statement.

Consolidation principles – Subsidiaries

All entities for which Aedifica directly or indirectly holds more than half of the voting rights or has the power to control operations are considered subsidiaries and included in the scope of consolidation. In accordance with IFRS 10, subsidiaries are fully consolidated as from the date on which control is transferred to the Group; they are de-consolidated as from the date that control ceases. All intercompany transactions, balances, and unrealised gains and losses on transactions between the Group's companies are eliminated.

I.A. Goodwill

Business combinations are recognized using the purchase method in accordance with IFRS 3. The excess of the acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition is recognized as goodwill (an asset). In the event that this value is negative, it is recognized immediately in profit. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

I.B. Intangible Assets

Intangible assets are capitalised as assets at their acquisition cost and are amortised using the straight-line method at annual rates between 25 % and 33 %.

I.C. Investment Properties

1. Initial recognition

1.1. Acquisition value

If the acquisition of a building takes place by cash payment, through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issuance of new shares, by merger through takeover of a property, or by a partial de-merger, the deed costs, audit and consultancy costs, reinvestment bank fees, costs of lifting security on the financing of the absorbed company, and other costs relating to the merger are also considered part of the acquisition cost and capitalised in the asset accounts on the balance sheet.

1.2. Fair value

Properties in the Group's portfolio or which enter into its portfolio, either with payment in cash or in kind, are valued by independent experts at their fair value.

The fair value of investment properties located in Belgium is calculated as follows:

- Buildings with an investment value greater than €2.5 million: Fair value = investment value / (1 + the average transaction cost defined by BEAMA);
- Buildings with an investment value less than €2.5 million:
 - 1) Where the expert considers that the building can be divided and sold in separate units (notably individual apartments), the fair value is defined as the lower of the separated investment value / (1 + % transfer tax levied in the region where the building is located) and the investment value / (1 + the average transaction cost defined by BEAMA);
 - 2) Where the expert considers that the building cannot be divided and sold in separate units, the fair value is the investment value / (1 + % transfer tax levied in the region where the building is located).

The average transaction cost defined by BEAMA is revised annually and adjusted as necessary in increments of 0.5 %. Experts attest to the percentage deducted and retained in regular reports to shareholders; it currently amounts to 2.5 %.

The fair value of investment properties located abroad take into account locally applicable legal costs.

1.3. Treatment of differences at the time of acquisition

This rule changed effective 1 July 2015.

If, for acquisitions such as those defined in section IC 1.1 ("Acquisition value") above, the fair value determined by the independent expert is different than the acquisition value defined in section I.C.1.1, the difference (after subtracting the exit tax) is booked in the income statement under line "XVIII. Changes in fair value of investment properties".

2. Accounting for works projects (subsequent expenditures)

Costs incurred by Aedifica for works carried out on investment properties are accounted for using one of two distinct methods, depending on the nature of the costs. The cost of repairs and maintenance, which neither add new functionality nor constitute a significant enhancement or upgrade to the building, are recognised as expenses as incurred and, thus, deducted from profit for the year. Subsequent expenditures related to two types of works projects are capitalised as assets on the Company's balance sheet:

- a) Major renovations and extensions: these usually take place every 25 to 35 years and represent an almost complete renovation of the building, often reusing parts of the original building and applying the most up-to-date building techniques. Upon completion of these major renovation projects, the buildings are considered as new and are presented as such in the real estate portfolio.
- b) Upgrades: these consist of occasional works that add new functionality, increase capacity, or significantly enhance or upgrade the building, making it possible to raise rents, and thus increasing the building's estimated rental income.

The appreciation in building values as a result of these projects is generally recognised by experts, which validates the probability that future benefits will flow to the Group as a result of the investment. Thus, all costs directly attributable to these types of works projects are capitalised in assets on the balance sheet. Attributable costs include but are not limited to: direct materials, contractor fees, technical studies, and architectural fees (up to 30 June 2006, only the cost of external architects were deemed eligible; since that time, the cost of both internal and external architects is included). Any excess of these costs over fair value is recognised as an expense in the income statement.

Borrowing costs are capitalised for all qualifying works projects with duration of more than one year.

3. Recurring remeasurement and remeasurement in the event of share transactions

3.1. Depreciation

In accordance with IAS 40, Aedifica applies the fair value model and does not recognise depreciation on its properties, the rights in rem on properties, or on properties rented to the Company under finance leases.

3.2. Share transactions

Real estate properties held by Aedifica and by the subsidiaries under its control are valued by experts each time the Company proceeds to issue new shares, list shares on the stock exchange, or repurchase shares other than through the stock exchange. While Aedifica is not bound by this valuation, any issue or repurchase price set below this level must be justified (in the form of a special report).

A new valuation is not required when a share issuance falls within four months of the last valuation of the property concerned, so long as the experts confirm that neither the economic situation nor the physical state of the property make a new valuation necessary.

3.3. Quarterly revaluations

Real estate experts perform a calculation of fair value at the end of the first three quarters of the financial year based on the conditions of the properties and on fluctuations observed in the real estate market. This valuation is carried out on a building-by-building basis and covers Aedifica's entire real estate portfolio, including properties held by its subsidiaries.

3.4. Annual revaluation

At the end of each financial year, an expert conducts a precise valuation of the following items:

- Real estate properties, properties by destination, and property rights in rem held by Aedifica and by its subsidiaries;
- Options on properties held by Aedifica and its subsidiaries, as well as the properties to which these options relate;
- Rights arising from contracts through which one or multiple properties are held by Aedifica (or its subsidiaries) under finance lease, as well as the underlying properties.

These valuations are binding for Aedifica and must be reflected in the accounts. Thus, the carrying amount of the properties in the accounts corresponds to the fair value at which they are assessed by Aedifica's independent experts.

3.5. Accounting for changes in fair value

Changes in the fair value of real estate properties, as determined by independent experts, arise each time the value is assessed. They are accounted for in the income statement.

4. Asset disposals

Upon disposal of an investment property, the gain or loss on disposal is recognised in the income statement, in line "XVI. Gains and losses on disposals of investment properties".

5. Owner-occupied investment property

Any investment property occupied by Aedifica is transferred to the line "other tangible assets" of the balance sheet. Its fair value at the time of the transfer becomes its deemed acquisition cost. If the Company only occupies a small part of the building, the whole building is recognised as "investment property" in the balance sheet and continues to be carried at fair value.

6. Development projects

Buildings under construction, renovation, or extension, which are considered development projects are recognised on the balance sheet at historical cost, including transfer taxes, non-recoverable VAT and indirect expenses (capitalised interest, insurance, legal fees, architectural fees, consulting fees, etc.). If the historical cost deviates from the fair value appraised by the independent expert, the deviation is recognised in the income statement in order to bring the carrying amount in line with the fair value. Costs incurred in the preliminary phase of development projects are recognised at their historical value.

I.D. Other tangible assets

Tangible assets with definite useful lives, which fall outside the scope of investment property, are initially recognised at their acquisition cost. The components approach is not applied (based on materiality criteria). Depreciation is charged on a linear basis using the pro rata temporis method. Thus, if the financial year does not cover 12 months (i.e. in case of a change in the Company's year-end), the depreciation charge is adjusted accordingly. As residual values are considered marginal, accumulated depreciation is expected to cover the total acquisition cost of each item included in other tangible assets.

The following depreciation rates are applied:

- Plant, machinery and equipment: 20 %;
- Furniture for furnished apartments: 10 % to 20 %;
- Other furniture and vehicles: 25 %;
- IT: 33 %.

I.E. Non-current financial assets

1. Hedging instruments

When a derivative provides cash flow hedges to cover a specific risk arising from a financial asset or a firm commitment or a highly probable transaction liability and meets the criteria for hedge accounting under IAS 39, the effective portion of the income or expense is recognised directly in equity (line "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS"). The ineffective portion is recognised in the income statement.

When a derivative does not meet the criteria for hedge accounting under IAS 39, it is recognised on the balance sheet at its fair value, and changes in fair value are recognised in the income statement as they occur. The same treatment is applied for hedging instruments showing a negative fair value.

2. Other financial and non-current assets

Financial assets available for sale are valued at fair value (market value if available, otherwise acquisition value). Changes in fair value are recognised in equity (under "I.C.i. Reserve for the balance of changes in fair value of financial assets available for sale"). Receivables are valued at amortised cost.

I.H. Deferred tax assets

When a building is acquired outside of Belgium, the net income generated is subject to a foreign income tax. Deferred taxes are recognised on the balance sheet in relation to any unrealised gains (temporary difference between the fair value and the assessed value used for tax purposes of the building in question).

II.A. Assets held for sale

Properties that are considered non-strategic and which are intended to be sold are included in line II.A. They are recognised at fair value, in accordance with IFRS 5.

II.C/D/E. Receivables

Receivables are measured at amortised cost. Impairments are recognised when the insolvency of the debtor is confirmed.

II.G. Deferred charges and accrued income

Costs incurred during the year, which relate partially or in full to the following year, are recognised on a proportional basis as deferred charges. Revenues and portions of revenues earned over the course of one or several subsequent financial years, but which are also related to the current year, are recognised in income for the amount earned in the current year.

I.A. et II.A. Provisions

A provision is recognized on the balance sheet when the Group has an implicit or explicit legal obligation as a result of a past event, and for which it is probable the resources will be used to extinguish this obligation. Provisions are measured by calculating the present value of expected cash flows using a market interest rate. They are reflected as a liability on the balance sheet.

I.C.b. Other non-current financial liabilities – Other

The Company can commit itself to acquire the non-controlling shareholdings owned by third parties in subsidiaries, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the balance sheet on line "I.C.b. Other non-current financial liabilities – Other".

I.H. Deferred tax liabilities

When a building is acquired outside of Belgium, the net income generated is subject to a foreign income tax. Deferred taxes are recognised on the balance sheet in relation to any unrealised gains (temporary difference between the fair value and the assessed value used for tax purposes of the building in question).

II.B/D/E. Current debts

Debts are recognized at amortised cost at the year-end date. Debts denominated in foreign currencies are converted into Euros using the spot rate on the year-end date.

II.F. Accrued charges and deferred income

Damages and interests paid by a lessee for breach of contract are recognised in the income statement at the time of receipt.

I. to XV. Operating result before result on portfolio

The objective of lines I through XV is to reflect the operating profit generated by the Company's rental property portfolio, including general operating costs.

All of Aedifica's leases are classified as operating leases for which Aedifica is the lessor. Lease income is recognised on a straight-line basis over the lease term, in accordance with IAS 17.

XVI. to XVIII. Operating result

The objective of lines XVI through XVIII is to reflect in the income statement all transactions and accounting adjustments related to the value of the Company's portfolio:

- Realised capital gains and losses: capital gains and losses are included in the line "Gains and losses on disposals of investment properties".
- Unrealised gains and losses (carried at fair value): changes in the portfolio's fair value are included in the income statement under "changes in fair value of investment properties".
- Commissions paid to real estate agents and other transaction costs: commissions related to the sale of buildings are deducted from the sale price in determining the gain or loss on disposal which is recognised in the operating result. Fees paid to real estate and technical experts are recognised as current expenses.

Commitments and contingencies

The Board of Directors values commitments and contingencies at the nominal value of the legal obligation as stated in the contract; in the absence of a nominal value or in exceptional cases, these values are disclosed for information purposes.

Group insurance

Aedifica's insurance contracts are considered defined contribution plans. These contracts are analysed in Note 39.

Note 3: Operating segments

Note 3.1: Presented segments

The following operating segments have been identified with application of IFRS 8:

- Senior housing: consists mainly of rest homes and assisted-living complexes, rented to operators often under “triple net” long leases (which are reflected in the low operating expenses accounted for in the segment income statement).
- Apartment buildings: consists of residential apartment buildings located in Belgian cities. When let, the apartments generate rental income. This segment also includes rental income from commercial ground floors and/or office space included in these buildings.
- Hotels and other: consists mainly of hotels rented to operators under “triple net” long leases.

These three operating segments are consistent with the internal reports provided to the Group’s chief operating decision-makers, as required under IFRS 8. The accounting policies presented in Note 2 are used for internal reporting purposes, including segment reporting.

All revenues are earned from external clients located in the Company’s country of residence (Belgium: €61,443 thousand) with the exception of revenues from Germany (€12,290 thousand) and The Netherlands (€5,447 thousand), and all non-current assets are located in Belgium, with the exception of €208,890 thousand located in Germany and €156,520 thousand in The Netherlands. In 2015/2016, all revenues were earned from external clients located in the Company’s country of residence (Belgium: €51,567 thousand) with the exception of revenues from Germany (€7,827 thousand) and The Netherlands (428 k€), and all non-current assets were located in Belgium, with the exception of €130,590 thousand located in Germany and €28,035 located in The Netherlands.

Each group of entities that falls under common control is considered as a single customer under IFRS 8. Revenues generated through transactions with a single customer representing more than 10 % of the Company’s total revenues must be disclosed. This requirement applies to:

- the 14 buildings in the senior housing segment (9 in Belgium and 5 in Germany) rented by legal entities controlled by the Orpea group, for which rents represent 12 % of the Company’s total 2016/2017 rental income (9 % in Belgium and 4 % in Germany; 2015/2016: 11 % in Belgium and 4% in Germany);
- the 27 buildings in the senior housing segment rented by legal entities controlled by the Senior Living Group (a subsidiary of the Korian group), for which rents represent 19 % of the Company’s total 2016/2017 rental income (14 % in the prior financial year);
- the 19 buildings in the senior housing segment rented by legal entities controlled by the Armonea group, for which rents represent 18 % of the Company’s total 2016/2017 rental income (23 % in the prior financial year).

Rents mentioned here represent the turnover realised by the Company over the duration of the financial year, which differ from the contractual rents (representing the agreements in place at the time of the year-end closure) on which the analyses included in the Property Report of this Annual Financial Report are based (refer to sections 3.7 and 3.8 of the Property Report).

Note 3.2: Segment information

Year ending on 30 June (x €1,000)	2016					TOTAL
	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items ^o	
SEGMENT RESULT						
I. Rental income	44,033	11,828	4,080	0	-119	59,822
II. Writeback of lease payments sold and discounted	0	0	0	0	0	0
III. Rental-related charges	-6	-29	0	0	0	-35
Net rental income	44,027	11,799	4,080	0	-119	59,787
IV. Recovery of property charges	0	25	0	0	0	25
V. Recovery of rental charges and taxes normally paid by tenants on let properties	983	1,043	38	0	0	2,064
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0
VII. Rental charges and taxes normally paid by tenants on let properties	-983	-1,043	-38	0	0	-2,064
VIII. Other rental-related income and charges	-150	-1,310	6	0	0	-1,454
Property result	43,877	10,514	4,086	0	-119	58,358
IX. Technical costs	-110	-913	-18	-78	0	-1,119
X. Commercial costs	-24	-559	0	-1	0	-584
XI. Charges and taxes on unlet properties	0	-113	-6	0	0	-119
XII. Property management costs	-310	-676	0	-51	0	-1,037
XIII. Other property charges	-17	-1,201	-23	-11	0	-1,252
Property charges	-461	-3,462	-47	-141	0	-4,111
Property operating result	43,416	7,052	4,039	-141	-119	54,247
XIV. Overheads	-50	-84	0	-6,679	119	-6,694
XV. Other operating income and charges	33	37	3	-12	0	61
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	43,399	7,005	4,042	-6,832	0	47,614
SEGMENT ASSETS						
Marketable investment properties	835,300	219,332	71,657	-	-	1,126,289
Development projects	-	-	-	25,924	-	25,924
Investment properties						1,152,213
Assets classified as held for sale	4,621	0	0	-	-	4,621
Other assets	-	-	-	16,328	-	16,328
Total assets						1,173,162
SEGMENT DEPRECIATION	0	-575	0	-126	0	-701
SEGMENT INVESTMENTS						
Marketable investment properties	105,169	0	0	-	-	105,169
Development projects	-	-	-	5,089	-	5,089
Investment properties	105,169	0	0	5,089	0	110,258
INVESTMENT PROPERTIES IN ACQUISITION VALUE	755,662	201,688	70,978	-	-	1,028,328
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	17,589	338	-1,062	-6,090	-	10,775
VALUE INSURED	809,808	241,990	76,269	-	-	1,128,067
GROSS YIELD IN FAIR VALUE	5.9%	5.3%	6.3%	-	-	5.8%

^o Mainly elimination of the internal rent for the administrative offices of the Company.

Year ending on 30 June (x €1,000)	2017					
	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
I. Rental income	63,939	11,021	4,220	0	-197	78,983
II. Writeback of lease payments sold and discounted	0	0	0	0	0	0
III. Rental-related charges	-6	-19	-23	0	0	-48
Net rental income	63,933	11,002	4,197	0	-197	78,935
IV. Recovery of property charges	3	37	0	0	0	40
V. Recovery of rental charges and taxes normally paid by tenants on let properties	1,085	1,398	105	0	0	2,588
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0
VII. Rental charges and taxes normally paid by tenants on let properties	-1,085	-1,398	-105	0	0	-2,588
VIII. Other rental-related income and charges	-36	-884	3	0	0	-917
Property result	63,900	10,155	4,200	0	-197	78,058
IX. Technical costs	-311	-923	-13	0	0	-1,247
X. Commercial costs	-61	-502	-4	0	0	-567
XI. Charges and taxes on unlet properties	0	-165	0	0	0	-165
XII. Property management costs	-438	-560	0	0	0	-998
XIII. Other property charges	-28	-976	-22	0	0	-1,026
Property charges	-838	-3,126	-39	0	0	-4,003
Property operating result	63,062	7,029	4,161	0	-197	74,055
XIV. Overheads	-78	-85	0	-8,578	197	-8,544
XV. Other operating income and charges	222	37	0	7	0	266
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	63,206	6,981	4,161	-8,571	0	65,777
SEGMENT ASSETS						
Marketable investment properties	1,240,021	215,205	68,009	-	-	1,523,235
Development projects	-	-	-	17,174	-	17,174
Investment properties						1,540,409
Assets classified as held for sale	4,440	0	0	-	-	4,440
Other assets	-	-	-	25,273	-	25,273
Total assets						1,570,122
SEGMENT DEPRECIATION						
	0	-524	0	-154	0	-678
SEGMENT INVESTMENTS						
Marketable investment properties	333,028	0	0	-	-	333,028
Development projects	-	-	-	0	-	0
Investment properties	333,028	0	0	0	0	333,028
INVESTMENT PROPERTIES IN ACQUISITION VALUE	1,133,987	193,438	69,703	-	-	1,397,128
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	18,782	217	-2,880	-5,762	0	10,357
VALUE INSURED	1,123,608	199,835	83,988	-	-	1,407,431
GROSS YIELD IN FAIR VALUE	5.7%	4.9%	6.5%	-	-	5.7%

^o Mainly elimination of the internal rent for the administrative offices of the Company.

Note 4: Rental income

(x €1,000)	2017	2016
Rents earned	78,908	59,781
Guaranteed income	0	0
Cost of rent free periods	-4	-22
Indemnities for early termination of rental contracts	79	63
TOTAL	78,983	59,822

The Group rents its buildings exclusively under operating leases.

The increase in rents earned is linked to the portfolio's growth during the 2016/2017 financial year.

The schedule of future minimum lease payments to be collected under non-cancellable operating leases required by IAS 17 is based on the following assumptions, which are extremely conservative:

- Residential leases: termination of all leases on 1 July 2017, with an average indemnity payment of one and a half months as indemnity payment.
- Commercial and office leases: termination of leases after one and a half years on average.
- Long-term leases (senior housing, hotels): no inflation.

Future minimum lease payments to be collected under non-cancellable operating leases are presented as follow:

(x €1,000)	2017	2016
Not later than one year	79,605	57,621
Later than one year and not later than five years	305,113	218,316
Later than five years	1,314,214	995,337
TOTAL	1,698,932	1,271,274

Rental income includes contingent rents amounting to €77 thousand (30 June 2016: €84 thousand).

Note 5: Rental-related charges

(x €1,000)	2017	2016
Rents payable as lessee	-20	-20
Write-downs on trade receivables	-28	-15
TOTAL	-48	-35

Note 6: Recovery of property charges

(x €1,000)	2017	2016
Indemnities on rental damage	40	25
TOTAL	40	25

Note 7: Recovery of rental charges and taxes normally paid by tenants on let properties

(x €1,000)	2017	2016
Rebiling of rental charges invoiced to the landlord	1,744	1,170
Rebiling of property taxes and other taxes on let properties	844	894
TOTAL	2,588	2,064

Note 8: Costs payable by the tenant and borne by the landlord on rental damage and repair of lease

Aedifica has not paid any amounts justifying particular mention in relation to costs payable by tenants and borne by the landlord on rental damage and/or repairs at the end of the lease term.

Note 9: Rental charges and taxes normally paid by tenants on let properties

(x €1,000)	2017	2016
Rental charges invoiced to the landlord	-1,744	-1,170
Property taxes and other taxes on let properties	-844	-894
TOTAL	-2,588	-2,064

Note 10: Other rental-related income and charges

(x €1,000)	2017	2016
Cleaning	-196	-274
Energy	-192	-307
Depreciation of furniture	-482	-539
Employee benefits	-229	-247
Other	182	-87
TOTAL	-917	-1,454

Note 11: Technical costs

(x €1,000)	2017	2016
Recurring technical costs		
Repair	-415	-338
Insurance	-100	-95
Employee benefits	-455	-386
Maintenance	-101	-126
Expert fees	-176	-174
TOTAL	-1,247	-1,119

Note 12: Commercial costs

(x €1,000)	2017	2016
Letting fees paid to real estate brokers	-264	-263
Marketing	-146	-191
Fees paid to lawyers and other legal costs	-80	-49
Other	-77	-81
TOTAL	-567	-584

Note 13: Charges and taxes on unlet properties

(x €1,000)	2017	2016
Charges	-165	-119
TOTAL	-165	-119

Note 14: Property management costs

(x €1,000)	2017	2016
Fees paid to external property managers	-134	-165
Internal property management expenses	-864	-872
TOTAL	-998	-1,037

Note 15: Other property charges

(x €1,000)	2017	2016
Property taxes and other taxes	-1,026	-1,252
TOTAL	-1,026	-1,252

A number of disputes are ongoing with respect to local taxes; Aedifica continues to defend its position in these cases. The disputed amounts have been recognised as an expense and have been paid.

Note 16: Overheads

(x €1,000)	2017	2016
Lawyers/notaries	-259	-306
Auditors	-133	-126
Real estate experts	-783	-671
IT	-186	-131
Insurance	-71	-65
Public relations, communication, marketing, publicity	-286	-339
Directors and executive management	-2,359	-1,987
Employee benefits	-1,926	-1,214
Depreciation and amortisation of other assets	-196	-162
Tax expense	-632	-575
Other	-1,713	-1,118
TOTAL	-8,544	-6,694

Note 17: Other operating income and charges

(x €1,000)	2017	2016
Recovery of damage expenses	31	27
Other	235	34
TOTAL	266	61

Note 18: Gains and losses on disposals of investment properties

(x €1,000)	2017	2016
Net sale of properties (selling price - transaction costs)	11,044	2,656
Carrying amount of properties sold	-9,585	-1,925
TOTAL	1,459	731

Note 19: Gains and losses on disposals of other non-financial assets

Over the course of the current and previous financial years, Aedifica has not recognised any gains or losses from the sale of other non-financial assets.

Note 20: Changes in fair value of investment properties

(x €1,000)	2017	2016
Positive changes	26,486	22,396
Negative changes	-16,129	-11,621
TOTAL	10,357	10,775
of which: marketable investment properties	16,119	16,865
development projects	-5,762	-6,090

Note 21: Financial income

(x €1,000)	2017	2016
Interests earned	71	59
Other	84	224
TOTAL	155	283

The 2016/2017 financial income included €0.1 million of non-recurrent income. This amount represents the fee paid to Aedifica at the time of the contribution-in-kind of 8 December 2016 as compensation for the allocation of full dividend rights for the 2016/2017 financial year to the new shares issued that day.

The 2015/2016 financial income included €0.1 million of non-recurrent income. This amount represents the fee paid to Aedifica at the time of the contributions-in-kind of 17 December 2015 and 24 March 2016 as compensation for the allocation of full dividend rights for the 2015/2016 financial year to the new shares issued that day.

Note 22: Net interest charges

(x €1,000)	2017	2016
Nominal interest on borrowings	-8,702	-5,580
Charges arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-3,593	-3,440
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-3,391	-3,255
Subtotal	-6,984	-6,695
Income arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	0	0
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	0	0
Subtotal	0	0
Capitalised borrowings costs	321	372
Other interest charges	0	-1
TOTAL	-15,365	-11,904

Charges and income arising from hedging instruments represents Aedifica's cash interest receipts or payments related to derivatives presented in Note 32 and detailed in Note 33. Changes in the fair value of these derivatives are listed in Note 47 and recognised in the income statement.

Note 23: Other financial charges

(x €1,000)	2017	2016
Bank charges and other commissions	-1,262	-1,049
Other	-66	-38
TOTAL	-1,328	-1,087

Note 24: Corporate tax

(x €1,000)	2017	2016
Parent		
Profit before tax (loss)	58,273	41,009
Effect of the Belgian REIT tax regime	-58,273	-41,009
Taxable result in Belgium based on non-deductible costs	406	381
Belgian current tax at rate of 33,99%	-138	-130
Belgian current tax regularisation for the previous year	-125	-1
Foreign current tax	-187	-213
Foreign deferred taxes: originations	47	108
Foreign deferred taxes: reversals	-830	-432
Subtotal	-1,233	-668
Subsidiaries		
Belgian current tax	-208	-147
Foreign current tax	-617	-90
Foreign deferred taxes: originations	446	802
Foreign deferred taxes: reversals	-1,204	-358
Subtotal	-1,583	207
TOTAL	-2,816	-461

The corporate taxes are composed of current taxes and deferred taxes.

Current taxes consist primarily of Belgian tax on Aedifica's non-deductible expenditures (since Belgian REITs benefit from a specific tax regime, leading to the taxation of only non-deductible costs, such as regional taxes, car costs, representation costs, social costs, donations, etc.), tax generated abroad and tax on the result of the consolidated subsidiaries.

Deferred taxes arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. This deferred tax (with no monetary impact, that is to say, non-cash) is thus excluded from the EPRA Earnings* (see Note 54).

Note 25: Exit tax

Aedifica has not recognised any exit tax in the income statement.

Note 26: Earnings per share

The earnings per share (“EPS” as defined by IAS 33) is calculated as follows:

	2017	2016
Profit (loss) (Owners of the parent) (x €1,000)	63,358	40,266
Weighted average number of shares outstanding during the period	15,235,696	14,122,758
Basic EPS (in €)	4.16	2.85
Diluted EPS (in €)	4.16	2.85

Aedifica uses EPRA Earnings* to comply with the EPRA’s recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS (see Note 57). In Aedifica’s case, it represents the profit (attributable to owners of the Parent) after removing exclusively changes in fair value of investment properties (and the movements of deferred taxes related to these) and hedging instruments.

Profit excluding changes in fair value is calculated as follows:

(x €1,000)	2017	2016
Profit (loss) (Owners of the parent)	63,358	40,266
Less: Changes in fair value of investment properties (see Note 20)	-10,357	-10,775
Less: Gain and losses on disposal of investment properties (see Note 18)	-1,459	-731
Less: Deferred taxes (see Note 54)	1,541	-120
Less: Changes in fair value of financial assets and liabilities (see Note 47)	-5,119	5,685
Roundings	0	1
EPRA Earnings*	47,964	34,326
Weighted average number of shares outstanding during the period	15,235,696	14,122,758
EPRA Earnings* per share (in €)	3.15	2.43

The calculation in accordance with the model recommended by EPRA is included in the EPRA chapter of the Annual Financial Report.

Note 27 : Goodwill

(x €1,000)	2017	2016
Gross value at the beginning of the year	1,856	1,856
Cumulative impairment losses at the beginning of the year	0	0
Carrying amount at the beginning of the year	1,856	1,856
Movements of the year	0	0
CARRYING AMOUNT AT THE END OF THE YEAR	1,856	1,856
of which: gross value	1,856	1,856
cumulative impairment losses	0	0

Goodwill relates to the acquisition of a company that was active in furnished apartment rentals.

In applying IAS 36 – Impairment of Assets, the Group performed an analysis of the carrying amount, principally of goodwill. Goodwill arose from the acquisition of Ixelinvest SA, the original owner of a residential complex that is rented out as apartments on rue Souveraine in Brussels. This complex constitutes the cash-generating unit for the purposes of the goodwill impairment test.

An impairment review, performed by calculating value in use, was carried out to ensure that the carrying value of the cash-generating unit's assets (fair value of properties of €31 million, carrying amount of furniture of less than €1 million and carrying amount of goodwill for less than €2 million, i.e. €34 million in total) does not exceed their recoverable amount, defined as the higher of (i) the fair value less costs to sell and (ii) the value in use (estimated at €66 million).

In determining the value in use, the Group calculated the present value of the estimated future cash flows expected to arise from the continued use of the assets using a pre-tax discount rate of 3 %. The discount rate applied is based upon the weighted average cost of capital with appropriate adjustment for the relevant risks associated with the businesses, and can vary one year to another depending on market indicators. Estimated future cash flows are based on long-term plans (6 years) for each cash-generating unit, with extrapolation thereafter based on long-term average growth rates for the individual cash-generating units. This growth rate is set at 1.85 %, in line with expected inflation.

Future cash flows are estimated and may be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data, captured in the abovementioned pre-tax discount. Should the assumptions vary adversely in the future, the value in use of goodwill may fall below the carrying amount. Based on current valuations, the headroom (estimated at €32 million) appears sufficient to absorb a normal variation of approx. 1.4 % in the pre-tax discount. An impairment on goodwill would be booked for any excess over this headroom.

Note 28: Intangible assets

All intangible assets (consisting mainly of computer software) have a fixed useful life. Amortisation is recognised in income under the line "overheads".

(x €1,000)	2017	2016
Gross value at the beginning of the year	468	402
Depreciation and cumulative impairment losses at the beginning of the year	-350	-300
Carrying amount at the beginning of the year	119	102
Entries: items acquired separately	177	67
Amortisations	-75	-50
CARRYING AMOUNT AT THE END OF THE YEAR	221	119
of which: gross value	645	468
amortisations and cumulative impairment losses	-425	-350

Note 29: Investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS OF 1/07/2015	981,624	21,734	1,003,358
Acquisitions	105,169	5,089	110,258
Disposals	-1,925	0	-1,925
Capitalised interest charges	0	372	372
Capitalised employee benefits	0	28	28
Other capitalised expenses	6,532	25,631	32,163
Transfers due to completion	20,840	-20,840	0
Changes in fair value (see Note 20)	16,865	-6,090	10,775
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	-2,816	0	-2,816
CARRYING AMOUNT AS OF 30/06/2016	1,126,289	25,924	1,152,213
CARRYING AMOUNT AS OF 1/07/2016	1,126,289	25,924	1,152,213
Acquisitions	333,028	0	333,028
Disposals	-9,585	0	-9,585
Capitalised interest charges	0	322	322
Capitalised employee benefits	0	78	78
Other capitalised expenses	6,364	47,451	53,815
Transfers due to completion	50,839	-50,839	0
Changes in fair value (see Note 20)	16,119	-5,762	10,357
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	181	0	181
CARRYING AMOUNT AS OF 30/06/2017	1,523,235	17,174	1,540,409

Determination of fair values depends on market factors and is based on valuations provided by independent experts who hold relevant and recognised professional qualifications and recent experience in the geographic areas and property types included in the Group's portfolio. All investment properties are located in Belgium, in Germany and in The Netherlands.

The fair value of the Group's portfolio of marketable investment properties assessed by independent experts as of 30 June 2017. The average capitalisation rate applied to contractual rents is 5.66 % (in accordance with the valuation methodology – presented in the first bullet of section 1.11 of the Standing Documents included in the 2016/2017 Annual Financial Report). A positive 0.10 % change in the capitalisation rate would lead to a negative change of approx. €27 million in the portfolio's fair value.

Development projects are described in detail in the Property Report included in the 2016/2017 Annual Financial Report.

Assets classified as held for sale (line II.A. included in the assets on the balance sheet) amounts to €4.4 million as of 30 June 2017. These are assisted-living apartments (senior housing) located in Aarschot (see section 2.1.7. of the Consolidated Board of Directors' Report) that are considered as non-strategic assets.

Acquisitions made during the year are described in detail in the Consolidated Board of Directors' Report included in the 2016/2017 Annual Financial Report.

All investment properties are considered to be at "level 3" on the fair value scale defined under IFRS 13. This scale includes three levels: Level 1: observable listed prices in active markets; Level 2: observable data other than the listed prices included in level 1; Level 3: unobservable data. During the 2016/2017 financial year, there were no transfers between level 1, level 2 and level 3.

The valuation methodologies (approach under which a capitalisation rate is applied to the estimated rental value and another based on the present value of future cash flows) are described in section 1.11 of the "Standing Documents" of the 2016/2017 Annual Financial Report.

The quantitative information presented below in relation to the determination of the fair value of investment properties based on unobservable data (level 3) is taken from various reports produced by the independent real estate experts:

Type of asset	Fair value as of 30 June 2017 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Senior housing	1,244,461	DCF	ERV / m ²	45	304	133
			Inflation	1.5%	2.0%	1.6%
			Discount rate	5.1%	7.0%	5.8%
			Residual maturity (year)	3	29	22
Apartment buildings	215,205	Capitalisation	ERV / m ²	71	175	119
			Capitalisation rate	4.5%	6.9%	5.4%
Hotels and other	68,009	DCF	ERV / m ²	79	126	103
			Inflation	1.5%	1.5%	1.5%
			Discount rate	6.3%	6.8%	6.7%
			Residual maturity (year)	20	31	26
		Capitalisation	ERV / m ²	86	165	129
			Capitalisation rate	3.5%	5.6%	5.0%
Development projects	17,174	DCF	ERV / m ²	97	306	237
			Inflation	1.5%	1.6%	1.6%
			Discount rate	5.8%	6.9%	6.6%
			Residual maturity (year)	15	27	21
Total	1,544,849					

Type of asset	Fair value as of 30 June 2016 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Senior housing	839,921	DCF	ERV / m ²	76	331	139
			Inflation	1.0%	1.9%	1.3%
			Discount rate	4.9%	7.3%	5.7%
			Residual maturity (year)	3	29	23
Apartment buildings	219,332	Capitalisation	ERV / m ²	69	175	119
			Capitalisation rate	4.7%	8.4%	5.5%
Hotels and other	71,657	DCF	ERV / m ²	79	125	102
			Inflation	1.3%	2.0%	1.7%
			Discount rate	5.9%	7.8%	7.2%
			Residual maturity (year)	21	32	27
		Capitalisation	ERV / m ²	86	165	131
			Capitalisation rate	3.4%	7.5%	5.3%
Development projects	25,924	DCF	ERV / m ²	91	331	197
			Inflation	1.3%	1.3%	1.3%
			Discount rate	5.1%	5.7%	5.3%
			Residual maturity (year)	20	27	25
Total	1,156,834					

In accordance with legal provisions, properties are revalued four times per year based on valuation reports prepared by the four independent experts appointed by the Company. These valuations are based on:

- information provided by the Company such as contractual rents, rental contracts, investment budgets, etc. These data are extracted from the Company's information system and are thus subject to the Company's internal control environment.
- assumptions and valuation models used by the independent experts, based on their professional judgment and market knowledge.

Reports provided by the independent experts are reviewed by the Company's Valuation & Asset Manager, the Control Manager and the Executive Managers. This includes a review of the changes in fair value over the period. When the Executive Managers consider that the valuation reports of the independent experts are coherent, the valuation report is submitted to the Audit Committee. Following a favourable opinion of the Audit Committee, these reports are submitted to the Board of Directors.

The sensitivity of the fair value measurement to a change of the abovementioned unobservable data is generally as follows (all else being equal):

Unobservable inputs	Effect on the fair value	
	in case of decrease of the unobservable input value	in case of increase of the unobservable input value
ERV / m ²	negative	positive
Capitalisation rate	positive	negative
Inflation	negative	positive
Discount rate	positive	negative
Residual maturity (year)	negative	positive

Interrelations between unobservable data are possible, as they are determined in part by market conditions.

Note 30: Development projects

This Note became redundant with the introduction of the revised IAS 40 "Investment Property" on 1 July 2009. Changes in development projects are now covered in Note 29. Development projects are also described in detail in section 4.2. of the Property Report included in the 2016/2017 Annual Financial Report.

Note 31: Other tangible assets

(x €1,000)	2017	2016
Gross value at beginning of the period	5,972	5,531
Depreciation and cumulative impairment losses at beginning of period	-4,348	-3,697
Carrying amount at beginning of period	1,624	1,834
Additions	598	442
Disposals	-8	0
Depreciation	-603	-652
CARRYING AMOUNT AT END OF PERIOD	1,611	1,624
of which: gross value	6,544	5,972
depreciations and cumulative impairment losses	-4,933	-4,348

Other tangible assets consist of capital employed in operations (mainly furniture in the furnished apartments).

Note 32: Non-current financial assets and other non-current financial liabilities

(x €1,000)	2017	2016
Receivables		
Collateral	0	0
Other non-current receivables	252	298
Assets at fair value through profit or loss		
Hedging instruments (see Note 33)	2,707	496
Other non-current financial assets		
Hedging instruments (see Note 33)	0	0
TOTAL NON-CURRENT FINANCIAL ASSETS	2,959	794
Liabilities at fair value through profit or loss		
Hedging instruments (see Note 33)	-16,763	-22,361
Other	-4,146	-1,327
Total non-current financial liabilities		
Hedging instruments (see Note 33)	-17,024	-23,694
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	-37,933	-47,382

Other non-current receivables (included in “loans and receivables” under IAS 39) generate interest and will be recovered over the course of subsequent fiscal years.

Assets and liabilities recognised at fair value through profit or loss consist principally of hedging instruments for which hedge accounting in the sense of IAS 39 is not applied. However, they serve to hedge against interest rate risks. Other hedging instruments, whether assets or liabilities, meet the criteria set out in IAS 39 for application of hedge accounting. Cash flows generated by all hedges, and/or changes in the fair value recognised in income are covered in Notes 22 and 47.

The other liabilities recognised at fair value through profit or loss (€4,146 thousand; 30 June 2016: €1,327 thousand) include the put options granted to non-controlling shareholders (see Notes 47 and 56).

Note 33: Hedges

1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn floating rate debts into fixed rate debt or capped-rate debt (cash flow hedges). All hedges (interest rate swaps or “IRS”, caps and collars) relate to existing or highly probable risks. Hedging instruments are either derivatives that meet the strict criteria set by IAS 39 to allow hedge accounting or derivatives which do not meet these criteria but which nonetheless provide economic hedging against interest rate risk. All hedges are entered into in accordance with the hedging policy set out in Note 44. The fair value of hedges is computed by banks based on the present value of expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk (“DVA” or “Debit Valuation Adjustment”) and the counterparty credit risk (“CVA” or “Credit Valuation Adjustment”). The table below lists the hedging instruments.

INSTRUMENT Analysis as at 30 June 2016	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS ^o	10,175	1/04/2011	3	32	-	4.89	-6,957
IRS ^o	26,796	31/07/2014	3	29	-	4.39	-13,585
IRS	15,000	2/04/2013	3	9	-	3.50	-3,377
IRS	12,000	3/06/2013	3	9	-	3.64	-2,772
IRS	8,000	3/06/2013	3	9	-	3.67	-1,907
Cap	25,000	1/11/2015	3	2	-	2.50	0
IRS	25,000	3/01/2014	3	7	-	3.10	-3,919
Cap	25,000	1/11/2014	3	3	-	2.50	0
IRS	25,000	2/02/2015	3	6	-	1.94	-2,351
IRS	25,000	3/11/2014	3	6	-	2.51	-2,945
IRS	25,000	1/01/2015	3	3	-	0.70	-329
Cap	50,000	1/10/2015	3	3	-	0.50	23
Cap	50,000	1/10/2015	3	4	-	0.35	86
IRS	25,000	3/11/2014	3	6	-	2.76	-3,219
IRS	25,000	1/01/2015	3	3	-	0.89	-391
IRS	25,000	3/10/2016	3	5	-	2.88	-4,303
Cap	8,000	6/06/2016	1	1	-	0.00	0
Cap	50,000	1/07/2016	3	4	-	0.50	72
Cap	100,000	1/11/2017	3	2	-	0.50	114
Cap	50,000	1/07/2017	3	4	-	0.50	201
TOTAL	604,971						-45,559

^o Notional amount depreciable over the duration of the swap. Aedifica and the bank may liquidate in advance these contracts every 10 years.

INSTRUMENT Analysis as at 30 June 2017	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS°	9,986	1/04/2011	3	32	-	4.89	-5,294
IRS°	25,813	31/07/2014	3	29	-	4.39	-10,199
IRS	15,000	1/07/2018	3	7	-	3.28	-2,746
IRS	12,000	1/07/2018	3	7	-	3.25	-2,171
IRS	8,000	1/07/2018	3	7	-	3.35	-1,501
Cap	25,000	1/11/2015	3	2	-	2.50	0
IRS	25,000	3/04/2017	3	8	-	1.99	-2,811
Cap	25,000	1/11/2014	3	3	-	2.50	0
IRS	25,000	2/11/2016	3	6	-	1.30	-1,444
IRS	25,000	2/11/2016	3	6	-	1.68	-1,932
IRS	25,000	1/01/2015	3	3	-	0.70	-67
Cap	50,000	1/10/2015	3	3	-	0.50	7
Cap	50,000	1/10/2015	3	4	-	0.35	64
IRS	25,000	2/11/2016	3	6	-	1.87	-2,187
IRS	25,000	1/01/2015	3	3	-	0.89	-80
IRS	25,000	3/10/2016	3	5	-	2.88	-3,306
Cap	50,000	1/07/2016	3	4	-	0.50	51
Cap	100,000	1/11/2017	3	2	-	0.50	76
Cap	50,000	1/07/2017	3	4	-	0.50	191
Cap	50,000	1/11/2016	3	5	-	0.50	460
Cap	50,000	1/01/2019	3	2	-	0.35	218
Cap	50,000	1/11/2019	3	2	-	0.50	422
Cap	50,000	1/11/2017	3	4	-	0.25	591
IRS	75,000	2/01/2020	3	2	-	0.33	120
IRS	50,000	1/01/2021	3	3	-	0.80	21
IRS	50,000	1/01/2021	3	2	-	0.64	38
IRS	50,000	1/11/2019	3	3	-	0.39	155
IRS	50,000	1/11/2019	3	5	-	0.78	-49
IRS	50,000	3/01/2022	3	1	-	0.65	80
IRS	50,000	3/01/2022	3	2	-	0.73	214
TOTAL	1,170,799						-31,080

° Notional amount depreciable over the duration of the swap. Aedifica and the bank may liquidate in advance these contracts every 10 years.

The total notional amount of €1,171 million presented in the table above is broken down as follows:

- operational and active instruments: €211 million;
- operational instruments which became out of the money (caps): €250 million;
- instruments with forward start: €710 million.

The total fair value of the hedging instruments presented in the table above (-€31,080 thousand) can be broken down as follows: €2,707 thousand on line I.E. of the asset side of the consolidated balance sheet (see Note 32) and €33,787 thousand on line I.C.a. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps (€2,976 thousand), the IAS 39 impact on equity amounts to -€34,055 thousand.

2. Derivatives for which hedge accounting is applied

(x €1,000)	2017	2016
Changes in fair of the derivatives		
Beginning of the year	-23,560	-19,667
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	410	-10,416
Transfer to the income statement of interests paid on hedging instruments	6,732	6,523
Transfer to the income statement regarding revoked designation	0	0
AT YEAR-END	-16,418	-23,560

The amounts recorded in equity will be transferred to net finance costs, in line with the payment of interest on the hedged financial debt, between 1 July 2017 and 31 July 2043.

The year-end equity value includes the effective part (as defined in IAS 39) of the change in fair value (-€7,276 thousand) of derivatives for which hedge accounting is applied, and the ineffective portion of the 2015/2016 financial year (charge of €135 thousand) that was appropriated in 2016/2017 by decision of the Annual General Meeting held in October 2016. These financial instruments are "level 2" derivatives (according to IFRS 13p81). The ineffective part is an income of €22 thousand in 2016/2017. Cash flows arising from interest on the hedges are shown in Note 22.

3. Derivatives for which hedge accounting is not applied

The financial result includes an income of €6,053 thousand (30 June 2016: a charge of €5,456 thousand), arising from the change in the fair value of derivatives for which hedge accounting is not applied (in line with IAS 39, as listed in the aforementioned framework) (see Note 47). These financial instruments are "level 2" derivatives (as defined in IFRS 13p81). The financial result also includes the amortisation of the premiums paid at the time of the subscription to the caps, which amounts to €404 thousand (30 June 2016: €238 thousand).

The interest cash flows arising from the hedges are shown in Note 22 and the change in fair value recognised in the income statement is shown in Note 47.

4. Sensitivity analysis

The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain most of the change in the fair value of hedging instruments between 1 July 2016 and 30 June 2017, which led to the recognition of an income of €6,075 thousand in the income statement and an income of €7,726 thousand directly in equity.

A change in the interest rate curve would impact the fair value of instruments for which hedge accounting is applied (in accordance with IAS 39), and recognised in equity (line "I.C.d. Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS"). All else being equal, a positive change of 10 bps in the interest rate curve at the balance sheet date would have had a positive impact on equity in the amount of €2,022 thousand (30 June 2016: €832 thousand). A negative change of 10 bps in the interest rate curve at the balance sheet date would have had a negative impact on equity in the same amount. The impact of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IAS 39 is not applied, cannot be determined as precisely, since options can be embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the "mark-to-market" value of these instruments to an increase of 10 bps in the interest rate curve is estimated at approx. +€306 thousand (30 June 2016: +€820 thousand) in the income statement. A decrease of 10 bps in the interest rate curve would have a negative impact on the income statement in the same range.

Note 34: Trade receivables

(x €1,000)	2017	2016
TRADE RECEIVABLES - NET VALUE	6,718	3,880

It is anticipated that the carrying amount of trade receivables will be recovered within 12 months. This carrying amount represents an estimate of the fair value of assets which do not generate interest.

The credit risk associated with trade receivables is limited thanks to the diversity of the client base and rental guarantees (2017: €31.8 million; 2016: €23.6 million) received from tenants to cover their commitments. The carrying amount on the balance sheet is presented net of the provision for doubtful debts. Thus, the risk of exposure to credit risk is reflected in the carrying amount of receivables recognised on the balance sheet.

Trade receivables are analysed as follows:

(x €1,000)	2017	2016
under 90 days	826	817
over 90 days	258	458
Subtotal	1,084	1,275
Not due	5,717	2,718
Write-downs	-83	-113
CARRYING AMOUNT	6,718	3,880

Write-downs have evolved as follows:

(x €1,000)	2017	2016
At beginning of period	-113	-112
Addition	-69	-39
Utilisation	55	8
Reversal	44	30
Mergers	0	0
AT END OF PERIOD	-83	-113

Note 35: Tax receivables and other current assets

(x €1,000)	2017	2016
Tax	897	988
Other	782	386
TOTAL	1,679	1,374

Tax receivables are composed mainly of prepayments. Account receivables from subsidiaries are granted by the Company at market conditions.

Note 36: Cash and cash equivalents

(x €1,000)	2017	2016
Short-term deposits	0	0
Cash at bank and in hands	8,135	4,947
TOTAL	8,135	4,947

Cash and cash equivalents are assets which generate interest at varying rates. The amounts presented above were available as of 30 June 2017 and 30 June 2016. Short-term investments may be held during the year, normally for periods of one week to one month.

Note 37: Deferred charges and accrued income

(x €1,000)	2017	2016
Accrued rental income	481	738
Deferred property charges	405	320
Other	0	0
TOTAL	886	1,058

Note 38 : Equity

Aedifica has completed three capital increases by way of contributions in kind during the 2015/2016 financial year:

- 2 December 2016: capital increase of approx. €8 million (including share premium) by the issue of 122,675 new Aedifica shares in the context of the optional dividend 2015/2016.
- 8 December 2016: capital increase of approx. €4 million (including share premium) by way of a contribution in kind that enabled the acquisition of the Les Jardins de la Mémoire senior housing site in Anderlecht and the long lease on the plot of land on which the building is located.
- 28 March 2017: capital increase of approx. €219 million (including share premium) by the issue of 3,595,164 new Aedifica shares in the context of a capital increase in cash.

The capital has thus evolved as follows:

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	14,045,931	370,641
Capital increase	146,101	3,855
Situation at the end of the previous year	14,192,032	374,496
Capital increase of 2 December 2016	122,672	3,237
Capital increase of 8 December 2016	65,952	1,740
Capital increase of 28 March 2017	3,595,164	94,868
Situation at the end of the year	17,975,820	474,342

Equity is presented above before subtracting the costs of raising capital; the equity value presented on the balance sheet in accordance with IFRS is shown net of these costs.

Since 28 March 2017, no shareholder holds more than 5 % of the share capital. The free float is thus 100 %. Declarations of transparency and control strings are available on Aedifica's website. The Company has not received any additional declarations of transparency after those received on 28 March 2017.

The totality of the 17,975,820 shares issued as of 30 June 2017 are listed on the Euronext Brussels continuous market.

Capital increases are detailed in the "Standing Documents" included in the 2015/2016 Annual Financial Report. All subscribed shares are fully paid-up, with no par value. The shares are registered, bearer, or dematerialised shares and grant one vote.

Aedifica SA holds no treasury shares.

The Board of Directors is authorised to raise share capital through one or a series of issuances up to a maximum amount of

- 1) €374,000 thousand if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right,
- 2) €74,800 thousand for any other type of capital increase;

it being understood that the share capital can never be increased within the framework of the authorised capital in excess of €374,000 thousand on the dates and following the procedures established by the Board, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted to the Board of Directors for a period of 5 years from the publication date

in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 28 October 2016. Each time new shares are issued, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares (unless such decisions are made by shareholders at the Annual General Meeting). Increases in share capital decided upon by the Board of Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases can equally be realised through the issuance of convertible debt securities or subscription rights. As of 30 June 2017, the remaining balance of the authorised capital amounts to 1) €277 million if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right, 2) €73 million for any other type of capital increase.

The Board of Directors has proposed a dividend distribution of €2.25 gross per share for the year ended 30 June 2017, i.e. a total dividend of €34,478 thousand, to be divided over two coupons (coupon No.17: €1.66; coupon No.18: €0.59).

Calculated in accordance with Article 617 of the Belgian Companies Code and given the Royal Decree of 13 July 2014, reserves available for distribution (statutory) amount to €19,415 thousand as of 30 June 2017, after taking into account the dividend proposed above (2016: €12,848 thousand). Detailed calculations are provided in the notes to the attached Abridged Statutory Accounts.

Aedifica defines capital in accordance with of IAS 1p134 as the sum of all equity accounts. The equity level is monitored using a consolidated debt-to-assets ratio calculated in accordance with the provisions of the Royal Decree of 13 July 2014 (see Note 52), which cannot exceed 60 % and according to the credit agreements in place with the Company's banks (see Notes 40 and 44). Equity is managed so as to permit the Group to continue as a going concern and to finance its future growth.

Note 39: Provisions

Aedifica contributes to a number of defined contribution plans in Belgium, which are open to new beneficiaries. These include funded pension schemes for all beneficiaries, i.e. labourers, staff members and members of the Management Committee (Executive Managers). These schemes are managed through private insurances plans with a guaranteed return. No personal contributions from the beneficiaries are required.

On 23 October 2015, the Belgian government formally approved the "Group of 10" proposal regarding the guaranteed return on defined contributions plans; the new law of 18 December 2015 was published on 24 December 2015. For classic "branch 21" insurance contracts, the new guaranteed return applies to future contributions (from the employer and from the employee) paid as from 1 January 2016, but the old guarantee (3,25% on the contributions paid by the employer and 3,75% on the contributions paid by the employee) remains to be granted on the built up minimum reserve at 31 December 2015. The new guaranteed return is based on Belgian government bonds with a duration of 10 years (OLO10) with a minimum of 1,75% and a maximum of 3,75%. At this moment (since 1 January 2016), a minimum return of 1.75% applies. This could generate a liability in the balance sheet of the employer. This guarantee is not applicable to the scheme applicable for the members of the Management Committee.

Under these schemes, Aedifica had externalised assets amounting to 358 k€ as of 30 June 2017. During the 2017/2018 financial year, the expected contribution for the schemes will amount to 130 k€.

An actuarial valuation where the liabilities (approach Traditional unit credit method - TUC) are based on the actual build up minimum reserves projected with the minimum guaranteed return and discounted with the discount rate as described by IAS 19 and where the active are set equal to individual mathematical reserves with addition of the reserves of the available financing funds leads to a total liability of less than 1 k€ as at 30 June 2017.

Given that the interest rates that are guaranteed by the insurers have decreased below the level of 3.25 % since 2013, there is a risk for future underfunding, however this risk is limited in view of the externalised assets.

The amounts recognised as an expense for the long-term benefits granted the members of the Management Committee are detailed in the Remuneration Report included in the 2016/2017 Annual Financial Report.

In Germany, a supplementary defined contribution plan was introduced during the 2015/2016 accounting year. For this plan, no provision needs to be taken into account as, according to IAS 19, it does not concern a defined benefit plan, unlike the abovementioned defined contribution plans in Belgium.

Note 40: Borrowings

(x €1,000)	2017	2016
Non-current financial debts		
Borrowings	579,438	447,721
Current financial debts		
Borrowings	34,524	31,027
TOTAL	613,962	478,748

The increase in the borrowings is linked to the growth of the real estate portfolio during the course of the 2016/2017 financial year; it was tempered by the €219 million capital increase of 28 March 2017.

As of 30 June 2017, Aedifica benefits from committed credit facilities (financial liabilities carried at amortised cost according to IAS 39 and presented as current and non-current financial debts on the balance sheet) issued by twelve banks (Bank für Sozialwirtschaft, Bank Degroof Petercam, Banque Européenne du Crédit Mutuel, Belfius Bank, BNP Paribas Deutschland, BNP Paribas Fortis, Caisse d'Épargne et de Prévoyance Nord France Europe, Deutsche Postbank, Förde Sparkasse, ING, KBC Bank and Triodos Bank) totalling €898 million:

- Aedifica can use up €809 million depending on its needs, so long as the debt-to-assets ratio does not exceed 60 % and other covenants (in line with market practice) are met. Each withdrawal is made in Euros for a period of up to 12 months, at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- Aedifica also benefits from amortising facilities amounting to €54 million at fixed rates between 1.4 % and 5.95 % and €35 million at variable rate.

The average interest rate, including the spread charged by the banks and the effect of hedging instruments, was 2.3 % after deduction of capitalised interest (2.8 % in 2015/2016) and 2.3 % before deduction of capitalised interest (2.9 % in 2015/2016). Given the short duration of the withdrawals, the carrying amount of the variable-rate financial debts is an approximation for their fair value (€560 million). The hedges in place as of 30 June 2017 are detailed in Note 33. The fair value of the fixed-rate financial debts (€54 million) is estimated at €63 million.

As of 30 June 2017, the Group has neither pledged any Belgian or Dutch buildings as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 12 of the 22 buildings in Germany are linked to a mortgage, respecting the requirements laid down in Article 43 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies.

The classification between current financial debts and non-current financial debts is made based on the maturity dates of the underlying credit facilities on which the drawings are made, rather than on the maturity date of the individual drawings.

The timetable showing the maturity of Aedifica's credit facilities is as follows (in € million):

	Lines	Utilisation
— 2017/2018 :	37	30
— 2018/2019 :	131	111
— 2019/2020 :	80	68
— 2020/2021 :	91	91
— 2021/2022 :	167	100
— 2022/2023 :	160	33
— 2023/2024 :	156	106
— > 2024/2025 :	<u>78</u>	<u>78</u>
Total	898	615
Weighted average maturity (years)	4.5	4.2

Note 41: Trade payables and other current debts

(x €1,000)	2017	2016
Exit tax	717	4,505
Other		
Suppliers	14,896	10,639
Tenants	2,021	1,370
Tax	2,246	1,174
Salaries and social charges	1,066	1,010
Dividends of previous years	23	23
TOTAL	20,969	18,721

The majority of trade payables and other current debts (recognised as “financial liabilities at amortised cost” under IAS 39, excluding taxes covered by IAS 12 and remuneration and contributions to social security plans covered by IAS 19). It is anticipated that these debts will be settled within 12 months. The carrying amount constitutes an approximation of their fair value.

Note 42: Accrued charges and deferred income

(x €1,000)	2017	2016
Property income received in advance	1,003	451
Financial charges accrued	2,003	2,059
Other accrued charges	1,907	2,171
TOTAL	4,913	4,681

Note 43: Employee benefits expense

Total employee benefits (excluding Executive Managers and Directors presented in Note 16) are broken down in the income statement as follows:

(x €1,000)	2017	2016
Cleaning costs (see Note 10)	-229	-247
Technical costs (see Note 11)	-455	-386
Commercial costs	-77	-76
Overheads (see Note 16)	-1,926	-1,214
Property management costs (see Note 14)	-864	-872
Capitalised costs	-78	-28
TOTAL	-3,629	-2,823

Headcount at the year-end (excluding Executive Managers and Directors):

	2017	2016
Total excluding trainees	47	44
Trainees	1	0
TOTAL	48	44

Note 44: Financial risk management

Aedifica's financial risk management aims to ensure permanent access to borrowings, and to closely follow and minimize interest risk rate.

1. Debt structure

The debt-to-assets ratio (as defined in the Royal Decree of 13 July 2014) is provided in section 3.3 of the Consolidated Board of Directors' Report included in this Annual Financial Report. As of 30 June 2017, it amounts to 38.6 % on statutory level and to 40.8 % on consolidated level. This section also discloses the maximum ratio permitted before the Company reaches the maximum debt-to-assets ratio permitted for Belgian REITs (65 % of total assets) or arising due to bank covenants (60 % of total assets). The debt-to-assets ratio is published quarterly and monitored monthly in the framework of account closings and its evolution is estimated in the framework of approval process of each major investment project. When exceeding the debt-to-assets threshold of 50 %, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the maximum permissible threshold of 65 % (Article 24 of the Royal Decree of 13 July 2014). The Company has expressed in each of its last four Securities Notes (2010, 2012, 2015 and 2017) that its policy in this matter aims to maintain an adequate debt-to-assets ratio of approx. 50 to 55 % over the long term.

Aedifica's financial model relies on a structural indebtedness. As a result, cash balances are usually low, amounting to €8 million as of 30 June 2017.

As of 30 June 2017, Aedifica has neither pledged any Belgian building as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 12 out of the 22 buildings in Germany are linked to a mortgage as of 30 June 2017, respecting the requirements laid down in Article 43 of the Act of 12 May 2014 (the total amount covered by the collaterals may not exceed 50 % of the global fair value and no mortgage may concern more than 75 % of the value of the concerned building). In the framework of additional financing of assets located in Germany, it is not excluded that additional mortgages are given.

2. Liquidity risk

Aedifica enjoys a strong and stable relationship with its banks, which form a diversified pool, comprising an increasing number of European institutions, with each bank in bilateral relation with the Company. Details of Aedifica's credit facilities are disclosed in Note 40.

As of 30 June 2017, Aedifica is using committed credit facilities totalling €615 million (2016: €480 million), out of €898 million in total available credit. The remaining headroom of €283 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2017/2018 financial year. The investment amount that is budgeted in the Company's financial plan for the existing projects as of 30 June 2017 is estimated at €122 million, to be invested over a three-year period. €257 million should be added to that amount for the acquisitions announced on 10 July (€9 million), 19 July (€40 million), 17 August (€200 million) and 24 August (€8 million), as well as €66 million for a hypothetical investment, which brings the total net investment included in the financial plan for the 2017/2018 financial year to €224 million.

Given the regulatory status of Belgian REITs/RRECs, and the type of property in which Aedifica invests, the risk of non-renewal of mature credit facilities is remote, even in the context of a credit crunch, except in unforeseen and extreme circumstances. There is a risk of increasing credit spreads should market conditions deteriorate as compared to those present at the time of the current credit facilities were signed.

The Company would be exposed to a liquidity risk which could arise due to a lack of cash flow in the event of early termination of the credit facilities. Should the Company fail to comply with the provisions (covenants), which were included in the credit facility arrangements to take into account key financial ratios, the facilities might indeed be cancelled, re-negotiated, or forced into reimbursement. The covenants in place are in line with market practice, and in particular require that the debt-to-assets ratio (as defined by the Royal Decree of 13 July 2014) does not exceed 60 %. Moreover, there is a risk of early termination in the event of a change of control, in case of non-compliance with the Company's obligations, and, more generally speaking, in the event of default as defined in these arrangements. A default situation of a contract can lead to default situation of all contracts ("cross-default" clauses). Based on the information available to date, and the prospects for the foreseeable future, there is no indication of a possible early termination of one or more of the existing credit facilities. However, this risk cannot be ignored completely. Moreover, Aedifica does not itself retain control over certain commitments, such as in the event of a change of control, which could lead to the early termination of the credit facilities.

Internally, Aedifica is organised so as to regularly monitor the evolution of financial markets, optimise the Company's financial structure over both the short and long terms, and manage financial risks (liquidity risk, interest rate risk). Aedifica aims to further diversify its funding sources, given market conditions.

As of 30 June 2017, the undiscounted future cash flows related to the credit facilities include €530 million maturing within 1 year, €52 million maturing within 1 to 5 years, and €33 million maturing in more than 5 years. The credit facilities also give rise to an interest expense of €4.0 million that is due within 1 year (2016: €428 million capital and €2.3 million interest within 1 year).

The undiscounted contractual future cash flows related to hedging instruments are analysed as follows:

As at 30 June 2017 (x €1,000)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-3,381	-10,556	-3,102	-17,039
Derivatives for which hedge accounting is not applied	-1,504	-7,941	-8,505	-17,950

As at 30 June 2016 (x €1,000)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-3,871	-15,361	-5,529	-24,761
Derivatives for which hedge accounting is not applied	-3,199	-10,308	-9,939	-23,446

3. Interest rate risk

Almost all of Aedifica's financial debts are floating-rate borrowings. This allows Aedifica to benefit from low interest rates on the non-hedged part of its borrowings. To mitigate the risk of increasing interest rates, Aedifica follows a policy aimed at securing the interest rates related to at least 60 % of its current or highly probable indebtedness over several years. Some fixed-rate debt are assumed by the Company and originates from preexisting investment credits held in real estate companies that have been acquired or merged by the Company.

This policy is supported by the fact that an increase in nominal interest rates, when not coupled with a simultaneous increase in inflation, implies an increase in real interest rates that cannot be offset by increasing rental incomes through indexation alone. Moreover, in case of accelerating inflation, there is a delay between the moment of the increase of the nominal interest rates and the timing of the indexation of rental incomes. When the interest rate curve is sufficiently flat (i.e. when interest does not vary a lot in relation of the maturity date), Aedifica aims to enter into hedges over longer periods, in line with its investment horizon.

For example, assuming that the structure and level of financial debts remain unchanged, and assuming that no hedges have been entered into, simulations show that a 100 bps positive deviation (increase) in the 2017/2018 interest rates over the forecast rates would lead to an additional €7.2 million interest expense for the year ending 30 June 2018. Considering the hedges' situation as of 30 June 2017, the interest expense would amount to just €2.1 million.

In order to manage the interest rate risk, Aedifica has put in place hedges (interest rate swaps and caps). All hedges are entered into with leading banks and relate to existing or highly probable risks. Where appropriate, Aedifica applies hedge accounting as defined by IAS 39. An analysis of the Company's hedges is provided in the Consolidated Board of Directors' Report and in Note 33 of the Consolidated Financial Statements included in this Annual Financial Report. The hedges are entered into for long periods; however, hedge agreements include provisions (in line with market practice) that could lead the issuing banks to terminate the hedges early or initiate margin calls (in cash for example) in their own favour in certain circumstances.

Changes in the interest rate curve have a limited impact on the future interest expense, as 60 % of the financial debts are hedged by IRS or caps. Each change in the interest rate curve has an impact on the fair value of hedging instruments against income statement and/or equity (line "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS" and line "I.C.e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS"). A sensitivity analysis is provided in Note 33 of the Consolidated Financial Statements included in this Annual Financial Report.

Some external events may lead to an increase in the credit margin at cost to the Group, in accordance with "increased cost" clauses included in the bank covenants. However, in the course of worldwide crises since 2007, no bank has never invoked any of these clauses towards the Group.

4. Counterparty risk

The signing of a credit facility or a hedging instrument with a bank generates a counterparty risk in terms of counterparty default. In order to mitigate this risk, Aedifica trades with several leading European banks to diversify its funding and hedging sources, while remaining cautious as to the balance between cost and quality of the services provided. In the context of the current banking crisis, one should bear in mind that one or several counterparties could default.

In line with market practice, the agreements signed with banks include market shock clauses and major adverse change clauses which could lead, in extreme circumstances, to additional costs for the Company or possibly the early termination of the credit

facility. However, in the course of worldwide crises since 2007, no bank has ever invoked any of these clauses towards the Group.

Aedifica is in an on-going relationship with the banks listed Note 40. In terms of hedging, the main providers (by order of magnitude) are ING, BNP Paribas Fortis, KBC and Banque Européenne du Crédit Mutuel.

5. Foreign exchange risk

Aedifica earns all its rental income and incurs all expenses within the euro-zone (except for certain small suppliers which charge for their services in USD and CAD). The borrowings of the Company are all denominated in Euros. Thus, Aedifica is not exposed to significant foreign exchange risk.

6. Financial planning risk

The yearly budget and long-term financial plan are important tools used in the decision-making process and in daily management activities. The budget and financial plan are derived from a computerised model that incorporates a number of assumptions; this model can suffer from programming errors, and human errors which may arise when using it. The potential for wrong assumptions, and undetected programming or human errors might put pressure on the Company's performance or threaten its compliance with regulatory (e.g. legal covenants associated to the public RREC status, such as the debt-to-assets ratio), contractual provisions (e.g. bank covenants), and the confidence from the markets.

Note 45: Contingencies and commitments

1. Commitments

The acquisition values mentioned below respect the requirements laid down in Article 49 § 1 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies (at the time of the signing of the agreements which generated the commitment).

1.1 Extension of the Aux Deux Parcs rest home in Jette (Belgium)

Aedifica committed to finance the extension of the existing rest home for a maximum budget of €2 million. Works are expected to begin shortly.

1.2 Renovation and extension of the L'Air du Temps rest home in Chênée (Belgium)

Under the long lease with Senior Living Group, Aedifica committed to finance the renovation and extension of the L'Air du Temps rest home in Chênée for a maximum budget of €7 million. Works are currently in progress.

1.3 Construction of a new assisted-living apartment building next to the Cheveux d'Argent rest home in Sart-lez-Spa (Belgium)

Under the long lease with the operator of the Cheveux d'Argent rest home (being part of Senior Living Group), Aedifica committed to finance the construction of a new assisted-living apartment building next to the existing rest home in Sart-lez-Spa for a maximum budget of €3 million. Works are currently in progress.

1.4 Extension of the 't Hoge rest home in Kortrijk (Belgium)

Under the long lease with the operator of the 't Hoge rest home (which includes a guarantee from Senior Living Group), Aedifica committed to finance the extension (the construction of a new building including 12 assisted-living apartments) of the existing building in Kortrijk for a maximum budget of €2 million.

1.5 Renovation and extension of the Plantijn rest home in Kapellen (Belgium)

Under the long lease with Armonea, Aedifica committed to finance the renovation and extension of the Plantijn rest home for a maximum budget of €5 million. Works are currently in progress.

1.6 Renovation and extension of the Huize Lieve Moenssens rest home in Dilsen-Stokkem (Belgium)

Aedifica committed to finance the renovation and extension of the rest home for a maximum budget of €4 million.

1.7 Extension and renovation of the De Stichel rest home in Vilvoorde (Belgium)

Aedifica committed to finance the extension and renovation of the existing rest home for a maximum budget of €4 million. Works are currently in progress.

1.8 Renovation of the rest home in Bonn (Germany)

Aedifica committed to finance the renovation of the rest home located in Bonn (Germany) for a maximum budget of €1 million. Works are currently in progress.

1.9 Renovation of the Villa Temporis assisted-living apartment complex in Hasselt (Belgium)

Aedifica committed to finance the renovation of the existing assisted-living apartment complex for a maximum budget of €2 million. Works are currently in progress.

1.10 Renovation of the Vinkenbosch rest home in Kermt (Belgium)

Aedifica committed to finance the renovation of the existing Vinkenbosch rest home, located in Kermt (Hasselt), for a maximum budget of €2 million.

1.11 Acquisition of the Molenenk care residence in Deventer (The Netherlands)

Aedifica Nederland BV committed to acquire the Molenenk care residence under construction by turnkey agreement, located in Deventer, for a maximum budget of €11 million (plot of land included).

1.12 Renovation of the Frohnau rest home in Berlin (Germany)

Aedifica Luxemburg IV SCS committed to finance the renovation of the Frohnau rest home, located in Berlin (Germany), for a maximum budget of approx. €1 million.

1.13 Renovation of the Genderstate (Eindhoven, The Netherlands), Petruspark (Eindhoven, The Netherlands) and Parc Imstenrade (Heerlen, The Netherlands) senior housing sites

Aedifica Nederland BV committed to finance certain renovation works at the Genderstate (Eindhoven, The Netherlands), Petruspark (Eindhoven, The Netherlands) and Parc Imstenrade (Heerlen, The Netherlands) senior housing sites, for a maximum budget of approx. €2 million. Works are currently in progress.

1.14 Renovation of the Residenz Zehlendorf rest home in Berlin (Germany)

Aedifica Luxemburg VI SARL committed to finance the renovation of the Residenz Zehlendorf rest home, located in Berlin (Germany), for a budget of approx. €5 million. The works are being prepared.

1.15 Construction of the LTS Winschoten care residence in Winschoten (The Netherlands)

Aedifica Nederland BV committed to finance the construction by turnkey agreement of a new care residence in Winschoten (The Netherlands), for a budget of approx. €11 million. The site will be operated by Stichting Oosterlengte. Work are currently in progress.

1.16 Construction of the Martha Flora Hilversum care residence in Hilversum (The Netherlands)

Aedifica Nederland BV committed to finance the construction by turnkey agreement of a new care residence in Hilversum (The Netherlands), for a budget of approx. €7 million. The site will be operated by the Martha Flora group. Work are currently in progress.

1.17 Construction of the Het Gouden Hart van Leersum care residence in Leersum (The Netherlands)

Aedifica Nederland BV committed to finance the construction by turnkey agreement of a new care residence in Leersum (The Netherlands), for a budget of approx. €4 million. The site will be operated by the Het Gouden Hart group. Work are currently in progress.

1.18 Extension of the Seniorenresidenz Laurentiusplatz senior housing site in Wuppertal-Elberfeld (Germany)

Aedifica committed to finance the extension of the Seniorenresidenz Laurentiusplatz rest home, located in Wuppertal-Elberfeld (Germany), for a budget of approx. €3 million. The works are being prepared.

1.19 Acquisition of the Seniorenheim am Dom senior housing site in Halberstadt (Germany)

Aedifica concluded an agreement for the acquisition of a senior housing site in Halberstadt (Germany) and for funding certain renovation works, for a budget of approx. €9 million.

1.20 Acquisition of a senior housing site in Oostende (Belgium)

Aedifica signed a framework agreement (subject to outstanding conditions) to acquire the shares of a company that owns a senior housing site in Oostende. The contractual value of this property will amount to approx. €10 million. After acquisition of the site, Aedifica plans to finance certain extension and renovation works, for an amount of approx. €2 million.

1.21 Acquisition of a rest home in Mechelen (Belgium)

Aedifica signed an agreement to acquire the shares of a company that owns a new rest home in Mechelen. The contractual value of this property will amount to approx. €15 million.

1.22 Acquisition of the Martha Flora Rotterdam care residence in Rotterdam (The Netherlands)

Aedifica Nederland BV committed to finance the construction of a new care residence in Rotterdam (The Netherlands), for an amount of approx. €8 million. The site will be operated by the Martha Flora group.

1.23 Earn-outs

For some acquisition deals, a portion of the acquisition price has been set based on future contingent events, such as (in the case of one rest home) the increase of rent after an extension. These events could trigger earn-outs.

2. Contingent liabilities

2.1 Credit facilities

Security has been pledged in relation to the Company's credit agreements, and within the limits authorised by the regulation on the following buildings: SZ AGO Herkenrath, SZ AGO Dresden, SZ AGO Kreischa, Seniorenresidenz Mathilde, Die Rose im Kalletal, Seniorenresidenz Klosterbauerschaft, Senioreneinrichtung Haus Matthäus, Bonifatius Seniorenzentrum, Senioreneinrichtung Haus Elisabeth, Seniorenresidenz Am Stübchenbach, Seniorenresidenz Kierspe and Käthe-Bernhardt-Haus.

2.2 Acquisition of shares in property companies, mergers and de-mergers

Aedifica benefits from warranties provided by the sellers of shares in property companies acquired.

3. Contingent assets

3.1 Securities received on rental agreements

Aedifica benefits from rental guarantees (in line with market practice and applicable regulations), in the form of bank guarantees, restricted bank deposits or guarantor backings.

Moreover, in certain cases, Aedifica benefits from other securities:

- Martin's Brugge: commitments of the lessee are covered by a mortgage (ranked #2) in the amount of €25 thousand and a mortgage authorisation in the amount of €1,230 thousand on the buildings "Château du Lac" located at avenue du Lac 87, 1332 Genval, "la Villa du Lac", located at avenue des Merisiers 8 and Drève des Magnolias, 1332 Genval and "Le Manoir du Lac", located at avenue Hoover 8, 1332 Genval;
- Martin's Klooster in Leuven: commitments of the lessee are covered by a mortgage (ranked #2) in the amount of €50 thousand and a mortgage authorisation in the amount of €1,340 thousand on the buildings "Château du Lac" located at avenue du Lac 87, 1332 Genval, "la Villa du Lac", located at avenue des Merisiers 8 and Drève des Magnolias, 1332 Genval and "Le Manoir du Lac", located at avenue Hoover 8, 1332 Genval.

3.2 Securities received following acquisitions

In case of acquisitions, contributions in kind, mergers and de-mergers, Aedifica benefits from the declarations and securities in line with market practices.

4. Other

4.1 Sundry options

- Long leases on rest homes and hotels: in some cases, Aedifica has granted preferential rights, renewal rights or purchase options to the lessees/tenants. Aedifica also benefits from a number of preferential rights granted by rest homes lessees/tenants.
- Sale or purchase options (related to some development projects): in certain cases, Aedifica has granted options to third parties, and/or benefits from options allowing it to sell buildings (e.g. when it appears that pieces of buildings will not be used for the development projects).

Note 46: Acquisitions and disposals of investment properties

The main investment property acquisitions of the financial year are the following:

ACQUISITIONS	Business segment	Properties valuation°	Register of corporations	Acquisition date°°	Acquisition method
(in million €)					
VSP NV	Senior housing	97	0425.057.859	19/08/2016	Acquisition of shares and acquisition of a building
VSP Kasterlee BVBA			0877.687.276		
Het Seniorenhof NV			0434.691.543		
Compagnie Immobilière Beerzelhof NV			0475.364.039		
Avorum NV			0870.199.371		
Huize Uilenspiegel BVBA			0458.503.459		
Coham NV			0456.236.332		
Residentie Sorgvliet BVBA			0470.494.639		
Ezeldijk			-		
Aedifica Luxemburg IV SCS	Senior housing	59	B117441	31/08/2016	Acquisition of shares
Aedifica Luxemburg V SCS			B117445		
Parc Imstenrade	Senior housing	75	-	14/09/2016	Acquisition of a building via Aedifica Nederland BV
Genderstate			-		
Petruspark			-		
WZC Arcadia BVBA	Senior housing	12	0554.950.658	30/09/2016	Acquisition of shares
Les Jardins de la Mémoire	Senior housing	11	-	8/12/2016	Contribution in kind
Aedifica Luxemburg VI SARL	Senior housing	8	B132154	15/12/2016	Acquisition of shares
Spes Nostra	Senior housing	7	-	21/12/2016	Acquisition of a building via Aedifica Nederland BV
Het Dokhuis	Senior housing	6	-	19/01/2017	Acquisition of a building via Aedifica Nederland BV
Villa Walgaerde	Senior housing	5	-	31/03/2017	Acquisition of a building via Aedifica Nederland BV
Huize Dennehof	Senior housing	1	-	4/04/2017	Acquisition of a building via Aedifica Nederland BV
Het Gouden Hart	Senior housing	7	-	4/04/2017	Acquisition of a building via Aedifica Nederland BV
LTS Winschoten	Senior housing	2	-	9/05/2017	Acquisition of a building via Aedifica Nederland BV
Martha Flora Hilversum	Senior housing	2	-	23/05/2017	Acquisition of a building via Aedifica Nederland BV
Het Gouden Hart van Leersum	Senior housing	3	-	29/05/2017	Acquisition of a building via Aedifica Nederland BV
Residentie Blaret	Senior housing	22	-	30/05/2017	Acquisition of a building
Oeverlanden	Senior housing	13	-	30/05/2017	Acquisition of a building via Aedifica Nederland BV
Seniorenresidenz Laurentiusplatz	Senior housing	5	-	30/06/2017	Acquisition of a building
TOTAL		333			

° in order to determine the number of shares issued, the exchange ratio and/or the value of the acquired shares.

°° and consolidation date in the financial statements.

The main disposals of the financial year are the following:

DISPOSALS	Business segment	Selling price	Disposals date
(in million €)			
Building located rue Royale 35 in 1000 Brussels (Belgium)	Apartment buildings	2	27/03/2017
Building located avenue de Tervueren 13 in 1040 Brussels (Belgium)	Senior housing	8	29/06/2017
TOTAL		11	

All these operations are detailed in the Board of Directors' Report.

Note 47: Changes in fair value of financial assets and liabilities

(x €1,000)	2017	2016
Authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	22	-135
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	6,053	-5,456
Subtotal	6,075	-5,591
Other	-956	-94
TOTAL	5,119	-5,685

The Line "Other" represents the changes in fair value of the put options granted to non-controlling shareholders (see Notes 32 and 56).

Note 48: Related party transactions

Related party transactions (as defined under IAS 24 and the Belgian Companies Code) relate exclusively to the remuneration of the Company's Directors and Executive Managers (€2,359 thousand in 2016/2017; €1,987 thousand in 2015/2016). Remuneration details are provided in the Corporate Governance Statement included in the 2016/2017 Annual Financial Report.

Note 49: Subsequent events

— Acquisition of a care residence to be constructed in Ede (Province of Gelderland, The Netherlands)

On 10 July 2017, Aedifica announced the acquisition of a senior housing site to be constructed in The Netherlands. The future Huize De Compagnie care residence is located near the centre of Ede (114,000 inhabitants, Province of Gelderland) on the site of a former barracks which will be entirely redeveloped. A portion of this site will be renovated into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed during the second half of 2018 and will be able to welcome 42 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the buildings and the plot of land on which they are located. The contractual value amounts to approx. €2 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €6 million for renovation works. Aedifica's total investment (including the renovation) will amount to approx. €9 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group, a private Dutch player on the senior care market. Compartijn is a subsidiary of Includio BV, owned by the Facicom Services Group. The lease established for this site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

— Co-operation agreement for the construction and acquisition of two senior housing sites in The Netherlands

On 19 July 2017, Aedifica announced the signing of a co-operation agreement between Aedifica, Stichting Rendant and HEVO, for the construction of new buildings on two sites of Stichting Rendant, which will replace the existing buildings which have become obsolete. The sites are located in the cities of Leeuwarden (96,000 inhabitants, Province of Friesland) and Heerenveen (50,000 inhabitants, Province of Friesland). Both sites comprise approx. 130 housing units oriented toward seniors opting to live independently with care services available on demand. Completion of the works is expected during the second half of 2019. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, will acquire the full property of both sites in principle during the second half of 2017 (after receipt of the development permits). Subsequently, the existing buildings will be demolished and replaced by new constructions. The works will be carried out and delivered turnkey by HEVO BV. Aedifica's total investment will amount to approx. €40 million. The operation will be financed using Aedifica's credit facilities. The sites will be operated by Stichting Rendant, a Dutch not-for-profit organisation that is active on the senior care market. The leases that will be established for these sites are irrevocable 25-year triple net long leases. The initial yields amount to approx. 5.5 %.

— Acquisition of a rest home in Halberstadt (State of Saxony-Anhalt, Germany)

On 28 July 2017, Aedifica acquired a rest home in Germany given fulfilment of the outstanding conditions, as was announced in the press release of 13 June 2017. See section 2.1.2. above for a more elaborate account of the acquired site. The purchase price has been paid and Aedifica SA/NV has acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities.

— **Co-operation agreement for the construction of seventeen rest homes in Germany**

On 17 August 2017, Aedifica announced the signing of a co-operation agreement with Specht Gruppe for the construction of seventeen rest homes in Germany. The rest homes (to be constructed) will be located in urban and rural areas in several states of northern Germany (Lower Saxony, North Rhine-Westphalia, Schleswig-Holstein, Mecklenburg-Vorpommern and Bremen). These residential care facilities will be designed for seniors requiring continuous care (“Pflegeheim”) and will consist primarily of single rooms. In addition to the standard single rooms, larger rooms (suites) will be included to cater to the high-end market segment. The buildings will also house complementary services, such as day centres for seniors and, in some cases, childcare services or a pharmacy. One of the buildings will contain some apartments designed for independent living (with care services available on demand). Upon completion of all buildings, this portfolio will have a total capacity of approx. 1,500 units. The rest homes will generally be located on care campuses, which also contain buildings offering independent living apartments for seniors (with care services available on demand). With only one exception, these apartments will be constructed in separate buildings that will not be acquired by Aedifica. Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (in principle after receipt of the development permits) during the next few months and, as is currently expected, by the end of the second quarter of 2018 at the latest. After each takeover, construction of the new buildings will begin. Therefore, an agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, who will carry out the construction of the new buildings for a fixed amount and who guarantees its completion in due time. Assuming all development permits will be received, Aedifica’s total investment will ultimately amount to approx. €200 million. The first buildings are expected to be completed by the end of 2018/beginning of 2019. The operation will be financed using Aedifica’s credit facilities. All sites will be rented out to Residenz Management GmbH, an entity of Specht Gruppe, and will be operated by high quality operators. The sites will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration which will cover the buildings’ maintenance. The initial yields amount to approx. 5.5 %.

— **Completion of the renovation of assisted-living apartments in Hasselt (Province of Limburg, Belgium)**

On 18 August 2017, phase II of the works at the Villa Temporis senior housing site in Hasselt (Province of Limburg, Belgium) was completed, in particular the renovation of the assisted-living apartment building (invested amount of approx. €2 million). The site is operated by an entity of the Vulpia group.

— **Completion of a care residence in Deventer (Province of Overijssel, The Netherlands)**

The new construction of the Molenenk care residence in Deventer (Province of Overijssel, The Netherlands) was completed on 21 August 2017 (invested amount of approx. €11 million). The site is operated by an entity of the Domus Magnus group. The building was developed by Panta Rhei HealthCare BV.

— **Acquisition of a care residence in Zeist (Province of Utrecht, The Netherlands)**

On 24 August 2017, Aedifica announced the acquisition of a care residence in The Netherlands. The Huize Hoog Kerckebosch care residence is located in a green, residential area near the centre of Ede (63,000 inhabitants, Province of Utrecht), approx. 10 km from the city of Utrecht. It is a modern residential care facility serving seniors requiring continuous care in the middle to high-end market segment. The site is able to welcome 32 residents in an exceptional environment. It was completed in early July 2017 and is operational since the month of August. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value amounts to approx. €8 million. The operation was financed using Aedifica’s credit facilities. The care residence is operated by an entity of the Compartijn group. The lease established for the site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

Note 50: Corrected profit as defined in the Royal Decree of 13 July 2014

The corrected profit as defined in the Royal Decree of 13 July 2014 is calculated based on the Statutory Accounts as follows:

(x €1,000)	2017	2016
Profit (loss)	57,040	40,341
Depreciation	678	701
Write-downs	28	15
Other non-cash items	-4,775	4,533
Gains and losses on disposals of investment properties	-1,485	-731
Changes in fair value of investment properties	-9,434	-12,637
Roundings	1	1
Corrected profit	42,053	32,223
Denominator [°] (in shares)	15,323,388	14,186,987
CORRECTED PROFIT PER SHARE[°] (in € per share)	2.74	2.27

[°] Based on the rights to the dividend for the shares issued during the year.

Note 51: List of subsidiaries, associates and joint ventures

The table below presents a full list of the companies covered by Articles 114 and 165 of the Royal Decree of 30 January 2001 pertaining to the execution of the Belgian Companies Code. For the subsidiaries already present in the prior year (Aedifica Invest SA, Aedifica Invest Brugge SA, Aedifica Asset Management GmbH, Aedifica Luxemburg I SCS, Aedifica Luxemburg II SCS, Aedifica Luxemburg III SCS and Aedifica Nederland BV), the percentage of equity held by Aedifica is unchanged as compared to 30 June 2016.

NAME	Country	Category	Register of corporations	Capital held (in %)
Aedifica Invest NV [°]	Belgium	Subsidiary	0879.109.317	100
Aedifica Invest Brugge NV [°]	Belgium	Subsidiary	0899.665.397	100
Aedifica Asset Management GmbH ^{°°}	Germany	Subsidiary	HRB100562	100
Aedifica Luxemburg I SCS ^{°°°}	Luxembourg	Subsidiary	B128048	94
Aedifica Luxemburg II SCS ^{°°°}	Luxembourg	Subsidiary	B139725	94
Aedifica Luxemburg III SCS ^{°°°}	Luxembourg	Subsidiary	B143704	94
Aedifica Luxemburg IV SCS ^{°°°}	Luxembourg	Subsidiary	B117441	94
Aedifica Luxemburg V SCS ^{°°°}	Luxembourg	Subsidiary	B117445	94
Aedifica Luxemburg VI SARL ^{°°°}	Luxembourg	Subsidiary	B132154	94
Aedifica Nederland BV ^{°°°°}	The Netherlands	Subsidiary	65422082	100
VSP NV [°]	Belgium	Subsidiary	0425.057.859	100
VSP Kasterlee NV [°]	Belgium	Subsidiary	0877.687.276	100
Het Seniorenhof NV [°]	Belgium	Subsidiary	0434.691.543	100
Compagnie Immobilière Beerzelhof NV [°]	Belgium	Subsidiary	0475.364.039	100
Avorum NV [°]	Belgium	Subsidiary	0870.199.371	100
Coham NV [°]	Belgium	Subsidiary	0456.236.332	100
Residentie Sorgvliet BVBA [°]	Belgium	Subsidiary	0470.494.639	100
WZC Arcadia BVBA [°]	Belgium	Subsidiary	0554.950.658	100

[°] Located avenue Louise 331 in 1050 Brussels (Belgium).

^{°°} Located Mainzer Landstr. 46 in 60325 Frankfurt am Main (Germany).

^{°°°} Located rue Guillaume J. Kroll 7 in 1882 Luxembourg (Luxembourg).

^{°°°°} Located Herengracht 466 in 1017 CA Amsterdam (The Netherlands).

Note 52: Belgian RREC status

(x €1,000)	2017	2016
Consolidated debt-to-assets ratio (max. 65%)		
Total liabilities	682,083	552,413
Corrections	-43,006	-53,617
Total liabilities according to the Royal Decree of 13 July 2014	639,077	498,796
Total assets	1,570,122	1,173,162
Corrections	-2,707	-496
Total assets according to the Royal Decree of 13 July 2014	1,567,415	1,172,666
Debt-to-assets ratio (in %)	40.8%	42.5%
STATUTORY PAY-OUT RATIO		
Statutory corrected profit	42,053	32,223
Proposed dividend	34,478	29,793
PAY-OUT RATIO (MIN. 80%)	82%	92%

Prohibition to invest more than 20 % of assets in real estate assets that form a single property

Refer to section 1.4 of the “Risk Factors” chapter of 2016/2017 Annual Financial Report.

Valuation of investment properties by an expert

Aedifica’s properties are valued quarterly by independent experts de Crombrughe & Partners SA, Stadim CVBA, CBRE GmbH and DTZ Zadelhoff VOF.

Note 53: Audit fees

(x €1,000)	2017	2016
Statutory (audit Aedifica SA)	37	36
Statutory audit (subsidiaries)	78	78
Opinion reports foreseen in the Belgian Companies Code (Aedifica SA)	18	10
Other opinion reports (comfort letter, etc.) (Aedifica SA)	34	0
Tax advice missions	0	0
Other missions unconnected with the statutory audit	0	0
TOTAL	167	124

Note 54: Deferred taxes

Deferred taxes recognised on the balance sheet arise from the acquisition of investment properties located outside of Belgium.

They arise from the temporal difference between the buildings' fair value and the assessed value used for tax purposes.

Changes in deferred taxes are presented as follows (see also Note 24):

(x €1,000)	Assets	Liabilities
CARRYING AMOUNT AS OF 1/07/2015	110	-2,435
Originations	763	147
Reversals	-197	-593
Scope changes	0	0
CARRYING AMOUNT AS OF 30/06/2016	676	-2,881

(x €1,000)	Assets	Liabilities
CARRYING AMOUNT AS OF 1/07/2016	676	-2,881
Originations	446	47
Reversals	-532	-1,502
Scope changes	618	30
CARRYING AMOUNT AS OF 30/06/2017	1,208	-4,306

Note 55: Fair value

In accordance with IFRS 13, balance sheet elements for which the fair value can be computed are presented below and broken down according to the levels defined by IFRS 13:

(x €1,000)	Level 1	Level 2	Level 3	Carrying amounts of the balance sheet 2017
Investment properties	-	-	1,540,409	1,540,409
Assets classified as held for sale	-	-	4,440	4,440
Non-current financial assets	-	2,959	-	2,959
Trade receivables and other non-current assets	-	6,718	-	6,718
Tax receivables and other current assets	-	1,679	-	1,679
Cash and cash equivalents	8,135	-	-	8,135
Non-current financial debts (a. Borrowings)	-	-587,961	-	-579,438
Other non-current financial liabilities	-	-37,933	-	-37,933
Current financial debts (a. Borrowings)	-	-34,524	-	-34,524
Trade debts and other current debts (b. Other)	-	-20,252	-	-20,252

(x €1,000)	Level 1	Level 2	Level 3	Carrying amounts of the balance sheet 2016
Investment properties	-	-	1,152,213	1,152,213
Assets classified as held for sale	-	-	4,621	4,621
Non-current financial assets	-	794	-	794
Trade receivables and other non-current assets	-	3,880	-	3,880
Tax receivables and other current assets	-	1,374	-	1,374
Cash and cash equivalents	4,947	-	-	4,947
Non-current financial debts (a. Borrowings)	-	-450,462	-	-447,721
Other non-current financial liabilities	-	-47,382	-	-47,382
Current financial debts (a. Borrowings)	-	-31,027	-	-31,027
Trade debts and other current debts (b. Other)	-	-14,216	-	-14,216

In the table above, the fair value of hedging instruments is included under lines "non-current financial assets" and "other non-current financial liabilities", as broken down in Note 32.

Note 56: Put options granted to non-controlling shareholders

The Company has committed to acquire the non-controlling shareholdings (6 % of the share capital) owned by third parties in Aedifica Luxembourg I SCS, Aedifica Luxembourg II SCS, Aedifica Luxembourg III SCS, Aedifica Luxembourg IV SCS, Aedifica Luxembourg V SCS and Aedifica Luxembourg VI SARL, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the liability side of balance sheet on line "I.C.b. Other non-current financial liabilities – Other" (see Notes 32 and 47).

Note 57: Alternative Performance Measures (APM)

Since many years, Aedifica uses in its financial communication Alternative Performance Measures in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. Some of these APM are recommended by the European Public Real Estate Association (EPRA) and others have been defined by the industry or by Aedifica in order to provide readers with a better understanding of its results and performance. The APM used in this annual financial report are identified with an asterisk (*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. In this appendix, the APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements.

Note 57.1: Investment properties

Aedifica uses the following performance measures to determine the value of its investment properties; however, these measures are not defined under IFRS. They represent investment properties clustered in different ways to provide the reader with the most relevant information. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	2017	2016
Marketable investment properties	1,523,235	1,126,289
+ Development projects	17,174	25,924
Investment properties	1,540,409	1,152,213
+ Assets classified as held for sale	4,440	4,621
Investment properties including assets classified as held for sale*, or real estate portfolio*	1,544,849	1,156,834
- Development projects	-17,174	-25,924
Marketable investment properties including assets classified as held for sale*	1,527,675	1,130,910

Note 57.2: Rental income on a like-for-like basis*

Aedifica uses the net rental income on a like-for-like basis* to reflect the performance of the investment properties excluding the effect of scope changes; however, this performance measure is not defined under IFRS. It represents rental income excluding the effect of scope changes. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2017	2016
Rental income	78,983	59,822
- Scope changes	-23,147	-3,866
= Rental income on a like-for-like basis*	55,836	55,956

Note 57.3: Operating charges, operating margin* and EBIT margin*

Aedifica uses operating charges* to globalise the operating charges*; however, this performance measure is not defined under IFRS. It represents items IV. to XV. of the income statement. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as indicated in the table below.

Aedifica uses the operating margin* and the EBIT margin* to reflect the profitability of its rental activities; however, these performance measures are not defined under IFRS. They represent, respectively, the property operating result divided by net rental income and the operating result before result on portfolio divided by net rental income. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. They are calculated as indicated in the table below.

30 June 2017

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
Rental income (a)	63,939	11,021	4,220	0	-197	78,983
Net rental income (b)	63,933	11,002	4,197	0	-197	78,935
Property result (c)	63,900	10,155	4,200	0	-197	78,058
Property operating result (d)	63,062	7,029	4,161	0	-197	74,055
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	63,206	6,981	4,161	-8,571	0	65,777
Operating margin* (d)/(b)						94%
EBIT margin* (e)/(b)						83%
Operating charges* (e)-(b)						13,158

30 June 2016

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
Rental income (a)	44,033	11,828	4,080	0	-119	59,822
Net rental income (b)	44,027	11,799	4,080	0	-119	59,787
Property result (c)	43,877	10,514	4,086	0	-119	58,358
Property operating result (d)	43,416	7,052	4,039	-141	-119	54,247
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	43,399	7,005	4,042	-6,832	0	47,614
Operating margin* (d)/(b)						91%
EBIT margin* (e)/(b)						80%
Operating charges* (e)-(b)						12,173

^o Mainly elimination of the internal rent for the administrative offices of the Company.

Note 57.4: Financial result excl. changes in fair value of financial instruments*

Aedifica uses the financial result excl. changes in fair value of financial instruments* to reflect its financial result before the non-cash effect of financial instruments; however, this performance measure is not defined under IFRS. It represents the total of items XX., XXI. And XXII. of the income statement. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2017	2016
XX. Financial income	155	283
XXI. Net interest charges	-15,365	-11,904
XXII. Other financial charges	-1,328	-1,087
Financial result excl. changes in fair value of financial instruments*	-16,538	-12,708

Note 57.5: Interest rate

Aedifica uses average effective interest rate* and average effective interest rate before deduction of capitalised interests* to reflect the costs of its financial debts; however, these performance measures are not defined under IFRS. They represent annualised net interest charges (after or before capitalised interests) divided by weighted average financial debts. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	2017	2016
XXI. Net interest charges	-15,365	-11,904
Capitalised interests	322	372
Annualised net interest charges (a)	-15,365	-11,904
Net interest charges before annualised capitalised interests (b)	-15,687	-12,276
Weighted average financial debts (c)	662,008	421,616
Average effective interest rate* (a)/(c)	2.3%	2.8%
Average effective interest rate before capitalised interests* (b)/(c)	2.3%	2.9%

Note 57.6: Equity and net asset value per share

Aedifica uses equity excl. changes in fair value of hedging instruments* to reflect equity before non-cash effects of the revaluation of hedging instruments; however, this performance measure is not defined under IFRS. It represents the line “equity attributable to owners of the parent” without cumulated non-cash effects of the revaluation of hedging instruments. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2017	2016
Equity attributable to owners of the parent	888,039	620,749
- Effect of the distribution of the dividend 2015/2016	0	-29,793
- Effect of the changes in fair value of hedging instruments	34,055	47,407
Equity excl. changes in fair value of hedging instruments*	922,094	638,362

Aedifica uses net asset value per share excl. changes in fair value of hedging instruments* to reflect equity per share before the non-cash effect of the revaluation of hedging instruments; however, this performance measure is not defined under IFRS. It represents the line “equity attributable to owners of the parent” without cumulated non-cash effects of the revaluation of hedging instruments, divided by the number of shares outstanding (after deduction of treasury shares) at the closing date. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated by dividing equity excl. changes in fair value of hedging instruments* by the number of shares outstanding (after deduction of treasury shares).

Note 57.7: Key performance indicators according to the EPRA principles

Aedifica supports reporting standardisation, which has been designed to improve the quality and comparability of information. The Company supplies its investors with most of the information recommended by EPRA (in the EPRA chapter of the Annual Financial Report). The following indicators are considered as APM:

- Aedifica uses EPRA Earnings* to comply with the EPRA’s recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS. It represents the profit (attributable to owners of the Parent) after corrections recommended by the EPRA. In Aedifica’s case, the EPRA Earnings* corresponds perfectly to the result excl. changes in fair value, which was previously used in Aedifica’s financial communication. The EPRA Earnings* is calculated in Note 26 (in accordance with the Aedifica model) and in the EPRA chapter of the Annual Financial Report (in accordance with the model recommended by EPRA).
- Aedifica uses EPRA NAV* to comply with the EPRA’s recommendations; however, this performance measure is not defined under IFRS. It represents the line “equity attributable to owners of the parent” after corrections recommended by the EPRA. It is calculated in the EPRA chapter of the Annual Financial Report.
- Aedifica uses EPRA NNAV* to comply with the EPRA’s recommendations; however, this performance measure is not defined under IFRS. It represents the line “equity attributable to owners of the parent” after corrections recommended by the EPRA. It is calculated in the EPRA chapter of the Annual Financial Report.
- Aedifica uses EPRA Cost Ratio (including direct vacancy costs)* and EPRA Cost Ratio (excluding direct vacancy costs)* to comply with the EPRA’s recommendations; however, these performance measures are not defined under IFRS. They represent globalised operational costs as recommended by the EPRA. The EPRA Cost Ratios* are calculated in the EPRA chapter of the Annual Financial Report.

1.7 Auditor's Report



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Independent auditor's report to the general meeting of Aedifica SA for the year ended 30 June 2017

As required by law and the Company's by-laws, we report to you as statutory auditor of Aedifica SA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of the financial position as at 30 June 2017, the consolidated statement of the realized and un-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2017 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 24 October 2014, in accordance with the proposal by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 30 June 2017. We performed the audit of the Consolidated Financial Statements of the Group during 6 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Aedifica SA, which consist of the consolidated statement of the financial position as at 30 June 2017, the consolidated statement of the realized and un-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2017 and the disclosures, which show a consolidated balance sheet total of € 1.570.122 thousand and of which the consolidated income statement shows a profit for the year of € 63.358 thousand (attributable to owners of the parent).

In our opinion, the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 30 June 2017, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the section "Our responsibilities for

the audit of the consolidated financial statements" of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of the investment properties

- Description of the matter and audit risk:

Investment property amounts to a significant part (98%) of the assets of the Group.

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In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement. The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being based on unobservable data (discount rate, future occupancy rate, ...).

▸ Summary of audit procedures performed

As external appraisers carry out an estimate of the fair value of the investment properties of the Group, we have assessed their valuation reports (with the support of real estate valuation specialists of our firm). More precisely, we have:

- assessed the objectivity, the independence and the competence of the external appraisers,
- tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations,
- reviewed the models, assumptions and parameters used in their reports (discount rates, future occupancy rates, ...).

Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 29 of the consolidated accounts.

Valuation of financial instruments

▸ Description of the matter and audit risk:

Aedifica uses interest rate swaps (IRS) and options (caps) to hedge its interest rate risk on its variable rate debts. The measurement of the derivatives at fair value is an important source of volatility of the result and/or the shareholders' equity. As a matter of fact, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements except for some IRS for which the Company applies hedge accounting ("cash-flow hedging"), which allows to record most of the changes in fair value in the caption C.d of the shareholders' equity ("Reserve for the balance of changes in fair value of authorized hedging instruments qualifying for

hedge accounting as defined under IFRS"). The audit risk appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting.

▸ Summary of audit procedures performed

We have compared the fair values of the derivatives with the values communicated by the counterparties and the credit risk adjustments calculated by an external specialist. We have assessed the assumptions and the calculations performed by this external specialist. Regarding the correct application of hedge accounting, we have reviewed the effectiveness tests performed by the external specialist involved by the Company and we have compared the volume of derivatives subject to hedge accounting with the volume of the variable rate debts projected on the future accounting years in order to identify any potential overhedging which could potentially jeopardize the application of hedge accounting.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in note 33 of the consolidated accounts,

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility includes: designing, implementing and maintaining internal control which the Board of Directors determines to be necessary to enable the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.



Audit report dated 4 September 2017 on the consolidated Annual Accounts of Aedifica SA as of and for the year ended 30 June 2017 (continued)

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Directors' use of the going-concern basis of

accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;

- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report, as well as compliance with certain requirements of the Belgian Companies Code and to report any matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies.

Independence matters

We have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and we have remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

Other communications

- This report is consistent with our additional report to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 4 September 2017

Ernst & Young Réviseurs d'Entreprises SCRL
Statutory auditor
Represented by



Jean-François Hubin
Partner*
*Acting on behalf of a SPRL

18JFH0017

2. Abridged Statutory Financial Statements 2016/2017

The Abridged Statutory Financial Statements of Aedifica SA, prepared under IFRS, are summarised below in accordance with Article 105 of Belgian Companies Code.

The unabridged Statutory Financial Statements of Aedifica SA, its Board of Directors' Report and its Auditors' Report will be registered at the National Bank of Belgium within the legal deadlines. They will also be available for free on the Company's website (www.aedifica.be) or on request at the Company's headquarters.

The statutory auditor released an unqualified opinion on the Statutory Financial Statements of Aedifica SA.

Abridged Statutory Income Statement

Year ending on 30 June (x €1,000)	2017	2016
I. Rental income	61,108	53,438
II. Writeback of lease payments sold and discounted	0	0
III. Rental-related charges	-53	-34
Net rental income	61,055	53,404
IV. Recovery of property charges	38	25
V. Recovery of rental charges and taxes normally paid by tenants on let properties	2,211	1,847
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0
VII. Rental charges and taxes normally paid by tenants on let properties	-2,211	-1,847
VIII. Other rental-related income and charges	-917	-1,454
Property result	60,176	51,975
IX. Technical costs	-1,244	-1,118
X. Commercial costs	-567	-584
XI. Charges and taxes on unlet properties	-165	-119
XII. Property management costs	-937	-1,032
XIII. Other property charges	-927	-1,197
Property charges	-3,840	-4,050
Property operating result	56,336	47,925
XIV. Overheads	-7,732	-6,275
XV. Other operating income and charges	1,860	997
Operating result before result on portfolio	50,464	42,647
XVI. Gains and losses on disposals of investment properties	1,485	731
XVII. Gains and losses on disposals of other non-financial assets	0	0
XVIII. Changes in fair value of investment properties	9,434	12,637
XIX. Other result on portfolio	-1,211	1,046
Operating result	60,172	57,061
XX. Financial income	7,561	2,543
XXI. Net interest charges	-14,323	-11,938
XXII. Other financial charges	-1,212	-1,067
XXIII. Changes in fair value of financial assets and liabilities	6,075	-5,590
Net finance costs	-1,899	-16,052
Profit before tax (loss)	58,273	41,009
XXIV. Corporate tax	-1,233	-668
XXV. Exit tax	0	0
Tax expense	-1,233	-668
Profit (loss)	57,040	40,341
Basic earnings per share (€)	3.74	2.86
Diluted earnings per share (€)	3.74	2.86

Abridged Statutory Statement of Comprehensive Income

Year ending on 30 June (€)	2017	2016
I. Profit (loss)	57,040	40,341
II. Other comprehensive income recyclable under the income statement		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	0
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	7,276	-3,893
H. Other comprehensive income, net of taxes	0	0
Comprehensive income	64,316	36,448

Abridged Statutory Balance Sheet

ASSETS Year ending on 30 June (x €1,000)	2017	2016
I. Non-current assets		
A. Goodwill	1,856	1,856
B. Intangible assets	221	119
C. Investment properties	1,145,673	986,575
D. Other tangible assets	1,611	1,623
E. Non-current financial assets	313,629	91,869
F. Finance lease receivables	0	0
G. Trade receivables and other non-current assets	0	0
H. Deferred tax assets	0	0
Total non-current assets	1,462,990	1,082,042
II. Current assets		
A. Assets classified as held for sale	4,440	807
B. Current financial assets	0	0
C. Finance lease receivables	0	0
D. Trade receivables and other non-current assets	4,444	3,719
E. Tax receivables and other current assets	19,314	29,495
F. Cash and cash equivalents	3,087	3,551
G. Deferred charges and accrued income	763	923
Total current assets	32,048	38,495
TOTAL ASSETS	1,495,038	1,120,537

EQUITY AND LIABILITIES	2017	2016
Year ending on 30 June (x €1,000)		
EQUITY		
A. Capital	459,231	364,467
B. Share premium account	287,194	155,509
C. Reserves	74,810	56,986
<i>a. Legal reserve</i>	0	0
<i>b. Reserve for the balance of changes in fair value of investment properties</i>	126,720	107,923
<i>c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties</i>	-24,415	-20,032
<i>d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS</i>	-16,418	-23,560
<i>e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS</i>	-23,712	-18,256
<i>h. Reserve for treasury shares</i>	0	0
<i>k. Reserve for deferred taxes on investment properties located abroad</i>	-213	110
<i>m. Other reserves</i>	0	0
<i>n. Result brought forward from previous years</i>	12,848	10,801
D. Profit (loss) of the year	57,040	40,341
TOTAL EQUITY	878,275	617,303
LIABILITIES		
I. Non-current liabilities		
A. Provisions	0	0
B. Non-current financial debts		
a. Borrowings	525,520	413,215
C. Other non-current financial liabilities	33,787	46,055
a. Authorised hedges	33,787	46,055
b. Other	0	0
D. Trade debts and other non-current debts	0	0
E. Other non-current liabilities	0	0
F. Deferred taxes liabilities	3,051	213
Non-current liabilities	562,358	459,483
II. Current liabilities		
A. Provisions	0	0
B. Current financial debts		
a. Borrowings	31,754	31,027
C. Other current financial liabilities	0	0
D. Trade debts and other current debts		
a. Exit tax	206	143
b. Other	18,513	8,099
E. Other current liabilities	0	0
F. Accrued charges and deferred income	3,932	4,482
Total current liabilities	54,405	43,751
TOTAL LIABILITIES	616,763	503,234
TOTAL EQUITY AND LIABILITIES	1,495,038	1,120,537

Abridged Statutory Statement of Changes in Equity

Year ending on 30 June (x €1,000)	2015	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2016
Capital	360,633	1	3,833	0	0	0	0	364,467
Share premium account	151,388	0	4,121	0	0	0	0	155,509
Reserves	43,285	0	0	0	-3,893	17,594	0	56,986
<i>a. Legal reserve</i>	0	0	0	0	0	0	0	0
<i>b. Reserve for the balance of changes in fair value of investment properties</i>	93,599	0	0	0	0	14,325	-1	107,923
<i>c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties</i>	-20,032	0	0	0	0	0	0	-20,032
<i>d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS</i>	-19,667	0	0	0	-3,893	0	0	-23,560
<i>e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS</i>	-18,718	0	0	0	0	461	1	-18,256
<i>h. Reserve for treasury shares</i>	0	0	0	0	0	0	0	0
<i>k. Reserve for deferred taxes on investment properties located abroad</i>	244	0	0	0	0	-134	0	110
<i>m. Other reserves</i>	0	0	0	0	0	0	0	0
<i>n. Result brought forward from previous years</i>	7,859	0	0	0	0	2,942	0	10,801
Profit (loss)	39,444	0	0	0	40,341	-39,444	0	40,341
TOTAL EQUITY	594,750	1	7,954	0	36,448	-21,850	0	617,303

Year ending on 30 June (x €1,000)	2016	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2017
Capital	364,467	90,002	4,762	0	0	0	0	459,231
Share premium account	155,509	124,437	7,248	0	0	0	0	287,194
Reserves	56,986	0	0	0	7,276	10,548	0	74,810
<i>a. Legal reserve</i>	0	0	0	0	0	0	0	0
<i>b. Reserve for the balance of changes in fair value of investment properties</i>	107,923	0	0	0	0	18,797	0	126,720
<i>c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties</i>	-20,032	0	0	0	0	-4,382	-1	-24,415
<i>d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS</i>	-23,560	0	0	0	7,276	-135	1	-16,418
<i>e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS</i>	-18,256	0	0	0	0	-5,456	0	-23,712
<i>h. Reserve for treasury shares</i>	0	0	0	0	0	0	0	0
<i>k. Reserve for deferred taxes on investment properties located abroad</i>	110	0	0	0	0	-324	1	-213
<i>m. Other reserves</i>	0	0	0	0	0	0	0	0
<i>n. Result brought forward from previous years</i>	10,801	0	0	0	0	2,048	-1	12,848
Profit (loss)	40,341	0	0	0	57,040	-40,341	0	57,040
TOTAL EQUITY	617,303	214,439	12,010	0	64,316	-29,793	0	878,275

Abridged Statutory Appropriation Account

PROPOSED APPROPRIATION	2017	2016
Year ending on 30 June (x €1,000)		
A. Profit (loss)	57,040	40,341
B. Transfer to/from the reserves	15,000	8,501
1. Transfer to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	7,408	18,066
- previous fiscal years	0	0
- disposals of investment properties	1,485	731
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	815	-4,382
3. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (-)		
- fiscal year	0	-135
- previous years	0	0
4. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (+)		
- fiscal year	22	0
- previous years	0	0
5. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (-)		
- fiscal year	0	-5,456
- previous years	0	0
6. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (+)		
- fiscal year	6,053	0
- previous years	0	0
7. Transfer to/from the reserve of the balance of currency translation differences on monetary assets and liabilities (-/+)	0	0
8. Transfer to the reserve of the fiscal latencies related to investment properties abroad (-/+)	-783	-324
9. Transfer to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	0	0
11. Transfer to/from the result carried forward of the previous years (-/+)	0	0
C. Remuneration of the capital provided in article 13, § 1, para. 1	33,642	25,778
D. Remuneration of the capital - other than C	836	4,014
Result to be carried forward	7,562	2,048
SHAREHOLDERS' EQUITY THAT CAN NOT BE DISTRIBUTED ACCORDING TO ARTICLE 617 OF THE COMPANY CODE	2017	2016
(x €1,000)		
Paid-up capital or, if greater, subscribed capital (+)	459,231	364,467
Share premium account unavailable for distribution according to the Articles of Association (+)	287,194	155,509
Reserve for positive balance of changes in fair value of investment properties (+)	135,613	126,721
Reserve for the estimated transaction costs resulting from hypothetical disposal of investment properties (-)	-23,600	-24,415
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS (+/-)	-16,396	-23,695
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS (+/-)	-17,659	-23,712
Reserve of the balance of currency translation differences on monetary assets and liabilities (+)	0	0
Reserve for foreign exchange differences linked to conversion of foreign operations (+/-)	0	0
Reserve for the balance of changes in fair value of financial assets available for sale (+/-)	0	0
Reserve for actuarial differences of defined benefits pension plans (+)	0	0
Reserve of the fiscal latencies related to investment properties abroad (+)	0	-213
Reserve of the received dividends aimed at the reimbursement of financial debts (+)	0	0
Other reserves declared as non-distributable by the general meeting (+)	0	0
Legal reserve (+)	0	0
Shareholders' equity that cannot be distributed according to Article 617 of the Company Code	824,383	574,662
Net asset	878,275	617,303
Dividend to be paid out	-34,478	-29,793
Net asset after distribution	843,797	587,510
Headroom after distribution	19,414	12,848

Standing Documents

1. General information

1.1 Company name (Article 1 of the Articles of Association)

The legal form of the Company is that of a public limited liability company with the name “Aedifica”.

The Company is a Public Regulated Real Estate Company (“PRREC”), subject to the Belgian Act of 12 May 2014 on Regulated Real Estate Companies (the “Act”) as well as the Royal Decree of 13 July 2014 on Regulated Real Estate Companies (the “Royal Decree”) (hereafter together “the RREC legislation”).

The name of the Company and all documents that it issues must include a reference to it being a Regulated Real Estate Company under Belgian law, either written out in full as “openbare gereguleerde vastgoedvennootschap naar Belgisch recht” / “société immobilière réglementée publique de droit belge” (“public regulated real estate company under Belgian law”) or abbreviated as “openbare GVV naar Belgisch recht” or “OGGV naar Belgisch recht” / “SIRP publique de droit belge” or “SIRP de droit belge” (“public RREC under Belgian law”), or be immediately followed by these words.

The Company has made a public call on savings within the meaning of Article 438 of the Belgian Companies Code.

1.2 Registered and administrative offices (Article 2 of the Articles of Association)

The registered and administrative office is located at Avenue Louise/Louizalaan 331-333, 1050 Brussels.

The registered office may be moved to any other place in Belgium, subject to compliance with the language legislation in administrative affairs, by means of a simple resolution of the board of directors, which is authorised to have the ensuing amendment to the articles of association recorded in an officially certified deed.

The company may establish administrative offices, branches or agencies, both in Belgium and abroad by means of a simple resolution of the board of directors, insofar as it keeps its central administration in Belgium.

1.3 Constitution, legal form and publication

Aedifica was set up as a limited liability company incorporated under Belgian law (Société Anonyme/Naamloze Vennootschap) by Degroof Bank SA and GVA Finance SCA, by deed enacted on 7 November 2005 by Notary Bertrand Nerinx, Notary in Brussels, published in the annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of 23 November 2005, under number 20051123/05168061.

Aedifica was recognised as a Belgian REIT by the Commission Bancaire, Financière et des Assurances (CBFA), which became the FSMA, on 8 December 2005. Aedifica was recognised as a RREC by the FSMA on 17 October 2014.

1.4 Registry of Legal Entities

The Company is entered in the Brussels Registry of Legal Entities (R.L.E., or “R.P.M.” in French / “R.P.R.” in Dutch) under No. 0877.248.501.

1.5 Duration (Article 5 of the Articles of Association)

The Company is incorporated for an indefinite duration.

1.6 Purpose (Article 3 of the Articles of Association)

The Company's sole purpose is:

- (a) to make immovable property available to users, directly or through a company in which it holds a participation in accordance with the provisions of the Act and its implementing decrees and regulations; and
- (b) within the limits set out in the Act, to possess real estate as specified in article 2,5°, vi to x of the Act.

The notion real estate is to be understood as “real estate” within the meaning of the RREC legislation.

In the context of making available immovable property, the company can carry out all activities relating to the construction, conversion, renovation, development, acquisition, disposal, administration and exploitation of immovable property.

As an additional or temporary activity, the company may invest in securities that are not real estate within the meaning of the RREC legislation, insofar as these securities may be traded on a regulated market. These investments will be made in accordance with the risk management policy adopted by the company and will be diversified so as to ensure an appropriate risk diversification. It may also hold non-allocated liquid assets in all currencies, in the form of a call or term deposit or in the form of any monetary instrument that can be traded easily.

The Company may moreover carry out hedging transactions, insofar as the latter's exclusive purpose is to cover interest rate and exchange rate risks within the context of the financing and administration of the real estate of the company, to the exclusion of any speculative transactions.

The Company may lease out or take a lease on (under finance leases) one or more immovable properties. Leasing out (under finance leases) immovable property with an option to purchase may only be carried out as an additional activity, unless the immovable properties are intended for purposes of public interest, including social housing and education (in this case, the activity may be carried out as main activity).

The Company may carry out all transactions and studies relating to all immovable property as described above, and may perform all acts relating to immovable property, such as purchase, refurbishment, laying out, letting, furnished letting, subletting, management, exchange, sale, parcelling, placing under a system of co-ownership, and have dealings with all enterprises with a corporate purpose that is similar to or complements its own by way of merger or otherwise, insofar as these acts are permitted under the RREC legislation and, generally, perform all acts that are directly or indirectly related to its purpose.

1.7 Prohibitions (Article 4 of the Articles of Association)

The Company may not:

- act as a real estate promotor within the meaning of the RREC legislation, with the exception of occasional transactions;
- participate in a firm underwriting or guarantee syndicate;
- lend stock, with the exception of loans which are carried out in accordance with the provisions and under the conditions of the royal decree of 7 March 2006;
- acquire stock which is issued by a company or a private law association which has been declared bankrupt, has entered into an amicable settlement with its creditors, is the subject of a corporate reorganisation, has received a suspension of payment or which has been the subject of similar measures in another country.

1.8 Financial year (Article 28 of the Articles of Association)

The financial year commences on the **1st July** of each year and ends on the **30th June** of the following year. At the end of each financial year, the Board of Directors draws up an inventory and the annual accounts.

The annual and half-year financial reports of the Company, which contain its consolidated accounts and the statutory auditor's report, are made available to the shareholders, in accordance with the provisions that apply to issuers of financial instruments that are admitted to trading on a regulated market. The annual and half-year financial reports of the Company and the annual accounts are published on the Company's website. The shareholders are entitled to obtain a free copy of the annual and half-year financial reports at the registered office.

The Board of Directors then prepares a report, called "Board of Directors' Report", in which it reports its management. The statutory auditor writes, for the ordinary general meeting, a detailed report called "Auditor's Report".

1.9 General meetings (Article 19 and 20 of the Articles of Association)

The ordinary general meeting will be held at **3pm on the fourth Friday of October**.

If this day is a public holiday, the meeting will be held at the same time on the next business day, except if the next day is a Saturday or Sunday. Ordinary or extraordinary general meetings are held at the venue specified in the meeting notice. A general meeting must be convened by the Board of Directors whenever shareholders representing one-fifth of the capital request it to do so. One or more shareholders who jointly hold at least 3 % of the share capital may, subject to the conditions laid down by the Belgian Companies Code, also ask to add items to the agenda of general meetings and submit proposals for resolutions relating to items included or to be included on the agenda. Meeting notices are drawn up and distributed in accordance with the applicable provisions of the Belgian Companies Code.

1.10 Accredited statutory auditor

The statutory auditor of the Company, accredited by the Financial Services and Markets Authority (FSMA), is Ernst & Young Réviseurs d'Entreprises SCCRL, represented by Jean-François Hubin, Partner, located at 2 De Kleetlaan in 1831 Diegem.

The statutory auditor has an unlimited right of supervision over the operations of the Company.

The accredited statutory auditor was appointed for a 3-year period by the Ordinary General Meeting on 24 October 2014, and receives an indexed audit fee of €29,100 excluding VAT per year for auditing the consolidated and statutory annual accounts.

1.11 Real estate expert

To avoid conflicts of interest, Aedifica's real estate portfolio is assessed by four independent real estate experts, namely:

- de Crombrughe & Partners SA, represented (within the meaning of Article 24 of the RREC Act) by Mr Michaël Zapatero and Ms Karen Cox, with its registered office is located in Avenue Hermann Debroux 54 in 1160 Brussels.
- Stadim SCRL, represented (within the meaning of Article 24 of the RREC Act) by Mr Dave Verbist and Ms Katrien Van Grieken, with its registered office is located in Uitbreidingstraat 10-16 in 2018 Antwerpen.
- CBRE GmbH, represented (within the meaning of Article 24 of the RREC Act) by Mr Sandro Höselbarth and Mr Tim Schulte, with its registered office is located in Hausvogteiplatz 10 in 10117 Berlin.
- DTZ Zadelhoff VOF, represented (within the meaning of Article 24 of the RREC Act) by Mr Paul Smolenaers and Mr Fabian Pouwelse, with its registered office is located in Gustav Mahlerlaan 362-364 in 1082 ME Amsterdam.

According to the RREC legislation, the experts assess the entire portfolio every quarter and their assessment is recognised as the carrying amount ("fair value") of the buildings on the balance sheet.

Since 1 January 2011, the expert fee excluding VAT is determined as a fixed amount per type of property appraised.

Valuation methodology

The valuations are established on the basis of several widely used methodologies:

- Application of a capitalisation rate to the estimated rental value adapted for actual deviations as regards rental income and operating expenses on a going concern basis.
- Computation of the present value of future cash flows based on assumptions regarding future income (DCF method) and the exit value. The discount factor takes into account the interest rate on financial market as well as a risk premium specific to real estate investments. The impact of expected changes in inflation and interest rates is hence embedded in a conservative way in this evaluation.
- These assessments are also tested by reference to unit prices recorded when similar properties are sold, taking into account deviations arising from differences in the characteristics of the property.
- Development projects (constructions, renovations, extensions) are valued by deducting the costs upon completion of the projects from the anticipated value determined by applying the abovementioned methodologies. Costs incurred in the preliminary phase of construction, renovation or extension projects are considered at their historical value.

1.12 Financial services

Aedifica has established financial service conventions with the two following banks:

- Bank Degroof SA, located rue Guimard 18 in 1040 Brussels ("main paying agent" and share depository for the general meetings);
- KBC Bank SA, located avenue du Port 2 in 1080 Brussels (share depository for the general meetings).

The remuneration of the financial service is almost entirely based on the amount of the distributed dividend. It amounted to €70 thousand for the 2016/2017 financial year (€40 thousand for the 2015/2016 financial year).

1.13 Places at which documents are available to the public

The Company's Articles of Association are available at the Commercial Court of Brussels and on the Company's website (www.aedifica.be).

The statutory and consolidated accounts of the Aedifica Group are registered at the National Bank of Belgium, in accordance with the related legal provisions. The decisions regarding the nomination and the dismissal of the members of the Board of Directors are published in the annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad). The convening of general meetings is published in the annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) and in two financial dailies.

These meeting notices and all documents related to the general meetings are simultaneously available on the Company's website (www.aedifica.be). All press releases, annual and semi-annual reports, as well as all financial information published by the Aedifica Group are available on the Company's website (www.aedifica.be).

The Auditor's Report and the real estate experts' report are available in the Annual Financial Reports provided on the Company's website (www.aedifica.be).

During the period of validity of the registration document, the following documents are available in print at the Company's headquarters, or electronically at www.aedifica.be:

- The Articles of Association of Aedifica;
- All reports, letters and other documents, historical financial information, valuation and declarations established by an expert at the request of Aedifica, for which a part is included or referred in the registration document;
- The historical financial information of Aedifica and its subsidiaries for the two years preceding the publication of the registration document.

1.14 Investors' profile

Given the specific legal regime of RRECs, and in particular residential RRECs, the Aedifica shares can present an interesting investment for both private investors and institutional investors.

1.15 Historical financial information referred by reference

The Annual Financial Reports (which include the Consolidated Financial Statements -with an abridged version of the Statutory Accounts-, the Consolidated Board of Directors' Report, the Auditor's Report, the Property Report), the interim statements, the semi-annual reports, the description of the financial situation, the information regarding the related-parties, and the historical information regarding the subsidiaries of Aedifica, for the 2012/2013, 2013/2014, 2014/2015 and 2015/2016 financial years are included by reference in this Annual Financial Report and are available at the headquarters of Aedifica. These can also be downloaded from the Company's website (www.aedifica.be).

1.16 Significant change of the financial or trading situation

No significant change in the Group's financial or trading situation has occurred since the end of last financial year for which audited financial statements or half-year statements have been published.

1.17 Actions necessary to change the rights of the shareholders

The modification of shareholders' rights can only be done within the framework of an extraordinary general meeting, in accordance with Articles 558 and 560 of the Belgian Companies Code. The document containing the information on the rights of the shareholders referred to in Articles 533ter and 540 of the Belgian Companies Code can be downloaded from the Company's website (www.aedifica.be).

1.18 Strategy or factors of governmental, economical, budgetary, monetary or political nature which have substantially influenced, directly or indirectly, Aedifica's operations

Refer to chapter on "Risks factors" within this Annual Financial Report.

1.19 History and evolution of the Company - important events in the development of Aedifica's activities

In addition to paragraph 1.3 above, the history of Aedifica was marked by its IPO on 23 October 2006 (see the chapter "Aedifica in the stock market"), and by numerous acquisitions of real estate assets that have occurred since its creation (detailed in the occasional press releases, in the periodic press releases and in the annual and half-year financial reports available on the Company's website) and that led to the formation of an investment properties portfolio of approx. €1.5 billion.

1.20 Rights to vote of the main shareholders

Voting rights for Aedifica's main shareholders are no different from those that arise from their share in the share capital.

2. Declarations

Persons responsible (Royal Decree 14 November 2007)

Mr. Serge Wibaut, Chairman of the Board of Directors of Aedifica SA, and Mr. Stefaan Gielens, CEO of Aedifica SA, declare for and on behalf of Aedifica SA, that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and results of Aedifica SA and the businesses included in the consolidation;
- the Board of Directors' Report contains an accurate account of the development of the business, results and situation of Aedifica SA and businesses included in the consolidation, and a description of the main risks and uncertainties they face.

Information from third parties

Aedifica SA declares that the information provided by the real estate experts and by the accredited statutory auditor have been faithfully reproduced and included with their consent. As far as Aedifica SA knows and is able to assure, in the light of data published by these third parties, no facts have been omitted that might render the information reproduced incorrect or misleading.

Forecast information

This report contains forecast information. This information is based on Company's estimates and projections and is, by its nature, subject to risks, uncertainties and other factors. Consequently, the results, financial situation, performance and figures, expressed or implicitly communicated, may differ substantially from those mentioned or suggested by the forecast information. Taking into account these uncertain factors, statements regarding future developments cannot be interpreted as a guarantee in any way.

Proceedings and arbitration procedures

The Board of Directors of Aedifica SA declares that there exists no government intervention, proceeding or arbitration procedure that may have a significant influence, or may have had such an influence in the recent past, on the financial position or profitability of Aedifica SA and that, as far as is known, there are no situations or facts that could give rise to such government intervention, proceeding or arbitration procedure.

Declaration concerning the Directors and the members of the Management Committee

The Board of Directors declares that, to the best of its knowledge:

- none of the Directors and none of the members of the Management Committee has ever been convicted for a fraud-related offence, that no official and/or public accusation has been expressed against one of them by statutory or regulatory authorities (including designated professional bodies) for at least the previous five years;
- none of the Directors and none of the members of the Management Committee has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
- none of the Directors and none of the members of the Management Committee has been involved in any bankruptcies, receiverships or liquidations for at least the previous five years, with the exception of the following:
 - SA Insumat (permanently represented by Ms. Sophie Maes) is one of the directors of SA Gindac. SA Gindac was as of 26 June 2013 one of the directors of SA Afinco – in which SA Gindac held a participation – and has since then been represented permanently by Ms. Sophie Maes. Following a judicial reorganisation proceeding through a transfer under judicial authority, SA Afinco was declared bankrupt as of 29 January 2015;
 - Ms. Laurence Gacoin was co-partner and co-manager of SPRL Fides CapMan. This company was voluntarily dissolved and liquidated on 7 May 2015;
- no employment contract has been concluded with the non-executive directors, which provides for the payment of indemnities upon termination of the employment contract. However, there exists a (management) agreement between the Company and the Executive Manager(s) and members of the Management Committee providing for such indemnities;
- no Director or member of the Management Committee holds shares of the Company, except for Mr. Stefaan Gielens (6,548 shares), Mr. Jean Kotarakos (5,473 shares), Ms. Laurence Gacoin (586 shares), Ms. Sarah Everaert (580 shares), Ms. Adeline Simon (2,163 shares jointly-owned, bare-ownership and management contract) ;
- no option on the Company's shares has been given to date;
- no family ties exist between the Directors and/or members of the Management Committee.

3. Share capital

Date	Description	Amount of capital (€)	Number of shares
7 November 2005	Initial capital paid up by Degroof Bank and GVA Finance	2,500,000.00	2,500
		2,500,000.00	2,500
29 December 2005	Contribution in cash	4,750,000.00	4,750
	Merger of "Jacobs Hotel Company SA"	100,000.00	278
	Merger of "Oude Burg Company SA"	3,599,587.51	4,473
	Transfer of reserves to capital	4,119,260.93	
	Capital decrease	-4,891,134.08	
		10,177,714.36	12,001
23 March 2006	Merger of "Sablon-Résidence de l'Europe SA"	1,487,361.15	11,491
	Merger of "Bertimo SA"	1,415,000.00	3,694
	Merger of "Le Manoir SA"	1,630,000.00	3,474
	Merger of "Ophi SA"	800,000.00	2,314
	Merger of "Services et Promotion de la Vallée (SPV) SA"	65,000.00	1,028
	Merger of "Emmane SA"	2,035,000.00	5,105
	Merger of "Ixelinvest SA"	219.06	72
	Merger of "Imfina SA"	1,860.95	8
	Contribution in kind of the business of "Immo SA"	908,000.00	908
	Contribution in kind (Lombard 32)	2,500,000.00	2,500
	Contribution in kind (Laeken complex - Pont Neuf and Lebon 24-28)	10,915,000.00	10,915
		31,935,155.52	53,510
24 May 2006	Contribution in kind (Louise 331-333 complex)	8,500,000.00	8,500
		40,435,155.52	62,010
17 August 2006	Contribution in kind (Laeken 119 and 123-125)	1,285,000.00	1,285
	Partial demerger of "Financière Wavrienne SA"	5,400,000.00	5,400
	Mixed demerger of "Château Chenois SA"	123,743.15	14,377
	Merger of "Medimmo SA"	1,000,000.00	2,301
	Merger of "Cledixa SA"	74,417.64	199
	Merger of "Société de Transport et du Commerce en Afrique SA"	62,000.00	1,247
	Mixed merger of "Hôtel Central & Café Central SA"	175,825.75	6,294
		48,556,142.06	93,113
26 September 2006	Split by 25 of the number of shares	48,556,142.06	2,327,825
	Contribution in kind (Rue Haute and Klooster Hotel)	11,350,000.00	283,750
		59,906,142.06	2,611,575
3 October 2006	Contribution in cash	23,962,454.18	1,044,630
		83,868,596.24	3,656,205
27 March 2007	Contribution in kind (Auderghem 237, 239-241, 266 et 272, Platanes 6 and Winston Churchill 157)	4,911,972.00	105,248
		88,780,568.24	3,761,453
17 April 2007	Merger of "Legrand CPI SA"	337,092.73	57,879
	Contribution in kind (Livourne 14, 20-24)	2,100,000.00	44,996
		91,217,660.97	3,846,328
28 June 2007	Partial demerger of "Alcasena SA"	2,704,128.00	342,832
	Contribution in kind (Plantin Moretus)	3,000,000.00	68,566
		96,921,788.97	4,275,726
30 November 2007	Partial demerger of "Feninvest SA"	1,862,497.95	44,229
	Partial demerger of "Résidence du Golf SA"	5,009,531.00	118,963
		103,793,817.92	4,438,918
30 July 2008	Partial demerger of "Famifamenne SA"	2,215,000.00	50,387
	Partial demerger of "Rouimmo SA"	1,185,000.00	26,956
		107,193,817.92	4,516,261
30 June 2009	Contribution in kind (Gaerveld service flats)	2,200,000.00	62,786
		109,393,817.92	4,579,047

30 December 2009	Contribution in kind (Freesias)	4,950,000.00	129,110
		114,343,817.92	4,708,157
30 June 2010	Partial demerger of "Carbon SA", "Eburon SA", "Hotel Ecu SA" and "Eurotel SA"	11,239,125.00	273,831
	Partial demerger of "Carlinvest SA"	2,200,000.00	51,350
		127,782,942.92	5,033,338
15 October 2010	Contribution in cash	51,113,114.26	2,013,334
		178,896,057.18	7,046,672
8 April 2011	Contribution in kind (Project Group Hermibouw)	1,827,014.06	43,651
		180,723,071.24	7,090,323
29 June 2011	Merger of "IDM A SA"	24,383.89	592
		180,747,455.13	7,090,915
5 October 2011	Contribution in kind of the shares of "SIRACAM SA"	3,382,709.00	86,293
		184,130,164.13	7,177,208
12 July 2012	Mixed demerger of "S.I.F.I. LOUISE SA"	800,000.00	16,868
		184,930,164.13	7,194,076
7 December 2012	Capital increase through contribution in cash	69,348,785.78	2,697,777
		254,278,949.91	9,891,853
24 June 2013	Merger of limited liability company "Terinvest"	10,398.81	8,622
	Merger of limited partnership "Kasteelhof-Futuro"	3,182.80	3,215
		254,292,531.52	9,903,690
12 June 2014	Contribution in kind (Binkom)	12,158,952.00	258,475
		266,451,483.52	10,162,165
30 June 2014	Contribution in kind (plot of land in Tienen)	4,000,000.00	86,952
		270,451,483.52	10,249,117
24 November 2014	Optional dividend	5,763,329.48	218,409
		276,214,813.00	10,467,526
4 December 2014	Partial demerger of "La Réserve Invest SA"	12,061,512.94	457,087
		288,276,325.94	10,924,613
29 June 2015	Capital increase through contribution in cash	82,364,664.56	3,121,318
		370,640,990.50	14,045,931
2 October 2015	Contribution in kind (plot of land in Opwijk)	523,955.84	19,856
		371,164,946.34	14,065,787
17 December 2015	Contribution in kind (Prinsenhof)	2,748,340.46	104,152
		373,913,286.80	14,169,939
24 March 2016	Contribution in kind (plot of land in Aarschot Poortvelden)	582,985.31	22,093
		374,496,272.11	14,192,032
2 December 2016	Optional dividend	3,237,042.22	122,672
		377,733,314.33	14,314,704
8 December 2016	Contribution in kind (Jardins de la Mémoire)	1,740,327.12	65,952
		379,473,641.45	14,380,656
28 March 2017	Capital increase through contribution in cash	94,868,410.37	3,595,164
		474,342,051.82	17,975,820

1 Shares without par value.

2 These shares are quoted on the stock market as from 2 November 2016. They enjoy the same rights and benefits as the other listed shares.

3 These shares are quoted on the stock market as from 2 December 2016 and give dividend rights for the entire 2016/2017 financial year. They enjoy the same rights and benefits as the other listed shares.

4 These shares are quoted on the stock market as from 12 December 2016 and give dividend rights for the entire 2016/2017 financial year. They enjoy the same rights and benefits as the other listed shares

5 These shares are quoted on the stock market as from 28 March 2017 and give prorata temporis dividend rights for the 2016/2017 financial year. For the surplus, they enjoy the same rights and benefits as the other listed shares.

4. Extracts from the Articles of Association

4.1 Subscribed and fully paid-up capital (Article 6.1 of the Articles of Association)

The capital amounts to €474,342,051.82 (four hundred seventy-four million, three hundred forty-two thousand, fifty-one and eighty-two cents). It is represented by 17,975,820 (seventeen million, nine hundred seventy-five thousand and eight hundred twenty) shares without nominal value, which each represent 1/17,975,820th (seventeen million, nine hundred seventy-five thousand and eight hundred twentieth) of the capital. These shares are fully subscribed and paid up.

4.2 Acquisition and disposal of treasury shares (Article 6.2 of the Articles of Association)

The Company may acquire its own shares by purchasing them or may accept them in pledge in accordance with the conditions set out in the Belgian Companies Code, provided that notice of the transaction is given to the Financial Services and Markets Authority (FSMA). In accordance with the general meeting resolution of 24 June 2013, two thousand and nine, the Board of Directors is authorised to acquire own shares (which are then called treasury shares), subject to a maximum of 20 % (twenty per cent) of the total number of issued shares, at a unit price that may not be lower than 90 % (ninety per cent) of the average price quoted for the last thirty days of listing of the share on NYSE Euronext Brussels, or higher than 110 % (one hundred and ten per cent) of the average price quoted for the last thirty days of listing of the share on NYSE Euronext Brussels, i.e. a maximum increase or decrease of 10 % (ten per cent) compared to that average price. This authorisation is granted for a renewable period of five years, calculated from the publication of the minutes of the extraordinary general meeting of 24 June 2013, two thousand and nine, in the Annexes to the Belgian State Gazette.

The company may dispose of its treasury shares, on or outside of the stock exchange, under the conditions determined by the Board of Directors and without the prior consent of the general meeting, provided that it observes the applicable market regulations.

The authorisations referred to above also apply to the acquisition and disposal of shares in the company by one or more of its direct subsidiaries, within the meaning of the statutory provisions on the acquisition of shares of a parent company by its subsidiaries.

4.3 Capital increase (Article 6.3 of the Articles of Association)

Every capital increase must take place in accordance with the applicable regulations, i.e. the Belgian Companies Code and the Royal Decree.

(a) Cash contribution

In case of a capital increase by means of a cash contribution pursuant to a general meeting resolution or in the context of the authorised capital as provided for in Article 6.4. and without prejudice to the application of Sections 592 to 598 of the Belgian Companies Code, the preferential subscription right of the shareholders may only be restricted or cancelled if existing shareholders are granted an irreducible right of allocation when new securities are allocated. This irreducible right of allocation must comply with the following conditions as set out in the RREC legislation:

1. it must relate to all newly issued securities;
2. it must be granted to shareholders pro rata to the portion of the capital that is represented by their shares at the time of the transaction;
3. a maximum price for each share must be announced no later than the eve of the opening of the public subscription period;
4. the public subscription period must last for at least three trading days.

Without prejudice to the application of Sections 595 to 599 of the Belgian Companies Code, the irreducible right of allocation does not have to be granted in case of a cash contribution with restriction or cancellation of the preferential subscription right which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, insofar as this is actually made payable to all shareholders.

(b) Contribution in kind

Without prejudice to Sections 601 and 602 of the Belgian Companies Code, the following conditions must be complied with, in accordance with the RREC legislation, in case of a contribution in kind:

1. the identity of the contributor must be mentioned in the Board of Directors' report referred to in Section 602 of the Belgian Companies Code, as well as, if applicable, in the convening notice of the general meeting that is convened for the capital increase;
2. the issue price may not be less than the lowest amount of (a) a net value per share that dates from no more than four months before the date of the contribution agreement, or, at the company's discretion, before the date of the deed effecting the capital increase and (b) the average closing price during the thirty day period prior to that same day.

It is permitted to deduct an amount from the amount referred to in item 2(b) that corresponds to the portion of the undistributed gross dividend to which the new shares would potentially not confer any right, provided that the Board of Directors specifically accounts for the amount of the accumulated dividend to be deducted in its special report and the financial conditions of the transaction are explained in its Annual Financial Report.

3. unless no later than the working day after the execution of the contribution agreement the issue price or, in the case referred to in Article 6.5, the exchange ratio, as well as the relevant terms and conditions are determined and publicly disclosed, including the term within which the capital increase will actually be implemented, the deed effecting the capital increase must be executed within a maximum term of four months; and
4. the report referred to above under item 1° must also explain the impact of the proposed contribution on the position of the existing shareholders, in particular as regards their share in the profit, in the net value per share and in the capital, as well as the impact in terms of voting rights.

This last paragraph will not apply to the contribution of the right to a dividend for the purpose of distributing an optional dividend, insofar as this will actually be made payable to all shareholders.

4.4 Authorised capital (Article 6.4 of the Articles of Association)

The board of directors is authorised to increase the share capital in one or more transactions by a maximum amount of:

1) €374,000,000 if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right,

2) €74,800,000 for any other type of capital increase;

it being understood that the share capital can never be increased within the framework of the authorised capital in excess of €374,000,000 on such dates and in accordance with such terms and conditions as will be determined by the board of directors, in accordance with Section 603 of the Belgian Companies Code.

This authorisation is granted for a renewable period of five years, calculated from the publication of the minutes of the extraordinary general meeting of 28 October 2016, in the Annexes to the Belgian State Gazette.

For each capital increase, the Board of Directors will determine the price, the issue premium (if any) and the terms and conditions of issue of the new securities.

The capital increases that are thus decided on by the Board of Directors may be subscribed to in cash, in kind, or by means of a mixed contribution, or by the incorporation of reserves or by issue premiums, with or without the creation of new securities. These capital increases can also be achieved through the issue of convertible bonds or warrants.

If the capital increases realized within the framework of these authorisations include an issue premium, the amount of this premium, after deduction of any costs, will be allocated to a non-disposable account («share premium account»), which will provide a guarantee for third parties in the same manner as the share capital and which, subject to its incorporation in the capital, can only be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the quorum and majority requirements for capital reductions.

If the capital increase is accompanied by an issue premium, only the amount of the capital increase will be deducted from the remaining available amount of the authorised capital.

The Board of Directors is authorised to restrict or cancel the preferential subscription right of shareholders, including in favour of specific persons who are not employees of the company or one of its subsidiaries, provided that an irreducible right of allocation is granted to the existing shareholders when the new securities are allocated. This irreducible right of allocation must comply with the conditions that are laid down in the RREC legislation and Article 6.3(a) of the Articles of Association. It does not have to be granted in case of a cash contribution for the purpose of distributing an optional dividend, in accordance with Article 6.3(a) of the Articles of Association. Capital increases by means of contributions in kind are carried out in accordance with the conditions of the RREC legislation and the conditions provided for in Article 6.3(a) of the Articles of Association. These contributions may also be based on the dividend right in the context of the distribution of an optional dividend.

The Board of Directors is authorised to record the ensuing amendments to the Articles of Association in an officially certified deed.

4.5 Mergers, de-mergers and equivalent transactions (Article 6.5 of the Articles of Association)

Pursuant to the RREC legislation, the provisions of Article 6.3(b) apply mutatis mutandis to mergers, de-mergers and equivalent transactions as referred to in Sections 671 to 677, 681 to 758 and 772/1 of the Belgian Companies Code.

4.6 Capital increase in a subsidiary with the status of an institutional RREC (Article 6.6 of the Articles of Association)

Pursuant to the RREC legislation, if there is a capital increase in a subsidiary that has the status of an institutional RREC by means of a cash contribution at a price that is 10 % higher or lower than the lowest of (a) a net asset value that dates from no more than four months before the launch of the issue and (b) the average closing price during the thirty calendar day period before the launch date of the issue, the Board of Directors of Aedifica will draw up a report in which it explains the economic justification of the applied discount, the financial consequences of the transaction for the shareholders of Aedifica and the importance of that capital increase for Aedifica. This report and the applied valuation criteria and methods will be explained by the statutory auditor in a separate report. The reports of the Board of Directors and of the statutory auditor will be publicly disclosed no later than the launch date of the issue and, in any event, as soon as the price is established if this occurs earlier, in accordance with Sections 35 et seq. of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments that are admitted to trading on a regulated market.

It is permitted to deduct from the amount referred to in item (b) of the previous paragraph an amount that corresponds to the portion of the undistributed gross dividend to which the new shares would potentially not confer any right, provided that the Board of Directors of Aedifica specifically accounts for the amount of the accumulated dividend to be deducted and explains the financial conditions of the transaction in Aedifica's Annual Financial Report.

If the relevant subsidiary is not listed, the discount referred to in the first paragraph will be calculated solely on the basis of a net value per share that is not more than four months old.

This Article 6.6 does not apply to capital increases that are fully subscribed to by Aedifica or subsidiaries of which the entire capital is held either directly or indirectly by Aedifica.

4.7 Capital reduction (Article 6.6 of the Articles of Association)

The Company may reduce its capital subject to compliance with the relevant statutory provisions.

4.8 Nature of the shares (Article 8 of the Articles of Association)

The shares are registered or dematerialised shares, at the option of the shareholder and within the limits set by law.

Every dematerialised share is represented by an accounting entry in the name of the owner or holder at a recognised account holder or settlement institution.

A register of registered shares is held at the Company's registered office, and may be in electronic form. Every shareholder may consult the register in relation to his shares.

In accordance with the act of 14 December 2005 on the abolition of bearer securities, the shares which were not converted into dematerialised shares or for which no conversion into registered shares has been requested by 1 January 2014 will be automatically converted into dematerialised shares. These shares will be entered into a securities account which is registered to the Company, without the Company thus gaining ownership of these shares. The exercise of the rights attached to these shares is suspended until the shareholder has requested the conversion of the shares and the shares have been registered in his name in the registered shareholders' register or in a securities account held by the Company, a recognised account holder or by a settlement institution.

As of 1 January 2015, the shares of which the owner has not been identified will be offered for sale in accordance with the applicable legislation.

4.9 Other securities (Article 9 of the Articles of Association)

The Company may issue the securities referred to in Section 460 of the Belgian Companies Code, with the exception of profit sharing certificates and similar securities, in compliance with the Belgian Companies Code and the RREC legislation.

4.10 Notification and disclosure of major shareholdings (Article 10 of the Articles of Association)

Every shareholder must notify the Company and the Financial Services and Markets Authority (FSMA) that he possesses voting securities, voting rights or similar financial instruments of the Company, in accordance with the legislation on the disclosure of major shareholdings (the "Transparency Legislation").

The thresholds, which if exceeded (both upwards and downwards) give rise to a notification obligation under the Transparency Legislation, are set at five per cent and multiples of five per cent of the total number of existing voting rights.

Without prejudice to Section 545 of the Belgian Companies Code, nobody may participate in voting at the general meeting of the Company with more voting rights than those associated with the securities that he has given notice of holding at least 20 (twenty) days prior to the date of the general meeting.

4.11 Convening of general meetings (Article 20 of the Articles of Association)

The general meeting is convened by the board of directors.

A general meeting must be convened by the board of directors whenever shareholders representing one-fifth of the capital request it to do so.

One or more shareholders who jointly hold at least 3 % of the share capital may, subject to the conditions laid down by the Belgian Companies Code, also ask to add items to the agenda of general meetings and submit proposals for resolutions relating to items included or to be included on the agenda.

Meeting notices are drawn up and distributed in accordance with the applicable provisions of the Belgian Companies Code.

4.12 Participation in the General Meeting (Article 21 of the Articles of Association)

The right to participate in and vote at a general meeting is only granted on the basis of the registration for accounting purposes of the shares in the shareholder's name by midnight (Belgian time) on the fourteenth day prior to the general meeting (hereinafter: the "record date"), either by their entry in the Company's share register, their entry in the accounts of a recognised account holder or settlement institution, regardless of the number of shares that the shareholder holds on the day of the general meeting.

Owners of registered shares who wish to participate in the meeting must communicate their intention to the Company by means of an ordinary letter, fax or e-mail, to be sent no later than the sixth day prior to the date of the meeting.

Owners of dematerialised shares who wish to participate in the meeting must submit a certificate issued by a financial intermediary or a recognised account holder which indicates with how many dematerialised shares, as entered in the name of the shareholder in his accounts on the record date, the shareholder has indicated that he wishes to participate in the general meeting. This certificate must be filed at the locations mentioned in the meeting notices, no later than the sixth day prior to the date of the general meeting.

4.13 Representation (Article 22 of the Articles of Association)

Every owner of securities may be represented at the general meeting by a proxy holder who may or may not be a shareholder. The shareholder may only designate one person as his proxy holder for any specific general meeting, save for the exceptions set out in the Belgian Companies Code.

The Board of Directors draws up a proxy form.

The proxy must be signed by the shareholder. Notice of the proxy must be given to the Company by means of an ordinary letter, fax or e-mail, in accordance with the terms and conditions laid down by the Board of Directors in the meeting notice. The proxy must reach the Company or the venue indicated in the meeting notice no later than the sixth day prior to the meeting. The person granting the proxy and the proxy holder must comply with the provisions of the Belgian Companies Code in all other respects.

Minors, persons declared incompetent and legal entities must be represented by their statutory representatives or representatives under the Articles of Association.

Co-owners, usufructuaries and bare owners, pledgees and pledgors must in each respective case be represented by one and the same person.

4.14 Voting by letter (Article 23 of the Articles of Association)

Shareholders will be able to vote by letter using a form drawn up by the Company, if the Board of Directors has allowed for this in its meeting notice.

The form must reach the Company no later than the sixth day prior to the date of the meeting.

4.15 Bureau (Article 24 of the Articles of Association)

All general meetings are chaired by the chairman of the Board of Directors or, in his absence, by the managing director or one of the managing directors or, in their absence, by the person designated by the directors in attendance. The chairman designates the secretary.

The meeting elects two vote tellers.

The other members of the Board of Directors complete the bureau.

4.16 Number of votes (Article 25 of the Articles of Association)

Every share confers the right to one vote, subject to the suspension of the right to vote provided for by the Belgian Companies Code.

4.17 Deliberation (Article 26 of the Articles of Association)

No meeting can validly deliberate on items that do not appear on the agenda.

The general meeting can validly deliberate and vote, regardless of the portion of the share capital that is present or represented, except in those cases for which the Belgian Companies Code requires an attendance quorum.

The general meeting can only validly deliberate on amendments to the Articles of Association if at least half of the share capital is present or represented. If this condition is not met, a new meeting must be convened. The second meeting will validly deliberate and decide regardless of the portion of the capital that is represented by the shareholders who are present or represented.

Unless a statutory provision requires otherwise, all resolutions of the general meeting will be adopted by a simple majority of votes.

Resolutions relating to the approval of the Company's annual accounts and the discharge of directors and statutory auditor(s) from liability are adopted by a majority of votes.

Notwithstanding the exceptions provided for in the Belgian Companies Code, an amendment to the Articles of Association requires a majority of three-quarters of the votes cast.

Voting takes place by a show of hands or roll call, unless the general meeting decides otherwise by means of a simple majority of the votes cast.

4.18 Minutes (Article 27 of the Articles of Association)

Copies or extracts from the minutes for use in court or otherwise will be signed by the chairman, the secretary and the two vote tellers or, in their absence, by two directors.

4.19 Distribution (Article 29 of the Articles of Association)

Within the limits set out by the Belgian Companies Code and the RECC legislation, the Company distributes a dividend to its shareholders, the minimum amount of which is determined in accordance with article 13 of the Royal Decree.

4.20 Advances on dividends (Article 30 of the Articles of Association)

The Board of Directors may adopt a resolution, under its responsibility and insofar as the results allow for it, to pay advances on dividends, in such cases and within such periods as permitted by the Belgian Companies Code.

4.21 Dissolution - Liquidation

ARTICLE 31 - LOSS OF CAPITAL.

If the capital has been reduced by half or three-quarters, the directors must put the question of dissolution to the general meeting, pursuant to and in accordance with the formalities set out in Section 633 of the Belgian Companies Code.

ARTICLE 32 - APPOINTMENT AND POWERS OF LIQUIDATORS.

If the Company is dissolved, for any reason and at any time, it will be wound up by liquidators who are appointed for this purpose by the general meeting or, in the absence of such an appointment, by the Board of Directors that is in office at that time, acting as the liquidator.

Insofar as required by law, the liquidators will only take office after their appointment has been confirmed by the Commercial Court.

The liquidators have the most extensive powers for that purpose, granted by the provisions of Section 186 et seq. of the Belgian Companies Code.

Where applicable, the general meeting determines the remuneration of the liquidators.

ARTICLE 33 - DISTRIBUTION.

After all debts, charges and costs of liquidation have been paid, the net assets will preferably be used to refund the fully paid-up, unredeemed amount of the shares, in cash or in securities.

The balance will be distributed among all shareholders in proportion to their shareholding.

4.22 Statutory provisions on the members of administrative, management and supervisory bodies

The provisions on the members of administrative, management and supervisory bodies contained in the Articles of Association are presented below; the surplus is available in the Corporate Governance charter on www.aedifica.be and we refer you to the section "Corporate Governance Statement" in this Annual Financial Report.

ARTICLE 11 - COMPOSITION OF THE BOARD OF DIRECTORS.

The Company is managed by a Board of Directors. This board consists of at least five members who are appointed for a maximum term of three years by the general meeting of shareholders, which can also dismiss them at any time. The directors are eligible for re-election.

The majority of the directors do not perform any executive duties in the Company. At least three directors must be independent. Directors who comply with the conditions for independence as set out in Section 526ter of the Belgian Companies Code are considered to be independent directors.

The mandate of outgoing directors who are not re-elected ends immediately after the general meeting that has made the new appointments.

If one or more mandates become vacant, the remaining directors, convening as a board, may provide for temporary replacement(s) until the next general meeting, which will then make the final appointment(s). The directors must ensure in this case that a sufficient number of independent directors remain as set forth in this article and the applicable regulations. This right will become an obligation each time the number of directors actually in office or the number of independent directors no longer amounts to the minimum number under the Articles of Association.

Notwithstanding the transitional provisions of the RREC legislation, only natural persons can be directors.

A director who is appointed to replace another director will complete the mandate of the director whom he replaces.

Directors must possess the professional reliability and the appropriate competence which is required for the performance of their duties and may not be in a situation as referred to in article 15 of the Act. Their appointment is subject to the prior approval of the Financial Services and Markets Authority (FSMA).

Unless the general meeting decides otherwise, the mandate of directors is unpaid.

Any remuneration the directors do receive, may not be determined on the basis of the activities and transactions carried out by the Company or its subsidiaries.

ARTICLE 12 - CHAIRMANSHIP – DELIBERATIONS.

The Board of Directors chooses a chairman from among its members and meets at the venue specified in the meeting notice or, as appropriate, by video conferencing, telephone or internet conferencing as often as is required by the interests of the Company. The Board of Directors must also be convened when two directors make a request to that effect.

The Board of Directors can only validly deliberate and pass resolutions if the majority of its members are present or represented.

Meeting notices are given by ordinary letter, by fax or by e-mail. Meetings are held at the venue specified in the meeting notices. Any director who is unable to attend or absent, may even delegate another member of the board by letter, fax or e-mail to represent him at a specific board meeting and vote in his place. The director granting the proxy is deemed to be present in that case.

However, a director may not represent more than one of his colleagues in this manner. Resolutions are adopted by a majority of votes. If the votes are tied, the chairman of the board has the casting vote. If the chairman is absent, the oldest director will have the casting vote. The resolutions of the Board of Directors are recorded in the minutes. The minutes are kept in a special register for that purpose at the Company's registered office and signed by the chairman of the meeting or, in his absence, by two directors. The proxies are attached to the minutes. The members of the Board of Directors may arrange to have their comments and remarks entered on these minutes if they are of the opinion they need to relieve themselves of their responsibility, notwithstanding the application of Sections 527 and 528 of the Belgian Companies Code. Copies or extracts of those minutes will be signed by the chairman of the Board of Directors or, in his absence, by two directors. Pursuant to Section 521, paragraph 1 of the Belgian Companies Code, resolutions of the Board of Directors may be adopted by means of the unanimous written consent of the directors in exceptional cases, when required by urgent necessity and the interests of the Company. However, this procedure cannot be used to prepare the annual accounts or to make use of the authorised capital.

ARTICLE 13 - POWERS OF THE BOARD.

The Board of Directors has the most extensive powers to perform all acts that are necessary or useful to achieve the corporate purpose, with the exception of the acts that are reserved for the general meeting by the Belgian Companies Code or the Articles of Association.

The Board of Directors may delegate all or part of its powers to any authorised representative, who need not be a shareholder or director, with a view to achieving specific and well-defined objectives. Pursuant to the Act and the Royal Decree, the board may determine the remuneration of authorised representatives to whom special powers are delegated.

The Board of Directors draws up semi-annual financial reports as well as a draft Annual Financial Report. The board appoints the real estate expert(s) in accordance with the Royal Decree.

ARTICLE 14 - ADVISORY COMMITTEES.

Pursuant to Sections 522 and 526bis of the Belgian Companies Code, the Board of Directors may establish advisory committees, from among its members and under its responsibility, such as an audit committee, a nomination and remuneration committee or an investment and divestment committee.

The Board of Directors determines the composition and powers of these committees, taking into account the applicable regulations.

ARTICLE 15 - MANAGEMENT COMMITTEE.

The Board of Directors may establish a management committee, comprised of several people, who may or may not be directors. The Board of Directors determines the procedures of the committee, the conditions for the appointment of its members, their dismissal, their remuneration and the duration of their mandate.

Without prejudice to the transitional provisions of the RREC legislation, the members of the management are all natural persons. They must possess the professional reliability and the appropriate competence which is required for the performance of their duties and may not be in a situation as referred to in article 15 of the Act. Their appointment is subject to the prior approval of the Financial Services and Markets Authority (FSMA).

ARTICLE 16 - EFFECTIVE MANAGEMENT AND ASSIGNMENT OF POWERS.

Notwithstanding the right of the Board of Directors or, where applicable, the management committee, to designate special representatives for the duties that it specifies, with the exception of those powers which, according to the Belgian Companies Code, the Act and its implementing decrees, are reserved for the Board of Directors, the Board of Directors or, where applicable, the management committee, will entrust the effective management of the Company to at least two natural persons.

These natural persons must have the required professional reliability and appropriate competence to perform these duties and may not be in a situation as referred to in article 15 of the Act. Their appointment is subject to the prior approval of the Financial Services and Markets Authority (FSMA).

These delegates are entrusted with the day-to-day management of the Company and may be given the title of managing director. They report to the Board of Directors or, where applicable, the management committee.

They can assign powers to special representatives.

These delegates designate the financial institution that is entrusted with providing financial services and distributing the dividend and the surplus after liquidation, with settling the securities issued by the Company and with providing the information that must be disclosed by the Company pursuant to laws and regulations. The delegates to whom the day-to-day management has been delegated may at any time suspend, withdraw or replace the institution entrusted with providing financial services. The decisions relating thereto will be published according to the statutory rules on the Company's website and via press releases. The Company must satisfy itself that such a suspension/withdrawal will not adversely affect the provision of the financial services.

ARTICLE 17 - REPRESENTATION OF THE COMPANY - SIGNATURE OF INSTRUMENTS.

The Company is validly and legally represented in all its acts either by two directors acting jointly, or by two members of the management committee acting jointly, or within the limitations of the day-to-day management, by two persons who have been entrusted with the day-to-day management acting jointly.

The Company is moreover validly represented by special representatives of the Company and, within the limit of the power of attorney granted to them by the Board of Directors, by the management committee or by the delegates entrusted with the day-to-day management.

ARTICLE 18 – AUDIT.

The audit of the Company is entrusted to one or more statutory auditors who are accredited by the Financial Services and Markets Authority (FSMA).

They perform the duties that are assigned to them under the Belgian Companies Code and the RREC legislation.

4.23 General provisions

ARTICLE 34 - ELECTION OF DOMICILE.

Every shareholder who is domiciled abroad and every director, statutory auditor, manager and liquidator must elect domicile in Belgium for the implementation of the Articles of Association. If no election is made, these parties will be deemed to have chosen their domicile at the registered office, where all communications, demands, summonses and notifications can be validly served.

ARTICLE 35 - JURISDICTION OF COURTS.

Unless expressly waived by the Company, exclusive jurisdiction is granted to the courts of the Company's registered office for the purpose of all disputes among the Company, its shareholders, bondholders, directors, statutory auditors and liquidators relating to the Company's affairs and the implementation of these Articles of Association.

ARTICLE 36 - ORDINARY LAW.

The Company is moreover governed by the Belgian Companies Code, the Act, the Royal Decree, as well as all other regulatory provisions that apply to it. Provisions that are inconsistent with the mandatory provisions of these laws and decrees will be regarded as null and void. The invalidity of one article, or part of an article, of these Articles of Association will not affect the validity of any of the other articles.

5. RREC

5.1 General definition

Aedifica is a limited liability Company ("SA/NV") having opted for a public Regulated Real Estate Company (RREC) status.

A Regulated Real Estate Company (RREC) is:

- set up in the form of a limited liability Company ("SA/NV") or limited partnership by shares ("SCA/CommVA");
- set up on the basis of the RREC legislation (Act of 12 May 2014 and Royal Decree of 13 July 2014);
- quoted on the stock exchange, where at least 30% of shares are traded on the market;
- a Company of which the sole purpose is:
 - (a) to make property available to users, directly or through a Company in which it holds a participation in accordance with the provisions of the RREC legislation; and
 - (b) within the limits set out in the RREC legislation, to possess real estate as specified in article 2, 5°, vi to x of the Act;
 - The notion real estate is to be understood as "real estate" within the meaning of the RREC legislation;
 - In the context of making available property, the Company can carry out all activities relating to the construction, conversion, renovation, development, acquisition, disposal, management and use of property.

RRECs are regulated by the Financial Services and Markets Authority (FSMA) and have to follow extremely strict rules governing conflicts of interest.

Until 17 October 2014, "REIT" or "Belgian REIT" referred to the status legally known in Belgium as "sicafi" (French) or "vastgoedbevak" (Dutch). As from 17 October 2014, "REIT", "Belgian REIT" or "RREC" refers to "société immobilière réglementée" (SIR, in French) or "gereguleerde vastgoedvenootschap" (GVV, in Dutch), also translated as "regulated real estate Company" (RREC).

5.2 Particular regulations

Real estate property

Article 30 of the Act of 12 May 2014 specifies that a public RREC may invest a maximum of 20 % of its consolidated assets in real estate properties which form a single real estate complex. The FSMA can give an exemption under certain circumstances.

Accounting

European legislation specifies that RRECs, along with all listed companies, must prepare their consolidated annual accounts in accordance with the IAS/IFRS international standards. Given that investment properties constitute their main assets, RRECs must pay particular attention to appraising the fair value of their properties, i.e., in technical terms, to applying IAS 40. This is also applied to the statutory accounts, also prepared under IFRS. In addition, IAS 39 (valuation of financial instruments) is likely to generate significant movements from one year to another in the income statement or balance sheet (statutory and consolidated) of RRECs. IAS 39 and IAS 40 refer to IFRS 13 for the definition of fair value. Aedifica uses the accounting scheme shown in Annex C of the Royal Decree of 13 July 2014.

Valuation

Real estate properties are assessed at their fair value on a quarterly basis by independent experts and recorded in the balance sheet at this value. Depreciation is not recognised on investment properties.

Profit or loss

As return on capital, the Company is required to distribute a sum corresponding to at least the positive difference between the following amounts:

- 80 % of an amount ("corrected profit") determined in the form shown in Chapter III of Annex C of the Royal Decree of 13 July 2014;
- and the net decrease in the debt of the public RREC during the financial year.

Debt

The debt-to-assets ratio of the public RREC and its subsidiaries, and the statutory debt-to-assets ratio of public RRECs, may not exceed 65 % (other than by the change in the fair value of assets) of total consolidated or statutory assets, after deduction of authorised hedging instruments. When exceeding the threshold of 50 %, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the threshold of 65 %.

Financing

A RREC may not provide financing, except to its subsidiaries.

Fiscal status

A RREC is not subject to corporate tax (except on non-recoverable expenses and abnormal or benevolent benefits), provided that at least 80 % of corrected profit is distributed in the form of dividends. Refer to section 4 of chapter "Risks factors" of this Annual Financial Report.

Companies which have been absorbed by a RREC, are subject to a reduced rate of taxation on unrealised gains and on tax-exempt reserves which currently stands at 16.995% (i.e. 16.5% plus the crisis tax uplift of 3 %), referred to as the exit tax (i.e. the rate of corporate tax which has to be paid in order to leave the common law system).

As of 1 January 2017, the withholding tax on dividends distributed by Aedifica amounts to 15 %.

Pursuant to Articles 89, 90 and 91 of the Act of 18 December 2016 which came into effect as of 1 January 2017, RRECs benefit from a reduced withholding tax rate of 15 % (instead of 30 %), provided that at least 60 % of the Company's real estate portfolio is (directly or indirectly) invested in real estate properties which are situated in a member state of the European Economic Area and which are exclusively or primarily destined for care and housing units suited for healthcare. Aedifica's shareholders benefit from this reduced rate since 1 January 2017, as more than 60 % of the Company's portfolio is invested in senior housing; the administrative modalities to prove the abovementioned conditions remain to be established by Royal Decree.

Belgian RRECs (SIR/GVV) are investment instruments which can be compared to the Dutch FBI (Fiscale Beleggingsinstellingen), the French SIIC (Société d'Investissement Cotée en Immobilier) and the REIT (Real Estate Investment Trust) which exist in a number of countries, including the United States.

Glossary

1. Definitions

Acquisition value

The acquisition value is the agreed value between parties on the basis of which the transaction is performed. If the acquisition of a building takes place by cash payment, through the acquisition of shares of a real estate Company, through the non-monetary contribution of a building against the issue of new shares, by merger through takeover of a property, or by a partial de-merger, the deed costs, audit and consultancy costs, reinvestment bank fees and costs of lifting security on the financing of the absorbed Company and other costs of the merger are also considered as part of the acquisition cost and capitalised in the asset accounts on the balance sheet. Transfer taxes are included if they were paid at the acquisition of the building.

Alternative performance measures (APM)

Since many years, Aedifica uses in its financial communication Alternative Performance Measures according to the guidelines issued by the ESMA on 5 October 2015. Some of these APM are recommended by the European Public Real Estate Association (EPRA) and others have been defined by the industry or by Aedifica in order to provide readers with a better understanding of its results and performance. The APM used in this annual financial report are identified with an asterisk (*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. The APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements, in the notes of the financial statements or in EPRA chapter.

Assisted-living apartment complex

One or more buildings forming a functional unit and including special housing for the elderly, allowing them to lead independent lives and with additional services available on demand.

Closed period

Period during which any officer or any person covered on the lists established by the Company in accordance with Article 6.5 of the Corporate Governance Charter, as well as any person who is closely related to them, may not carry out any trading of Aedifica shares. Closed periods are shown in the corporate governance statement.

Contractual rents

Indexed rents, including rental guarantees, but excluding cost of rent-free periods for occupied surface area.

Debt-to-assets ratio

The Royal Decree of 13 July 2014 regarding RRECs defines the debt-to-assets ratio as follows:

“Total liabilities” in balance sheet

- I. Non-current liabilities – A. Provisions
- I. Non-current liabilities – C. Other non-current financial liabilities - Hedges
- I. Non-current liabilities – F. Deferred taxes liabilities
- II. Current liabilities – A. Provisions
- II. Current liabilities – C. Other current financial liabilities - Hedges
- II. Current liabilities – Accrued charges and deferred income as provided in the annexes of the Royal Decree of 13 July 2014 on RRECs.

/ Total assets less authorised hedging instruments

≤ 65 %

Double net

Type of contract under which the repair and maintenance of the roof, structure and facades of the building remain the responsibility of the owner while other costs and risks are borne by the operator. This type of contract is common for senior housing in Germany.

EBIT margin

Operating result before result on portfolio divided by net rental income.

EPRA

European Public Real Estate Association is an association, founded in 1999 in order to promote, develop and regroup listed European real estate companies. EPRA establishes standards of conduct in accounting, reporting and corporate governance matters, and harmonises these rules to different countries in order to provide quality and comparable information to investors. EPRA also organises discussion forums on issues that are shaping the future of the sector. Finally, EPRA has created indices that serve as benchmarks for the real estate sector. All this information is available on the website www.epra.com.

EPRA Earnings*

Aedifica uses EPRA Earnings* to comply with the EPRA's recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS. It represents the profit (attributable to owners of the Parent) after corrections recommended by the EPRA. In Aedifica's case, the EPRA Earnings* corresponds perfectly to the result excl. changes in fair value, which was previously used in Aedifica's financial communication. The EPRA Earnings* is calculated in Note 26 (in accordance with the Aedifica model) and in the EPRA chapter of the Annual Financial Report (in accordance with the model recommended by EPRA).

Estimated rental value (ERV)

The estimated rental value (ERV) is the rental value as determined by independent experts. For furnished apartment buildings, experts' assumptions take into account a hypothetical lease period of 3/6/9 years at the market rent with a single operator, and overlooking furnished occupancy, in order to avoid double assessment of furnishings and goodwill, which are excluded from property values. The rents actually received for furnished apartments are significantly higher than these estimated rental values.

Exit tax

Companies applying for approved RREC status, or which merge with a RREC, are subject to an exit tax. This tax, equivalent to a liquidation tax on net unrealised gains and on tax-exempt reserves, is charged at 16.5 % (increased by a supplementary crisis tax uplift of 3 % for a total of 16.995 %).

Fair value

The fair value of the Belgian investment properties is calculated as following:

— Buildings with an investment value over €2.5 million:

Fair value = investment value / (1 + average transaction cost rate defined by BEAMA)

— Buildings with an investment value under €2.5 million:

1. when the expert considers a building can be sold in units, the fair value is defined as the lowest value between the investment value in units / (1 + % transfer taxes depending on the region where they are located) and the investment value / (1 + average transaction cost rate defined by BEAMA);
2. when the expert considers a building cannot be sold in units, the fair value is the investment value / (1 + % transfer taxes depending on the region where they are located).

The average transaction cost rate defined by BEAMA is reviewed annually and adjusted as necessary in 0.5 % increments.

The Belgian experts attest the deduction percentage retained in their periodic reports.

Free float

Percentage of shares held by the public, according to the Euronext definition.

Gross dividend yield

Gross dividend per share divided by the stock market price as of closure.

Gross yield of the portfolio

For the total portfolio (excluding furnished apartments): (contractual rents + guaranteed income) / investment value, acquisition value or fair value of the concerned buildings.

For the furnished apartments: (Turnover of the financial year) / (Investment value, acquisition value or fair value of the concerned buildings + goodwill + furnishings).

IFRS

The international accounting standards (IFRS, or International Financial Reporting Standards, previously called IAS, or International Accounting Standards) are drawn up by the International Accounting Standards Board (IASB). European listed companies have been obliged to apply these standards in their consolidated accounts since the financial year commencing on or after 1 January 2005. Since 2007, RRECs have also been required to apply IFRS in their statutory accounts.

Investment properties

Investment properties including buildings intended for sale and development projects.

Investment value

Value assessed by the expert, of which transfer taxes are not deducted.

Long lease

Contract with an initial duration of at least 27 years and less than 99 years, giving a temporary right in rem to the tenant. The tenant has full use of the property during this period and pays an annual fee (rent) in return.

Market capitalisation

Closing stock market price multiplied by the total number of shares.

Marketable investment properties

Investment properties including buildings intended for sale and excluding development projects.

Net asset value

Total equity and liabilities divided by the number of shares outstanding (after deduction of the treasury shares).

Net rental income

Rental income

- Writeback of lease payments sold and discounted
- Rental-related charges

Occupancy rate

For the total portfolio (excluding the furnished apartments): $(\text{contractual rents} + \text{guaranteed income}) / (\text{contractual rents} + \text{estimated rental value (ERV) on vacant areas of the property portfolio})$. We note that this occupancy rate includes the investment properties for which units are in renovation and hence temporarily not rentable. For the furnished apartments: % rented days during the financial year. This occupancy rate can thus not be compared to the one calculated on the rest of the portfolio, as the methodology is specific to this segment.

Operating margin

Property operating result divided by net rental income.

Operating result before result on portfolio

The Royal Decree of 13 July 2014 regarding RRECs defines the operating result before result on portfolio as follows:

Property operating result

- Overheads
- ± Other operating income and charges

Pay-out ratio

Dividend per share divided by the corrected profit per share.

Profit to be paid out (or corrected profit)

The Royal Decree of 13 July 2014 regarding RRECs defines the profit to be paid out (or corrected profit) as follows:

The Company must distribute, as return on capital, an amount corresponding at least to the positive difference between the following amounts:

- 80 % of an amount equal to the sum of the adjusted result (A) and the net capital gains on realisation of investment properties not exempt from the obligation of distribution (B). (A) and (B) are calculated according to the following scheme:

Corrected profit (A)

Profit of loss

+ Depreciations

+ Write-downs

- Reversals of write-downs

- Writeback of lease payments sold and discounted

± Other non-cash items

± Gains and losses on disposals of investment properties

± Changes in fair value of investment properties

= Corrected profit (A)

Net capital gains on realisation of investment properties not exempt from the obligation of distribution (B)

± Gains and losses on disposals of investment properties during the financial year (gains and losses compared to the acquisition value plus capital expenditures)

- Gains and losses on disposals of investment properties during the financial year, exempted from the obligation of distribution, subject to reinvestment within 4 years (gains compared to the acquisition value plus capital expenditure)

± Gains and losses on disposals of investment properties earlier exempted from the obligation of distribution and not reinvested within 4 years (gains and losses compared to the acquisition value plus capital expenditures)

= Net capital gains on realisation of investment properties not exempt from the obligation of distribution (B)

And

- net decrease during the financial year of the debt of the public RREC, as provided in Article 13 of the Royal Decree of 13 July 2014 (see definition of the debt-to-assets ratio).

Profits excluding changes in fair value

Profit (attributable to owners of the parent)

- Changes in fair value of investment properties (IAS 40)

- Changes in fair value of financial assets and liabilities (IAS 39)

Property operating result

The Royal Decree of 13 July 2014 regarding RRECs defines the property operating result as follows:

Property result

- Technical, commercial and property management costs

- Charges and taxes on unlet properties

- Other property charges

Property result

The Royal Decree of 13 July 2014 regarding RRECs defines the property result as follows:

Net rental income

- All rental charges and taxes normally paid by Aedifica on let properties

± Other rental-related income and charges

Result on portfolio

The Royal Decree of 13 July 2014 regarding RRECs defines the result on portfolio as follows:

Gains and losses on disposals of investment properties

- Gains and losses on disposals of other non-financial assets

± Changes in fair value of investment properties

Transfer taxes

The transfer of ownership of a property is subject to the payment of transfer taxes. The amount of these taxes depends on the method of transfer, the type of purchaser and the location of the property. The first two elements, and therefore the total amount of taxes to be paid, are only known once the transfer has been completed.

The range of taxes for the major types of property transfer includes:

- Sale of properties: 12.5 % for properties situated in the Brussels Capital Region and in the Walloon Region, 10 % for properties situated in the Flemish Region;
- Sale of real estate under the rules governing estate traders: 4.0 to 8.0 %, depending on the Region;
- Surface and long lease agreements for real estate (up to 50 years for surface rights and up to 99 years for the long lease right): 2 %, or 0.5 % if the tenant is a non-profit organisation);
- Sales of properties where the purchaser is a public body (e.g. an agency of the European Union, the Federal Government, a regional government or a foreign government): tax exempt;
- Contribution in kind of real estate property against the issue of new shares in favour of the contributing party: tax exempt;
- Sale of shares of a real estate Company: no taxes;
- Merger, split and other forms of Company restructuring: no taxes;
- etc.

The effective rate of the transfer tax therefore varies from 0 to 12.5 %, whereby it is not possible to predict which rate would apply to the transfer of a given property before that transfer has effectively taken place.

N.B. We note that, following the interpretations of IFRS by the Belgian Asset Managers Association (BEAMA), the book value of the investment properties under IFRS on the balance sheet is calculated by the expert by deducting a fixed percentage of transfer tax (currently 2.5 %) from the investment value. However, for investment properties with a value of less than €2.5 million, the transfer taxes to be deducted vary depending on the rates applicable given the building's location.

Triple net

Type of contract under which operating charges, maintenance costs and rents on empty spaces related to the operations are borne by the operator.

Velocity

Total volume of shares exchanged over the year divided by the total number of listed shares, following the definition of Euronext.

2. Acronyms

APM: Alternative Performance Measures
BEAMA: Belgian Asset Managers Association
CEO: Chief Executive Officer
CFO: Chief Financial Officer
CLO: Chief Legal Officer
COO: Chief Operating Officer
DCF: Discounted Cash Flow
EBIT: Earnings Before Interests and Taxes
ECB: European Central Bank
EPRA: European Public Real Estate Association
ESMA: European Securities and Markets Authority
ERV: Estimated Rental Value
FSMA: Financial Services and Markets Authority
IAS: International Accounting Standards
IFRS: International Financial Reporting Standards
IPO: Initial Public Offering
IRS: Interest Rate Swap
REIT: Real Estate Investment Trust
RREC: Regulated Real Estate Company
SARL: Société à Responsabilité Limitée
SCS : Société en Commandite Simple

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1. The English version of the 2016/2017 Annual Financial Report constitutes a free translation of the French text, made for information purposes only. In case of inconsistency with the French version or inaccuracy of the English translation, the French text shall prevail.



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