aedifica
housing with care

ANNUAL FINANCIAL REPORT
2017/2018

HOUSING WITH CARE

AEDIFICA IS POSITIONED AS A LEADING BELGIAN LISTED COMPANY INVESTING IN HEALTHCARE REAL ESTATE IN EUROPE – SENIOR HOUSING IN PARTICULAR.

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 CARE AND HOUSING NEEDS THIS TREND IMPLIES.

ACTIVITIES ARE MAINLY CONCENTRATED IN THE HEALTHCARE REAL ESTATE SEGMENT (WITH A FOCUS ON SENIOR HOUSING), BUT THE GROUP IS ALSO ACTIVE IN APARTMENT BUILDINGS AND HOTELS.

AEDIFICA HAS BEEN QUOTED ON EURONEXT BRUSSELS (REGULATED MARKET) SINCE 2006.

AEDIFICA OFFERS THE INVESTOR AN ALTERNATIVE TO DIRECT INVESTMENT IN REAL ESTATE.

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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. For many years, Aedifica has been using Alternative Performance Measures in its financial communications based on the guidelines issued by the ESMA. Some of these APM are recommended by the European Public Real Estate Association (EPRA) while others have been defined by the industry or by Aedifica; the aim is to provide readers with a better understanding of the Company's results and performance. The APM used in this Annual Financial Report are identified with an asterisk (*). Performance measures defined by IFRS standards or by Law are not considered APM, nor are those measures that 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.

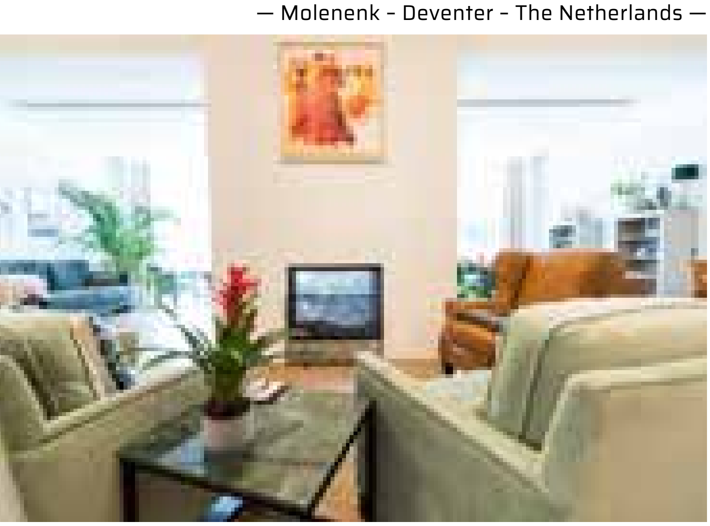
RISK FACTORS

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 2018. 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.

— Molenenk - Deventer - The Netherlands —



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 meet 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 risks, Aedifica continues to diversify its investments in accordance with various "diversification axes" (including building types, tenants, segments of the healthcare market, initial yields, changes in value, possibilities for alternative use, public funding, etc.), which are fully aligned with Aedifica's investment strategy. 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 strategic monitoring and endeavours to manage information flows so as to anticipate risks. Finally, it should be noted that the Group's most important asset segment (in particular healthcare real estate) has a strong growth potential, given that, in the countries where Aedifica is active, healthcare real estate faces increasing demand while supply tends to slow or stagnate due to the various 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 in rental yield.

— Molenenk – Deventer – The Netherlands —

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 healthcare real estate market in Germany since 2013. In early 2016, it entered the Dutch healthcare real estate market.

Each segment of the market in which Aedifica invests targets different types of tenants and has distinctive characteristics (with respect to regulation, lease terms, funding of tenants, etc.). 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 88 % of the fair value of marketable investment properties including assets classified as held for sale* as of 30 June 2018, 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, largely in line with 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 € 1.0 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.

1.4 Concentration risk of operators in the senior housing segment

Given the dynamism of the large group of professional operators active in the healthcare real estate 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 15 % (situation as of 30 June 2018) due to the Company's investment policy. Moreover, the Company can confirm that as of 30 June 2018 and as of 4 September 2018 no group (connected to legal entities with which the Company has entered into lease or leasehold agreement) existed that exceeds the limit of 20 % of the consolidated assets of the Company.

Lastly, it should be noted that, during the 2017/2018 financial year, the Group did not identify any ongoing merger or takeover of tenants which might impact the concentration of operators in Aedifica's portfolio.

Aedifica pursues an investment strategy which was initially focused on the Belgian market. Since 2013, Aedifica has been active in the healthcare real estate segment in Germany. Early 2016, it entered the Dutch healthcare real estate 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) of its real estate portfolio as of 30 June 2018 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. fifty 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, tenant types, possibilities for alternative use, reliance on public funding and contact types. In the healthcare real estate segment for example, Aedifica enters into long leases (mainly under the form of long-term "emphytéoses/erfpachten" in Belgium) with specialised professional operators for its residential care facilities (e.g. rest homes) as well as its apartment buildings designed for seniors opting to live independently with care services available on demand. By doing so, Aedifica can offset most risks associated with investing in just one specific asset class.

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 Group continues to face a risk of lost rental income, and this risk may increase in the future. Charges to provisions for bad debts for the financial year amount to less than €0.1 million on €92 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 developed an internal management structure:

- a sales and marketing team maintains direct contact with its tenants and strives to remain aware of their needs and wishes;
- several portfolio, property and project managers maintain a daily dialogue with the property management teams of the Company's main tenants, in particular operators of its healthcare real estate sites.

Technical management of the buildings is assigned to employees of Aedifica. In certain cases, the Group employs external service providers who act as asset managers and are continually monitored by the Company's own property management team. Administrative and accounting management of buildings has been internalised almost entirely; related tasks (with respect to the apartment buildings located in Belgium) 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 those 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. There are currently no ongoing judicial cases for which the Group had to raise a provision. 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 healthcare real estate segment are often "triple net" (Belgium, The Netherlands) or "double net" (Germany, The Netherlands); 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 the 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 €1,616 million (including the value of furnishings in the furnished apartments, and excluding the value of the lands). This represents approx. 95% of the fair value of marketable investment properties including assets classified as held for sale* (including lands) as of 30 June 2018.

In the healthcare real estate segment, Aedifica enters into long term leases with specialised professional operators.

— Residentie Poortvelden - Aarschot - Belgium —

44,3 %

Consolidated debt-to-assets ratio as of 30 June 2018

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 of a building, 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 €110 thousand for the 2017/2018 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. Information contained in the independent valuation experts' reports permits taking corrective measures, as appropriate, when faced with a potential impairment loss on a building. Moreover, the Company employs a Senior 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 €17 million on the Company's net income and of approximately €0.95 on the net asset value per share. This would also impact the debt-to-assets ratio by 0.4 %.

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 2018, it amounts to 42.5 % on statutory level and to 44.3 % 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 on maintaining an appropriate debt-to-assets ratio over the long term 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 €11 million as of 30 June 2018.

As of 30 June 2018, 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 30 buildings in Germany are linked to a mortgage as of 30 June 2018, respecting the requirements laid down in Article 43 of the Belgian Law 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. 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 2018, Aedifica is using committed credit facilities totalling €742 million (2017: €615 million), out of €1,215 million in total available confirmed credit. The remaining headroom of €473 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2018/2019 financial year. The investment amount that is budgeted in the Company's financial plan for the existing projects as of 30 June 2018 is estimated at €459 million, to be invested over a three-year period. €23 million should be added to that amount for the acquisitions announced on 12 July (€19 million) and 19 July (€4 million), as well as €150 million for a hypothetical investment, which brings the total net investment included in the financial plan for the 2018/2019 financial year to €400 million. This amount does not include any positive cash flow corresponding to possible disinvestments including the possible sale of Immobe shares.

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 may 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, renegotiated, or forced into repayment. The covenants in place are in line with market practice and notably 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.

— Pflegeteam Odenwald - Wald-Michelbach - Germany —

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. For this reason, Aedifica started a multi-term treasury notes programme in late June 2018. The treasury notes are fully hedged by the available funds on confirmed long term credit lines. As such, they do not increase the liquidity risk.

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 for a period of several years the interest rates related to at least 60 % of its current or highly probable indebtedness. 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. On 30 June 2018, 95 % of the drawings on the variable-rate credit facilities (30 June 2017: 82 %) are covered by hedging instruments (swaps and caps).

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 indebtness over a period of several years.

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 to 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 2018/2019 interest rates over the forecast rates would lead to an approx. additional €8.3 million interest expense for the year ended 30 June 2019. Taking into account the hedging instruments at present, the interest expense would amount to just €2.2 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. 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.

— Bremerhaven I - Bremerhaven - Germany —

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.

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. 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 material adverse change clauses ("MAC" 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). 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 Aedifica's performance and the market's confidence in the Company, 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, it may become apparent that some of the past financial prospects are no longer relevant, given that circumstances may change. Moreover, financial prospects are based on assumptions that remain outside the Company's control.

4. REGULATORY RISKS

The Company is exposed to changes in the law and increasingly numerous and complex regulations, and possible changes in their interpretation or application by the authorities or the courts, most notably fiscal regulations (e.g. provisions and circulars relating to withholding tax or anti-abuse provisions) and environmental, urban-development and public-procurement regulations.

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).

The Company has a legal team with the necessary skills to ensure strict compliance with regulations and proactively anticipate changes in legislation. It also calls upon external consultants.

RREC status

since 17 October 2014

4.1 Corporate status

Since 17 October 2014, the Company has been authorised by the FSMA as a "Regulated Real Estate Company" ("RREC") under Belgian law (French: "société immobilière réglementée" or SIR, and Dutch: "gereglementeerde 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 Law 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 informs itself in a systematic way 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 %). The rate is reduced to 12.5 % (plus the crisis contribution of 2 %) in 2018 and 2019 and will be increased to 15 % as from 1 January 2020. 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.

The withholding tax on dividends distributed by Aedifica amounts to 15 % since 1 January 2017.

Pursuant to Articles 171, 3° quarter and 269, §1, 3° of the Belgian Income Tax Code (introduced by the Articles 89, 90 and 91 of the Law 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 healthcare real estate (in particular in the senior housing segment); 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 Law 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 repayment 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 and the articles of association allow to be paid-out), amount to €24 million as of 30 June 2018 (see Note 38 of the Consolidated Financial Statements included in this Annual Financial Report).

For its activity in The Netherlands (managed through Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA), the Group has applied to be recognised as a "Fiscale Beleggingsinstelling" ("FBI"), a transparent tax regime. Nevertheless, as a precautionary measure, the Group recognised a generally applicable corporate income tax burden in the income statement to account for the possibility that the Company does not receive authorisation as an "FBI". In the meantime, Aedifica will continue to claim the "FBI" status, which could have a positive impact on the Group's results. That said, the recently formed Dutch cabinet approved in its coalition agreement to abolish the "FBI" tax regime for real estate companies in the future.

5. CORPORATE RISKS

5.1 Growth management risk

The steady growth of the Company could cause a scarcity of available funding (either as equity or debt). To counter this risk, 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 affect 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 began in 2013 (first investments in Germany) and which accelerated in 2016 (first investments in The Netherlands), could bring 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 local management teams).

5.4 Reputation risk

Reputation is a key element for a fast-growing listed company. Any damage to 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 this 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 impact on 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 requirement 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 the follow-up of cash inflows and outflows are the most important), 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.

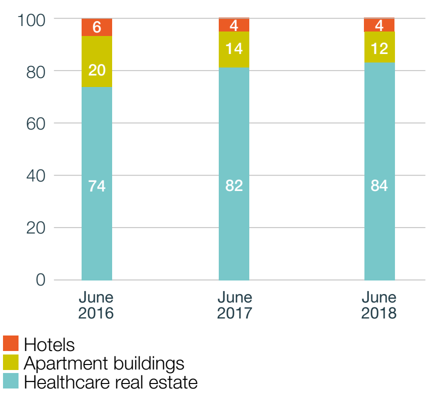
6.3 Risk related to team members

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.

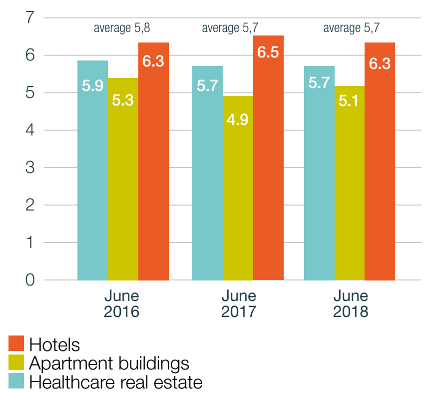
Consequently, the Company has developed a human resources policy which focuses on retaining key personnel to the greatest extent possible, and has provided for the duplication ("back-ups") of certain functions. The Company also carries out a proactive recruitment policy, which has led to the creation of several new positions in recent years.

KEY FIGURES 2017/2018

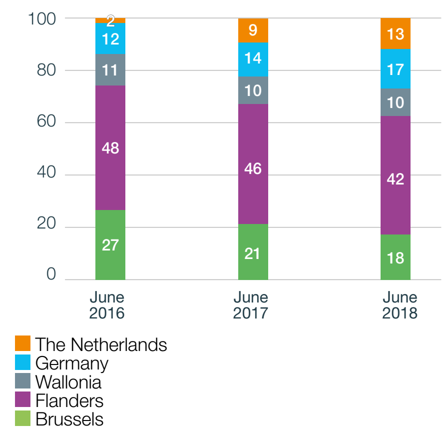
Breakdown by segment in fair value (%)



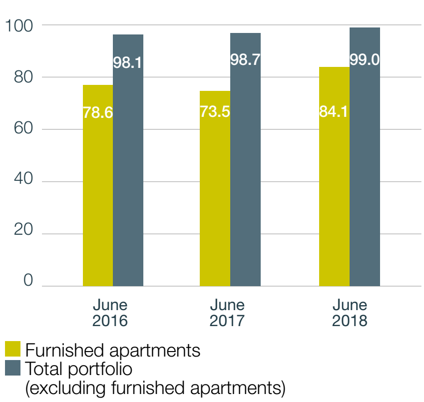
Gross yield by segment in fair value[1] (%)



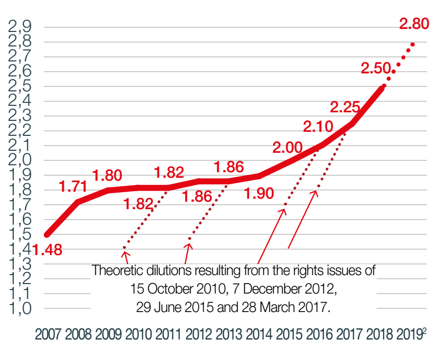
Geographic breakdown in fair value (%)



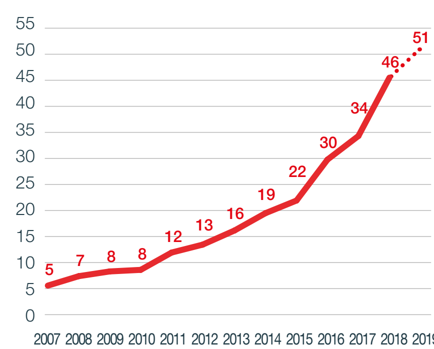
Occupancy rates (%)



Gross dividend (€/share)



Dividends distributed (in € million)



€1.7 billion

fair value of investment properties including assets classified as held for sale*

€2.50/share

proposed gross dividend for 2017/2018, 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

1. Based on the fair value (re-assessed every three months, increased by the goodwill and the furniture for the furnished apartments). In the healthcare real estate segment, the gross yield and the net yield are generally equal ("triple net" contracts), with operating charges, maintenance costs and rents on empty spaces generally being, in Belgium and (often) The Netherlands, the operator's responsability (the same applies for hotel lease contracts). In Germany (and The Netherlands, in some cases), the net yield is generally lower than the gross yield, with certain charges, such as the repair and maintenance of the roof, structure and facades of the building ("double net" contacts), remaining the responsibility of the owner.
2. Forecast (see section 11 of the Consolidated Board of Directors' Report in this Annual Financial Report).

Investment properties (x €1,000)	30 June 2018	30 June 2017
Marketable investment properties including assets classified as held for sale*	1,705,350	1,527,675
Development projects	35,183	17,174
Total of investment properties including assets classified as held for sale*	**1,740,533**	**1,544,849**

Net asset value per share (in €)	30 June 2018	30 June 2017
Net asset value after deduction of the dividend 2016/2017[1], excl. cha,nges in fair value of hedging instruments*	53.68	49.38
Effect of the changes in fair value of hedging instruments	-1.95	-1.89
Net asset value after distribution of dividend 2016/2017[1]	**51.74**	**47.48**

1. See Note 57.6.

Consolidated income statement - analytical format (x €1,000)	30 June 2018	30 June 2017
Rental income	91,677	78,983
Rental-related charges	-80	-48
Net rental income	91,597	78,935
Operating charges*	-14,322	-13,158
Operating result before result on portfolio	77,275	65,777
EBIT margin* (%)	84	83
Financial result excl. changes in fair value*	-15,319	-16,538
Corporate tax	-3,553	-1,275
EPRA Earnings*	**58,403**	**47,964**
Denominator (IAS 33)	17,990,607	15,235,696
EPRA Earnings* per share (€/share)	**3.25**	**3.15**
EPRA Earnings*	58,403	47,964
Changes in fair value of financial assets and liabilities	-2,157	5,119
Changes in fair value of investment properties	15,018	10,357
Gains and losseson disposal	789	1,459
Negative goodwill/goodwill impairment	-344	0
Deferred tax in respect of EPRA adjustments	146	-1,541
Roundings	0	0
Profit (owners of the parent)	**71,855**	**63,358**
Denominator (IAS 33)	17,990,607	15,235,696
Earnings per share (owners of the parent - IAS 33 - €/share)	**3.99**	**4.16**

Consolidated balance sheet (x €1,000)	30 June 2018	30 June 2017
Investment properties including assets classified as held for sale*	1,740,533	1,544,849
Other assets included in debt-to-assets ratio	24,418	22,566
Other assets	1,692	2,707
Total assets	**1,766,643**	**1,570,122**
Equity		
Equity excl. changes in fair value of hedging instruments*	977,086	922,094
Effect of the changes in fair value of hedging instruments	-35,439	-34,055
Equity	941,647	888,039
Liabilities included in debt-to-assets ratio	781,449	639,077
Other liabilities	43,547	43,006
Total equity and liabilities	**1,766,643**	**1,570,122**
Debt-to-assets ratio (%)	44.3	40.8

Key performance indicators according to the EPRA principles	30 June 2018	30 June 2017
EPRA Earnings* (in €/share)	3.25	3.15
EPRA NAV* (in €/share)	54.02	51.47
EPRA NNNAV* (in €/share)	51.36	48.93
EPRA Net Initial Yield (NIY) (in %)	5.2	5.2
EPRA Topped-up NIY (in %)	5.2	5.2
EPRA Vacancy Rate (in %)	1	1
EPRA Cost Ratio (including direct vacancy costs)* (in %)	16	17
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	16	17

LETTER TO THE SHAREHOLDERS

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 €76.37 (30 June 2017) to €78.10 (30 June 2018). Taking the stock price on 30 June 2018 as a baseline, the Aedifica share shows a 45 % premium as compared to the net asset value per share excluding changes in fair value of hedging instruments*, or a 51 % premium as compared to the net asset value per share.

Two major items have marked the 2017/2018 financial year:

- The Group's international healthcare real estate portfolio expanded significantly, in Germany as well as in The Netherlands. Not only was Aedifica the most active private investor in Dutch healthcare real estate in 2017 (according to a study by CBRE, published on 31 January 2018), but it also received the German "Investor des Jahres 2018" award at the Altenheim Expo in Berlin in June 2018. These two achievements reflect the multiple investments that followed the €219 million capital increase that was successfully completed in March 2017. The investments carried out in Germany, The Netherlands and Belgium (a total of 25 sites) during the 2017/2018 financial year, have expanded Aedifica's portfolio to 135 sites, with a total capacity of more than 11,000 residents (as of 30 June 2018). At the end of the financial year, Aedifica's pipeline of construction and renovation projects and acquisitions subject to outstanding conditions reached a new record level of €459 million, consisting exclusively of investments in healthcare real estate.
- Last May, Aedifica announced the signing of an agreement in principle with a strategic partner who will ultimately acquire the control of Immobe SA, the subsidiary into which the apartment buildings branch will soon be transferred. This disposal is aligned with the strategic development of Aedifica as a pure play healthcare real estate investor, and allows Aedifica to use its capital to pursue continued growth in its core activities.

With regard to the growth in Aedifica's real estate portfolio, the fair value of marketable investment properties including assets classified as held for sale* increased by €178 million (i.e. +12 %) during the 2017/2018 financial

Aedifica's strategy allows to maintain a portfolio of high-quality buildings that generate attractive net yields and to anchor the Group as a "pure play" investor in European healthcare real estate.

Stefaan Gielens, CEO

— Stefaan Gielens, CEO & Serge Wibaut, Chairman of the Board of Directors —

year, reaching €1,705 million (€1,528 million at the beginning of the period). As of 30 June 2018, the total investment budget (which mainly includes investments in ongoing construction and renovation projects and acquisitions subject to outstanding conditions) reached a record level of €459 million, a €336 million increase as compared to 30 June 2017. These development projects are primarily located in The Netherlands and Germany. Given the fair value of Aedifica's investment properties and the development projects to be carried out over the next three years, the Company's total portfolio will approach the €2 billion mark in the near future.

In addition to its investments and growth, Aedifica also strives for optimal management of its real estate portfolio. The Company's portfolio provides for excellent rental incomes (a 16% increase), an increasing EBIT margin* (84%), and a well-controlled financial result excl. changes in fair value*. The EPRA Earnings* has reached €58.4 million (30 June 2017: €48.0 million; an increase of 22%), i.e. €3.25 per share (30 June 2017: €3.15 per share, an increase of 3%). This result (absolute and per share) is above budget (in terms of rental income as well as EPRA Earnings*). It should be noted that the dilution of the EPRA Earnings* per share, a mathematical effect of the March 2017 capital increase, was more than compensated by the Company's performance in just one financial year.

As of 30 June 2018, the consolidated debt-to-assets ratio amounts to 44.3% (30 June 2017: 40.8%). Establishment of a €118 million credit facility with Groupe BPCE in June 2018 demonstrates once again the strong and durable relationship Aedifica maintains with its credit providers and its ability to carry out its commitments.

Of the items that have had no effect on the size of the proposed dividend, the change in the fair value of investment properties (as valued by independent valuation experts) gave rise to unrealised capital gains (non-cash) of which approx. €15 million has been recognised in the income statement. However, fluctuations in the interest rates on the financial markets during the 2017/2018 financial year resulted in €1 million in unrealised capital losses (non-cash) on hedging instruments.

Taking these items into account, Aedifica's total profit amounts to €72 million (30 June 2017: €63 million).

Aedifica owes its strong results for the 2017/2018 financial year to the enthusiasm, competence and commitment of its staff who have yet again demonstrated their efforts to ensure the Company's continued 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 €2.50 per share (subject to a reduced withholding tax rate of 15%), in line with guidance. This is an increase of 11% compared to the prior year dividend distribution.

Given the current consolidated debt-to-assets ratio and the anticipated decrease of the consolidated debt-to-assets ratio as a result of the disposal of a portion of the shares of Immobe SA (the subsidiary into which the apartment building branch will be transferred), the Company is set to continue on its path, pursuing continued growth at the pace shareholders have appreciated since its IPO in October 2006. New investment opportunities for 2018/2019, fully aligned with Aedifica's investment strategy, were already under negotiation in Belgium, Germany and The Netherlands at the end of the 2017/2018 financial year. The acquisitions announced since 1 July 2018, amounting to €23 million, provide clear evidence of this. 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. As mentioned above, the pipeline for these commitments (as of 30 June 2018) represented a total committed budget of approx. €459 million, to be invested over the next three years. This strategy allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields and to anchor itself as a "pure play" investor in European healthcare real estate.

Based on Aedifica's excellent performance, the Board of Directors expects a higher dividend for the 2018/2019 financial year, at €2.80 gross per share (subject to a reduced withholding tax rate of 15%), a 12% increase.

Stefaan Gielens,
Chief Executive Officer

Serge Wibaut,
Chairman of the Board of Directors

At the end of the financial year, Aedifica's pipeline of construction and renovation projects and acquisitions subject to outstanding conditions reached a new record level of €459 million, consisting exclusively of investments in healthcare real estate.

Serge Wibaut,
Chairman of the Board of Directors

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)
- Healthcare real estate becomes the most significant segment, representing 45 % of the portfolio's fair value

2010
- 1st SPO[1] (€ 67 M)
- Aedifica is 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 healthcare real estate segment
- Healthcare real estate accounts for the majority of the portfolio (> 50 % in fair value)

2012
- 2nd SPO[1] (€ 100 M), the largest public capital increase in Belgium that year
- EBIT margin* > 75 %
- New website
- Financial communication published in English

2013
- First acquisitions in Germany (5 rest homes)
- Market capitalisation > € 500 M
- Inclusion in the EPRA indices

1. Secondary Public Offering.

2014

- Approval as a RREC (SIR/GVV)
- Portfolio > €750 M
- More than 60 healthcare 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 SPO (€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
- Prize awarded by the ABAF/BVFA for the best financial communication among "Mid & Small Cap" companies

2016

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

2017

- 4th SPO[1] (€219 M)
- 110 healthcare sites
- Market capitalisation of approx. €1.4 billion
- 192 buildings in the portfolio
- "EPRA Gold Award" for the 2015/2016 Annual Financial Report
- Announcement of Aedifica's largest transaction to date (construction of 17 rest homes in Germany for an amount of approx. €200 million)
- Aedifica is the most active private investor in Dutch healthcare real estate

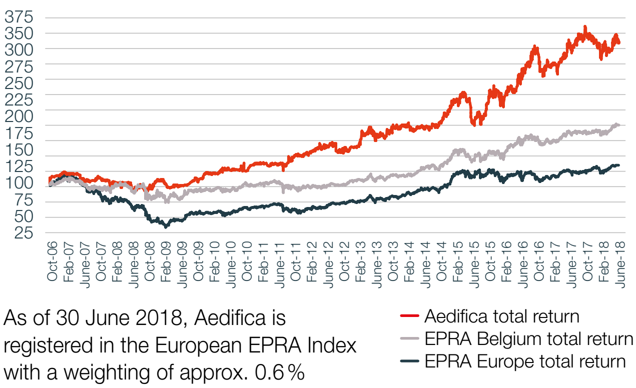
2018

- 135 healthcare sites
- 214 buildings in the portfolio
- Project pipeline of approx. €459 million
- "Investor des Jahres 2018" award in Germany
- "EPRA Gold Award" for the 2016/2017 Annual Financial Report
- Establishment of Immobe SA, a new subsidiary ("IRREC") into which the apartment buildings portfolio will be transferred; Aedifica to continue managing this portfolio in cooperation with a strategic partner
- Establishment of Aedifica Project Management GmbH, a German subsidiary ensuring the project management of the German construction sites
- Corporate headquarters moved to rue Belliard 40 in Brussels

EVOLUTION SINCE 2006

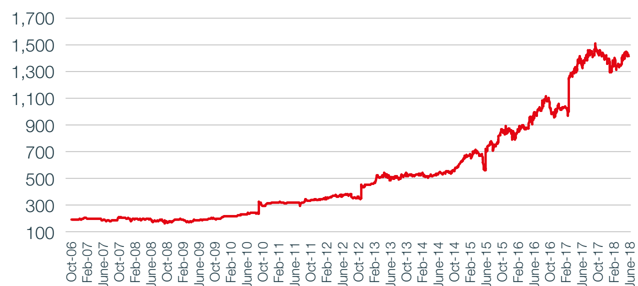
STOCK MARKET

Comparison – indices in total return from 23 October 2006 (IPO) to 30 June 2018



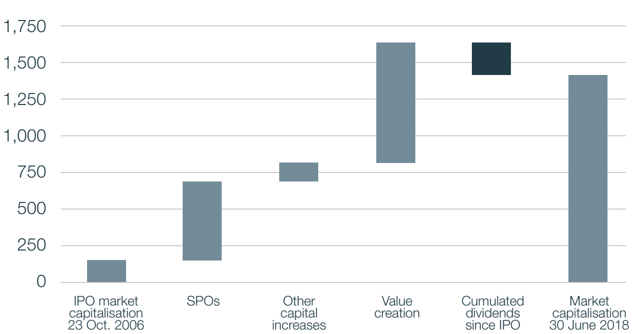
As of 30 June 2018, Aedifica is registered in the European EPRA Index with a weighting of approx. 0.6 % and in the Belgian EPRA Index with a weighting of approx. 17.1 %.

Market capitalisation from 23 October 2006 (IPO) to 30 June 2018 (in € million)



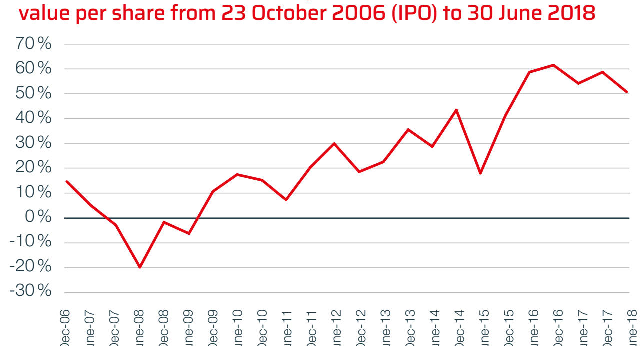
By the end of June 2018, Aedifica's market capitalisation amounted to approx. € 1.4 billion.

Value creation (in € million)



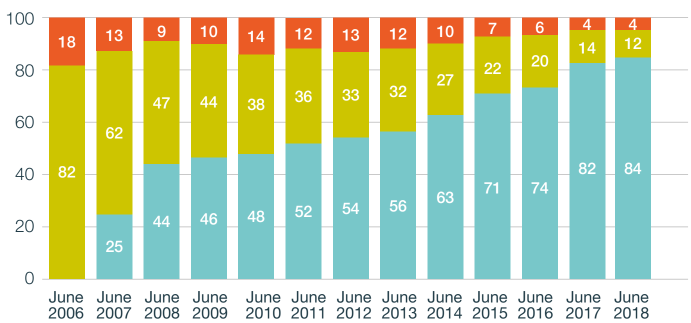
Since Aedifica's IPO on 23 October 2006, the Company's market capitalisation has grown significantly, not only as a result of subsequent capital increases, but also due to value creation, notwithstanding annual dividend pay-outs.

Premium or discount of share price in relation to the net asset value per share from 23 October 2006 (IPO) to 30 June 2018



PORTFOLIO

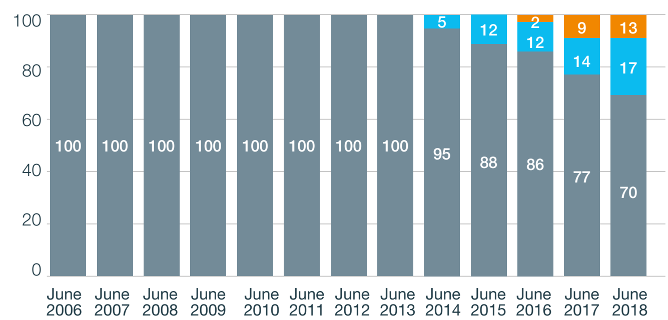
Breakdown by segment in fair value (%)



Aedifica's portfolio primarily comprises healthcare real estate. This segment represents 84 % of the marketable investment properties' portfolio as of 30 June 2018, whereas it represented only 25 % in 2007.

Hotels
Apartment buildings
Healthcare real estate

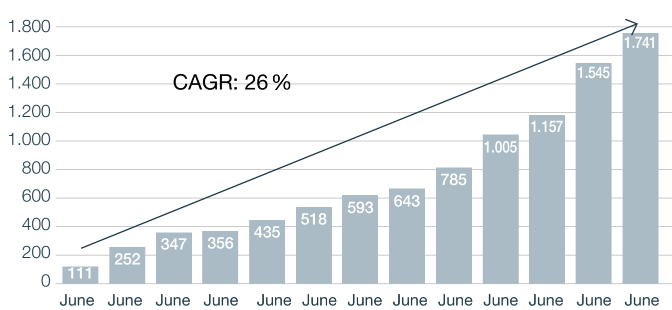
Geographical breakdown in fair value (%)



While being non-existent as of 30 June 2013, the portion of Aedifica's portfolio located abroad represents 30 % as of 30 June 2018 (30 June 2017: 23 %). These buildings are situated in Germany and The Netherlands and consist exclusively of healthcare real estate.

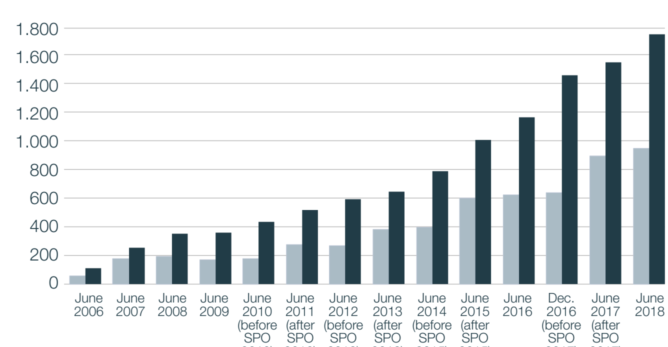
The Netherlands
Germany
Belgium

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 26 % over 12 years and reached € 1.7 billion as of 30 June 2018.

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 more than € 1 billion between 2010 and 2018.

Equity
Investment properties

HEALTHCARE REAL ESTATE

THE AGEING OF THE BABYBOOM GENERATION IS PROGRESSING AT A RAPID PACE IN EUROPE, AND WILL REACH ITS PEAK BY 2060. PROFESSIONALISATION AND CONSOLIDATION IN THE CARE 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.

135
sites

5,7 %
gross rental yield

>11.000
residents

84 %
of the portfolio

— Résidence l'Air du Temps - Chênée - Belgium —

BELGIUM

Portfolio of 73 buildings:

- Capacity of approx. 7,400 residents
- Fair value of approx. €925 M
- Initial gross rental yield of 5.6 %
- Triple net long leases
- Initial lease maturity: normally 27 years

“Aedifica continues its international expansion at a steady pace. Already 30 % of Aedifica’s portfolio is now located in Germany and The Netherlands.”

Stefaan Gielens, CEO

— Molenenk - Deventer - The Netherlands —

THE NETHERLANDS

Portfolio of 32 buildings:

- Capacity of approx. 1.200 residents
- Fair value of approx. € 222 M
- Initial gross rental yield of 5.6 %
- Long leases, normally triple net
- Initial lease maturity: normally 20 years

— Seniorenheim am Dom - Halberstadt - Germany —

GERMANY

Portfolio of 30 buildings:

- Capacity of approx. 2,800 residents
- Fair value of approx. € 283 million
- Initial gross rental yield of 6.1 %
- Double net long leases
- Initial lease maturity: normally 25 years

APARTMENT BUILDINGS

THE APARTMENT BUILDING PORTFOLIO WILL BE TRANSFERRED INTO IMMOBE SA/NV, A NEW SUBSIDIARY. AEDIFICA SIGNED AN AGREEMENT WITH A STRATEGIC PARTNER, WHO WILL SHARE IN THE CAPITAL OF IMMOBE.

768
apartments

5,1%
gross rental yield

12%
of the portfolio

— Résidence Palace - Brussels - Belgium —

"Immobe SA has been recognised as an institutional regulated real estate company ("IRREC"). Through this IRREC, Aedifica will continue managing its apartment building branch, in cooperation with a strategic partner who will ultimately acquire the control of Immobe."

Stefaan Gielens, CEO

— Bataves 71 - Brussels - Belgium —

HOTELS

— 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.

AEDIFICA ACQUIRED SIX HOTELS IN PRIOR YEARS, ALL LOCATED IN BELGIUM, WHICH ARE OPERATED BY TWO PROFESSIONAL AND SPECIALISED OPERATORS UNDER LONG-TERM CONTRACTS.

6
hotels

6,3 %
gross rental yield

4 %
of the portfolio

— 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, it contains 103 rooms.

CONSOLIDATED BOARD OF DIRECTORS' REPORT

€1.7 billion

fair value of investment properties as of 30 June 2018

€1.4 billion

market capitalisation as of 30 June 2018

44.3 %

consolidated debt-to-assets ratio as of 30 June 2018

+16 %

increase in consolidated rental income as compared to 30 June 2017

+22 %

EPRA Earnings* as compared to 30 June 2017

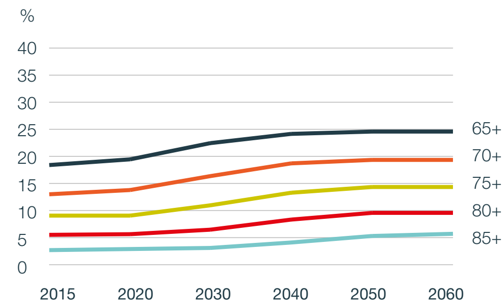
99.0 %

high occupancy rate for the unfurnished portion of the portfolio

CONSOLIDATED BOARD OF DIRECTORS' REPORT[1]

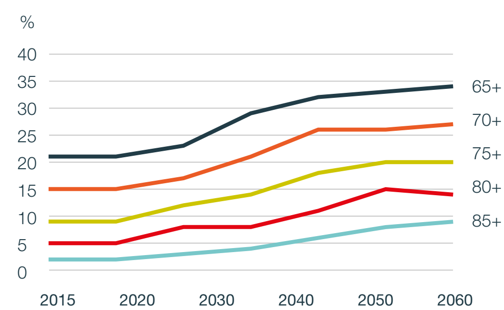
- Rental income of € 91.7 million as of 30 June 2018, a 16 % increase compared to 30 June 2017
- EPRA Earnings* of € 58.4 million as of 30 June 2018, a 22 % increase compared to 30 June 2017
- EPRA Earnings* per share of € 3.25 as of 30 June 2018, a 3 % increase compared to 30 June 2017
- Proposed gross dividend distribution of € 2.50 per share, an 11 % increase, representing a statutory pay-out ratio of 82 %
- Real estate portfolio* of € 1.7 billion as of 30 June 2018, a 13 % increase compared to 30 June 2017
- Record level of € 459 million of construction and renovation projects and acquisitions subject to outstanding conditions, exclusively in the healthcare real estate segment
- Healthcare real estate now represents 84 % of the portfolio, or € 1,431 million spread over 135 sites in three countries:
  - € 925 million in Belgium (73 sites)
  - € 283 million in Germany (30 sites)
  - € 222 million in The Netherlands (32 sites)
- Occupancy rate for the year ended 30 June 2018: 99.0 % for the unfurnished portion of the portfolio and 84.1 % for the furnished portion
- Weighted average lease term: 20 years
- Debt-to-assets ratio of 44.3 % as of 30 June 2018
- € 15 million increase in the fair value of investment properties incl. assets classified as held for sale* recognised in the income statement for the 2017/2018 financial year
- Establishment of Immobe SA, a 100 % subsidiary which has been recognised as an IRREC and into which the apartment building branch will be transferred

Change in Belgian population by age group



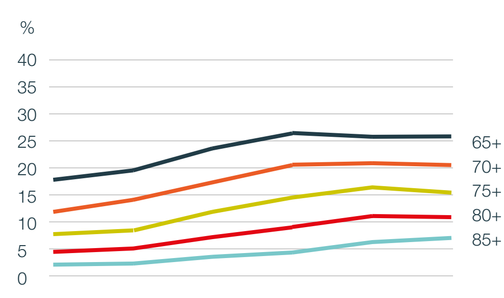
Source: "Perspectives de Population 2017-2061", Belgian Federal Planning Bureau, 2018.

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), 29 January 2016.

1. This Board of Directors' report is based on the Consolidated Financial Statements. It includes, however, some data on the statutory accounts and this 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.eu) or upon request at the Company's headquarters.

1. STRATEGY

1.1. Diversification in its specialisation

Aedifica is positioned as a leading Belgian listed company investing in healthcare real estate in Europe, 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 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 babyboom 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 healthcare real estate segment (with a focus on senior housing), but is also active in apartment buildings and hotels. The Group's stated policy is to continue to grow exclusively in the senior housing segment and other segments of healthcare real estate in Europe ("pure play strategy").

Aedifica's strategy – specialising 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 their benefit.

Aedifica's strategy is primarily of the "buy and hold" type, which is, by definition, focused on the long-term; of course, this does not preclude certain disposals.

The ageing of the babyboom generation is progressing at a rapid pace in Belgium and Europe, and will reach its peak by 2060.

— Het Gouden Hart van Leersum - Leersum - The Netherlands —

« Investor des Jahres 2018 »

award received at the Altenheim Expo in Berlin

a. Healthcare real estate/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 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 rest home beds in Belgium, Aedifica is a market leader, holding approximately 5 % of the market as of 30 June 2018.

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. According by a study published on 31 January 2018, Aedifica was the most active private investor in Dutch healthcare real estate in 2017. Moreover, Aedifica received the German “Investor des Jahres 2018” award at the Altenheim Expo in Berlin in June 2018.

The increasing international expansion of the Group’s activity (since 2013 in Germany, and since 2016 in The Netherlands) is consistent with the Company’s strategy. 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 healthcare real estate 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 2018, healthcare real estate/senior housing represents 84 % of the Group’s portfolio.

b. Apartment buildings

Aedifica holds apartment buildings primarily situated 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.

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.

As of 30 June 2018, apartment buildings represent 12 % of the group’s portfolio.

The apartment building branch will be transferred into Immobe SA, a new subsidiary. Immobe SA has been recognised as an institutional regulated real estate company (“IRREC”). Through this IRREC, Aedifica will continue managing its apartment portfolio, in cooperation with a strategic partner who will ultimately acquire the control of Immobe.

c. Hotels

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).

On 30 June 2018, hotels represent 4 % of the group’s portfolio.

1.2. Growth strategy

Aedifica applies a growth strategy; the fair value of the investment properties including assets classified as held for sale* averaged a compounded annual growth rate of 26 % over 12 years and reached € 1.7 billion as of 30 June 2018. The Company intends to continue on this growth trajectory in order to derive benefits linked to its scale, including:

- strong portfolio management, which features collaboration with high-level partners;
- strong diversification of risks;
- capacity to effectively respond to market opportunities;
- strong liquidity, which is an important criterion for investors;
- 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 sphere 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 significant impact on care "consumption" and this trend could encourage the development of other 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 continued focus on healthcare real estate.

— Martha Flora Hilversum - Hilversum - The Netherlands —

2. OPERATIONS CARRIED OUT BEFORE AND AFTER THE 30 JUNE 2018 CLOSURE

2.1. Operations carried out before the 30 June 2018 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.eu. The contractual value of acquisitions disclosed in this section complies with the provisions of article 49 §1 of the Law of 12 May 2014 on Regulated Real Estate Companies.

2.1.1. Investments in Belgium

Acquisition of a rest home in Ostend (Province of West Flanders)

On 8 September 2017, Aedifica announced the acquisition of a rest home in Belgium, pursuant to a previously established agreement (see half year financial report of 23 February 2016). The De Duinpieper rest home is located in the "Vuurtorenwijk" neighbourhood in Ostend (70,000 inhabitants, Province of West Flanders). The building, designed by Lucien Kroll, a famous Belgian architect, was built in 1989. The site will be renovated into a modern residential care facility intended for seniors requiring continuous care, and extension works will be carried out for the construction of a new wing. Upon completion of the works, anticipated for summer 2019, the rest home will be able to welcome 115 residents. The site will remain operational during the works. Aedifica SA and its subsidiary Aedifica Invest SA have acquired 100 % of the shares of Dujofin SPRL owner of the building and plot of land. The contractual value of the site amounts to approx. € 10 million. Aedifica has budgeted approx. € 2 million for renovation and extension works. Aedifica's total investment (including the works) will amount to approx. € 12 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by Fipromat SPRL, an entity of the Dorian group, a private player in the Belgian senior care market. The lease established for this site is an irrevocable 27-year triple net long lease. The initial gross yield amounts to approx. 5.5 %.

2.1.2. Investments in Germany

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

On 28 July 2017, Aedifica acquired a rest home in Germany (as announced in the press release of 13 June 2017) given fulfillment of the outstanding conditions. The purchase price was paid and Aedifica SA acquired the property and full use of the building at this time. 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 also includes several recreational 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, controlled by the Belgian group Armonea since 2016) under an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7 %.

Cooperation agreement for the construction of seventeen rest homes in Germany

On 17 August 2017, Aedifica announced the signing of a cooperation agreement with Specht Gruppe for the construction of 17 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. 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 apartments for seniors opting to live independently with care services available on demand (see announcement of the expansion of the cooperation agreement on 5 June 2018 below). Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (after receipt of the development permits). After each takeover is completed, construction of the new buildings will begin. An agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, to carry out the construction of the new buildings for a fixed price. Assuming all development permits are received, Aedifica's total investment will amount to approx. €200 million. The first buildings are expected to be completed in 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 that will cover the buildings' maintenance. Upon completion of the works, gross yields will amount to approx. 5.5 %.

Acquisition of a senior housing site in Dessau-Rosslau (State of Saxony-Anhalt)

On 11 September 2017, Aedifica announced the signing of 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 November 2017. The purchase price was paid and Aedifica SA acquired the property and full use of the site. Seniorenresidenz an den Kienfichten is located near the centre of Dessau-Rosslau (83,000 inhabitants, State of Saxony-Anhalt) within a large private park. The site comprises a villa, which was completely renovated in 2009, and a new building that was completed early 2017. The site has a capacity of 88 units, including 62 units serving seniors requiring continuous care ("Pflegeheim", situated in the new building) and 26 units serving seniors opting to live independently, with access to care services on demand ("betreutes Wohnen", situated in the villa). The contractual value amounts to approx. €6 million. The operation was financed using Aedifica's credit facilities. The site is operated by Cosiq GmbH, a private player in the German senior care market. The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7 %.

Acquisition of three senior housing sites in Germany (States of Bremen and Lower Saxony)

On 8 December 2017, Aedifica announced the acquisition of three senior housing sites in Germany. The Bremerhaven I (110 units), Bremerhaven II (42 units) and Cuxhaven (34 units) senior housing sites benefit from excellent locations in the centre of Bremerhaven (110,000 inhabitants, State of Bremen) and Cuxhaven (50,000 inhabitants, State of Lower Saxony). They were constructed in 2016, 2003 and 2010, respectively, and comprise housing units for independent living with care services available on demand ("betreutes Wohnen", seniors apartments), as well as housing units offering continuous residential care ("Pflege-Wohngemeinschaft"), a day centre and a home care office. The Bremerhaven I site also includes a retail space of approx. 900 m² situated on the ground floor. Aedifica Invest SA acquired the control of a company based in Germany, which currently owns the buildings. The total contractual value of the sites amounts to approx. €27.5 million. The leases established for the sites are irrevocable 20-year double net long leases. The Bremerhaven I site benefits from a triple net warranty of limited duration, which covers the buildings' maintenance. The initial yields amount to approx. 5 %. The operation was financed using Aedifica's credit facilities. The sites are fully let and primarily operated by Ambulanter Pflegedienst Weser, an entity of Specht Gruppe. APW is a private player active for home and day care fior seniors.The commercial space situated on the ground floor of Bremerhaven I is sublet by the operator to Rossmann (a drugstore chain with approx. 3,600 stores).

Acquisition of a senior housing site in Zschopau (State of Saxony)
On 15 February 2018, Aedifica announced the signing of an agreement for the acquisition of a senior housing site in Germany. This agreement was subject to outstanding conditions, which were fulfilled as of 17 April 2018. The purchase price was paid and Aedifica SA acquired the property and full use of the site at this time. The advita Haus Zur Alten Berufsschule senior housing site benefits from an excellent location in a residential area of Zschopau (10,000 inhabitants, State of Saxony), approx. 15 km from Chemnitz. The site is a former school building (a protected monument) that was entirely redeveloped into a modern residential care facility in 2016. The site comprises 67 housing units for independent living (senior apartments) with care services available on demand, 24 housing units offering continuous residential care ("Pflege-Wohngemeinschaften"), 36 day centre units, and a home care office. The contractual value amounts to approx. €9 million. The operation was financed using Aedifica's credit facilities. The site is rented out to Zusammen Zuhause GmbH, and operated in cooperation with advita Pflegedienst GmbH, a private player in the German senior care market. advita is primarily a provider of daily home care, but also provides housing for seniors requiring care services. Sites operated by advita combine housing units oriented toward seniors opting to live independently and other types of housing and services (housing units oriented toward seniors requiring continuous care, day centres and home care offices). The site is rented out on the basis of an irrevocable 30-year long lease and benefits from a triple net warranty of limited duration. The initial gross yield amounts to approx. 5 %.

Acquisition of a healthcare site in Wald-Michelbach (State of Hesse)
On 3 May 2018, Aedifica announced the signing of an agreement for the acquisition of a residential care facility located in Germany and intended for people with severe neurological damage. This agreement was subject to outstanding conditions, which were fulfilled as of 31 May 2018. The purchase price was paid and Aedifica SA acquired the property and full use of the site. Pflegeteam Odenwald is located in a green area near the centre of Wald-Michelbach (11,000 inhabitants, State of Hesse), approx. 70 km from Frankfurt am Main. The site, a former hotel that was redeveloped into a residential care facility in 1995, has been completely renovated in 2012. The building has a capacity of 32 units intended for people with severe neurological damage. The contractual value amounts to approx. €3 million. The operation was financed using Aedifica's credit facilities. The site is operated by Cosiq GmbH, a private German player on the care market. The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7 %.

Acquisition of a senior apartment complex in Neumünster (State of Schleswig-Holstein)
On 3 May 2018, Aedifica announced the signing of an agreement for the acquisition of a senior apartment complex in Germany. This agreement was subject to outstanding conditions, which were fulfilled as of 1 June 2018. The purchase price was paid and Aedifica SA acquired the property and full use of the site at this time. The Park Residenz senior apartment complex is situated in a private park and benefits from an excellent location in a residential area in the centre of Neumünster (78,000 inhabitants, State of Schleswig-Holstein). The site is a former barracks (a protected monument) and was entirely redeveloped into a modern residential care facility in 2001. The site comprises four buildings, including 79 housing units (apartments) for independent living with care services available on demand, a day centre and a home care office. The contractual value amounts to approx. €11 million. The operation was financed using Aedifica's credit facilities. The site is operated by the Convivo group, a private player with more than 20 years of experience in the German senior care market. The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 5.5 %.

8 sites
acquired in Germany in 2017/2018

Agreement for the acquisition of four sites and the construction of a rest home in Germany

On 4 June 2018, Aedifica announced the signing of an agreement for the acquisition of four fully operational sites and the construction of a new rest home in Germany. The four operational sites are intended for seniors requiring continuous care; the buildings were constructed in different years and have undergone several renovations, most recently in 2018. Seniorenzentrum Sonneberg benefits from an excellent location in the centre of Sonneberg (24,000 inhabitants, State of Thuringia); it has a capacity of 101 units and is intended for seniors requiring continuous care. Seniorenzentrum Haus Cordula I and II are located in Rothenberg, part of Oberzent (10,000 inhabitants, State of Hesse); they have capacities of 75 and 39 units, respectively, and are intended for seniors requiring continuous care. Hansa Pflege- und Betreuungszentrum Dornum is situated in Dornum (5,000 inhabitants, State of Lower Saxony) near the North Sea; the site has a total capacity of 106 units, of which 56 units are intended for seniors requiring continuous care and 50 units are intended for people suffering from mental health disorders. The Seniorenzentrum Weimar rest home will be constructed near the centre of Weimar (65,000 inhabitants, State of Thuringia); the building is expected to be completed in the beginning of 2020 and will have a capacity of 144 units intended for seniors requiring continuous care. The agreement for the acquisition of the four fully operational sites by Aedifica SA was subject to the usual conditions in Germany (mainly of administrative nature), which were fulfilled in late August 2018. The purchase price was paid and the property and full use of the buildings were automatically acquired. The contractual value of these four sites amounts to approx. €23 million. The agreement for the acquisition of the rest home to be constructed is subject to the usual outstanding conditions, which should be fulfilled upon completion of the construction works (expected in 2020). The purchase price will be paid and the property and full use of the rest home will automatically be acquired at that time. The contractual value will amount to approx. €16 million. The operation will be financed using Aedifica's credit facilities. The five sites are operated by entities of the Azurit group, a private player in the German senior care market. The leases established for the four operational sites are irrevocable 20-year double net long leases. The initial gross yields amount to approx. 6.0 %. The lease established for the rest home to be constructed is an irrevocable 25-year double net long lease. The initial gross yield will amount to approx. 6.0 %.

Expansion of the cooperation agreement with Specht Gruppe in Germany

On 5 June 2018, Aedifica announced the expansion of the cooperation agreement with Specht Gruppe. The expanded agreement provides for new construction in addition to that announced in the cooperation agreement with Specht Gruppe on 17 August 2017 (see above). Specifically, seniors apartment buildings and houses for seniors will be added to 8 of the 17 sites in Germany included in the initial cooperation agreement. The seniors apartment buildings and houses for seniors will be constructed in urban and rural areas in northern Germany (Lower Saxony, Mecklenburg-Vorpommern, North Rhine-Westphalia and Schleswig-Holstein). The housing units are designed for independent living with care services available on demand and will cater to the mid- to high-end market segment. They will be located on care campuses that also feature complementary services, such as housing for seniors requiring continuous care, a day centre for seniors and, in some cases, childcare services or a pharmacy (Aedifica will own all buildings on these care campuses). The seniors apartment buildings and houses for seniors located on these sites will have a total capacity of approx. 220 units. With this expansion of their cooperation agreement, Aedifica and Specht Gruppe are now developing a portfolio totaling approx. 1,800 units. Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (in principle after receipt of the development permits). After each takeover, construction of the new buildings will begin. An agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, to carry out the construction of the new buildings for a fixed price. Assuming all development permits will be received, Aedifica's investment will ultimately amount to approx. €44 million. Aedifica's total investment in the entire portfolio of care campuses that is being developed with Specht Gruppe, will amount to approx. €245 million. 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. They 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 that will cover the buildings' maintenance. Upon completion of the works, gross yields of the seniors apartments and houses for seniors will amount to approx. 5.0 %. The gross yield of the entire portfolio that is being developed with Specht Gruppe will amount to approx. 5.5 %.

Agreement for the acquisition of a senior housing site in Bitterfeld-Wolfen (State of Saxony-Anhalt)

On 26 June 2018, Aedifica announced the signing of an agreement for the acquisition of a senior housing site in Germany. SARA Seniorenresidenz is located in a residential area of Bitterfeld-Wolfen (40,000 inhabitants, State of Saxony-Anhalt). The site comprises a building that was completely renovated in 2017, and an adjacent building that was completed in 2011. The site has a capacity of 126 units, including 90 units catering to seniors requiring continuous care ("Pflegeheim" and "Pflege-Wohngemeinschaften") and 36 units (apartments) serving seniors opting to live independently with care services available on demand. The site, which will be acquired by Aedifica SA also offers extension potential. Given certain specific conditions of this transaction, the site will enter into Aedifica's portfolio during the second quarter of 2019. The purchase price will be paid and the property and full use of the site will automatically be acquired at that time. The contractual value amounts to approx. €10 million. The operation will be financed using Aedifica's credit facilities. The site is operated by SARA Betreuungsgesellschaft mbH, a private German player in the local senior care market. The lease established for this site is an irrevocable 30-year double net long lease. The initial gross yield will amount to approx. 6.0 %.

2.1.3. Investments in The Netherlands

Agreement for the construction of a care residence in Ede (Province of Gelderland)

On 10 July 2017, Aedifica announced the signing of an agreement for the construction of a care residence 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 that 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 in late 2018 and will be able to welcome 42 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the plot of land (including the buildings located thereon). 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; the total investment (including renovation) will ultimately 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 player in the Dutch 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. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Cooperation agreement for the construction and acquisition of two senior housing sites in The Netherlands (Province of Friesland)

On 19 July 2017, Aedifica announced the signing of a cooperation agreement between Aedifica, Stichting Rendant and HEVO, for the construction of new buildings on two of Stichting Rendant's sites, which will replace the existing buildings that 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 will comprise approx. 130 housing units oriented toward seniors opting to live independently, with access to care services on demand. Completion of the buildings is expected during the first half of 2020. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, will acquire the full property of the plots of land (including the buildings located thereon) in late 2018 or early 2019 (after receipt of the development permits). 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 not-for-profit organisation that is active in the Dutch senior care market. The leases that will be established for these sites are irrevocable 25-year triple net long leases. Upon completion of the works, gross yields will amount to approx. 5.5 %.

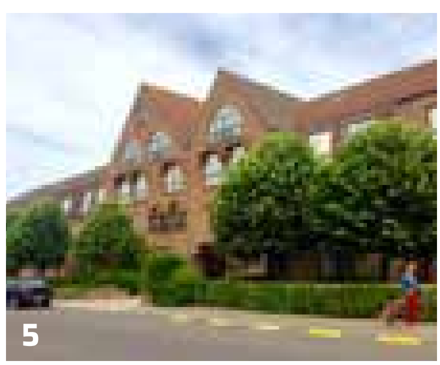
Acquisition of a care residence in Zeist (Province of Utrecht)

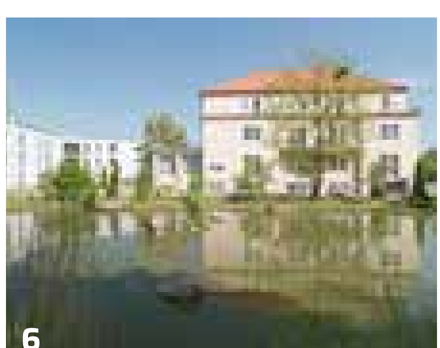
On 24 August 2017, Aedifica announced the acquisition of a care residence in The Netherlands. The Huize Hoog Kerckebosch care residence is located in a green, residential area near the centre of Zeist (63,000 inhabitants, Province of Utrecht), approx. 10 km from the city of Utrecht. It is a modern residential care facility catering to seniors requiring continuous care in the middle to high-end market segment. The site is able to welcome 32 residents in its exceptional environment. It was completed in early July 2017 and has been operational since August 2017. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, 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 under an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

PORTFOLIO EVOLUTION DURING THE 2017/2018 FINANCIAL YEAR

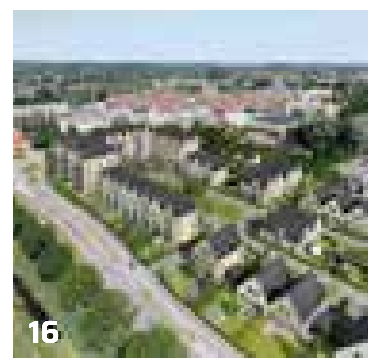
ADDITIONS TO THE PORTFOLIO

1. **Seniorenheim am Dom** rest home in Halberstadt (Saxony-Anhalt, Germany)
2. **Huize De Compagnie** care residence in Ede (Gelderland, The Netherlands)
3. **Huize Hoog Kerckebosch** care residence in Zeist (Utrecht, The Netherlands)
4. **Molenenk** care residence in Deventer (Overijssel, The Netherlands)
5. **De Duinpieper** rest home in Ostend (West Flanders, Belgium)
6. **Seniorenresidenz an den Kienfichten** senior housing site in Dessau-Rosslau (Saxony-Anhalt, Germany)
7. **Martha Flora Den Haag** care residence in The Hague (South Holland, The Netherlands)
8. **Huize Ter Beegden** care residence in Beegden (Limburg, The Netherlands)
9. **Martha Flora Rotterdam** care residence in Rotterdam (South Holland, The Netherlands

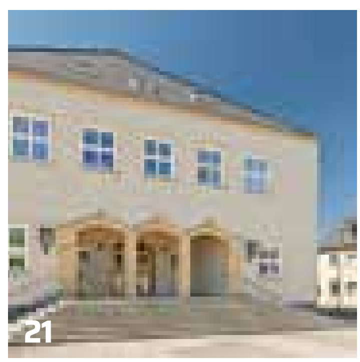


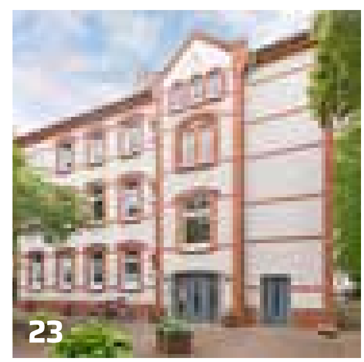


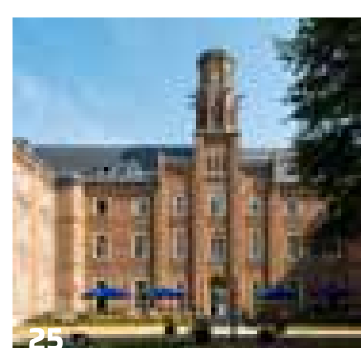
10. **Martha Flora Bosch en Duin** care residence in Bosch en Duin (Utrecht, The Netherlands)
11. **Bremerhaven I** senior housing site in Bremerhaven (Bremen, Germany)
12. **Bremerhaven II** senior housing site in Bremerhaven (Bremen, Germany)
13. **Cuxhaven** senior housing site in Cuxhaven (Lower Saxony, Germany)
14. **De Merenhoef** rest home in Maarssen (Utrecht, The Netherlands)
15. **Huize Roosdael** Care residence in Roosendaal (North Brabant, The Netherlands)
16. **Leusden** care residence in Leusden (Utrecht, The Netherlands)
17. **Martha Flora Hoorn** care residence in Hoorn (North Holland, The Netherlands)



18. **September Nijverdal** care residence in Nijverdal (Overijssel, The Netherlands)
19. **Huize Groot Waardijn** care residence in Tilburg (North Brabant, The Netherlands)
20. **Huize Eresloo** care residence in Eersel (North Brabant, The Netherlands)
21. **advita Haus Zur Alten Berufsschule** senior housing site in Zschopau (Saxony, Germany)
22. **Pflegeteam Odenwald** healthcare site in Wald-Michelbach (Hesse, Germany)
23. **Park Residenz** senior housing site in Neumünster (Schleswig-Holstein, Germany)
24. **Zorghuis Smakt** senior housing site in Smakt (Limburg, The Netherlands)
25. **Zorgresidentie Mariëndaal** senior housing site in Velp (North Brabant, The Netherlands)







COMPLETIONS AFTER WORKS

26. **Villa Temporis** senior housing site in Hasselt (Limburg, Belgium)

27. **Genderstate** senior housing site in Eindhoven (North Brabant, The Netherlands)

28. **Petruspark** senior housing site in Eindhoven (North Brabant, The Netherlands)

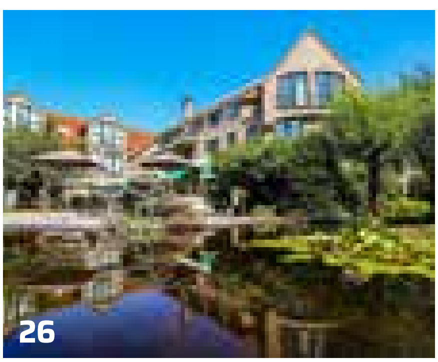
29. **Parc Imstenrade** senior housing site in Heerlen (Limburg, The Netherlands)

30. **Résidence l'Air du Temps** rest home in Chênée (Liège, Belgium)

31. **Résidence Les Cheveux d'Argent** rest home in Sart-lez-Spa (Liège, Belgium)

32. **Het Gouden Hart van Leersum** care residence in Leersum (Utrecht, The Netherlands)

33. **Martha Flora Hilversum** care residence in Hilversum (North Holland, The Netherlands)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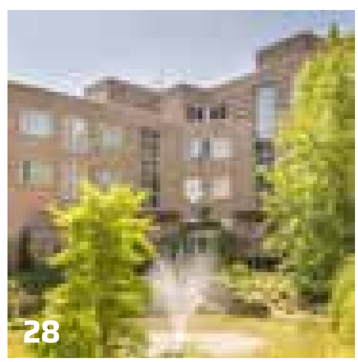
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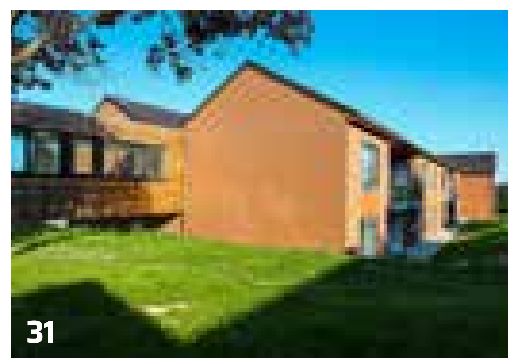
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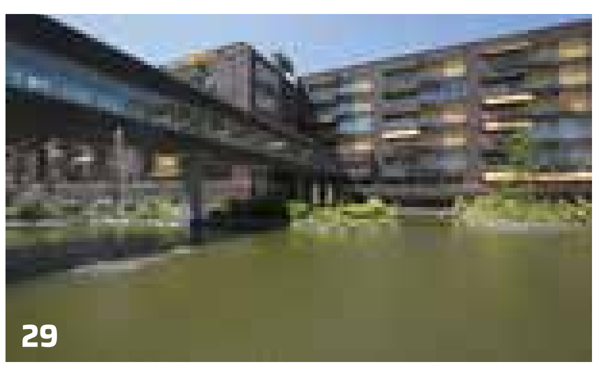
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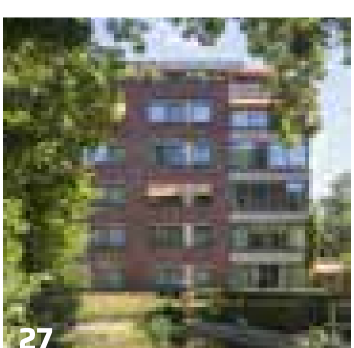
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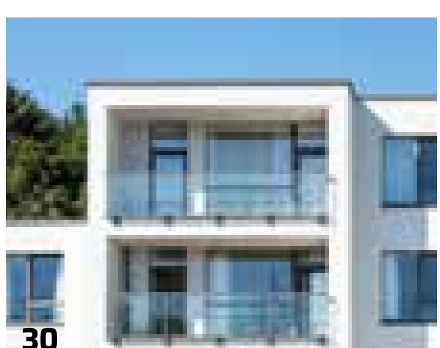
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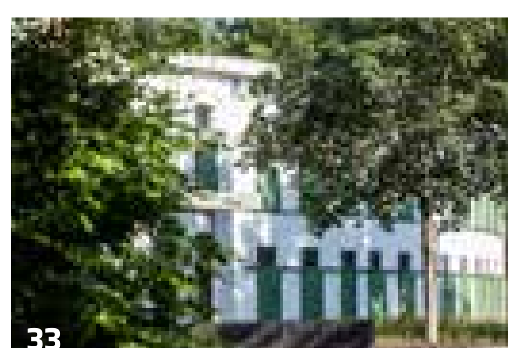
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16 sites

acquired in The Netherlands in 2017/2018

Acquisition of a care residence in The Hague (Province of South Holland)

On 12 September 2017, Aedifica announced the acquisition of a care residence in The Netherlands. The Martha Flora Den Haag care residence is located in a green, residential area of The Hague (526,000 inhabitants, Province of South Holland), within walking distance of two parks and the North Sea. In 2013, the building (which dates from the first half of the 20th century) was entirely redeveloped into a modern residential care facility intended for seniors requiring continuous care. It has a capacity of 28 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the site. The contractual value amounts to approx. €8.5 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by the Martha Flora group under an irrevocable 25-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

Agreement for the construction of a care residence in Beegden (Province of Limburg)

On 12 September 2017, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The Huize Ter Beegden care residence is located on the site of a former farmhouse near Roermond (Beegden, in the municipality of Maasgouw, 24,000 inhabitants, Province of Limburg); it will be entirely redeveloped into a modern residential care facility intended for seniors requiring continuous care. The care residence is expected to be completed in late 2018 and will have a capacity of 19 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the plot of land (including the buildings located thereon). The contractual value amounts to approx. €0.5 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €4 million for construction works; the total investment (including works) will ultimately amount to approx. €5 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

— Aarschot-Wissenstraat - Aarschot - Belgium —

Agreement for the construction of a care residence in Rotterdam (Province of South Holland)

On 26 September 2017, Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of a plot of land (including the buildings located thereon) pursuant to a previously established agreement (see press release of 2 June 2016). The contractual value amounts to approx. €2 million. The new Martha Flora Rotterdam care residence with a capacity of 29 units will be constructed on this site. The construction will be carried out by HD Projectrealisatie and delivered turnkey to Aedifica; the total investment (including works) will ultimately amount to approx. €8 million. The care residence will be operated by the Martha Flora group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Agreement for the construction of a care residence in Bosch en Duin (Province of Utrecht)

On 8 November 2017, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The Martha Flora Bosch en Duin site will be located in Bosch en Duin, a green, residential area in the municipality of Zeist (63,000 inhabitants, Province of Utrecht), approx. 10 km from the city of Utrecht. A modern residential care facility intended for seniors requiring continuous care will be constructed on the site. It is expected to be completed during the third quarter of 2018 and will have a capacity of 27 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the plot of land. The contractual value amounts to approx. €2 million. The construction will be carried out by GREEN Real Estate, in cooperation with Bogor Projectontwikkeling, and delivered turnkey to Aedifica. Approx. €5 million has been budgeted for demolition and construction works; the total investment (including works) will ultimately amount to approx. €7 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by the Martha Flora group under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Acquisition and renovation of a rest home in Maarssen (Province of Utrecht)

On 19 December 2017, Aedifica announced the acquisition and renovation of a rest home in The Netherlands. The De Merenhoef rest home is located in a residential area of Maarssen (13,000 inhabitants, Province of Utrecht), approx. 8 km from the city of Utrecht. The rest home will be entirely renovated into a modern residential care facility for seniors requiring continuous care, and extension works will be carried out for the construction of new reception and service areas (including a restaurant and a day centre). Upon completion of the works (expected in the third quarter of 2019), the rest home will have a capacity of 75 residents. Operations will continue during the works. In addition to the rest home being acquired by Aedifica, the site will also feature senior apartments, a medical centre and housing for seniors opting to live independently; these additional facilities will not be acquired by Aedifica. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the building. The contractual value amounts to approx. €2 million. The renovation and construction was designed and will be carried out by Koolstof Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €7 million for works; the total investment (including works) will ultimately amount to approx. €9 million. The operation will be financed using Aedifica's credit facilities. The rest home will be operated by the Stichting Leger des Heils Welzijns- en Gezondheidszorg foundation, a not-for-profit organisation that is active in the Dutch senior care market. The foundation, which is responsible for the Salvation Army's healthcare activities and social services in The Netherlands, operates 256 facilities. Its activities include emergency housing, healthcare and senior care, mental health services, youth support services, addiction treatment, prevention and social integration services. The lease established for the site is an irrevocable 15-year double net long lease (with an option to extend in favour of the tenant). Upon completion of the works, the gross yield will amount to approx. 7 %.

Agreement for the construction of a care residence in Roosendaal (Province of North Brabant)

On 9 January 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. Huize Roosdael will be located in the centre of Roosendaal (77,000 inhabitants, Province of North Brabant) on the site of a former school building that 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 first quarter of 2019 and will have a capacity of 26 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA acquired the full property of the plot of land (including the buildings located thereon). The contractual value amounts to approx. €1 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Approx. €5 million has been budgeted for works; the total investment (including works) will ultimately amount to approx. €6 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Agreement for the construction of a care residence in Leusden (Province of Utrecht)

On 24 January 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The care residence will be located in a residential area of the centre of Leusden (30,000 inhabitants, Province of Utrecht), approx. 25 km from the city of Utrecht. A modern residential care facility for seniors requiring continuous care will be constructed on the site. Upon completion of the works (expected in the third quarter of 2019), the care residence will have a capacity of 21 residents. The building is part of a larger housing project. In addition to the care residence being acquired by Aedifica, the developer will also build apartments and family homes on the site; these additional properties will not be acquired by Aedifica. The full property of the plot of land was acquired by Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA. The contractual value amounts to approx. €1 million. The construction will be carried out by Heilijgers Projectontwikkeling BV and delivered turnkey to Aedifica. Approx. €3 million has been budgeted for construction works; the total investment (including works) will amount to approx. €4 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Stepping Stones Home & Care group under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

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

On 1 February 2018, Aedifica acquired a care residence in The Netherlands. The Martha Flora Hoorn care residence (locally known as "Villa Wilgaerden") is located in a residential area of Hoorn (73,000 inhabitants, Province of North Holland), approx. 35 km from Amsterdam. The site comprises a historic villa (dating from the 17th century) that was redeveloped into a modern residential care facility in 2012, and a new building that was completed in the same year. The care residence has a capacity of 12 units intended for seniors requiring continuous care. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA acquired the full property of the site. The contractual value amounts to approx. €1 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by the Martha Flora group under an irrevocable 25-year triple net long lease. The initial gross yield amounts to approx. 7 %.

Agreement for the construction of a care residence in Nijverdal (Province of Overijssel)

On 16 February 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The September Nijverdal care residence will be located in a green, residential area near the centre of Nijverdal (28,500 inhabitants, Province of Overijssel). A modern residential care facility intended for seniors requiring continuous care will be constructed on the site. The building is expected to be completed in late 2018 or early 2019 and will have a capacity of 20 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA acquired the full property of the plot of land. The contractual value amounts to approx. €1 million. The construction will be carried out by Thuismakers Nijverdal BV and delivered turnkey to Aedifica. Approx. €3 million has been budgeted for construction works; the total investment (including works) will ultimately amount to approx. €4 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Wonen bij September group, a private player in the Dutch senior care market that provides small-scale housing and private care services, serving the middle market segment. The lease established for the site is an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Agreement for the construction of a care residence in Tilburg (Province of North Brabant)

On 27 February 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The Huize Groot Waardijn care residence, a modern residential care facility intended for seniors requiring continuous care, will be constructed in a well-located residential area near the centre of Tilburg (214,000 inhabitants, Province of North Brabant). Upon completion (expected in the first quarter of 2019), the care residence will have a capacity of 26 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the plot of land. The contractual value amounts to approx. €1 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Approx. €5 million has been budgeted for construction works; the total investment (including works) will ultimately amount to approx. €6 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Agreement for the construction of a care residence in Eersel (Province of North Brabant)

On 16 March 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The Huize Eresloo care residence, a modern residential care facility intended for seniors requiring continuous care, will be constructed within a private park near the centre of Eersel (19,000 inhabitants, Province of North Brabant), approx. 20 km from the city of Eindhoven. Upon completion, (expected in the second quarter of 2019), the care residence will have a capacity of 26 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA acquired the full property of the plot of land. The contractual value amounts to approx. €1 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Approx. €5 million has been budgeted for construction works; the total investment (including works) will ultimately amount to approx. €6 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Acquisition of two healthcare sites in The Netherlands

On 7 June 2018, Aedifica announced the acquisition of two healthcare sites in The Netherlands by way of a contribution in kind. Zorghuis Smakt is located in Smakt, part of Venray (44,000 inhabitants, Province of Limburg). In 2010, the site was entirely redeveloped into a modern residential care facility for seniors requiring continuous care with a capacity of 32 units. Zorgresidentie Mariëndaal is located in Velp, part of Grave (12,000 inhabitants, Province of North Brabant). In 2011, the building was entirely redeveloped into a modern residential care facility. The site comprises 31 units for independent living (senior apartments) with care services available on demand, 44 units for seniors requiring continuous care on short-term (rehabilitation) and long-term care (dementia care), and a day centre. The sites are operated by two entities of Blueprint Group, a private player in the Dutch senior care market, which operates its sites under five different brands. Zorghuis Smakt is operated under the Zorghuis Nederland brand, which provides small-scale care in the mid-market segment. Zorgresidentie Mariëndaal is operated under the Samen Aangenaam Ouder Worden brand, with apartments offered to seniors opting to live independently with care services available on demand. The leases established for the two sites are irrevocable double net long leases with a remaining lease term of 19 years. The initial gross yields amount to approx. 6.5 %. Aedifica Nederland BV (a 100 % subsidiary of Aedifica SA) acquired the two healthcare sites by way of a purchase in The Netherlands on a deferred payment basis which was followed by a contribution in kind in Aedifica SA of the receivable (which corresponds to the purchase price) resulting from the acquisition. The contractual value (contribution value of the receivable) amounts to approx. €16 million. As consideration for the contribution, 225,009 new shares were issued.

2.1.4. Sites available for use after works

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) – specifically, the renovation of the assisted-living apartment building (approx. €2 million invested) – was completed. The site is operated by an entity of the Vulpia group.

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

Eindhoven/Heerlen (Provinces of North Brabant and Limburg, The Netherlands)
The renovation works of the Genderstate and Petruspark rest homes in Eindhoven and the Parc Imstenrade rest home in Heerlen were completed during the third quarter of 2017/2018. Both sites are operated by an entity of the Vitalis group.

Chênée (Province of Liège, Belgium)
On 30 March 2018, Aedifica announced the completion of the extension works on the Résidence l'Air du Temps rest home located in Chênée, part of Liège (198,000 inhabitants, Province of Liège, Belgium). Works included the construction of a new wing to bring the site's total capacity to 137 units (88 units before the works). The Résidence l'Air du Temps rest home, which was acquired in 2008, is located in a green area of Chênée. The site is leased to an entity of Senior Living Group on the basis of a long lease which was renewed for a period of 27 years and which generates a triple net yield of approx. 6 %. The contractual value of the site after works amounts to approx. €14 million (i.e. a contractual value of approx. €7 million for the initial building and plot of land, and approx. €7 million for the works).

Sart-lez-Spa (Province of Liège, Belgium)
On 30 March 2018, Aedifica announced the completion of the extension works on the Résidence Les Cheveux d'Argent rest home located in Sart-lez-Spa (9,000 inhabitants, Province of Liège, Belgium). Works included the construction of a new wing to bring the total capacity of the site to 99 units (80 units before the works). The Résidence Les Cheveux d'Argent rest home, which was acquired in 2012, is located in a green area on the hillside of Spa. The site is leased to an entity of Senior Living Group on the basis of a long lease which was renewed for a period of 27 years and which generates a triple net yield of approx. 5.5 %. The contractual value of the site after works amounts to approx. €7 million (i.e. a contractual value of approx. €4 million for the initial building and plot of land, and approx. €3 million for the works).

— Martha Flora Hoorn - Hoorn - The Netherlands —

Leersum (Province of Utrecht, The Netherlands)
On 16 April 2018, the Het Gouden Hart van Leersum care residence in Leersum (8,000 inhabitants, Province of Utrecht) was completed. The care residence, a former town hall that has been entirely redeveloped into a modern residential care facility, has a capacity of 26 units intended for seniors requiring continuous care. The construction (announced in May 2017) was carried out by Legemaat van Elst BV according to a design by Arcom Partners. The site is operated by an entity of the Het Gouden Hart group. Aedifica's total investment amounts to approx. €6 million (i.e. approx. €2 million for the initial building and plot of land, and approx. €4 million for the works) and was financed using Aedifica's credit facilities. The lease established for this site is an irrevocable 20-year triple net long lease.

Hilversum (Province of North Holland, The Netherlands)
On 23 April 2018, the Martha Flora Hilversum care residence in Hilversum (88,000 inhabitants, Province of North Holland) was completed. A former office building was entirely redeveloped into a modern residential care facility with a capacity for 31 residents requiring continuous care. The construction (announced in March 2017) was carried out by Aalberts Bouw BV. The site is operated by the Martha Flora group. Aedifica's total investment amounts to approx. €8 million (i.e. approx. €2 million for the initial building and plot of land, and approx. €6 million for the works) and was financed using Aedifica's credit facilities. The lease established for this site is an irrevocable 25-year triple net long lease.

8

development projets completed in 2017/2018

— Huize Hoog Kerckebosch - Zeist - The Netherlands —

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 2018.

As of 30 June 2018, the following development projects are in progress:

- Heydeveld (extension of a rest home in Opwijk, Flemish Brabant, Belgium);
- Huize Lieve Moenssens (extension and renovation of a rest home in Dilsen-Stokkem, Limburg, Belgium);
- Martha Flora Bosch en Duin (construction of a care residence in Bosch en Duin, Utrecht, The Netherlands);
- Huize Ter Beegden (construction of a care residence in Beegden, Limburg, The Netherlands);
- Huize De Compagnie (construction of a care residence in Ede, Gelderland, The Netherlands);
- September Nijverdal (construction of a care residence in Nijverdal, Overijssel, The Netherlands);
- Huize Roosdael (construction of a care residence in Roosendaal, North Brabant, 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);
- LTS Winschoten (construction of a care residence in Winschoten, Groningen, The Netherlands);
- Martha Flora Rotterdam (construction of a care residence in Rotterdam, South Holland, The Netherlands);
- Vinkenbosch phase II (renovation of a rest home in Hasselt, Limburg, Belgium);
- Huize Groot Waardijn (construction of a care residence in Tilburg, North Brabant, The Netherlands);
- Huize Eresloo (construction of a care residence in Eersel, North Brabant, The Netherlands);
- Bonn (renovation of a rest home in Bonn, North Rhine-Westphalia, Germany);
- De Merenhoef (extension and renovation of a rest home in Maarssen, Utrecht, The Netherlands);
- De Duinpieper (extension and renovation of a rest home in Ostend, West Flanders, Belgium);
- ’t Hoge phase III (extension of a rest home in Kortrijk, West Flanders, Belgium);
- Leusden (construction of a care residence in Leusden, Utrecht, The Netherlands);
- Residenz Zehlendorf (renovation of a rest home in Berlin, State of Berlin, Germany);
- Résidence Aux Deux parcs (extension of a rest home in Brussels, Brussels-Capital Region, Belgium).

2.1.6. Financing

In terms of financing, the following transactions have taken place since the beginning of the 2017/2018 financial year:

- November 2017: a credit facility (€32 million) with BNP Paribas Fortis that was due to mature in June 2018 was refinanced and replaced with two new credit facilities (€17 million, maturing in 2025; €15 million, maturing in 2026);
- November 2017: a credit facility (€12.2 Million) with KBC Bank NV, Niederlassung Deutschland, that was due to mature in July 2018 was refinanced and replaced with two new credit facilities (€12.5 million each, maturing in 2024);
- December 2017: credit facility with Banque Degroof Petercam (€30 million) that was due to mature in July 2018 was refinanced and replaced with a new credit facility in the same amount (maturing in 2023);
- December 2017: a new bilateral credit facility was established with the Argenta Assuranties insurance company (€10 million, maturing in 2028);
- December 2017: a new bilateral credit facility was established with the Argenta Spaarbank savings bank (€50 million, maturing in 2028);
- December 2017: a credit facility (€25 million) with Caisse d’Epargne et de Prévoyance Hauts De France that was due to mature in July 2018 was refinanced and replaced by a credit facility of the same amount (maturing in 2025);
- May 2018: a credit facility (€25 million) with ING Belgium that was due to mature in November 2018 was refinanced and replaced by a credit facility of the same amount (maturing in 2025);
- May 2018: a new bilateral credit facility was established with ING Belgium (€25 million, maturing in 2025);
- May 2018: a new bilateral credit facility was established with Belfius Bank (€50 million, maturing in 2025);
- May 2018: a new bilateral credit facility was established with Triodos Bank (€20 million, maturing in 2025);
- May 2018: a new bilateral credit facility was established with BECM (€15 million, maturing in 2023);

- May 2018: a new bilateral credit facility was established with BECM (€25 million, maturing in 2023);
- June 2018: a new syndicated credit facility was established with the banks and savings banks of Groupe BPCE (€118 million, maturing in 2025).

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

	Lines	Use
2018/2019 :	38	18
2019/2020 :	80	80
2020/2021 :	90	90
2021/2022 :	171	122
2022/2023 :	195	90
2023/2024 :	185	74
> 2024/2025 :	455	268
Total as of 30 June 2018	1,215	742
Weighted Average Maturity (years)	5.1	4.9

Hence, no less than €450 million in bank financing was established or renegotiated during the 2017/2018 financial year.

In late June 2018, Aedifica started a multi-term treasury notes programme for a maximum amount of €150 million (of which €100 million with a duration of less than one year and €50 million with a duration of longer than one year). The treasury notes are fully hedged by the available funds on confirmed long-term credit lines. Belfius Bank and BNP Paribas Fortis act as dealers.

Establishment of these credit facilities demonstrates once again the strong and durable relationship Aedifica maintains with its credit providers. The new credit facilities issued by the Argenta group have initiated a diversification of funding sources, coupled with an extension of the weighted average debt maturity. Moreover, the newly started multi-term treasury notes programme will further diversify Aedifica's funding sources at a reduced cost.

2.1.7. Other events

Disposals

The remaining apartments in the apartment building located at avenue de Broqueville 8 in Brussels (presented in the segment "apartment buildings") were sold in two transactions (one apartment sold on 19 September 2017 and five apartments sold on 25 October 2017) for a total amount of approx. €1.3 million.

The plot of land located between avenue Louise, rue Vilain XIIII and rue du Lac in Brussels (presented in the segment "hotels") was sold on 4 December 2017 for approx. €1.0 million.

On 27 June 2018, the Ring building located in Antwerp (presented in the segment "hotels") was sold for approx. €12.8 million.

> €450 Mio

bank financing established or renegotiated during the 2017/2018 financial year

Disposal of the assisted-living apartments located at the Residentie Poortvelden site in Aarschot is on-going. As of 30 June 2018, 2 of the 24 apartments have been sold. The remaining assisted-living apartments to be sold amount to approx. €4.1 million and represent the full value of assets classified as held for sale as of 30 June 2018.

Aedifica receives an award with regard to financial communication

On 7 September 2017, Aedifica received a 3rd consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2015/2016), keeping the Company at the top of the 104 real estate companies assessed by EPRA, the European association of listed real estate companies.

Aedifica appoints a Chief Investment Officer and a Chief Mergers & Acquisitions Officer

On 28 September 2017, Aedifica's Board of Directors appointed Mr. Charles-Antoine van Aelst as Chief Investment Officer and Mr. Sven Bogaerts as Chief Mergers & Acquisitions Officer, with effect from 1 October 2017. They are also members of the Management Committee and Executive Managers.

Aedifica acquires Schloss Bensberg Management GmbH

On 2 March 2018, the Group announced that Aedifica SA acquired 100% of the shares of Schloss Bensberg Management GmbH ("SBM"). Recall that in 2015, Aedifica SA acquired the "Service-Residenz Schloss Bensberg" apartment complex in North Rhine-Westphalia (Germany). Aedifica SA leased most of the apartments in this complex to SBM to be operated as apartments for seniors ("independent living"). Aedifica acquired all of the shares of SBM, for approx. €0.2 million. This takeover will have no significant recurring net impact on Aedifica's consolidated financial statements, given that SBM's operational costs (staff-related costs, among others) are covered by its rental income

Aedifica establishes a new subsidiary in Germany

As of 2 March 2018, Aedifica established a new German subsidiary: Aedifica Project Management GmbH. This subsidiary advises and supports Aedifica in the growth and management of its real estate portfolio in Germany by overseeing project management of the German construction sites (including the 17 construction projects of the cooperation agreement with Specht Gruppe).

Agreement in principle with a strategic partner for the apartment buildings segment

Aedifica is preparing to transfer its "apartment buildings" branch of activities to Immobe SA, a new subsidiary that has been recognised as an IRREC since 1 July 2018. The Group has discussed with several parties the possibility of opening up the capital of this subsidiary to a strategic partner through a sale (in one or several phases) of up to 75 % (minus one share) of the capital of this subsidiary. On 18 May 2018, Aedifica signed an agreement in principle with one of the candidate-partners for the sale (in one or several phases) of up to 75 % (minus one share) in the new subsidiary. The final agreement (subject to outstanding conditions, such as conducting a due diligence) with the strategic partner was signed on 12 July 2018 (see section 2.2 below). Within the framework of this agreement, the branch of activities is valued taking into account the book value of the assets (including the fair value of the buildings) and a portfolio premium of approx. 7 %. This transaction fits perfectly within the strategic development of Aedifica as a pure play healthcare real estate investor and allows Aedifica to use its capital to pursue continued growth in its core activities.

Aedifica appoints a new Chief Financial Officer

On 1 June 2018, Aedifica's Board of Directors has appointed Ms. Ingrid Daerden as Chief Financial Officer. She joined the team as of 1 September 2018. Ms. Daerden is also a member of the Management Committee and Executive Manager of Aedifica. Recall that Mr. Jean Kotarakos ended his mandate as Director of the Aedifica group on 28 March 2018 and his function as CFO on 31 May 2018.

Aedifica receives an award for its investments in Germany

On 19 June 2018, Aedifica received the "Investor des Jahres 2018" award in Germany. The award was granted by a panel of eleven professionals and the visitors of Altenheim Expo in Berlin, an event for the German senior care market.

2.2. Operations after the 30 June 2018 closure

2.2.1. Investments

First execution of the cooperation agreement with Specht Gruppe in Germany: construction of three care campuses

On 11 July 2018, Aedifica acquired the plots of land on which three of the seventeen rest homes announced in the cooperation agreement with Specht Gruppe will be built (see section 2.1.2 above). The acquisition took place through the takeover of Specht Gruppe Eins mbH (by Aedifica Invest SA). Aedifica also signed an agreement with Residenz Baugesellschaft (an entity of Specht Gruppe) for the construction of these three rest homes, which will be located in Kaltenkirchen, Schwerin and Lübbecke. Construction works have already begun. The first buildings are expected to be completed during the second half of 2019. The contractual value of these three plots of land amounts to approx. €4 million. Aedifica's total investment (including works) will ultimately amount to approx. €40 million. The operation will be financed using Aedifica's credit facilities. Upon completion, all sites will be leased to Residenz Management GmbH, also an entity of Specht Gruppe, and will be operated by high quality operators. They will be leased on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration that will cover the buildings' maintenance. Gross yields will amount to approx. 5.5 %.

Acquisition of 4 healthcare sites in Bad Sachsa (State of Lower-Saxony, Germany)

On 12 July 2018, Aedifica announced the signing of an agreement for the acquisition of four healthcare sites in Germany. The four sites benefit from a central location in Bad Sachsa (7,500 inhabitants, State of Lower-Saxony, Germany). The buildings were constructed in different years and have undergone several renovations and extensions. They can welcome 221 residents in total. The first site has a capacity of 70 units catering to seniors requiring continuous care, while the second site has a capacity of 64 units intended for individuals with severe neurological damage or suffering from mental health disorders. The third and fourth sites have capacities of 74 and 13 units, respectively, and are intended for individuals suffering from mental health disorders. The agreement for the acquisition of these four sites by Aedifica SA is subject to the usual conditions in Germany, which are mainly of administrative nature and which should be fulfilled soon. The purchase price will be paid and the property and full use of the buildings will automatically be acquired at that time. The contractual value amounts to approx. €19 million. The operation will be financed using Aedifica's credit facilities. The sites will be operated by an entity of Argentum Holding GmbH under irrevocable 30-year double net long leases. The initial gross yield amounts to approx. 7 %.

Agreement signed for the apartment buildings segment

As previously announced, Aedifica is preparing to transfer its "apartment buildings" branch of activities to a new subsidiary, Immobe SA. Effective 1 July 2018, Immobe is authorised by the FSMA as an Institutional Regulated Real Estate Company ("IRREC") under Belgian law. Aedifica anticipates that the transfer of this branch of activities could take place at the end of the third quarter of 2018. On 12 July 2018, after conducting the due diligence, Aedifica and the candidate-partner (which is an international investor represented by CODABEL) signed the final agreement, subject to usual outstanding conditions, for the sale (in two phases) of up to 75 % (minus one share) in Immobe SA. The first phase comprises the transfer of 50 % (minus one share) of the shares in Immobe SA. The completion of this phase is expected to take place during the fourth quarter of 2018.

Acquisition and redevelopment of a care residence in Berkel-Enschot (Province of North Brabant, The Netherlands)

On 19 July 2018, Aedifica announced the acquisition and redevelopment of a care residence in The Netherlands. The Sorghuys Tilburg care residence is located in a green, residential area of Berkel-Enschot, part of Tilburg (214,000 inhabitants, Province of North Brabant). Extension works will be carried out and the current villa will be entirely redeveloped into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed in the third quarter of 2019 and will have a capacity of 22 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the plot of land (including the building located thereon). The contractual value amounts to approx. €1 million. The construction will be carried out by Sorghuys Tilburg BV and delivered turnkey to Aedifica. Approx. €3 million has been budgeted for construction works; the total investment (including works) will amount to approx. €4 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by Blueprint Group in partnership with Boeijend Huys, under the Zorghuis Nederland brand, under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Acquisition of four healthcare sites in Germany

Late August 2018, Aedifica acquired four healthcare sites in Germany given fulfillment of the outstanding conditions, as announced in the press release of 4 June 2018. See section 2.1.2 for a more detailed account of the acquired sites. The purchase price was paid and Aedifica SA acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities.

— Martha Flora Hilversum – Hilversum – The Netherlands —

3. ANALYSIS OF THE 30 JUNE 2018 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 2018

During the 2017/2018 financial year (1 July 2017 – 30 June 2018), Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale*** by €178 million, from a fair value of €1,528 million to €1,705 million (€1,741 million for the investment properties including assets classified as held for sale*). This 12 % 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 (+€25.2 million, or +1.5 %). The fair value of marketable investment properties, as assessed by independent valuation experts, is broken down as follows:

- healthcare real estate: +€22.5 million, i.e. +1.6 %;
- apartment buildings: +€2.5 million, i.e. +1.2 %;
- hotels: +€0.3 million, i.e. +0.4 %.

As of 30 June 2018, Aedifica has 214 marketable investment properties including assets classified as held for sale*, with a total surface area of approx. 875,000 m², consisting mainly of:

- 135 healthcare sites with a capacity of approx. 11,400 residents;
- 768 apartments;
- 6 hotels comprising 544 rooms.

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

- 84 % healthcare real estate;
- 12 % apartment buildings;
- 4 % hotels.

+16 %

increase of consolidated revenues

84 %

share of healthcare real estate in the portolio

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

- 70 % in Belgium, of which:
  - 42 % in Flanders;
  - 18 % in Brussels;
  - 10 % in Wallonia;
- 17 % in Germany;
- 13 % in The Netherlands.

The **occupancy rate** (see glossary) **of the total unfurnished portion of the portfolio** (representing 96 % of the fair value of marketable investment properties including assets classified as held for sale*) amounts to 99.0 % as of 30 June 2018. This is an increase, even compared to the record level reached at the end of the previous financial year (30 June 2017: 98.7 %).

The **occupancy rate of the furnished portion of the portfolio** (representing only 4 % of the fair value of marketable investment properties) reached 84.1 % for the year ended 30 June 2018. This is an increase as compared to the occupancy rate realised in the previous financial year (73.5 %) and the most recent published occupancy rate (81.3 % as of 31 March 2018). Note that the occupancy rate of the last quarter of the financial year under review reached 92.5 %, a level which has not been recorded since 2008.

The **overall occupancy rate** of the total portfolio reached 99 % for the year ending 30 June 2018.

The **weighted average lease term** for all buildings in the Company's portfolio is 20 years, the same as on 30 June 2017. This impressive aggregate performance is explained by the large proportion of long-term contracts in the Company's portfolio.

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

	30 June 2018	30 June 2017
Rental income	91,677	78,983
Rental-related charges	-80	-48
Net rental income	91,597	78,935
Operating charges*	-14,322	-13,158
Operating result before result on portfolio	77,275	65,777
EBIT margin* (%)	84	83
Financial result excl. changes in fair value*	-15,319	-16,538
Corporate tax	-3,553	-1,275
EPRA Earnings*	**58,403**	**47,964**
Denominator (IAS 33)	17,990,607	15,235,696
EPRA Earnings* per share (€/share)	**3.25**	**3.15**
EPRA Earnings*	58,403	47,964
Changes in fair value of financial assets and liabilities	-2,157	5,119
Changes in fair value of investment properties	15,018	10,357
Gains and losses on disposals of investment properties	789	1,459
Negative goodwill/goodwill impairment	-344	0
Deferred tax in respect of EPRA adjustments	146	-1,541
Roundings	0	0
Profit (owners of the parent)	**71,855**	**63,358**
Denominator (IAS 33)	17,990,607	15,235,696
Earnings per share (owners of the parent - IAS 33 - €/share)	**3.99**	**4.16**

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-months period from 1 July 2017 to 30 June 2018. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations 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 €91.7 million, an increase of 16 % as compared to the prior year. This is above budget (as derived from the annual outlook for the 2017/2018 financial year presented in 2016/2017 Annual Financial Report), owing to the timing of acquisitions in the healthcare real estate segment as compared to what was budgeted, as well as to the good performance of the apartment buildings on a like-for-like basis*.

Changes in total consolidated rental income (€13 million, i.e. +16.1 % as compared to the same period of the previous financial year overall or +2.4 % on a like-for-like basis*) are presented below by segment:

- healthcare real estate: +€12.5 million, i.e. +19.6 % (or +1.6 % on a like-for-like basis*);
- apartment buildings: -€0.5 million, i.e. -4.8 % (or +6.9 % on a like-for-like basis*);
- hotels: +€0.7 million, i.e. +16.5 % (or +0.6 % on a like-for-like basis*).

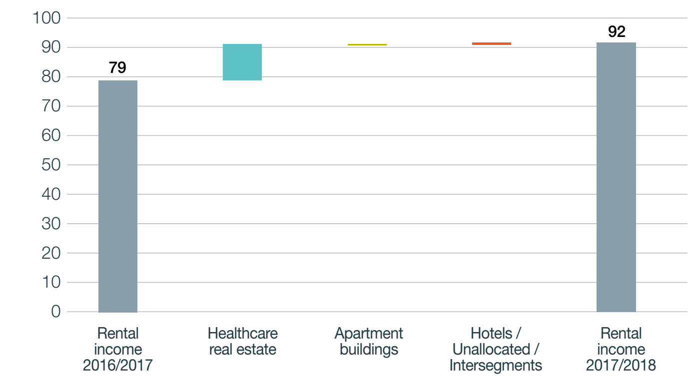
The increasing rental income in the healthcare real estate segment (+€12.5 million; +19.6 % and +1.6 % on a like-for-like basis*) demonstrates the relevance of Aedifica's investment strategy in this segment, which now generates more than 83 % of the Group's turnover.

Rental income of apartment buildings has decreased due to the disposal of a building (Tervueren 13 in June 2017, having an effect of -€0.3 million) and the transfer (on 1 July 2017) of the Ring building to the hotels segment (having an effect of -€0.6 million). However, on a like-for-like basis*, rental income of apartment buildings has increased and is above budget.

Rental income of hotels and other building types is analysed as follows:

- rental income of hotels is in line with budget;
- with respect to the other building types, rental income is in line with budget (considering the above-mentioned transfer of the Ring building and notwithstanding the disposal of the Royale 35 building in March 2017, the plot of land Résidence du Lac in December 2017 and the Ring building in June 2018).

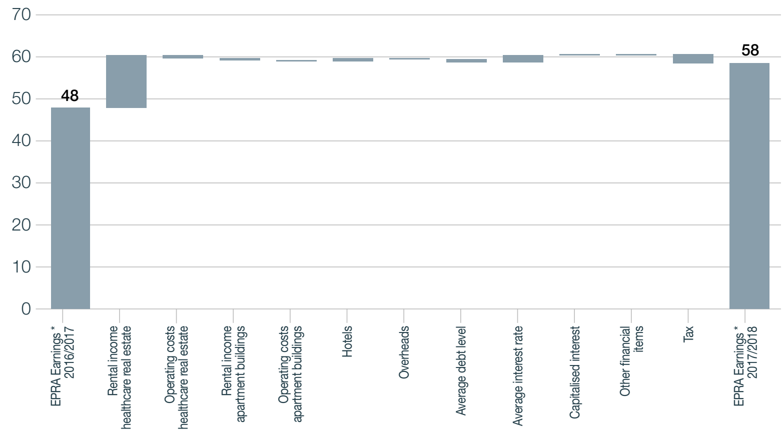
Rental income (30 June 2018) (in € million)



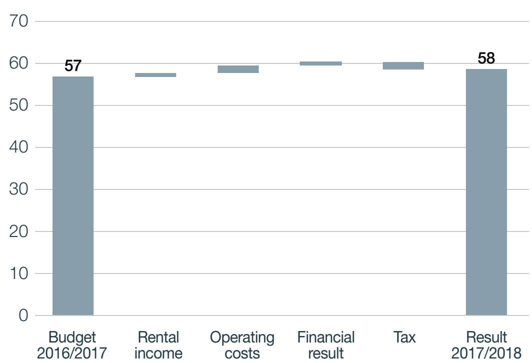
	Healthcare real estate	Apartment buildings	Hotels / Unallocated / Intersegments	Rental income 2017/2018
Change	+ 19,6 %	- 4,8 %	+ 16,5 %	+ 16,1 %
Like-for-like change*	+ 1,6 %	+ 6,9 %	+ 0,6 %	+ 2,4 %

— Villa Temporis - Hasselt - Belgium —

EPRA Earnings * in fair value (30 June 2018) (in € million)



EPRA Earnings * vs budget (30 June 2018) (in € million)



84 %

operating result* on 30 June 2018

After deducting **rental-related charges**, the **net rental income** for the year ended 30 June 2018 amounts to €91.6 million (+16 % as compared to 30 June 2017).

The **property result** is €90.7 million (30 June 2017: €78.1 million). This result, less other direct costs, provides a **property operating result** of €86.1 million (30 June 2017: €74.1 million), which represents an operating margin* of 94 % (30 June 2017: 94 %).

After deducting overheads of €11.0 million (30 June 2017: €8.5 million) and taking into account other operating income and charges of €2.2 million (30 June 2017: €-0.3 million), the **operating result before result on portfolio** has increased by 17 % to reach €77.3 million (30 June 2017: €65.8 million). This result represents an EBIT margin* (see Note 57.3) of 84 % (30 June 2017: 83 %) and is above budget.

After taking into account the cash flows generated by hedging instruments (described below), Aedifica's **net interest charges** amount to € 14.3 million (30 June 2017: € 15.4 million). The average effective interest rate* (2.1 % before capitalised interest on development projects) is below that reported in 2016/2017 (2.3 %) and is in line with budget (2.1 %). 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 € 15.3 million (30 June 2017: € 16.5 million), below budget.

Corporate taxes are composed of current taxes, deferred taxes and exit tax. In conformity with the Company's legal status (i.e. as a RREC), current taxes (charge of €3.6 million; 30 June 2017: charge of € 1.3 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 above budget, mainly because Aedifica recognised a generally applicable corporate income tax burden for its Dutch subsidiary (Aedifica Nederland BV) in the income statement. Aedifica took this precautionary measure despite the fact that this subsidiary claims to be a "Fiscale Beleggingsinstelling", a transparent tax regime. Deferred taxes are described below.

EPRA Earnings* (see Note 57.7) reached €58.4 million (30 June 2017: € 48.0 million), or € 3.25 per share, based on the weighted average number of shares outstanding (30 June 2017: € 3.15 per share). This profit (absolute and per share) is above budget, notwithstanding the temporary dilutive effect of the capital increase of 28 March 2017.

The income statement also includes items with no monetary impact (that is to say, non-cash) that vary as a function of market parameters. These consist of the changes in the fair value of investment properties (accounted for in accordance with IAS 40), changes in the fair value of financial assets and liabilities (accounted for in accordance with IAS 39), other results on portfolio, exit tax and 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 2017 or at the time of entry of new buildings in the portfolio, and the fair value estimated by valuation experts as of 30 June 2018) taken into income amounted to +1.5 %, or +€25.2 million (30 June 2017: +1.1 %, or +€16.1 million). A change in fair value of -€10.2 million was recorded on development projects (compared to -€5.8 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €15.0 million (30 June 2017: +€10.4 million).

- **Capital gains on disposals** (€0.8 million; 30 June 2017: €1.5 million) are also taken into account here.

- In order to limit the interest rate risk stemming from the financing of its investment, 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. On 30 June 2018, 95 % of the drawings on these variable-rate credit facilities are covered by hedging instruments (swaps and caps). 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 subject to appraisal at fair value. **Changes in the fair value of financial assets and liabilities** taken into income statement as of 30 June 2018 represent a charge of €2.2 million (30 June 2017: income of €5.1 million).

- **Deferred taxes** (charge of €2.5 million as of 30 June 2018 as compared to a charge of €1.5 million as of 30 June 2017) 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*.

- **Exit tax** (income of €2.7 million as of 30 June 2018 as compared to a charge of €0.5 million as of 30 June 2017) corresponds to the variation between the estimated exit tax at the moment of acquisition of companies and the estimated exit tax at their anticipated merger dates. (In 2017, the exit tax was presented under changes in fair value of investment properties; this change of presentation had no impact on either net profit or EPRA Earnings*). The positive change in exit tax is caused by a decrease of the applicable tax rate from 16.995 % to 12.75 %.

Given the non-monetary items described above, the **profit (attributable to owners of the parent)** amounts to €71.9 million (30 June 2017: €63.4 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 €3.99 (30 June 2017: €4.16).

The adjusted statutory result as defined in the annex to the Royal Decree of 13 July 2014 regarding RRECs, is €55.4 million (30 June 2017: €42.1 million), an increase of 32 % (as calculated in Note 50). Taking into account the dividend rights for the shares issued during the financial year, this represents an amount of €3.05 per share (30 June 2017: €2.74 per share).

3.3 Consolidated balance sheet

As of 30 June 2018, **investment properties including assets classified as held for sale*** represent 99 % (30 June 2017: 98 %) 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 valuation experts, namely de Winssinger & Associés SA, Deloitte Consulting & Advisory SCRL, IP Belgium SPRL, CBRE GmbH and DTZ Zadelhoff VOF) at a value of €1,741 million (30 June 2017: €1,545 million). This heading includes:

- **Marketable investment properties including assets classified as held for sale*** (30 June 2018: €1,705 million; 30 June 2017: €1,528 million), which marked an increase of €178 million. The net growth in the fair value of marketable investment properties* is attributed primarily to €127 million from investment operations (see points 2.1.1, 2.1.2 and 2.1.3 above), - €15 million for disinvestment operations (see point 2.1.7 above), €36 million for the completion of development projects (see point 2.1.4 above), and €25 million for the change in fair value of marketable investment properties.

- **Development projects** (30 June 2018: €35 million; 30 June 2017: €17 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 hereafter.

- **Other assets included in the debt-to-assets ratio** represent 1 % of the total balance sheet (30 June 2017: 2 %).

  Since Aedifica's incorporation, 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 €480 million as of 30 June 2018 (30 June 2017: €474 million). The share premium amounts to €298 million as of 30 June 2018 (30 June 2017: €287 million). Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the statutory capital reserves. Equity (also

Consolidated balance sheet (x €1,000)

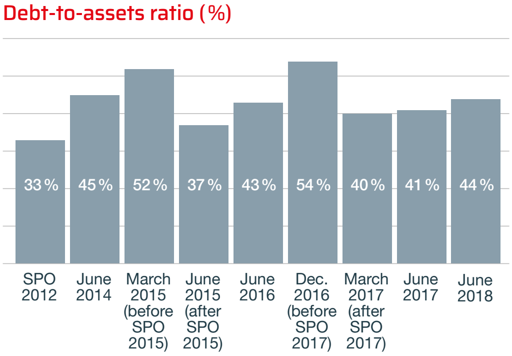
	30 June 2018	30 June 2017
Investment properties including assets classified as held for sale*	1,740,533	1,544,849
Other assets included in debt-to-assets ratio	24,418	22,566
Other assets	1,692	2,707
Total assets	**1,766,643**	**1,570,122**
Equity		
Equity excl. changes in fair value of hedging instruments*	977,086	922,094
Effect of the changes in fair value of hedging instruments	-35,439	-34,055
Equity	941,647	888,039
Liabilities included in debt-to-assets ratio	781,449	639,077
Other liabilities	43,547	43,006
Total equity and liabilities	**1,766,643**	**1,570,122**
Debt-to-assets ratio (%)	44.3	40.8

Net asset value per share (in €)

	30 June 2018	30 June 2017
Net asset value after deduction of dividend 2016/2017[1], excl. changes in fair value of hedging instruments*	53.68	49.38
Effect of the changes in fair value of hedging instruments	-1.95	-1.89
Net asset value after distribution of dividend 2016/2017[1]	51.74	47.48
Number of share outstanding (excl. treasury shares)	18,200,829	17,975,820

1. See Note 57.6

Debt-to-assets ratio (%)



called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

- €977 million excluding the effect of the changes in fair value of hedging instruments* (30 June 2017: €922 million, including the €34 million dividend distributed in November 2017);
- €942 million including the effect of the changes in fair value of hedging instruments (30 June 2017: €888 million, including the €34 million dividend distributed in November 2017).

As of 30 June 2018, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 regarding RRECs) reached €781 million (30 June 2017: €639 million), of which €740 million (30 June 2017: €614 million) represent amounts drawn on the Company's credit facilities, detailed in Note 40. The debt-to-assets ratio amounts to 44.3 % on a consolidated level (30 June 2017: 40.8 %) and 42.5 % on a statutory level (30 June 2017: 38.6 %). The maximum ratio permitted for Belgian REITs is set at 65 % of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €366 million in constant assets (that is, excluding growth in the real estate portfolio) or €1,045 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, all else being equal, the Company to absorb a decrease of up to 32 % 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 €278 million in constant assets, €694 million in variable assets, and 27 % in the fair value of investment properties.

Other liabilities of €44 million (30 June 2017: €43 million) represent primarily the fair value of hedging instruments (30 June 2018: €33 million; 30 June 2017: €34 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 €51.30 per share as of 30 June 2017 thus included the dividend distributed in November 2017, and should be adjusted by €1.92 per share in order to compare with the value as of 30 June 2018. This amount corresponds to the amount of the total dividend (€34 million) divided by the total number of shares outstanding as of 30 June 2017 (17,975,820).

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 2016/2017 dividend in November 2017, the net asset value per share based on the fair value of investment properties is €53.68 as of 30 June 2018 (30 June 2017: €49.38 per share).

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 +€2.5 million (30 June 2017: +€3.2 million), which is made up of net cash from operating activities of +€85.0 million (30 June 2017: +€69.2 million), net cash from investing activities of -€159.5 million (30 June 2017: -€279.6 million), and net cash from financing activities of +€76.9 million (30 June 2017: +€213.6 million).

3.5 Segment information

3.5.1. Healthcare real estate

Rental income in this segment amounts to €76.5 million (30 June 2017: €63.9 million), or 83% 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 €1,431 million (30 June 2017: €1,244 million), or 84% of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

Proposed appropriation (x €1,000)

	30 June 2018	30 June 2017
A. Profit (loss)	**63,357**	**57,040**
B. Transfer to/from the reserves (-/+)	**12,345**	**15,000**
1. Transfer to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	14,203	7,408
- previous fiscal years	0	0
- disposals of investment properties	790	1,485
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	-2,563	815
3. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting as defined by IFRS (-)		
- fiscal year	-11	0
- 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 as defined by IFRS (+)		
- fiscal year	0	22
- 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	-1,332	0
- 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	0	6,053
- 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 (-/+)	-698	-783
9. Transfer to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	1,957	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	**44,340**	**33,642**
D. Remuneration of the capital - other than C	**1,162**	**836**
Result to be carried forward	**5,509**	**7,562**

3.5.2. Apartment buildings

Rental income in this segment amounts to €10.5 million (30 June 2017: €11.0 million), or 11% of Aedifica's total rental income. After deducting direct costs related to this activity, the property operating result for apartment buildings amounts to €6.3 million (30 June 2017: €7.0 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €207 million (30 June 2017: €215 million), or 12% of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

2,50 €/ action

proposed gross dividend for 2017/2018, representing a statutory pay-out ratio of 82%

3.5.3. Hotels

Rental income in this segment amounts to €4.9 million (30 June 2017: €4.2 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 €4.9 million (30 June 2017: €4.2 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €68 million (30 June 2017: €68 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 RESULT

The Board of Directors proposes to the Annual General Meeting of 23 October 2018 to approve the Aedifica SA Annual Accounts of 30 June 2018 (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 €2.50 per share. The statutory pay-out ratio is 82%.

The statutory result for the 2017/2018 financial year will be submitted as presented in the table at page 51.

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.

After approval at the Annual General Meeting, the proposed dividend is due to be paid as from 31 October 2018 ("payment date" of the dividend related to the 2017/2018 financial year). 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 €2.125.

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".

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 maximise 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 of operators in the senior housing segment); risks related to Aedifica's property portfolio (rents, asset management, quality and valuation of buildings, risk of expropriation, and risks arising from mergers, acquisitions and de-mergers), regulatory risks (corporate status and tax regime), corporate risks (growth management risk, risk of non-growth, risk related to the Group's internationalisation, reputation risk and risk related to managing market expectations) and risks related to support processes (reporting risk, risk related to data processing and risk related to team members). 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 Law of 12 May 2014 (with the exception of cases explicitly covered by Article 38 of the same Act). Over the course of the 2017/2018 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

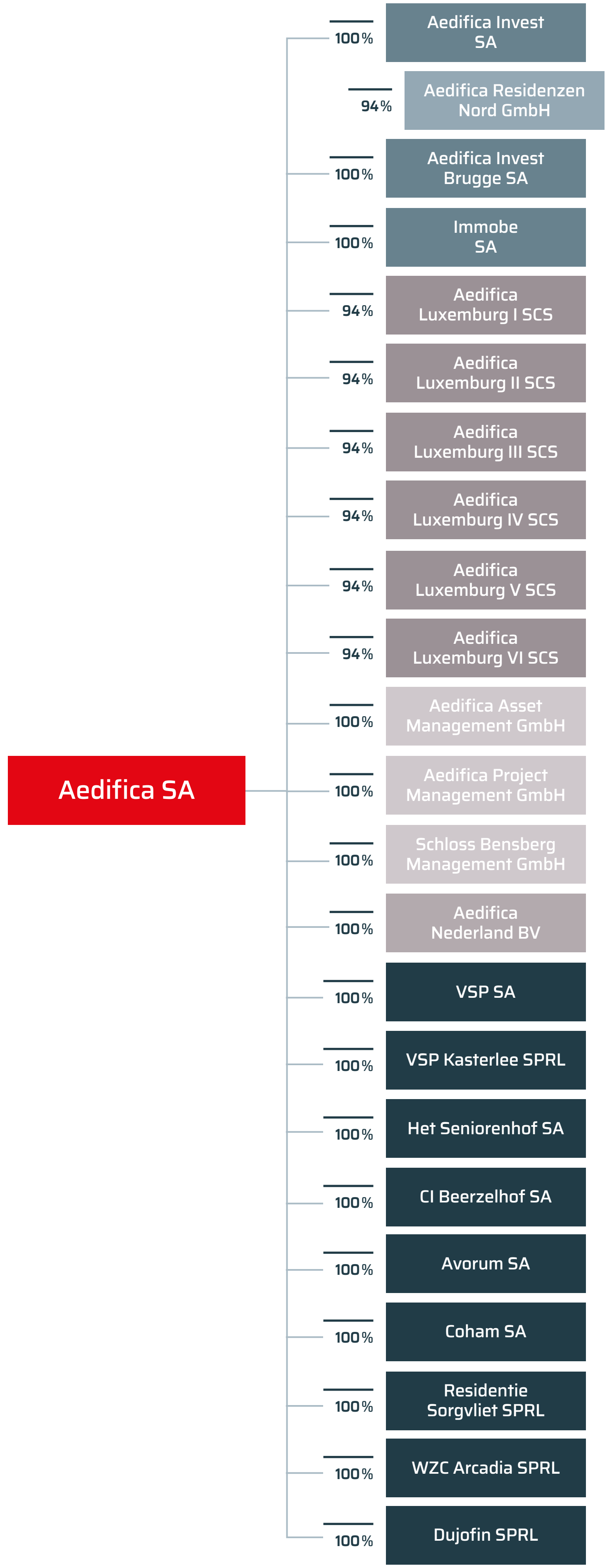
As of 30 June 2018, Aedifica SA holds 23 subsidiaries, of which twelve are established in Belgium, six in Luxemburg, four in Germany, and one in The Netherlands. The figures mentioned below represent Aedifica's share in the capital, as well as its share in voting rights.

– 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. It also controls a subsidiary of Aedifica in Germany (see below).
- 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.
- Immobe SA is wholly owned by Aedifica SA. Through this IRREC, Aedifica will continue managing its apartment buildings branch, in cooperation with a strategic partner who will ultimately acquire the control of Immobe SA.

– Luxemburg

- Aedifica Luxemburg I SCS is 94 % owned 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 94 % owned 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 94 % owned 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 94 % owned 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 94 % owned 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 SCS is 94 % owned by Aedifica SA. This subsidiary holds one building located in Germany. The residual 6 % is held by an investor who is unrelated to Aedifica.



— Bonn - Bonn - Germany —

– 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.
- Aedifica Project Management GmbH is wholly owned by Aedifica SA. This subsidiary oversees project management of Aedifica's construction projects in Germany.
- Schloss Bensberg Management GmbH is wholly owned by Aedifica SA. This subsidiary operates the apartments on the "Service-Residenz Schloss Bensberg" site as apartments for seniors.
- Aedifica Residenzen Nord GmbH is 94 % owned by Aedifica Invest SA. This subsidiary holds three buildings located in Germany. The residual 6 % is held by an investor who is unrelated to Aedifica.

– 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 2018, Aedifica SA (together with Aedifica Invest SA) holds nine subsidiaries that are located in Belgium and hold real estate assets; these subsidiaries will be merged with Aedifica in the following months. These subsidiaries are: VSP SA, VSP Kasterlee SPRL, Het Seniorenhof SA, Compagnie Immobilière Beerzelhof SA, Avorum SA, Coham SA, Residentie Sorgvliet SPRL, WZC Arcadia SPRL and Dujofin SPRL.

The organisational chart on page 53 shows the Group's subsidiaries as well as its share in each subsidiary.

9. RESEARCH AND DEVELOPMENT

Aedifica is not engaged in any 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 2018, 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 2018/2019

The projections presented below have been developed by the Board of Directors with a view to establish the budget for the 2018/2019 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: 1.87 % on average for the financial year, in line with the monthly projections released by the Belgian Federal Planning Bureau on 3 July 2018;

b) Investment properties: assessed at their fair value, based on a zero growth rate;

c) Average interest rate before capitalised interests: 2.0 % based on the Euribor rate curve of 29 June 2018, 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 forecasts 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 of rents are revised in light of the latest operational trends and the actual state of the markets in which the Company is active.
In addition, the rental income from healthcare real estate 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 forecasts 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. €400 million), will be paid in cash. These consist mainly of (i) cash outflows related to the development projects in progress on 30 June 2018, (ii) cash outflows related to the acquisitions announced since 1 July 2018, and (iii) additional investments – for which there are no agreements at this date – which are assumed to be carried out in the healthcare real estate segment during the 2018/2019 financial year, amounting to €150 million, paid in cash, and generating rental incomes in line with today's market practice.

e) Financial assumptions:
- Average cash balance of €10 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.

f) Disinvestment assumption: assumptions regarding the transfer of the apartment building branch to Immobe SA and the sale of Immobe shares to a strategic partner have been taken into account (see sections 2.1.7 and 2.2.1 of this Consolidated Board of Directors' report).

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 healthcare 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 healthcare real estate, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The weighted average lease term 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 €1,215 million and only €38 million of these reaching maturity during the 2018/2019 financial year. Drawings on these credit facilities are almost fully covered by hedging instruments.
- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 44.3 % as of 30 June 2018 (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 has a balance sheet structure that permits financing construction and renovation projects and acquisitions subject to outstanding conditions (commitments representing approximately €459 million as of 30 June 2018, of which €422 million are still to be realised within a three-year period – plus €23 million for the acquisitions announced on 12 July (€19 million) and 19 July (€4 million)) 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 €104 million for the 2018/2019 financial year, leading to an EPRA Earnings* of €63 million or €3.45 per share, and permitting a gross dividend of €2.80 per share (an increase of 12 %) 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 2017/2018 financial year. On this basis, net profit would reach €72 million.

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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. Joeri Klaykens, 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 2018. The assumptions included in paragraph 11.1 result in the following profit forecast (excluding changes in fair value) for the year 2018-2019:

- Date: 30 June 2019
- EPRA Earnings: 63 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 SA.

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 SA for the consolidated financial statements of 2017-2018.

Brussels, 4 September 2018

Ernst & Young Réviseurs d'Entreprises SCCRL, Statutory auditor represented by Joeri Klaykens (acting on behalf of a SPRL), Partner"

12. CONFLICTS OF INTEREST

Two conflicts of interest occurred over the course of the 2017/2018 financial year, as explained below.

At the 4 September 2017 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. Sarah Everaert, Ms. Laurence Gacoin, Mr. Stefaan Gielens and Mr. Jean Kotarakos) announced that they had interests contrary to those of the Company (about which they will inform the statutory auditor) and left the meeting.

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

(i) 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 afore-mentioned additional agreements signed on 2 September 2016. Recall that the variable remuneration can only be paid if the actual EPRA Earnings* per share is at least 85 % 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 EBIT margin* (25 %) and others (25 %). The Committee concluded 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.

(ii) In respect of the 2017/2018 financial year, the Committee proposes that the variable remuneration 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 EBIT margin* (25 %) and others (25 %).

(iii) In respect of the 2018/2019 financial year, the Committee proposes that the variable remuneration will not exceed a maximum amount of 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.

Ms. Adeline Simont subsequently reported to the Board on the Committee's deliberations with respect to the other aspects of the remuneration of the Management Committee members:

(i) CEO: increase of the fixed annual remuneration to €425,000 (resulting from the Management Agreement) as of 1 July 2017, plus an additional €120,000 (resulting from the long-term incentive plan) for the 2017/2018 financial year, and increase of the maximum variable remuneration to €212,500 for the 2017/2018 financial year, based on the above-mentioned criteria;

(ii) With respect to the other Management Committee members (CFO, COO and CLO in aggregate):

a. increase of 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);

b. increase of the maximum variable remuneration to €335,250 (rounded amount) for the 2017/2018 financial year, based on the above-mentioned criteria;

c. participation in the long-term incentive plan: €100,000 for the CFO, €50,000 for the COO and €50,000 for the CLO;

(iii) Moreover: participation of €40,000 in the long-term incentive plan for any new member of the Management Committee.

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."

At the 18 June 2018 meeting of the Board of Directors: variable remuneration of the Management Committee

"Pursuant to Article 523 of the Belgian Companies Code, Article 37 of the Act on Regulated Real Estate Companies and article 2.5.4 of the Corporate Governance Charter, the executive Director (Mr. Stefaan Gielens) announced that he had interests contrary to those of the Company (about which he will inform the statutory auditor). The other Management Committee's members present (Ms. Laurence Gacoin, Ms. Sarah Everaert, Mr. Charles-Antoine Van Aelst and Mr. Sven Bogaerts) also had interests contrary to those of the Company. The executive Director and the other members of the Management Committee left the meeting.

The Chairman of the Nomination and Remuneration Committee made a report to the Board on the meetings of the aforementioned committee, where the following topics were discussed:

(i) the Management Committee's member's variable remuneration for the 2017/2018 financial year. The effective amount of the variable remuneration that can be paid to each member of the Management Committee, is determined (among others) based on general and personal quantitative and qualitative criteria, listed in the 2016/2017 Annual Financial Report as well as in the respective additional agreements. The Nomination and Remuneration Committee gives its point of view with respect to the abovementioned personal qualitative criteria;

(ii) the criteria which could be applied to grant the variable remuneration for the 2018/2019 financial year; the Nomination and Remuneration Committee gives its point of view with respect to these criteria.

The executive Director and the other members of the Management Committee re-entered the meeting; the Chairman of the Board provided them with a summary of the Board's discussion."

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).

Following the decision of the Board of Directors of 7 June 2018, 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 Director's report), by €5,937,488.85 (from €474,342,051.82 to €480,279,540.67). 225,009 new shares without par value were issued. The shares have the same rights as existing shares. These new shares participate in the Company's results for the 2017/2018 financial year as of 1 July 2017.

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

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 organised in due time.

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 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 Complexe Louise 331-333, Résidence Palace and Héliotropes.

Given the Company's growth, Aedifica decided to move its headquarters to a modern building in the centre of the European district in Brussels. Conveniently located near several public transportation options (train and metro stations), the new head office is more easily accessible to Aedifica's staff as well as its international clients. Moreover, the building has a BREAAM "Excellent" certificate, which permits measurement of the building's environmental performance. It guarantees reduced power consumption and increased well-being of the Company's collaborators.

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 special attention to diversity is reflected in the composition of its Board of Directors and Management Committee. A significant level of gender diversity (as required by article 518bis of the Belgian Companies Code, regarding gender diversity within the Board of Directors) has been achieved given the current composition of the Board of Directors. The Board, comprising four women and five men, has a gender diversity ratio of 44 %, which significantly exceeds the threshold of one third set by law. Gender diversity is also clearly manifested in the current composition of the Management Committee, which consists of three women and three men (a gender diversity ratio of 50 %). The reader is referred to section 5 of the "Corporate Governance Statement" for more information about Aedifica's diversity policy.

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 2018, the Aedifica team consists of 59.8 full-time equivalent positions (FTEs), or 66 individuals (48 individuals on 30 June 2017). Total staff breakdown by gender is 34 women and 32 men, and by position type is 52 staff, 13 labourers and one student. During the 2016/2017 financial year, Aedifica recorded an average of 22 hours of training per FTE (24 hours as of 30 June 2017). The average age of the Aedifica team is 42 years (30 June 2017: 40 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 2017/2018 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.

60
full time equivalents

— Molenenk - Deventer - The Netherlands —

— Résidence l'Air du Temps - Chênée - Belgium —

14.3 Ethical and societal matters

In 2010, Aedifica adopted a Charter of Ethics which formalised the code of conduct already in place. This 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 Group 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 and 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, Koning Albert I in Dilbeek, Plantijn in Kapellen, Salve in Brasschaat, Residentie Blaret in Sint-Genesius-Rode and De Duinpieper in Ostend; in Germany: the entire Seniorenresidenz Laurentiusplatz site in Wuppertal-Elberfeld and Park Residenz in Neumünster, some parts of the Service-Residenz Schloss Bensberg site in Bergisch Gladbach, St. Anna in Höchstadt, Seniorenheim am Dom in Halberstadt, Seniorenresidenz an den Kienfichten in Dessau-Rosslau and advita Haus Zur Alten Berufsschule in Zschopau; in The Netherlands: Holland in Baarn, Benvenuta in Hilversum, Villa Walgaerde in Hilversum, Saksen Weimar in Arnhem, Parc Imstenrade in Heerlen, Spes Nostra in Vleuten, the Het Gouden Hart sites in Kampen and Leersum, Huize De Compagnie in Ede, Martha Flora Den Haag in The Hague, Huize Ter Beegden in Beegden, Huize Roosdael in Roosendaal, Zorghuis Smakt in Smakt and Zorgresidentie Mariëndaal in Velp).

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

Aedifica participates in debates related to the 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" (UPSI) and sponsors the VFB federation and investment association.

Members of Aedifica's Executive Management participate personally as speakers for post-graduate programmes offered by the University of Leuven (KU Leuven).

15. IN THE EVENT OF A TAKEOVER BID

In accordance with Article 34 of the Royal Decree of 14 November 2007 regarding the obligations of issuers of financial instruments admitted to trading on a regulated market, 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 2018, the share capital amounts to €480,279,540.67, consisting of 18,200,829 shares, each representing 1/18,200,829th of the share capital.

15.1.2 Rights and obligations attached to the shares

All holders of shares have equal rights and obligations.

Please refer to applicable laws, including the Belgian Companies Code, the Law of 12 May 2014 on Regulated Real Estate Companies, as amended by the Law of 22 October 2017, and the Royal Decree of 13 July 2014 on Regulated Real Estate Companies, as amended by the Royal Decree of 23 April 2018. 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 Law of 12 May 2014 quoted above requires that the shares of Belgian REITs are listed on a regulated stock exchange.

The totality of the 18,200,829 Aedifica shares are listed on the regulated market of Euronext Brussels.

15.3 Specific control rights

There are no shareholders benefiting 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 2018, 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 and 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, the reader 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 2018 amounts to 1) €271,453,773.66 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) €67,122,184.03 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 2018, 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 10 July 2014, 15 June 2016, 24 February 2017 and 14 November 2017 (bilateral credits issued by BNP Paribas Fortis), 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 7 June 2016 issued by Caisse d'Epargne Hauts De France ("CEHDF") 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 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 4 January 2018 issued by Caisse d'Epargne Hauts De France ("CEHDF") provides for early termination in the event of a substantial change in control. Control being defined as (i) the concentration, either directly or indirectly, of more than 50 % of shares in the hands of one or more investors acting in concert, or (ii) the power to have a decisive impact on the appointment of a majority of Aedifica's Directors or on the management direction.

The credit facilities of 14 June 2014, 13 November 2014 and 25 May 2018 issued by Banque Européenne du Crédit Mutuel provide 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, 27 June 2016 and 14 May 2018 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, 14 February 2017 and 15 May 2018 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 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 of 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 facilities of 3 February 2017 and 15 May 2018 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.

The credit facility of 20 December 2017 issued by the Argenta Spaarbank savings bank and the Argenta Assuranties insurance company provides for early termination in case of a change in control of Aedifica. Control being defined as the concentration, either directly or indirectly, of more than 50 % of shares in the hands of a single shareholder.

The syndicated credit facility of 29 June 2018 issued by Groupe BPCE (including Natixis Caisse d'Epargne et de Prévoyance Hauts De France, Caisse d'Epargne et de Prévoyance de Bourgogne Franche-Comté, Caisse d'Epargne et de Prévoyance de Rhône Alpes, Caisse d'Epargne et de Prévoyance Grand Est Europe, Caisse d'Epargne Loire Drôme Ardèche, Caisse d'Epargne et de Prévoyance d'Auvergne et du Limousin, Banque Populaire Bourgogne Franche Comté, Banque Populaire Val de France and Banque Populaire Alsace Lorraine Champagne) provides for early termination in case of a change in control of Aedifica. Change of control being defined as the acquisition of control by a single shareholder, as defined in Article 5 of the Belgian Companies Code.

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).

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

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

The Audit Committee of the Company is made up of three non-executive directors who meet the independence criteria set out by Article 526ter of the Belgian Companies Code. Namely, Ms. Marleen Willekens, 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 three 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 Law 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 Law of 20 September 1948) of an entity with has that kind of relationship with Aedifica;

7° have not been, over the last three years, a partner of or employee of 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 Ms. Laurence Gacoin and/or Ms. Sarah Everaert and/or Mr. Charles-Antoine van Aelst and/or Mr. Sven Bogaerts and/or Ms. Ingrid Daerden act as non-executive directors. Furthermore, they do not have major relationships with Mr. Stefaan Gielens and/or Ms. Laurence Gacoin and/or Ms. Sarah Everaert and/or Mr. Charles-Antoine van Aelst and/or Mr. Sven Bogaerts and/or Ms. Ingrid Daerden 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 Law 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 140 to 157 of this Annual Financial Report.

Brussels, 4 September 2018.

EPRA[1]

1%

EPRA Vacancy Rate

17.1%

weighting in the Belgian EPRA Index

€3.25/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 260 active members and over €450 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 2018, Aedifica is registered in the European EPRA Index with a weighting of approx. 0.6 % and in the Belgian EPRA Index with a weighting of approx. 17.1 %.

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 the Consolidated Financial Statements included in this Annual Financial Report.

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 the "EPRA Gold Award" for its 2013/2014 Annual Financial Report, bringing the Company to the forefront of the 104 companies surveyed. This performance was repeated with receipt of the same award in September 2016 for the 2014/2015 Annual Financial Report, in September 2017 for the 2015/2016 Annual Financial Report, and in September 2018 for the 2016/2017 Annual Financial Report.

— SZ AGO Kreischa - Kreischa - Germany —

2014

2014

2015 - 2016

2017 - 2018

Key performance indicators according to the EPRA principles

		30 June 2018	30 June 2017
EPRA Earnings* Earnings from operational activities	x €1,000	58,403	47,964
	€ / share	3.25	3.15
EPRA NAV* 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	x €1,000	983,297	890,714
	€ / share	54.02	49.55
EPRA NNNAV* EPRA NAV* adjusted to include the fair values of financial instruments, debt and deferred taxes	x €1,000	934,781	845,038
	€ / share	51.36	47.01
EPRA Net Initial Yield (NIY) 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	%	5.2	5.2
EPRA Topped-up NIY 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	%	5.2	5.2
EPRA Vacancy Rate Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	%	1	1
EPRA Cost Ratio (including direct vacancy costs)* Administrative & operating costs (including costs of direct vacancy) divided by gross rental income	%	16	17
EPRA Cost Ratio (excluding direct vacancy costs)* Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income	%	16	17

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. 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 2018	30 June 2017
Earnings (owners of the parent) per IFRS income statement	**71,855**	**63,358**
Adjustments to calculate EPRA Earnings*, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	-15,018	-10,357
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-789	-1,459
(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	344	0
(vi) Changes in fair value of financial instruments and associated close-out costs	2,157	-5,119
(vii) Acquisition costs on share deals and non-controlling joint-venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	-146	1,541
(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)	**58,403**	**47,964**
Number of shares (Denominator IAS 33)	17,990,607	15,235,696
EPRA Earnings* per Share (EPRA EPS* - in €/share)	**3.25**	**3.15**

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

	30 June 2018	30 June 2017
NAV per the financial statements (owners of the parent)	**941,647**	**853,561**
NAV per the financial statements (in €/share) (owners of the parent)	**51.74**	**47.48**
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	**941,647**	**853,561**
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	35,439	34,055
(v.a) Deferred tax	6,211	3,098
(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)	**983,297**	**890,714**
Number of shares	18,200,829	17,975,820
EPRA NAV* (in €/share) (owners of the parent)	**54.02**	**49.55**

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

	30 June 2018	30 June 2017
EPRA NAV* (owners of the parent)	**983,297**	**890,714**
Include:		
(i) Fair value of financial instruments	-35,439	-34,055
(ii) Fair value of debt	-6,866	-8,523
(iii) Deferred tax	-6,211	-3,098
EPRA NNNAV* (owners of the parent)	**934,781**	**845,038**
Number of shares	18,200,829	17,975,820
EPRA NNNAV* (in €/share) (owners of the parent)	**51.36**	**47.01**

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

	30 June 2018					
	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Intersegment items	Total
Investment properties - wholly owned	1,426,736	206,938	67,606	35,183	0	1,736,463
Investment properties - share of joint-ventures/funds	0	0	0	0	0	0
Trading properties (including share of joint-ventures)	4,070	0	0	-	-	4,070
Less: developments	-	-	-	-35,183	-	-35,183
Completed property portfolio	**1,430,806**	**206,938**	**67,606**	**0**	**0**	**1,705,350**
Allowance for estimated purchasers' costs	51,721	5,175	1,749	0	0	58,645
Gross up completed property portfolio valuation	**1,482,527**	**212,113**	**69,355**	**0**	**0**	**1,763,995**
Annualised cash passing rental income	81,610	10,681	4,233	0	0	96,524
Property outgoings[1]	-1,477	-3,623	-28	0	-182	-5,311
Annualised net rents	**80,133**	**7,058**	**4,205**	**0**	**-182**	**91,213**
Add: notional rent expiration of rent free periods or other lease incentives	0	0	0	0	0	0
Topped-up net annualised rent	**80,133**	**7,058**	**4,205**	**0**	**-182**	**91,213**
EPRA NIY (in %)	**5.4**	**3.3**	**6.1**	**0.0**	**-**	**5.2**
EPRA Topped-up NIY (in %)	**5.4**	**3.3**	**6.1**	**0.0**	**-**	**5.2**

	30 June 2017					
	Healthcare real estate	Apartment buildings	Hotels	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 joint-ventures/funds	0	0	0	0	0	0
Trading properties (including share of jopint-ventures)	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 outgoings[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**

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 2018						
	Gross rental income	Net rental income	Lettable space (in m²)	Contractual rents[3]	Estimated rental value (ERV) on empty spaces	Estimated rental value (ERV)	EPRA Vacancy rate (in %)
Segment							
Healthcare real estate	76,446	75,057	743,453	81,610	0	86,346	0
Apartment buildings	10,418	6,323	95,683	10,682	939	10,799[4]	9
Hotels	4,186	4,179	35,564	4,233	0	4,042	0
Non-allocated	0	0					
Intersegment items	-182	-182					
Total marketable investment properties	**90,868**	**85,377**	**874,699**	**96,525**	**939**	**101,187**	**1**
Reconciliation with the consolidated IFRS income statement							
Properties sold during the 2017/2018 financial year	729	698					
Properties held for sale	0	0					
Other Ajustments	0	0					
Total marketable investment properties	**91,597**[1]	**86,075**[2]					

	30 June 2017						
	Gross rental income	Net rental income	Lettable space (in m²)	Contractual rents[3]	Estimated rental value (ERV) on empty spaces	Estimated rental value (ERV)	EPRA Vacancy rate (in %)
Segment							
Healthcare real estate	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	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 with the consolidated IFRS 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	**78,935**[1]	**74,055**[2]					

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 2017 or 30 June 2018.
4. This ERV does not take into account a furnished occupancy.

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

	30 June 2018					30 June 2017	
	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]	Like-for-like net rental income
Segment							
Healthcare real estate	49,221	22,239	0	3,597	75,057	48,597	1 %
Apartment buildings	6,157	0	-2	166	6,321	5,738	7 %
Hotels	4,106	0	696	78	4,879	3,871	6 %
Non-allocated	0	0	0	0	0	0	-
Intersegment items	-16	0	0	-166	-182	-16	-
Total marketable investment properties	**59,468**	**22,239**	**693**	**3,675**	**86,075**	**58,190**	**2 %**
Reconciliation with the consolidated IFRS income statement							
Properties sold during the financial year					0		
Properties held for sale					0		
Other adjustments					0		
Total marketable investment properties					**86,075**		

1. Marketable investment properties owend throughout the 2 financial years.
2. The total “net rental income” of the period 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 2018			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate[1] (in %)
Segment				
Healthcare real estate	1,430,806	22,475	5.4	5
Apartment buildings	206,938	2,474	3.3	-8[1]
Hotels	67,606	277	6.1	-5
Total marketable investment properties including assets as held for sale*	**1,705,350**	**25,226**	**5.2**	**4**
Reconciliation to the consolidated IFRS balance sheet				
Development projects	35,183	-10,208		
Total marketable investment properties including assets as held for sale*	**1,740,533**	**15,018**		

	30 June 2017			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate[1] (in %)
Segment				
Healthcare real estate	1,244,461	18,782	5.5	8
Apartment buildings	215,205	217	6.4	1[1]
Hotels	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**		

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

Investment properties - Lease data

	30 June 2018				
	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					
Healthcare real estate	22	0	0	899	80,711
Apartment buildings	4	4,605	6,077	0	0
Hotels	25	0	31	0	4,202
Total marketable investment properties including assets as held for sale*	**20**	**4,605**	**6,108**	**899**	**84,913**

1. Termination at following possible break.

Properties being constructed or developed (in million €)

	30 June 2018							
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (in m²)	% Pre-let	ERV on completion
Total	37	417	5	459	2021/2022	± 118,000	100	25.4

	30 June 2017							
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (in m²)	% Pre-let	ERV on completion
Total	17	104	1	122	2019/2020	± 95,000	98	7.5

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

EPRA Cost ratios* (x €1,000)

	30 June 2018	30 June 2017
Administrative/operating expense line per IFRS statement	**-14,402**	**-13,206**
Rental-related charges	-80	-48
Recovery of property charges	84	40
Rental charges and taxes normally paid by tenants on let properties	-985	-917
Technical costs	-1,379	-1,247
Commercial costs	-552	-567
Charges and taxes on unlet properties	-136	-165
Property management costs	-1,273	-998
Other property charges	-1,281	-1,026
Overheads	-10,963	-8,544
Other operating income and charges	2,163	266
EPRA Costs (including direct vacancy costs)* (A)	**-14,402**	**-13,206**
Charges and taxes on unlet properties	136	165
EPRA Costs (excluding direct vacancy costs)* (B)	**-14,266**	**-13,041**
Gross Rental Income (C)	**91,677**	**78,983**
EPRA Cost Ratio (including direct vacancy costs)* (A/C)	**16 %**	**17 %**
EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)	**16 %**	**17 %**
Overhead and operating expenses capitalised (including share of joint ventures)	85	78

Aedifica capitalises certain project management costs.

EPRA Capex (x €1,000)

	30 June 2018	30 June 2017
Property related capex		
(1) Acquisitions	127,250	333,028
(2) Development	63,900	47,451
(3) Like-for-like portfolio	3,677	6,364
(4) Other (capitalised interests and project management)	567	400
Capital expenditure	**195,394**	**387,243**

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

30 %

portion of the portfolio in Germany and The Netherlands

20 years

weighted average lease term of current contracts

€1,7 billion

real value of investment properties

PROPERTY REPORT

1. THE REAL ESTATE MARKET

All data presented in sections 1.1 and 1.2.1 of this chapter is based on information publicly available through the Belgian Ministry of Economy as of 31 March 2018.

— Martha Flora Hoorn - Hoorn - The Netherlands —

1.1 The Belgian residential market[1]

After steady growth in 2017, economic activity in the eurozone slowed at the beginning of this year. The Belgian economy grew by 1.7 % in 2017. According to projections published in the ECB's economic Bulletin (published on 15 June 2018), the Belgian economy is expected to grow by 1.5 % in 2018.

In 2016 and 2017, economic growth went in hand with more intensive job creation than in the past. According to forecasts, the unemployment rate will stabilise at approx. 6.7 %, while inflation should settle at 2.1 %.

The consumer confidence index has shown a slight decrease in the first trimester of 2018, after an upward trend over the 2013-2017 period.

After exceptional market conditions over the last 20 years, and despite a downturn in 2009 as a result of the "subprime" crisis, Belgian residential real estate continued to grow in 2017, thanks to favorable economic conditions. Prices, however, began to stabilise at the start of 2018.

According to Statbel, the Belgian National Institute of Statistics, the average price of houses in Belgium was €221,061 in the first quarter of 2018 (an increase of 3.5 % compared to the first quarter of 2017). The average price of a detached home was €362,913 (an increase of 1.3 %) and an apartment averaged €226,901 (an increase of 1.5 %). Also in the first quarter of 2018, the sales volume of apartments decreased by 3 %, while sales of single-family and detached homes increased by 3.3 % and 4.1 %, respectively.

In Flanders, a standard home had an average cost of €240,319 in the first quarter of 2018 (a 2.7 % increase as compared to the same period in 2017). The price of a detached home stood at €384,952 (a 0.5 % rise), while the average cost of an apartment was €232.564 (a 1.5 % increase).

In Wallonia, the average price of a standard home reached €164,583 in the first quarter of 2018 (a 3.2 % increase as compared to the first quarter of 2017). The price of a detached home stood at €289,618 (a 2.2 % rise), while the average cost of an apartment was €172,186 (a 4.2 % decrease).

1. Written in French on 12 July 2018 by IP Belgium SPRL, and reproduced with permission. Translation by Aedifica.

The most significant increases were registered in the Brussels-Capital Region. The average cost of a standard home was €442,726 in the first quarter of 2018, an increase of 12.0 % over the first quarter of 2017. The price of a detached home stood at €1,122,510 (a 12.9 % increase), and that of an apartment was €250,137 (a 5.9 % increase).

The rental market volume in Belgium remains stable. However, prices continue to show an upward trend due to several factors. For one, rents benefit from indexation which guarantees a rental increase every year. In addition, the shortage of units available for rent on the residential market, as well as improvements in terms of the quality of housing (owing to recent refurbishments of secondary properties and a strong increase in new buildings available for rent). Simultaneously, the number of dwellings managed by the Social Real Estate Agency has increased considerably given the growing demand.

Belgium has one of the highest home-ownership rates in Europe, at over 70 %. This rate is is even higher in Flanders. By contrast, the home-ownership rate in Brussels, as in most big cities, is much lower at less than 50 %. The balance of real estate properties in Brussels are put up for rent.

Gross yields on rental real estate assets in Brussels fall within a range of 2.5 % to 5.0 % for properties in good condition. Outside the big city centres, these yields tend to increase slightly, especially in Wallonia.

Rents are higher for furnished rental properties. The owner often offers additional services which are included in the rental amount (internet, TV, cleaning, laundry, etc.). After deduction of different costs for the owner (taking into account a vacancy periods linked to the turnover rate, and management and refurbishment costs) net rental yields are often similar to those of traditional or “non-furnished” rentals.

The usual factors, which have supported and contributed to the stability of the Belgian residential market in recent years are the following:

- Home-ownership has always been very high in Belgium. With a home-ownership rate of more than 70 %, Belgium finds itself at the head of the pack in Europe. Property is considered to be a safe haven investment, a barrier against inflation, and a guarantee against insecurity. It also constitutes a key component of the pension for a large majority of Belgians.
- Owing to the significant public sector in Belgium, the market has experienced an exceptional stability in terms of income. Furthermore, the purchasing power of Belgians has been maintained due to the indexation of salaries. This stability may be curtailed in the years to come, as governments, like companies, are forced to reduce their costs.
- Transaction costs remain very high in Belgium, limiting market liquidity while further reinforcing market stability. These costs are the set by the regions; however, they show a tendency to decrease, sometimes in connection with tax incentives.
- The demographic trend shows growth in Belgium, especially in the Brussels-Capital Region. The population growth anticipated in Brussels (+22 % between 2017 and 2070) is greater than that expected in Flanders (+19.6 %) and Wallonia (+16.6 %), because it draws a significant share of immigrants (about 30 % of the total international immigration). The age structure of the Brussels population is expected to remain much younger than in the other two regions.
- There is also a strong growing demand for smaller housing units, given the downward trend in the average household size, due to population aging and other factors.

The exceptional factors underlying Belgium’s price dynamics are the following:

- Interest rates, standing at an average of 2.0 % for new property contracts, remain at a historically low levels. These low rates are probably the primary motor for supporting prices on the residential market, inducing the increased use of mortgage loans.

  However, growth of mortgage credits is not perfectly in line with real estate prices, given the restrictive credit policy of banks that require more personal resources (on average approx. 20 %) for property purchases. The National Bank requires Belgian banks to create supplementary capital reserves to cover risks linked to their mortgage portfolio.

  Since young households often struggle to find funds, more and more parents are contributing to bring in the necessary equity. Moreover, to reduce the monthly payments, an increasing number of loans are being granted with maturities exceeding 25 years.
- With a risk-free rate (10 years OLO) of 0.7 %, real estate remains an attractive investment for buyers-investors.
- The increasing presence of foreign nationals with high purchasing power has supported the growth of certain residential market segments in Belgium, especially in the communities situated south east of Brussels. However, the presence of people from France on Belgian territory diminished as compared to preceding years.

Based on demographic perspectives and OCDE data, estimates indicate a need for 3,000 to 4,000 new nursing home beds every year in Belgium by 2030.

1.2 The senior housing market

1.2.1 Belgium[1]

In recent years, the number of rest home beds in Belgium has steadily increased to reach a capacity of 146,000 units. According to demographic forecasts, and given the increased life expectancy, a deficit between this increased supply (2,000 to 2,500 units per year) and demand seems to persist. The split of these beds between different types of operators remains relatively stable. In Flanders, public operators manage 30 % of the beds, while not-for-profit operators and private operators manage 37 % and 33 %, respectively. In Wallonia, public operators manage 29 % of the beds, not-for-profit operators manage 21 % and private operators manage 50 %. Given the increasing trend toward professionalisation, private operators are urged to consolidate and to improve their organisation. At present, the three main private operators (Armonea, Orpea and Senior Living Group) manage more than 23,000 beds – approx. 15 % of all beds in Belgium.

Considering the latest data, life expectancy in Belgium and Europe is increasing, reaching 78.2 years for men and 83.2 years for women. This trend will continue during the coming years, reaching 81 years for men, and 85.7 years for women, by 2030. Given the fact that the period during which elderly people suffer from health problems remains stable (about 15 years for men and 18 years for women), progress in terms of health care, home automation and home care will play an increasingly important role in limiting an early relocation to residential care facilities. As a result, people tend to transfer to a rest home after the age of 80; their average stay remains stable at 580 to 590 days.

Moreover, lthe latest Eurostat demographic perspectives show that aging is continuing in both Europe and Belgium. The number of Belgians aged 80 and over is expected to grow from 610,000 to 790,000 by 2030, an increase of 180,000 people in 15 years or 12,000 per year. According to the OCDE, the need for care in rest homes increases with age: 25 % of 75-year-olds, 30 % to 40 % of 80-year-olds, and more than 50 % of those aged 85 and above. Based on this data, the need for new beds in residential care facilities is estimated at 3,000 to 4,000 per year. In Flanders, the need for new beds is significantly higher than in Brussels or Wallonia.

In this regard, it seems logical that health care real estate is becoming increasingly attractive to investors. The (very) long-term contracts with operators, indexed rents, and triple A leases are key factors for REITs, which were the first to enter this market, as well as for insurance companies and pension funds. The main issues for investors are the operator's solvency and the future sustainability of subsidies given the sixth reform of the State, which transferred responsibilities for elderly have been transferred from the federal level to the regional level.

Since 2012, an average of more than €200 million has been invested annually in the Belgian healthcare real estate sector (approx. €300 million in 2015 and 2016). This trend is increasing. Given the attractiveness of investments in healthcare real estate, the increased professionalisation of operators and historically low interest rates, gross rental yields are decreasing. While prime yields (based on long-term triple net leases) amounted to more than 6 % in 2011-2012, they are now below the 5 % threshold. In this context, the quality, versatility and overall sustainability of investment properties are becoming even more important; current yields leave no room for error.

To increase the flexibility and complementarity of real estate properties, several initiatives have been undertaken in recent years to bring together residential sites so as to provide service to several types of dependent persons. (such as service-residences or accommodation for youth with disabilities).

Given the above-mentioned demographic perspectives and the specificity of the healthcare real estate sector, it seems clear that the investment market can be expected to continue to thrive in the years to come. It is possible new actors will be attracted to the market, but the presence of the existing actors (REITs and insurance companies) is ensured, given the benefits arising from their profound knowledge of the sector. It should be noted, however, that yields are not expected to experience further compression in the months to come.

— Seniorenrezidenz Laurentiusplatz – Wuppertal – Germany —

— La Ferme Blanche – Remicourt – Belgium —

1.2.2 Germany[2]

General Trends

The German healthcare market is a growth market. According to the German Statistical Office, around three million people in Germany are currently in need of care given the terms of the German social security code. Within the next years, the share of people in need of care within the total population is estimated to grow significantly. According to the most recent data, as of the end of 2015, Germany had approx. 82.2 million inhabitants, of which around 17.3 million with the age over 65 and a total of 2.9 million people in need of care. Of these 2.9 million, 2.08 million (73 %) were cared for at home (67 % by caregiving relatives and 33 % by out-patient care services). 783,000 of the people in need of care were cared for in full-time care homes. By the year 2030, up to 3.5 million people in need of care are expected, but the number of caregiving relatives for informal care however, is set to decline. This is caused by the changes of the demographic structure within the population, altered family structures, greater distances between the homes of family members and the increased number of middle-age and older employed women. Population ageing will be further amplified by the generation of babyboomers, born between 1956 and 1965, who have already reached the age 60 or will turn 60 in the coming years. Consequently, the need for senior housing will increase over the next decades.

Currently, there are approx. 930,000 beds in more than 13,500 care homes in Germany, of which 94 % cater to seniors and 6 % cater to disabled persons or people who suffer from mental health disorders or terminal illness. These care homes are operated by not-for-profit operators (approx. 53 %), private operators (approx. 42 %) and public operators (approx. 5 %) in a very fragmented market. It is estimated that the market share of the five biggest operators is approx. 11 %.

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

Investment Market

The German investment market for healthcare properties had a buoyant start into the year 2018. In the first quarter, the generated volume for care homes and senior centers amounted to approx. €339 million and doubled in comparison to last year's transaction volume at €166 million.

Compared to the previous year, domestic investors increased their transaction volume by €50 million to approx. €149 million. Despite the growth of the transaction volume, the share of domestic investors decreased within the transaction activity to 44 %. This is explained by the high activity by international investors, which have more than doubled their generated volume to €190 million. Correspondingly, international investors were responsible for 56 % of the total volume of the German investment market for healthcare properties. Market participants from Belgium appeared to be especially active, accounting for 44 % of the transaction volume, followed by buyers from Luxemburg and France at 5 % and 4 %, respectively.

The prime yield remained stable at 5.0 % compared to the end of the year of 2017. Healthcare properties are increasingly seen as a sustainable and common asset class, wherefore occasional transactions below the five-per-cent-mark could already be registered. Given their higher quality, healthcare properties are no longer so dilapidated as they once were. Accordingly, the risk premium for care properties as an asset class is continuously declining.

Population ageing and increasing life expectancies have especially an effect on the German market. The capacity of care homes should increase by approx. 340,000 units by 2030.

1. Written in French on 2 July 2018 by Winssinger & Associés SA, and reproduced with permission. Translation by Aedifica.
2. Written in English on 29 June 2018 by CBRE GmbH, and reproduced with permission.

Over the remainder of the year, the German market for care facilities is not expected to lose its strong momentum. This is ensured by the favourable conditions as well as the high need for investment resources (for the construction of new buildings and the renovation of existing sites). The demographic change is an additional crucial element for the increasing demand for care spaces and therefore also healthcare properties. However, the lack of construction sites and caregivers will contribute to the continued scarcity of beds on offer. For the year as a whole, a strong result with an investment volume of more than €1 billion can be expected once again.

— Het Gouden Hart van Leersum – Leersum – The Netherlands —

1.2.3 The Netherlands[1]

The Netherlands currently has a population of more than 17.2 million inhabitants. The Central Bureau of Statistics predicts a slight growth in the population, to reach 18.1 million inhabitants by 2040. Population growth beyond 2040 remains uncertain.

It is certain, however, that the number of elderly will increase sharply over this period, from 3.1 million persons over 65 years of age to 4.8 million in 2040 (i.e. 26 % of the population), and from 0.7 million persons over 80 years of age to 2 million persons in 2040 (i.e. 11 % of the population). About 20 % of this group requires care, and over 5 % need continuous assistance (as provided in traditional care facilities). This latter group often includes individuals suffering from dementia. According to “Alzheimer Nederland”, this number will double by 2040. Consequently, senior care constitutes a significant growth area in The Netherlands.

An increasing portion of these people do not opt 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, Martha Flora, Compartijn and Stepping Stones). This is due to a number of factors:

- the increasing number of elderly persons with some wealth and higher than average education levels;
- 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.

Dutch private care providers have anticipated these trends: there are already approx. 300 private residential care facilities in the country and it is foreseen that dozens more will open their doors 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 in The Netherlands contains 18 units. The limited number of units is what strengthens and distinguishes them from traditional care facilities and assisted-living apartment facilities, which house between 60 and 200 residents.

More than half of the country’s private residential care facilities are independently operated. It is expected that an increasing number of operators will manage multiple sites.

1.3 The market for hotels[2]

The economic upturn had a positive impact on the hotel industry in 2017, with occupancy rates reaching record levels in the biggest European cities. The Brussels hotel market, returning to its own cruising speed, saw an average occupancy rate of 72.0 % over the last 12 months and a RevPAR (Revenue Per Available Room) of €80 in March 2018. According to 'Visiter Bruxelles' these two figures increased by 13.1 % and 20.0 % respectively, in just one year. The increase of the average price over 12 months (€111) levelled out and reached 6.4 %. At the end of 2011, Brussels had 184 hotels and 37,034 beds (IBSA data), of which 57 % in the mid- to high-end market segment, which is in line with a market targeting business travel and international politics. The total number of rooms increased by 6 % over a period of four years. Only the five-star segment saw a decline, as a result of renovation works. Taking into account a significant pipeline, the outdated hotel park should undergo renovations in order to remain competitive with new entrants arriving on the market and offering differentiated products.

The positive trend is also be noted in Flanders, where figures provided by Toerisme Vlaanderen (Tourism Flanders) for March 2018 show a 7.9 % increase in the number of overnight stays (12 months cumulated), and where the share of international tourists increased considerably. Among Flemish cities (latest data from December 2017), Bruges displays the strongest growth at 14.7 %, followed by Ghent (7.7 %), Mechelen (6.9 %), Leuven (5.0 %) and Antwerp (4.9 %).

As in other European cities, Airbnb is also growing rapidly in Belgium. The local authorities have tightened regulations by introducing a tourist tax and stricter monitoring, among other measures.

The trend toward the 'unique experience' is on the rise in the hotel industry. Established hotel chains are launching new brands to meet the expectations of newcomers in the market. Boutique/lifestyle hotels that can offer a full package, complete with experience, atmosphere, and F&B ("food & beverages") (which are equally becoming increasingly significant) are the winners. In the cities, common areas and social aspects are gaining importance, even if this means rooms become smaller. Notions of short/prolonged stays also continues to evolve.

New developments and openings are riding these trends. In Antwerp, three boutique hotels have opened in 2017: Franq Hotel (39 rooms), Pilar Hotel (17 rooms) and Indigo Hotel Antwerp (82 rooms). Buildings with a history, so-called "storytelling hotels", also fit with this trend. Examples include the four-star hotel Rentmeesterij (72 rooms – opened mid-2018), which is part of the Commanderie of Alden Biesen (part of the Martin's Hotel Group in Bilzen), and The Post 1898 Hotel in Ghent (38 rooms – opened in 2017), which has transformed the upper floors of the old post office.

— Het Gouden Hart van Leersum – Leersum – The Netherlands —

The investment climate for hotel real estate is favourable. As tourism is developing all over the world and building operators and owners are splitting, the hotel sector is becoming a more important source of investment. In 2017, the investment volume in Europe reached €22 billion (an increase of 16 % on a year-over-year basis, according to CBRE). As just two examples in Brussels, the Swedish hotel group Pandox bought the Silken Berlaymont hotel (212 rooms) in the Leopold district and the Bervoets family acquired the Metropôle hotel at Place de Brouckère.

1. Written in Dutch on 21 June 2018, by DTZ Zadelhoff VOF, and reproduced with permission. Translation by Aedifica.
2. Written in French on 1 August 2018 by Deloitte Consulting & Advisory SCRL, and reproduced with permission. Translation by Aedifica.

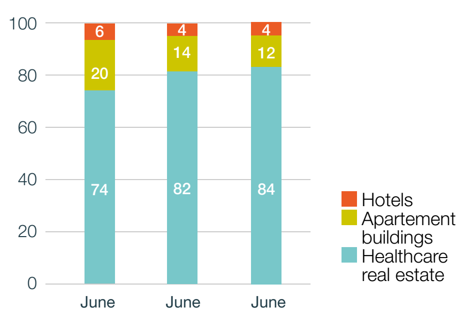
2. GROWTH OF THE CONSOLIDATED PROPERTY PORTFOLIO AS OF 30 JUNE 2018

(x €1,000)	30 June 2018	31 March 2018	31 Dec. 2017	30 Sept. 2017	30 June 2017
Investment properties in fair value					
Healthcare real estate[1]	1,430,806	1,374,270	1,348,558	1,300,558	1,244,461
Apartment buildings	206,938	206,258	203,045	203,366	215,205
Hotels	67,606	79,434	79,597	80,386	68,009
Total of marketable investment properties in fair value	**1,705,350**	**1,659,962**	**1,631,200**	**1,584,309**	**1,527,675**
Development projects	35,183	32,823	16,482	16,055	17,175
Total of investments properties in fair value	**1,740,533**	**1,692,785**	**1,647,682**	**1,600,364**	**1,544,849**
Contractual rents[2]	**96,525**	**93,550**	**92,284**	**90,081**	**86,525**
Contractual rents + ERV on empty spaces	**97,464**	**94,596**	**93,399**	**91,330**	**87,614**
Valeur locative estimée (ERV)[2]	**101,186**	**99,000**	**98,654**	**96,709**	**93,328**
Occupancy rate[2] of the investment properties (in %)					
Total portfolio (excl. furnished apartments)	99.0 %	98.8 %	98.7 %	98.6 %	98.7 %
Furnished apartments	84.1 %	83.3 %	77.0 %	73.9 %	73.5 %

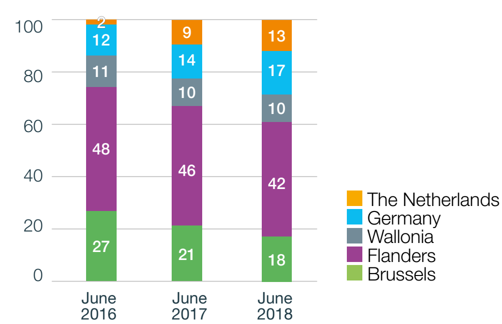
1. Including assets classified as held for sale*.
2. See glossary.

3. PORTFOLIO ANALYSIS AS OF 30 JUNE 2018

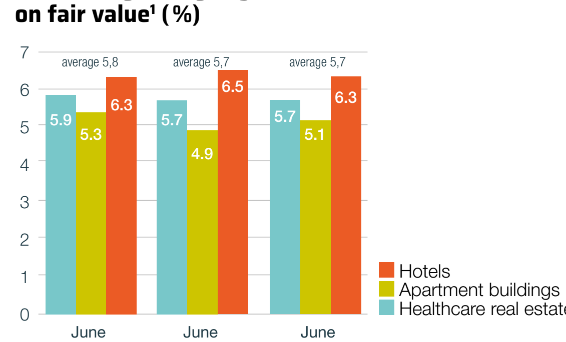
3.1 Breakdown by segment in fair value (%)



3.2 Geographical breakdown in fair value (%)



3.3 Gross yield by segment based on fair value[1] (%)

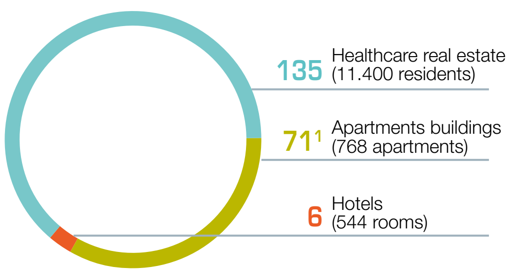


1. Based on the fair value (re-assessed every three months, increased by the goodwill and the furniture for the furnished apartments). In the healthcare real estate segment, the gross yield and the net yield are generally equal ("triple net" contracts), with operating charges, maintenance costs and rents on empty spaces generally being, in Belgium and (often) The Netherlands, the operator's responsability (the same applies for hotel lease contracts). In Germany (and The Netherlands, in some cases), the net yield is generally lower than the gross yield, with certain charges, such as the repair and maintenance of the roof, structure and facades of the building ("double net" contacts), remaining the responsibility of the owner.

3.4 Breakdown by building (in fair value)

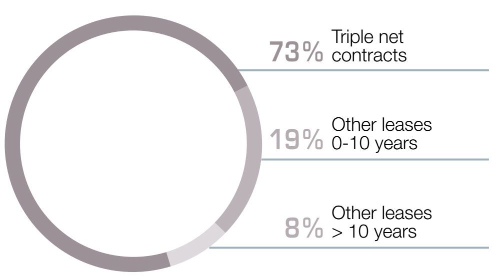
None of the buildings represents more than 3 % of total consolidated assets.

3.5 Number of buildings per segment

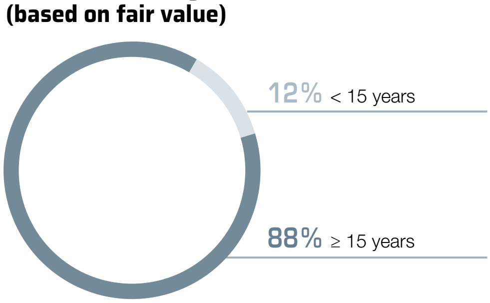


1. Every building of each complex is taken into account. In the table in section 4.1, all buildings that are part of a single complex appear on one line.

3.6 Age of buildings by type of contract (based on fair value)

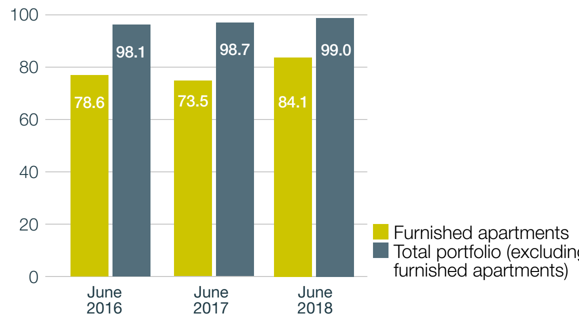


3.7 Breakdown by lease term (based on fair value)



Remaining lease term: 20 years

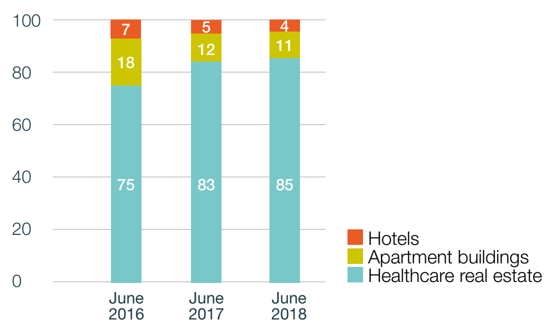
3.8 Occupancy rates[1] (%)



1. See glossary.

Overall occupancy rate for the year ended 30 June 2018 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 € 1,616 million (including furniture in the furnished apartments, and excluding lands), i.e. € 1,340 million for healthcare real estate, € 189 million for apartment buildings and € 86 million for hotels.

3.11 Breakdown of 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	Number of sites	30/06/2018	30/06/2017
Senior housing				135	85 %	83 %
	Belgium			**73**	**54 %**	**57 %**
		Armonea		19	15 %	17 %
			Armonea SA	8	7 %	8 %
			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	3 %	4 %
			Eyckenborgh ASBL	2	2 %	2 %
		Senior Living Group[1]		27	18 %	19 %
			Ennea Rustoord ASBL	1	0 %	0 %
			Residentie Kasteelhof SCS	1	0 %	0 %
			Wielant-Futuro SCS	1	1 %	1 %
			Home Residence du Plateau SPRL	1	1 %	1 %
			Seniorie de Maretak SA	1	1 %	1 %
			Senior Living Group SA	7	4 %	4 %
			Résidence Au Bon Vieux Temps SA	1	1 %	1 %
			Résidence Les Cheveux d'Argent SA	1	0 %	0 %
			Helianthus ASBL	1	0 %	1 %
			Rustoord 't Hoge ASBL	1	1 %	1 %
			Vinkenbosch ASBL	1	1 %	1 %
			Residentie Sporenpark SPRL	1	1 %	1 %
			FDL Group SCA	1	1 %	1 %
			Foyer De Lork ASBL	6	4 %	4 %
			Prodinvest SPRL	1	0 %	0 %
			Les Jardins de la Mémoire ASBL	1	1 %	1 %
		Orpea		9	7 %	8 %
			Château Chenois Gestion SPRL	3	2 %	2 %
			New Philip SA	3	2 %	2 %
			Parc Palace SA	1	1 %	1 %
			Progestimmob SA	1	1 %	1 %
			Résidence du Golf SA	1	1 %	1 %
		Vulpia		10	9 %	10 %
			Vulpia Vlaanderen ASBL	9	9 %	9 %
			Vulpia Wallonie ASBL	1	1 %	1 %
		Time for Quality		1	1 %	1 %
			Service Flat Residenties ASBL	1	1 %	1 %
		Autres		7	4 %	3 %
			Le Château de Tintagel SPRL	1	0 %	0 %
			Résidence Bois de la Pierre SA	1	0 %	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 %
			Fipromat SPRL	1	1 %	0 %
	Germany			**30**	**18 %**	**16 %**
		Armonea		1	1 %	0 %
			Deutsche Pflege und Wohnstift GmbH	1	1 %	0 %
		Orpea		5	3 %	4 %
			Senioren Wohnpark Weser GmbH	3	2 %	2 %
			Bonifatius Seniorendienstr GmbH[3]	1	1 %	1 %
			Seniorenresidenz Kierspe GmbH[3]	1	1 %	1 %
		Alloheim[2]		4	2 %	3 %
			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 %	0 %
			Senator Senioren- und Pflegeeinrichtungen GmbH	1	1 %	1 %
		Residenz Management		6	3 %	2 %
			Residenz Management GmbH & Seniorenresidenz Kalletal GmbH[4]	1	1 %	1 %
			Katholische Hospitalgesellschaft Südwestfalen gGmbH Olpe[4]	2	1 %	1 %
			Ambulanter Pflegedienst Weser GmbH	3	1 %	0 %

1. Korian Group.
2. With AGO.
3. Sub-tenant of Senioren Wohnpark Weser GmbH.
4. Sub-tenant of Residenz Management GmbH.

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	30/06/2018	30/06/2017
Senior housing						
		Volkssolidarität		1	0%	0%
			Volkssolidarität Südthüringen e. V	1	0%	0%
		DRK Kreisverband Nordfriesland e. V.		1	1%	1%
			DRK Pflegedienste Nordfriesland gGmbH	1	1%	1%
		Vitanas		5	4%	4%
			Vitanas GmbH & Co. KGaA	5	4%	4%
		EMVIA Beteiligungs GmbH		1	1%	1%
			Residenz Zehlendorf Kranken- und Pflegeheim GmbH	1	1%	1%
		Cosiq		2	1%	1%
			Cosiq GmbH	1	0%	0%
			Pflegeteam Odenwald GmbH	1	0%	0%
		advita Pflegedienst		1	0%	0%
			Zusammen Zuhause GmbH	1	0%	0%
		Convivo		1	1%	0%
			Parkresidenz Pflege & Betreuung 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			**32**	**13%**	**10%**
		Compartijn		6	1%	0%
			Compartijn Exploitatie BV	6	1%	0%
		Domus Magnus		4	2%	2%
			Panta Rhei V BV	1	1%	1%
			DM Benvenuta BV	1	0%	0%
			DM Walgaerde BV	1	0%	0%
			DM Molenenk BV	1	1%	0%
		Het Gouden Hart		3	1%	1%
			Het Gouden Hart Driebergen BV	1	0%	0%
			Het Gouden Hart Kampen BV	1	1%	1%
			Het Gouden Hart Leersum BV	1	0%	0%
		Stepping Stones Home & Care		3	1%	1%
			Poort van Sachsen Weimar BV	1	1%	1%
			Villa Spes Nostra BV	1	0%	1%
			Stepping Stones Leusden BV	1	0%	0%
		Martha Flora		6	2%	0%
			Martha Flora Lochem BV	1	0%	0%
			Martha Flora Hilversum BV	1	1%	0%
			Bronovo Martha Flora BV	1	1%	0%
			Martha Flora Rotterdam BV	1	0%	0%
			Martha Flora Bosch en Duin BV	1	0%	0%
			Martha Flora/Wilgaerden Hoorn BV	1	0%	0%
		Vitalis		3	4%	4%
			Stichting Vitalis Residentiële Woonvormen	3	4%	4%
		Blueprint Group (SAOW)		2	1%	0%
			Residentie Mariëndaal Facilitair BV	1	1%	0%
			Zorghuis Smakt Facilitair BV	1	0%	0%
		Other		5	2%	1%
			Stichting Oosterlengte + Multi-tenant	2	0%	1%
			Stichting Zorggroep Noorderboog	1	1%	1%
			Stichting Leger des Heils Welzijns- en Gezondheidszorg	1	0%	0%
			September Nijverdal BV	1	0%	0%
Hotels				8	4%	5%
	Belgium			**8**	**4%**	**5%**
		Martin's Hotels		2	3%	4%
			Martin's Brugge SA	1	2%	2%
			Martin's Hotels SA	1	1%	2%
		Different Hotel Group		4	1%	1%
			Different Hotels SA	4	1%	1%
		Senior Living Group[2]		1	0%	0%
			Senior Living Group SA	1	0%	0%
		Other		1	0%	0%
Other tenants				71	11%	12%
	Belgium			**71**	**11%**	**12%**
TOTAL				214	100%	100%

HEALTHCARE REAL ESTATE

13 % The Netherlands

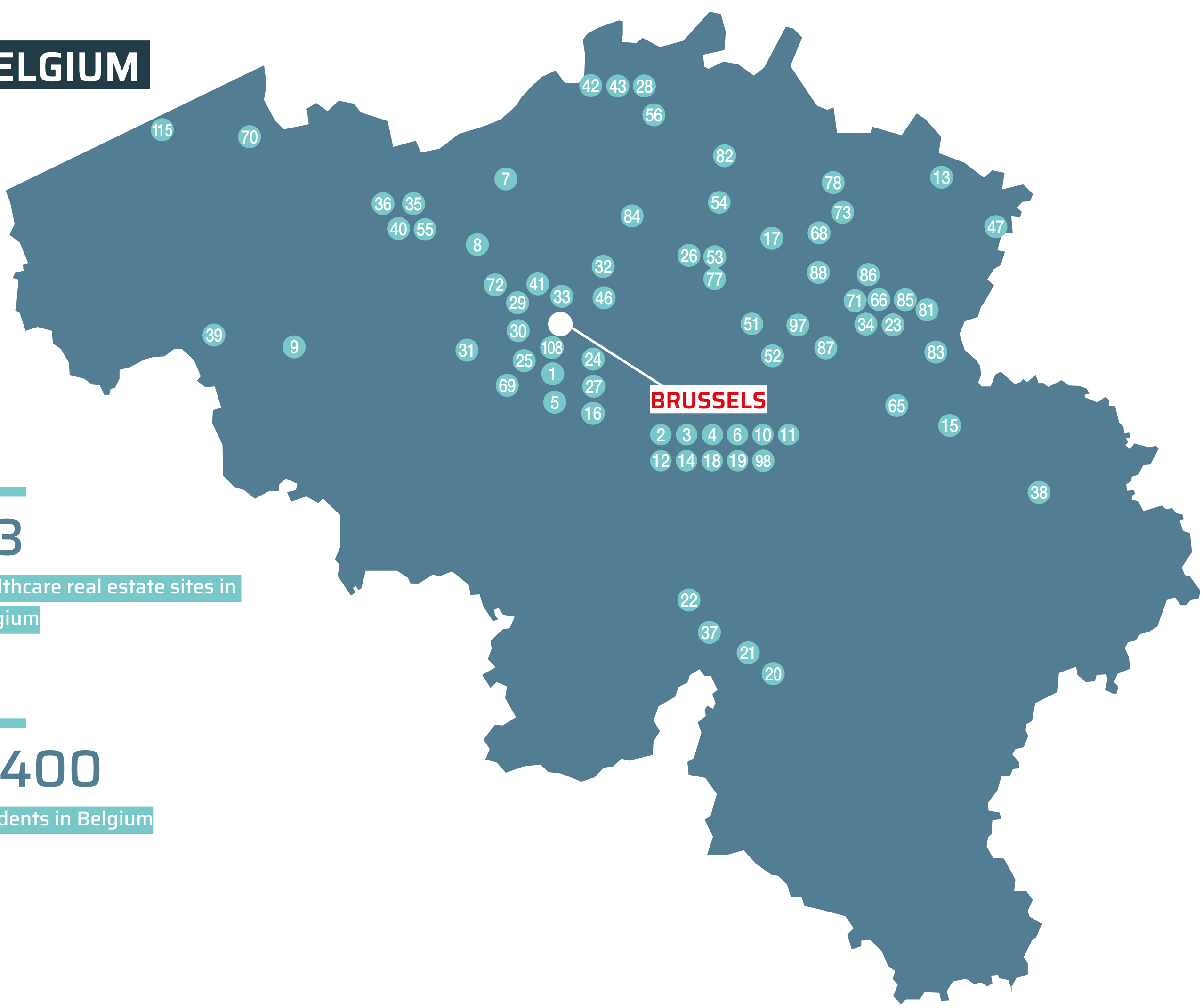
17 % Germany

10 % Wallonia

42 % Flanders

18 % Brussels

BELGIUM



73

healthcare real estate sites in Belgium

7,400

residents in Belgium

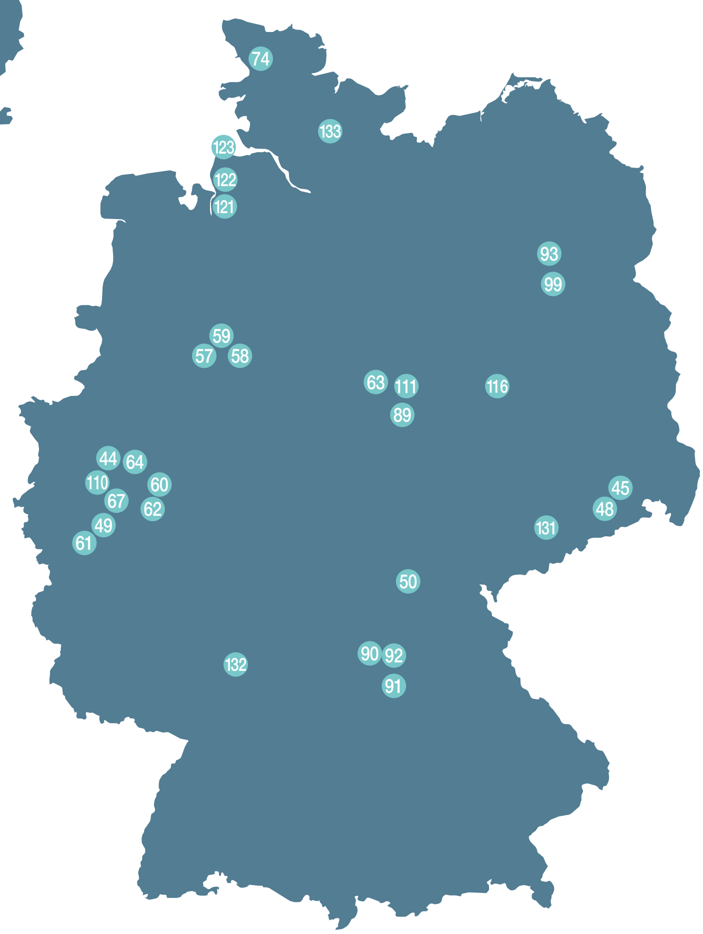
THE NETHERLANDS

32

healthcare real estate sites
in The Netherlands

1,200

residents
in The Netherlands



GERMANY

30

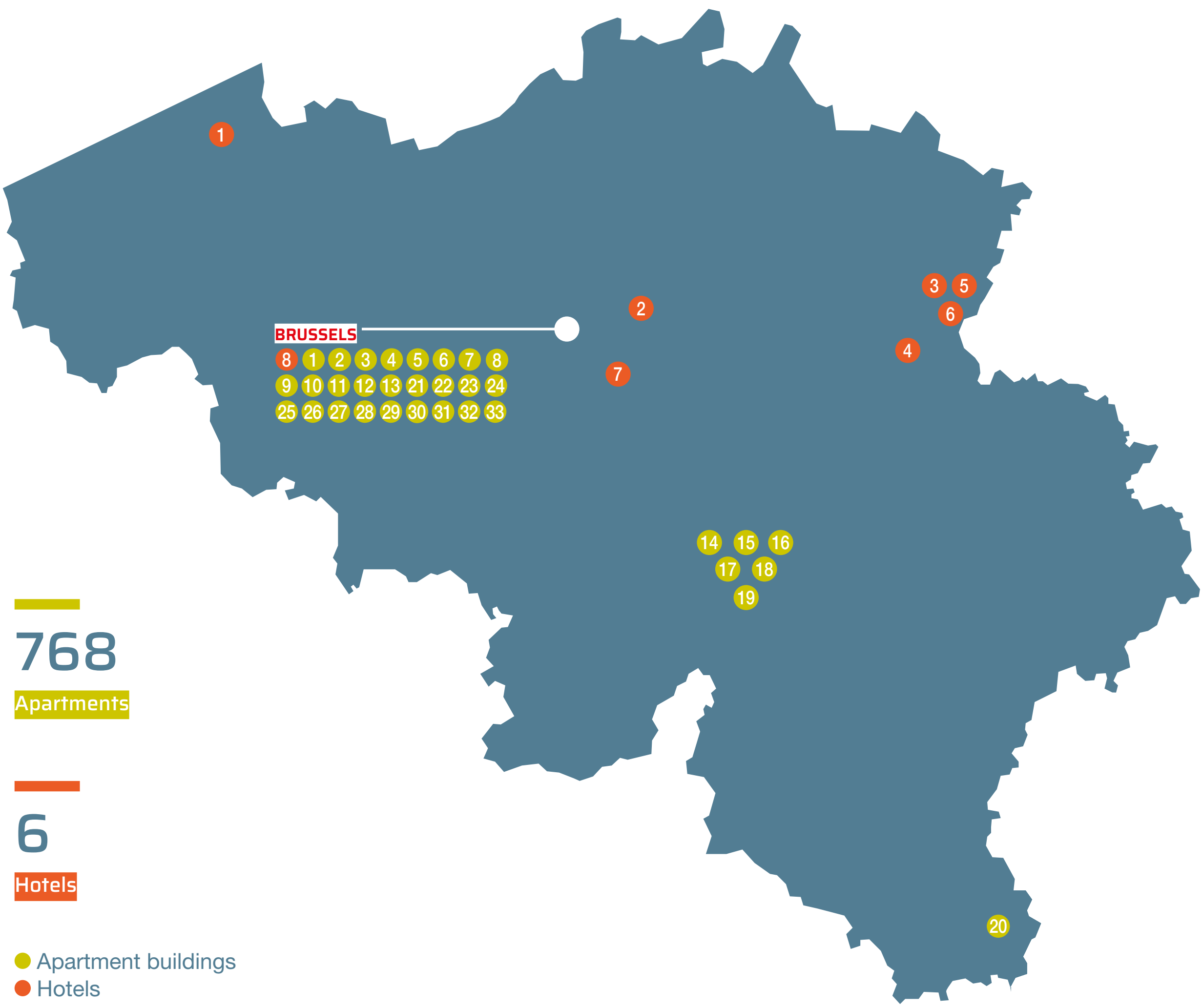
healthcare real estate sites
in Germany

2,800

residents
in Germany

APARTMENT BUILDINGS AND HOTELS

BELGIUM



768
Apartments

6
Hotels

- Apartment buildings
- Hotels

4. SUMMARY TABLE OF INVESTMENT PROPERTIES AS OF 30 JUNE 2018

4.1 Marketable investment properties

		Total surface (m²)[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%	897,450	897,450	1,074,000
2	New Philip *(B-1190 Brussels)*	3,914	111	100.0%	492,128	492,128	520,000
3	Jardins de Provence *(B-1070 Brussels)*	2,280	72	100.0%	403,986	403,986	416,000
4	Bel Air *(B-1030 Brussels)*	5,350	161	100.0%	734,519	734,519	855,000
5	Résidence Grange des Champs *(B-1420 Braine-l'Alleud)*	3,396	75	100.0%	434,620	434,620	512,000
6	Résidence Augustin *(B-1190 Brussels)*	4,832	94	100.0%	546,518	546,518	658,000
7	Ennea *(B-9100 Sint-Niklaas)*	1,848	34	100.0%	199,947	199,947	139,400
8	Kasteelhof *(B-9200 Dendermonde)*	3,500	81	100.0%	361,632	361,632	443,070
9	Wielant *(B-8570 Ingooigem)*	4,834	104	100.0%	555,408	555,408	603,120
10	Résidence Parc Palace *(B-1180 Brussels)*	6,719	162	100.0%	1,269,657	1,269,657	1,223,000
11	Résidence Service *(B-1180 Brussels)*	8,716	175	100.0%	1,305,933	1,305,933	1,268,000
12	Résidence du Golf *(B-1070 Brussels)*	6,424	194	100.0%	790,266	790,266	1,034,000
13	Residentie Boneput *(B-3960 Bree)*	2,993	78	100.0%	469,002	469,002	495,140
14	Résidence Aux Deux Parcs *(B-1090 Brussels)*	1,618	53	100.0%	256,083	256,083	322,000
15	Résidence l'Air du Temps *(B-4032 Chênée)*	7,197	137	100.0%	899,239	899,239	1,020,000
16	Au Bon Vieux Temps *(B-1435 Mont-Saint-Guibert)*	7,868	104	100.0%	844,826	844,826	789,000
17	Op Haanven *(B-2431 Veerle-Laakdal)*	6,587	111	100.0%	691,114	691,114	784,000
18	Résidence Exclusiv *(B-1140 Brussels)*	4,253	104	100.0%	726,190	726,190	711,000
19	Séniorie Mélopée *(B-1080 Brussels)*	2,967	70	100.0%	502,394	502,394	489,000
20	La Boule de Cristal *(B-5564 Wanlin)*	1,290	36	100.0%	135,560	135,560	148,000
21	Les Charmes en Famenne *(B-5560 Houyet)*	3,165	96	100.0%	305,117	305,117	408,000

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 or renovation, these sites already generate limited rental incomes. This explains why they were included in this table and why the number of residential units and/or the estimated rental value are not mentioned.

	Total surface (m²)[1]	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
22 Seniorerie La Pairelle *(B-5100 Wépion)*	6,016	118	100.0 %	785,189	785,189	812,000
23 Residentie Gaerveld (résidence-services) *(B-3500 Hasselt)*	1,504	20	100.0 %	174,671	174,671	172,000
24 Résidence du Plateau *(B-1300 Wavre)*	8,069	143	100.0 %	1,308,799	1,308,799	1,263,000
25 Seniorie de Maretak *(B-1500 Halle)*	5,684	122	100.0 %	545,015	545,015	797,000
26 De Edelweis *(B-3130 Begijnendijk)*	6,914	122	100.0 %	779,120	779,120	943,000
27 Bois de la Pierre *(B-1300 Wavre)*	2,272	65	100.0 %	451,730	451,730	476,000
28 Buitenhof *(B-2930 Brasschaat)*	4,386	80	100.0 %	562,924	562,924	739,000
29 Klein Veldeken *(B-1730 Asse)*	5,824	58	100.0 %	529,335	529,335	625,000
30 Koning Albert I *(B-1700 Dilbeek)*	7,775	110	100.0 %	948,242	948,242	977,000
31 Eyckenborch *(B-1755 Gooik)*	8,771	141	100.0 %	1,131,403	1,131,403	990,000
32 Rietdijk *(B-1800 Vilvoorde)*	2,155	59	100.0 %	346,419	346,419	407,000
33 Marie-Louise *(B-1780 Wemmel)*	1,959	30	100.0 %	380,836	380,836	244,500
34 Gaerveld (rest home) *(B-3500 Hasselt)*	6,994	115	100.0 %	815,020	815,020	862,500
35 Larenshof *(B-9270 Laarne)*	6,988	117	100.0 %	1,047,912	1,047,912	1,028,000
36 Ter Venne *(B-9830 Sint-Martens-Latem)*	6,634	102	100.0 %	1,011,156	1,011,156	1,050,600
37 Pont d'Amour *(B-5500 Dinant)*	8,984	150	100.0 %	1,010,896	1,010,896	1,022,000
38 Résidence Les Cheveux d'Argent *(B-4845 Sart-lez-Spa)*	4,996	99	100.0 %	421,465	421,465	555,000
39 't Hoge *(B-8500 Kortrijk)*	4,632	81	100.0 %	569,425	569,425	650,000
40 Helianthus *(B-9090 Melle)*	4,799	67	100.0 %	482,017	482,017	506,000
41 Hestia *(B-1780 Wemmel)*	12,682	222	100.0 %	1,395,593	1,395,593	1,731,600
42 Plantijn *(B-2950 Kapellen)*	7,310	110	100.0 %	701,649	701,649	765,000
43 Salve *(B-2930 Brasschaat)*	6,730	117	100.0 %	1,025,089	1,025,089	1,058,000
44 SZ AGO Herkenrath *(D-51429 Bergisch Gladbach)*	4,000	80	100.0 %	577,423	577,423	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 %	678,781	678,781	741,175
47 Huize Lieve Moenssens *(B-3650 Dilsen-Stokkem)*	4,301	68	100.0 %	340,031	340,031	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 %	786,073	786,073	707,000
52 Residentie Twee Poorten *(B-3300 Tienen)*	8,413	129	100.0 %	1,000,430	1,000,430	1,064,250
53 Residentie Demerhof *(B-3200 Aarschot)*	10,657	120	100.0 %	962,728	962,728	1,020,000
54 De Notelaar *(B-2250 Olen)*	8,651	94	100.0 %	995,218	995,218	1,117,000

	Total surface (m²)[1]	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
55 *Overbeke* *(B-9230 Wetteren)*	6,917	113	100.0%	816,447	816,447	870,100
56 Halmolen *(B-2980 Halle-Zoersel)*	9,200	140	100.0%	1,051,322	1,051,322	1,150,000
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%	557,275	557,275	600,750
66 Villa Temporis *(B-3500 Hasselt)*	8,354	103	100.0%	787,729	787,729	875,000
67 Service-Residenz Schloss.Bensberg *(D-51429 Bergisch Gladbach)*	8,215	87	100.0%	974,852	974,852	1,159,496
68 Residentie Sporenpark *(B-3582 Beringen)*	9,261	127	100.0%	1,092,348	1,092,348	1,121,000
69 Résidence de la Houssière *(B-7090 Braine-le-Comte)*	4,484	94	100.0%	592,276	592,276	535,800
70 Senior Flandria *(B-8310 Brugge)*	7,501	108	100.0%	634,287	634,287	752,000
71 Vinkenbosch *(B-3510 Hasselt)*	6,180	80	100.0%	840,538	840,538	817,000
72 Heydeveld *(B-1745 Opwijk)*	3,414	75	100.0%	517,968	517,968	502,500
73 Prinsenhof *(B-3582 Koersel)*	4,526	91	100.0%	578,506	578,506	564,000
74 Käthe-Bernhardt-Haus *(D-25813 Husum)*	4,088	83	100.0%	522,000	522,000	490,560
75 Holland *(NL-3743 HE Baarn)*	2,897	34	100.0%	832,490	832,490	895,000
76 Benvenuta *(NL-1217 BR Hilversum)*	924	10	100.0%	215,831	215,831	235,000
77 Residentie Poortvelden[6] *(B-3200 Aarschot)*	6,924	82	100.0%	697,468	697,468	649,465
78 Leopoldspark *(B-3970 Leopoldsburg)*	10,614	150	100.0%	1,216,539	1,216,539	1,240,220
79 Saksen Weimar *(NL-6822 Arnhem)*	2,291	42	100.0%	520,059	520,059	590,000
80 Martha Flora Lochem *(NL-7241 Lochem)*	1,012	13	100.0%	164,846	164,846	180,000
81 Oosterzonne *(B-3690 Zutendaal)*	4,948	82	100.0%	726,614	726,614	646,800
82 De Witte Bergen *(B-2460 Lichtaart)*	8,262	119	100.0%	1,011,599	1,011,599	955,150
83 Seniorenhof *(B-3700 Tongeren)*	3,116	52	100.0%	317,796	317,796	237,900
84 Beerzelhof *(B-2580 Beerzel)*	5,025	61	100.0%	328,093	328,093	488,000

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	Total surface (m²)[1]	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
85 Uilenspiegel *(B-3600 Genk)*	6,863	97	100.0 %	733,977	733,977	688,200
86 Coham *(B-3945 Ham)*	6,956	120	100.0 %	884,231	884,231	842,000
87 Sorgvliet *(B-3350 Linter)*	4,517	83	100.0 %	543,576	543,576	508,620
88 Ezeldijk *(B-3290 Diest)*	7,101	105	100.0 %	721,614	721,614	841,575
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 %	2,025,173	2,025,173	2,545,000
95 Genderstate *(NL-5616 EE Eindhoven)*	8,813	44	100.0 %	500,043	500,043	580,000
96 Petruspark *(NL-5623 AP Eindhoven)*	24,987	139	100.0 %	1,300,111	1,300,111	1,540,000
97 Residentie Den Boomgaard *(B-3380 Glabbeek)*	6,274	90	100.0 %	688,135	688,135	723,150
98 Les Jardins de la Mémoire *(B-1070 Anderlecht)*	6,852	110	100.0 %	687,257	687,257	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 %	450,849	450,849	495,000
101 Het Dokhuis *(NL-9665 JA Oude Pekela)*	4,380	32	100.0 %	396,303	396,303	480,000
102 Villa Walgaerde *(NL-1217 BR Hilversum)*	1,440	15	100.0 %	306,846	306,846	345,000
103 Huize Dennehof *(NL-3971 PA Driebergen-Rijsenburg)*	353	9	100.0 %	77,963	77,963	85,000
104 Het Gouden Hart *(NL-8261 JX Kampen)*	3,610	37	100.0 %	500,552	500,552	560,000
105 LTS Winschoten[8] *(NL-9671 EM Winschoten)*	4,560	0	100.0 %	72,000	72,000	0
106 Martha Flora Hilversum *(NL-1217 KD Hilversum)*	4,055	31	100.0 %	556,320	556,320	615,000
107 Het Gouden Hart van Leersum *(NL-3956 CR Leersum)*	2,280	26	100.0 %	405,125	405,125	440,000
108 Residentie Blaret *(B-1640 Rhode-Saint-Genèse)*	9,578	107	100.0 %	1,089,577	1,089,577	1,057,500
109 Oeverlanden *(NL-7944 BB Meppel)*	13,555	140	100.0 %	803,000	803,000	1,300,000
110 Seniorenresidenz *Laurentiusplatz* *(D-42103 Wuppertal-Elberfeld)*	5,506	79	100.0 %	356,170	356,170	363,661
111 Seniorenheim am Dom *(D-38820 Halberstadt)*	4,310	126	100.0 %	638,136	638,136	724,060
112 Huize de Compagnie[8] *(NL-6711 JC Ede)*	3,000	0	100.0 %	76,388	76,388	0
113 Huize Hoog Kerckebosch *(NL-3708 DN Zeist)*	2,934	32	100.0 %	527,203	527,203	575,000
114 Molenenk *(NL-7414 GS Deventer)*	2,811	40	100.0 %	693,557	693,557	760,000
115 De Duinpieper *(B-8400 Ostend)*	4,827	104	100.0 %	667,400	667,400	738,880
116 Seniorenresidenz an den Kienfichten *(D-06846 Dessau-Rosslau)*	4,332	88	100.0 %	445,480	445,480	415,879
117 Martha Flora Den Haag *(NL-2597 JN The Hague)*	2,259	28	100.0 %	550,000	550,000	595,000

	Total surface (m²)[1]	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
118 Huize Ter Beegden[8] *(NL-6099 AG Beegden)*	1,983	0	100.0%	12,638	12,638	0
119 Martha Flora Rotterdam[8] *(NL-3055 KJ Rotterdam)*	2,441	0	100.0%	59,130	59,130	0
120 Martha Flora Bosch en Duin[8] *(NL-3735 MR Bosch en Duin)*	2,241	0	100.0%	46,737	46,737	0
121 Bremerhaven I *(D-27570 Bremerhaven)*	6,077	85	100.0%	911,415	911,415	911,490
122 Bremerhaven II *(D-27570 Bremerhaven)*	2,129	42	100.0%	297,129	297,129	293,806
123 Cuxhaven *(D-27472 Cuxhaven)*	810	9	100.0%	103,684	103,684	102,127
124 De Merenhoef[8] *(NL-3601 AC Maarssen)*	6,014	75	100.0%	139,080	139,080	0
125 Huize Roosdael[8] *(NL-4701 CL Roosendaal)*	2,950	0	100.0%	41,250	41,250	0
126 Stepping Stones Leusden[8] *(NL-3834 BC Leusden)*	1,655	0	100.0%	43,873	43,873	0
127 Martha Flora Hoorn *(NL-1624 AC Hoorn)*	780	12	100.0%	80,000	80,000	95,000
128 September Nijverdal[8] *(NL-7442 AC Nijverdal)*	1,466	0	100.0%	62,775	62,775	0
129 Huize Groot Waardijn[8] *(NL-5025 VB Tilburg)*	1,918	0	100.0%	45,000	45,000	0
130 Huize Eresloo[8] *(NL-5525 KX Duizel)*	2,350	0	100.0%	42,000	42,000	0
131 advita Haus Zur Alten Berufsschule *(D-09405 Zschopau)*	6,422	91	100.0%	458,421	458,421	462,384
132 Pflegeteam Odenwald *(D-69483 Wald-Michelbach)*	1,202	32	100.0%	215,328	215,328	223,563
133 Park Residenz *(D-24534 Neumünster)*	6,113	79	100.0%	640,000	640,000	696,882
134 Zorghuis Smakt *(NL-5817 AD Smakt)*	2,111	30	100.0%	200,000	200,000	230,000
135 Zorgresidentie Mariëndaal *(NL-5363 TC Velp)*	8,728	75	100.0%	800,000	800,000	910,000
Total Healthcare real estate in Belgium	**426,472**	**7,425**	**100.0%**	**51,791,325**	**51,791,325**	**54,737,644**
Total Healthcare real estate in Germany	**136,547**	**2,801**	**100.0%**	**17,272,013**	**17,272,013**	**17,557,929**
Total Healthcare real estate in The Netherlands	**180,433**	**1,157**	**100.0%**	**12,547,142**	**12,547,142**	**14,050,000**
Total of the segment "Healthcare real estate"	**743,453**	**11,383**	**100.0%**	**81,610,480**	**81,610,480**	**86,345,573**

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	Total surface (m²)[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	80.6 %	737,721	915,607	905,091
2 Complexe Laeken - Pont Neuf *(B-1000 Brussels)*	7,130	42	82.3 %	569,677	692,586	711,494
3 Le Bon 24-28 *(B-1000 Brussels)*	2,159	15	91.3 %	172,686	189,162	217,693
4 Lombard 32 *(B-1000 Brussels)*	1,622	13	100.0 %	227,062	227,062	221,548
5 Complexe Louise 331-333 *(B-1050 Brussels)*	5,706	8	90.6 %	597,249	659,161	638,633
6 Place du Samedi 6-10 *(B-1000 Brussels)*	4,543	24	92.2 %	303,428	329,183	379,430
7 Bataves 71 *(B-1040 Brussels)*	653	3	82.1 %	65,653	79,924	76,506
8 Tervueren 103 *(B-1040 Brussels)*	1,202	6	92.9 %	123,017	132,354	130,048
9 Louis Hap 128 *(B-1040 Brussels)*	969	7	97.3 %	87,890	90,290	89,552
10 Rue Haute *(B-1000 Brussels)*	2,600	20	100.0 %	261,493	261,493	274,687
11 Résidence Palace *(B-1040 Brussels)*	6,077	57	78.1 %	491,095	628,937	638,328
12 Churchill 157 *(B-1180 Brussels)*	2,440	22	90.4 %	247,581	273,843	293,537
13 Auderghem 237-239-241-266-272 *(B-1040 Brussels)*	2,044	22	83.2 %	169,672	203,823	206,797
14 Edison *(B-5000 Namur)*	1,897	7	82.4 %	101,012	122,636	133,878
15 Verlaine/Rimbaud/Baudelaire *(B-5000 Namur)*	3,671	21	73.5 %	233,371	317,422	285,110
16 Ionesco *(B-5100 Jambes)*	1,148	10	93.4 %	90,511	96,911	103,604
17 Musset *(B-5000 Namur)*	659	6	84.4 %	43,312	51,328	56,227
18 Giono & Hugo *(B-5100 Jambes)*	1,718	15	87.8 %	123,702	140,902	145,848
19 Antares *(B-5100 Jambes)*	476	7	100.0 %	44,462	44,462	45,177
20 Résidence Gauguin et Manet *(B-6700 Arlon)*	3,496	35	94.7 %	301,014	317,766	324,524
21 Résidence de Gerlache *(B-1030 Brussels)*	7,406	75	90.5 %	653,288	722,195	826,939
22 Ensemble Souveraine *(B-1050 Brussels)*	13,880	116	92.1 %	1,963,681	1,963,681	1,508,838[7]
23 Louise 130 *(B-1050 Brussels)*	944	9	88.2 %	204,647	204,647	139,025[7]
24 Louise 135 (+ 2 parkings Louise 137) *(B-1050 Brussels)*	2,542	31	84.9 %	487,648	487,648	346,277[7]
25 Louise 270 *(B-1050 Brussels)*	1,205	14	78.0 %	222,843	222,843	161,018[7]
26 Vallée 48 *(B-1000 Brussels)*	653	6	93.9 %	115,832	115,832	81,455[7]
27 Livourne 16-18 (+ 24 parkings Livourne 7-11) *(B-1000 Brussels)*	1,982	16	86.6 %	336,804	336,804	243,790[7]
28 Freesias *(B-1030 Brussels)*	2,777	38	73.6 %	376,204	376,204	361,775[7]

	Total surface (m²)[1]	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
29 Héliotropes *(B-1030 Brussels)*	1,364	25	53.6 %	126,626	126,626	190,038[7]
30 Livourne 20-24 *(B-1050 Brussels)*	1,407	15	85.5 %	269,955	269,955	166,327[7]
31 Livourne 14 *(B-1050 Brussels)*	275	3	86.8 %	47,502	47,502	32,892[7]
32 Résidence Chamaris *(B-1000 Brussels)*	2,328	23	89.9 %	452,682	452,682	330,748[7]
33 Stephanie's Corner *(B-1060 Brussels)*	3,472	27	83.2 %	432,239	519,523	532,164
Total of the segment "Apartment buildings"	**95,991**	**768**	**85.3 %**	**10,681,559**	**11,620,997**	**10,798,997**
Hotels						
1 Hotel Martin's Brugge *(B-8000 Brugge)*	11,369	0	100.0 %	1,505,510	1,505,510	1,566,130
2 Martin's Klooster *(B-3000 Leuven)*	6,935	0	100.0 %	1,373,143	1,373,143	1,081,500
3 Carbon *(B-3600 Genk)*	5,715	0	100.0 %	437,322	437,322	468,000
4 Eburon *(B-3700 Tongeren)*	4,016	0	100.0 %	314,813	314,813	330,200
5 Ecu *(B-3600 Genk)*	1,960	0	100.0 %	188,778	188,778	255,000
6 Eurotel *(B-3620 Lanaken)*	4,779	0	100.0 %	315,716	315,716	241,500
7 Villa Bois de la Pierre *(B-1300 Wavre)*	320	4	100.0 %	31,267	31,267	33,685
8 Duysburgh *(B-1090 Brussels)*	470	0	100.0 %	66,397	66,397	65,625
Total of the segment "Hotels"	**35,564**	**4**	**100.0 %**	**4,232,945**	**4,232,945**	**4,041,640**
Total marketable investment properties	**875,007**	**12,155**		**96,524,985**	**97,464,422**	**101,186,210**

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4.2 Projects and renovations in progress (in € million)

Projects and renovations		Esti-mated inv.	Inv. as of 30 June 2018	Future inv.	Date of completion	Comments
I. Projects in progress						
Heydeveld	Opwijk (BE)	4	3	0	2018/2019	Extension of a rest home
Huize Lieve Moenssens[1]	Dilsen-Stokkem (BE)	4	3	1	2018/2019	Extension and renovation of a rest home
Martha Flora Bosch en Duin[1]	Bosch en Duin (NL)	5	3	2	2018/2019	Construction of a care residence
Huize Ter Beegden[1]	Beegden (NL)	4	2	3	2018/2019	Construction of a care residence
Huize de Compagnie[1]	Ede (NL)	7	4	3	2018/2019	Construction of a care residence
September Nijverdal[1]	Nijverdal (NL)	3	1	1	2018/2019	Construction of a care residence
Huize Roosdael[1]	Roosendaal (NL)	5	3	3	2018/2019	Construction of a care residence
Seniorenresidenz Laurentiusplatz	Wuppertal (DE)	2	0	2	2018/2019	Renovation of a rest home
De Stichel I & II	Vilvoorde (BE)	4	2	1	2018/2019	Extension of a rest home
Plantijn II	Kapellen (BE)	4	1	3	2018/2019	Extension and renovation of a rest home
LTS Winschoten[1]	Winschoten (NL)	11	6	5	2018/2019	Construction of a care residence
Martha Flora Rotterdam[1]	Rotterdam (NL)	6	1	5	2018/2019	Construction of a care residence
Vinkenbosch II	Hasselt (BE)	2	0	2	2018/2019	Renovation of a rest home
Huize Groot Waardijn[1]	Tilburg (NL)	5	1	4	2018/2019	Construction of a care residence
Plantijn III	Kapellen (BE)	1	0	1	2018/2019	Extension and renovation of a rest home
Huize Eresloo[1]	Eersel (NL)	5	1	5	2018/2019	Construction of a care residence
Bonn	Bonn (DE)	1	0	1	2019/2020	Renovation of a rest home
De Merenhoef	Maarssen (NL)	7	0	7	2019/2020	Extension and renovation of a rest home
De Duinpieper	Ostend (BE)	2	0	2	2019/2020	Extension and renovation of a rest home
't Hoge III	Kortrijk (BE)	2	0	2	2019/2020	Extension of a rest home
Kasteelhof	Dendermonde (BE)	3	0	3	2019/2020	Extension of a rest home
Leusden[1]	Leusden (NL)	3	1	2	2019/2020	Construction of a care residence
Frohnau	Berlin (DE)	1	0	1	2019/2020	Renovation of a rest home
Residenz Zehlendorf	Berlin (DE)	5	2	3	2019/2020	Renovation of a rest home
Résidence Aux Deux Parcs	Jette (BE)	3	0	3	2019/2020	Extension of a rest home
Uilenspiegel	Genk (BE)	2	0	2	2019/2020	Extension of a rest home
Sorgvliet	Linter (BE)	5	0	5	2019/2020	Extension of a rest home

1. Although still under construction or renovation, these sites already generate limited rental incomes, in particular for the plots of land that have already been acquired. Their values are therefore no longer mentioned in the table above. This explains why the estimated investment values differ from those mentioned earlier, in particular in section 2.2 of the Consolidated Board of Directors' Report.

Projects and renovations		Esti-mated inv.	Inv. as of 30 June 2018	Future inv.	Date of completion	Comments
II. Projects subject to outstanding conditions						
-	-	-	-	-	-	-
III. Land reserves						
Terrain Bois de la Pierre	Wavre (BE)	2	2	0	-	Réserve foncière
IV. Acquisitions subject to outstanding conditions						
Azurit Seniorenresidenz Sonneberg	Sonneberg (DE)	9	0	9	2018/2019	Acquisition of a rest home
Azurit Seniorenresidenz Cordula I	Rothenberg (DE)	4	0	4	2018/2019	Acquisition of a rest home
Azurit Seniorenresidenz Cordula II	Rothenberg (DE)	2	0	2	2018/2019	Acquisition of a rest home
Hansa Pflege- und Betreuungszentrum Dornum	Dornum (DE)	7	0	7	2018/2019	Acquisition of a rest home
SARA Seniorenresidenz	Bitterfeld-Wolfen (DE)	10	0	10	2018/2019	Acquisition of a rest home
Mechelen	Mechelen (BE)	15	0	15	2019/2020	Acquisition of a new rest home
Rendant (portfolio)	Leeuwarden (NL)/ Heerenveen (NL)	40	0	40	2019/2020	Construction of two senior housing sites
Azurit Weimar	Weimar (DE)	16	0	16	2019/2020	Acquisition of a new rest home
Specht Gruppe (phase I)	Germany	79	0	79	2019/2020	Construction of care campuses
Specht Gruppe (phase II)	Germany	101	0	101	2020/2021	Construction of care campuses
Specht Gruppe (phase III)	Germany	65	0	65	2021/2022	Construction of care campuses
Total		**459**	**37**	**422**		
Changes in fair value		-	-3	-		
Roundings		-	2	-		
On balance sheet			**35**			

Of these projects, 100 % are pre-let. It is expected that the total investment budget as of 30 June 2018 (€ 459 million) will be paid in cash. € 23 million need to be added to the total investment budget due to the acquisitions announced on 12 July (€ 19 million) and 19 July (€ 4 million) (see section 2.2.1 of the consolidated Board of Director's Report).

HEALTHCARE REAL ESTATE

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 Lambermont 227 - 1030 Brussels - Belgium
- Year of construction / renovation: 1997
- Location: Bel Air is located at the corner of boulevard Lambermont 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 Senior Living Group (27-year long lease).

8 - Kasteelhof

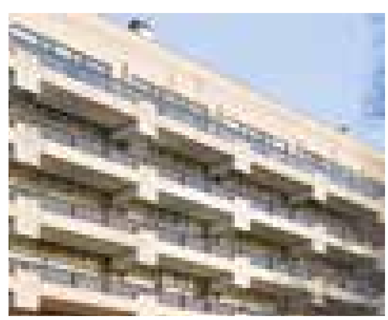
- Steenweg van Aalst 110 - 9200 Dendermonde - Belgium
- Year of construction / renovation: 1994
- Location: Kasteelhof is located in the city of Dendermonde, along the Steenweg van Aalst, between the Kerkhofweg and the Denderstraat.
- Operator: an entity of Senior Living Group (27-year long lease).

9 - Wielant

- Schellebellestraat 8 - 8570 Anzegem/Ingooigem - Belgium
- Year of construction / renovation: 1997 - 2001
- Location: Wielant is located in a green area in the municipality of Ingooigem (Anzegem).
- Operator: an entity of 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 - Residentie Boneput

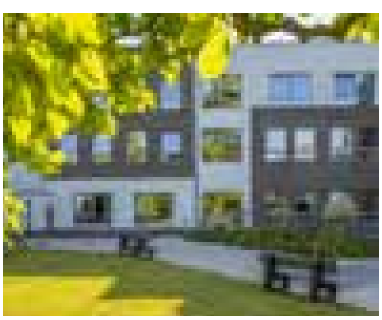
- Boneputstraat 5 -
  3960 Bree - Belgium
- Year of construction / renovation:
  1994 - 1999
- Location: Residentie Boneput is located in a green area in the municipality of Bree, not far from the city centre.
- Operator: an entity of Senior Living Group (27-year long lease).

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 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 - 2018
- Location: Résidence l'Air du Temps is located in a green area of Chênée, part of Liège.
- Operator: an entity of Senior Living Group (27-year long lease).

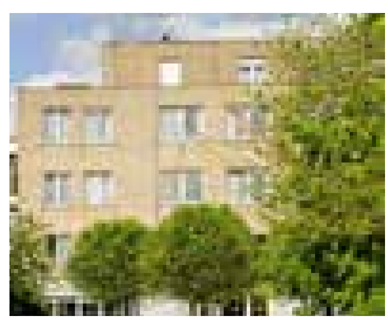


16 - Au Bon Vieux Temps

- 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 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 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 Senior Living Group (27-year long lease).

19 - Seniorie Mélopée

- Rue de la Mélopée 50 - 1080 Brussels - Belgium
- Year of construction / renovation: 1993 – 1994 – extension in 2010
- Location: Seniorie Mélopée is located in the centre of the municipality of Molenbeek-Saint-Jean.
- Operator: an entity of 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 (Mesnil-Saint-Blaise) - Belgium
- 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: Séniorerie 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 - Residentie Gaerveld (assisted-living apartments)

- Kramerslaan 7 - 3500 Hasselt - Belgium
- Year of construction / renovation: 2008 - 2009
- Location: Residentie 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 Senior Living Group (27-year long lease).

HEALTHCARE REAL ESTATE

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 Senior Living Group (27-year long lease).

26 - De Edelweis

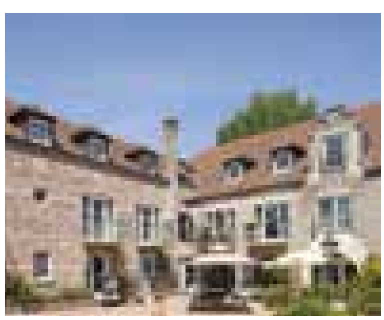
- Liersesteenweg 165-171 -
  3130 Begijnendijk - Belgium
- Year of construction / renovation: 1993 - 2003 - 2014
- Location: De Edelweis is located in Begijnendijk (Flemish Brabant).
- Operator: an entity of Senior Living Group (27-year long lease).

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).

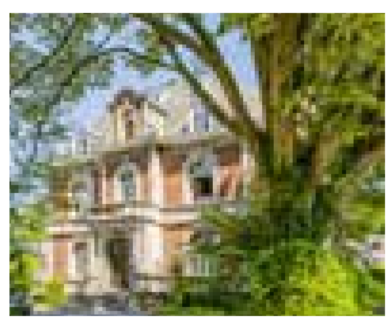
28 - Buitenhof

- 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: Residentie Gaerveld is a new building located near the city centre of Hasselt.
- Operator: an entity of the Armonea group (27-year long lease).

35 - Larenshof

- Schoolstraat 11-13-15 and
  Achterstraat 27, 35-37 -
  9270 Laarne - Belgium
- Year of construction / renovation: 2011 - 2012 - 2013
- Location: Larenshof 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 Elsakker.
- 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 Fernand Jérôme 38 -
  4845 Jalhay - Belgium
- Year of construction / renovation:
  1988 - 2000 - 2018
- Location: Résidence Les Cheveux d'Argent is located in a green area on the hillside of Spa.
- Operator: an entity of 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 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 Senior Living Group (27-year long lease).

41 - Hestia

- Zijp 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 - 2018
- 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. 10 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 various 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 various 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. 10 kilometres from Leuven.
- Operator: an entity of the Vulpia group (27-year long lease).

52 - Residentie Twee Poorten

- Raeymaeckersvest 30 - 3300 Tienen - Belgium
- Year of construction / renovation: 2014
- Location: Residentie Twee Poorten is located in a residential area of the city centre, close to various shops, public transport and the RZ Tienen hospital.
- 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 Kirchlengern - Germany
- Year of construction / renovation: 2010
- Location: Seniorenresidenz Klosterbauerschaft is located in Kirchlengern (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

- Stübchentalstrasse 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 / 2017
- 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 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 Ruzettelaan 74 -
  8310 Bruges - Belgium
- Year of construction / renovation: 1991
- Location: Senior Flandria is located in a residential area, close to the centre of Bruges.
- 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 Senior Living Group (long lease).

72 - Heydeveld

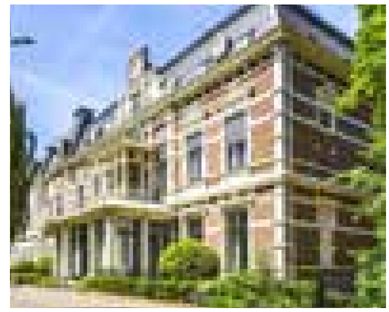
- Ringlaan 28 -
  1745 Opwijk - Belgium
- Year of construction / renovation: 2005
- Location: Heydeveld is located in a residential area, close to the centre of Opwijk.
- Operator: Heydeveld Woon- en Zorgcentrum ASBL (long lease).

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

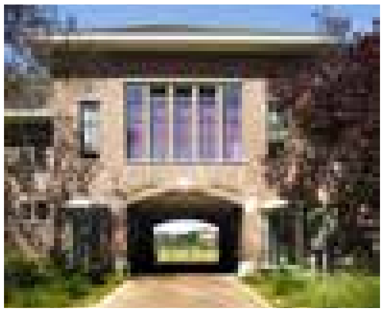
- Bussumergrintweg 40 -
  1217 BR Hilversum - The Netherlands
- Year of construction / renovation: 2009
- Location: Benvenuta is a protected building situated in a residential area in the vicinity of the centre of Hilversum, in North Holland.
- Operator: an entity of the Domus Magnus group (20-year long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

88 - Ezeldijk

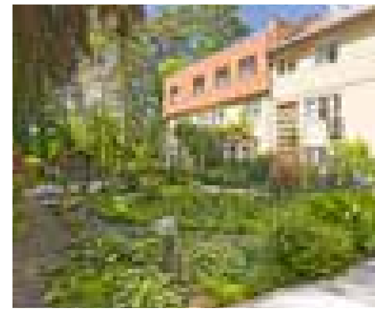
- Bogaardenstraat 13 -
  3290 Diest - Belgium
- Year of construction / renovation: 2016
- Location: Ezeldijk benefits from a green environment at the outskirts of the city centre of Diest, near Warandepark.
- Operator: an entity of Senior Living Group (long lease).

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 Höchstadt in 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

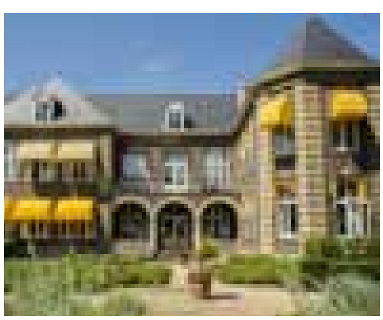
- Bärenschanzstrasse 44 - 90429 Nuremberg - Germany
- Year of construction / renovation: 2003
- Location: Patricia is located in a lively residential area in Nuremberg (State of Bavaria), in the vicinity of several recreation activities.
- Operator: Vitanas (long lease).

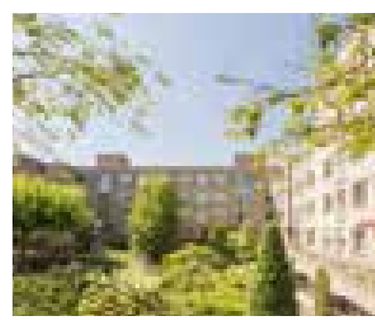
92 - St. Anna

- Am Brauhaus 1 - 91315 Höchstadt - Germany
- Year of construction / renovation: 2002
- Location: St. Anna is located in a residential area at the outskirts of the historic centre of Höchstadt (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 / 2018
- 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 / 2018
- 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 / 2018
- 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 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 EMVIA living 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 doctors' offices and a centre for medical analysis.
- Operator: Stichtig Oosterlengte and five other tenants (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 Rijsenburg -
  The Netherlands
- Year of construction / renovation: /
- Location: Huize Dennehof is a small-scale residential care facility in Driebergen-Rijsenburg. 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 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
- Year of construction / renovation: 2018
- Location: the care residence, a former office building that has been entirely redeveloped, benefits from an excellent location in a residential area in the centre of Hilversum.
- Operator: Martha Flora (25-year long lease).

107 - Het Gouden Hart van Leersum

- Rijksstraat 46 -
  3956 CR Leersum - The Netherlands
- Year of construction / renovation: 2018
- Location: this care residence, a former town hall that was entirely redeveloped, benefits from an excellent location in the centre of Leersum.
- Operator: an entity of the Het Gouden Hart group (20-year long lease).

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).

111 - Seniorenheim am Dom

- Domplatz 37-39 -
  38820 Halberstadt - Germany
- Year of construction / renovation: 2008
- Location: the site benefits from an excellent location in the historical centre of Halberstadt, next to the Dom.
- Operator: an entity of the Deutsche Pflege und Wohnen group (25-year long lease).

112 - Huize De Compagnie

- Nieuwe Kazernelaan 10 -
  6711 JC Ede - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, 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.

113 - Huize Hoog Kerckebosch

- Hoog Kanje 274 -
  3708 DN Zeist - The Netherlands
- Year of construction / renovation: 2017
- Location: the care residence is located in a green, residential area near the centre of Zeist, approx.. 10 km from the city of Utrecht.
- Operator: an entity of the Compartijn group (20-year long lease).

114 - Molenenk

- Laan van Borgele 7 -
  7414 GS Deventer - The Netherlands
- Year of construction / renovation: 2017
- Location: the care residence is situated in a green area near the city centre and next to a large park.
- Operator: an entity of the Domus Magnus group (20-year long lease).

115 - De Duinpieper

- De Rudderstraat 2 -
  8400 Ostend - Belgium
- Year of construction / renovation: 1989
- Location: De Duinpieper is located in the "Vuurtorenwijk" neighbourhood in Ostend. The rest home was designed by famous Belgian architect Lucien Kroll.
- Operator: an entity of the Dorian group (27-year long lease).

116 - Seniorenresidenz an den Kienfichten

- Oechelhaeuserstrasse 62 -
  06846 Dessau-Rosslau - Germany
- Year of construction / renovation: 2009 / 2017
- Location: the site comprises a villa that was completely renovated, and a new building that was completed at the beginning of 2017. The buildings are located near the centre of Dessau-Rosslau within a large private park.
- Operator: Cosiq GmbH (25-year long lease).

117 - Martha Flora Den Haag

- Badhuisweg 165-167 -
  2597 JN The Hague - The Netherlands
- Year of construction / renovation: 2013
- Location: The care residence is located in a green, residential area of The Hague, walking distance from two parks and the North Sea.
- Operator: Martha Flora (25-year long lease).

118 - Huize Ter Beegden

- Heerstraat-Zuid 20 -
  6099 AG Beegden - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA 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.

119 - Martha Flora Rotterdam

- Mozartlaan 25 -
  3055 KJ Rotterdam - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA 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.

120 - Martha Flora Bosch en Duin

- Dennenweg 2 -
  3735 MR Bosch en Duin -
  The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, 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.

121 - Bremerhaven I

- Grashoffstrasse 1 - 27570 Bremerhaven - Germany
- Year of construction / renovation: 2016
- Location: Bremerhaven I benefits from an excellent location in the centre of Bremerhaven. The site also includes a retail space on the ground floor.
- Operator: an entity of the group Specht Gruppe (20-year long lease).

122 - Bremerhaven II

- Grashoffstrasse 36 - 27570 Bremerhaven - Germany
- Year of construction / renovation: 2003
- Location: the site benefits from an excellent location in the centre of Bremerhaven.
- Operator: an entity of the group Specht Gruppe (20-year long lease).

123 - Cuxhaven

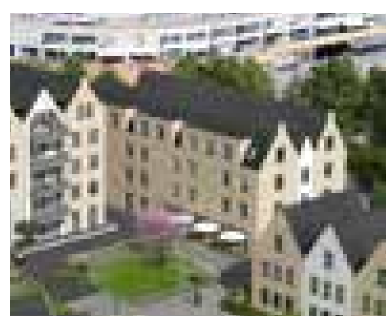
- Segelckestrasse 28 - 27472 Cuxhaven - Germany
- Year of construction / renovation: 2010
- Location: the site benefits from an excellent location in the centre of Cuxhaven.
- Operator: an entity of the group Specht Gruppe (20-year long lease).

124 - De Merenhoef

- Merenhoef 1 - 3601 AC Maarssen - The Netherlands
- Year of construction / renovation: 2017
- Location: The site benefits from an excellent location in the centre of Cuxhaven.
- Operator: Stichting Leger des Heils Welzijns- en Gezondheidszorg (15-year long lease).

125 - Huize Roosdael

- Laan van Henegouwen 16 - 4701 CL Roosendaal - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, 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.



126 - Leusden

- Clarenburg 1 - 3834 BC Leusden - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, 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.

127 - Martha Flora Hoorn

- Koepoortsweg 73 -
  1624 AC Hoorn - The Netherlands
- Year of construction / renovation: 2012
- Location: the care residence (locally known as "Villa Wilgaerden") is located in a residential area of Hoorn.
  The site comprises a renovated villa (dating from the 17th century) and a new building.
- Operator: Martha Flora (25-year long lease).

128 - September Nijverdal

- Salomonsonstraat 51 -
  7442 AC Nijverdal - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA 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.

129 - Huize Groot Waardijn

- Ringbaan-West 324 -
  5025 VB Tilburg - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, 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.

130 - Huize Eresloo

- De Hendrick Robinetlaan 3 -
  5525 KX Duizel - The Netherlands
- Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA 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.

131 - advita Haus Zur Alten Berufsschule

- Schulstrasse 2, Moritz-Nietzel-Strasse 12 -
  09405 Zschopau – Germany
- Year of construction / renovation: 2016
- Location: the site, a former school building (a protected monument) which was entirely redeveloped, benefits from an excellent location in a residential area of Zschopau.
- Operator: an entity of the group advita Pflegedienst GmbH (30-year long lease).

132 - Pflegeteam Odenwald

- Lotzenweg 38 -
  69483 Wald-Michelbach –-Germany
- Year of construction / renovation: 2012
- Location: the site is located in a green area near the centre of Wald-Michelbach.
- Operator: Cosiq GmbH (25-year long lease).

133 - Park Residenz

- Goebenstrasse 1, 3, 11A-D -
  24534 Neumünster - Germany
- Year of construction / renovation: 2001
- Location: this senior apartment complex, which is situated in a private park, benefits from an excellent location in a residential area of Neumünster.
- Operator: an entity of the Convivo group (25-year long lease).

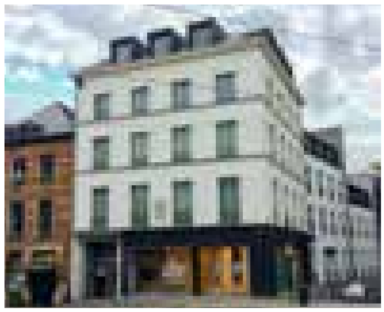
134 - Zorghuis Smakt

- Sint Jozeflaan 56 -
  5817 AD Smakt - The Netherlands
- Year of construction / renovation: 2010
- Location: the site is located in Smakt, part of Venray.
- Operator: an entity of Blueprint Group (19-year long lease).

135 - Zorgresidentie Mariëndaal

- Tolschestraat 2 -
  5363 TC Velp - The Netherlands
- Year of construction / renovation: 2011
- Location: the site is located in Velp, part of Grave.
- Operator: an entity of Blueprint Group (19-year long lease).

APARTMENT BUILDINGS



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 and 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: benefiting 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 first 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, and commercial spaces on the ground level and first floor.

APARTMENT BUILDINGS

7 - 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.

8 - Tervueren 103

- Avenue de Tervueren 103 - 1040 Brussels
- Year of construction / renovation: 1990 – 1995 - 2011
- 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.

9 - Louis Hap 128

- Rue Louis Hap 128 - 1040 Brussels
- Year of construction / renovation: 1990 – 2011/2012
- 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.

10 - Rue Haute

- Rue Haute 39-51 - 1000 Brussels
- Year of construction / renovation: 1961 - 1985 – 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.

11 - 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, and a ground-floor commercial space.

12 - 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.

13 - Auderghem 237-239-241-266-272

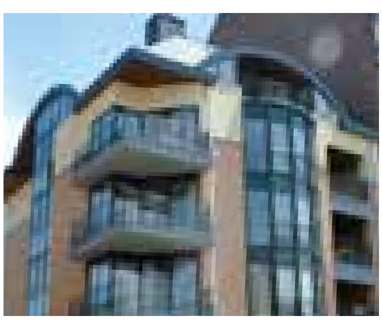
- Avenue d'Auderghem - 237-239-241-266-272 - 1040 Brussels
- Year of construction / renovation: end of 19th century – several renovations between 1999 and 2004
- Location: building located near to La Chasse, the European district and the Cinquantenaire esplanade.
- Description: houses in 19th-century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

14 - 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.

15 - 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.



16 - 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.

17 - 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.

18 - 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.

APARTMENT BUILDINGS

19 - 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.

20 - Résidence Gauguin et Manet

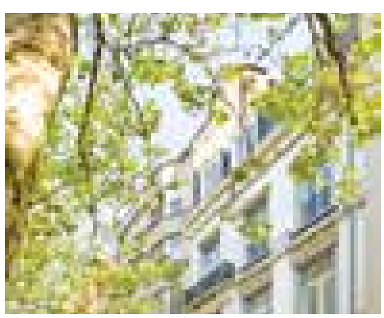
- Rue du Wäschbour 22-24 - 6700 Arlon
- Year of construction / renovation: 2007
- Location: building located in a new subdivision, less than a kilometre from the centre of Arlon.
- Description: the building comprises 35 residential apartments spread over 2 blocks, each with 4 levels above ground.

21 - Résidence de Gerlache

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

22 - 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.



23 - 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.

24 - 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.

25 - 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.

26 - 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.

27 - 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.

28 - 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.

29 - 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.

30 - 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.

APARTMENT BUILDINGS

31 - 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.

32 - Résidence Chamaris

- 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 a ground-floor commercial space.

33 - 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.

HOTELS

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

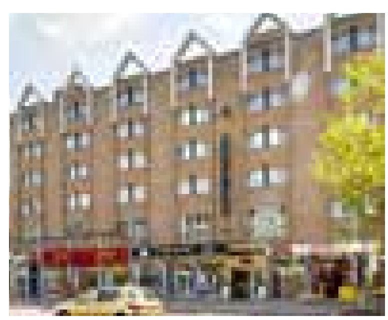
- Onze-Lieve-Vrouwstraat 18 - 3000 Leuven
- Year of construction / renovation: 2003 - 2012
- Location: four-star hotel located at the heart of the historic centre of Leuven ("island of the Dijle").
- Description: hotel comprising 103 rooms and suites, a conference centre, a lounge bar and an orangery 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: high-quality budget hotel 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, 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).

HOTELS

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, not far from the Brugmann hospital. The building will be torn down in 2018 to make room for the extension of the Aux Deux Parcs rest home.

6. MANAGEMENT TEAM

6.1. Aedifica's internal organisation

The Company is structured in four departments, as shown in the organisational chart below. Each component of the organisational chart is described in the following paragraphs.

Management Committee

The daily management of Aedifica's activity is led and coordinated by the Management Committee, supervised by the CEO.

Operations

The daily management of Aedifica's real estate portfolio in Belgium, Germany and The Netherlands is supervised by the COO. The Operations department, to which approx. 40 people are assigned, represents most of the Group's staff. The COO is assisted by a Senior Valuation & Asset Manager (who enhances the dialogue between the Group and the independent valuation experts that value Aedifica's real estate) and a Business Control Manager (who manages and controls the different teams within the Operations department).

Operations Belgium

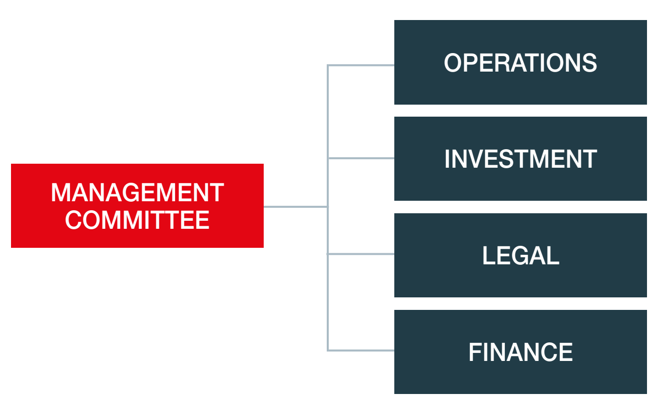
Aedifica's daily activity in Belgium mainly involves managing the Group's healthcare sites (senior housing) and apartment buildings, and monitoring various projects within the real estate portfolio. Aedifica has team of 4 people managing its Belgian healthcare sites under supervision of the Senior Portfolio & Project Manager. For this part of its real estate portfolio, the Group 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 and maintenance 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). In addition to monitoring its real estate, the Company aims to both enhance and improve its sites through extensions and renovations, and to develop new projects in partnership with its tenants/operators. These projects, which are also being managed by the team under supervision of the Senior Portfolio & Project Manager, includes all aspects of the development of real estate projects, whether they are of technical, legal, organisational or other nature.

For commercial management of its apartment buildings, Aedifica has an in-house commercial team who secures rentals through direct contact with tenants or real estate agents. 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 exceptionally also by external service providers who are continuously monitored by aforementioned team, which 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 carried out by Aedifica's in-house Property Accounting team.

Over the past few years, Aedifica has gradually internalised most tasks that were previously outsourced. The only external apartment building manager currently engaged by Aedifica in Belgium for fully-owned buildings, is the following:

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

Management of buildings in co-ownership is assigned to external building managers ("syndic") as chosen during the General Meeting of the co-owners. Hotels follow the management principles applicable for senior housing.



Operations Germany

The buildings located in Germany follow the same management principles as those described above for the Belgian healthcare portfolio. 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 (and in some cases also technical systems) remains the responsibility of the owner.

Aedifica has two German subsidiaries managing its healthcare real estate portfolio located in Germany:

- Aedifica Asset Management GmbH: this subsidiary, to which 2 people are assigned, advises and supports Aedifica and its other subsidiaries on the management of the German real estate portfolio;
- Aedifica Project Management GmbH: this subsidiary, to which one person is assigned, oversees Aedifica's German construction projects and supports the Group with the technical due diligence of the buildings.

During the 2017/2018 financial year, Aedifica acquired the control over Schloss Bensberg Management GmbH ("SBM"). The SBM team, to which eleven people are assigned, manages the "Service-Residenz Schloss Bensberg" apartment complex (acquired by Aedifica in 2015) in North Rhine-Westphalia. Aedifica leased most of the apartments in this complex to SBM to be operated as apartments for seniors ("independent living").

Operations The Netherlands

The buildings located in The Netherlands follow the same management principles as those described above for the Belgian healthcare portfolio. The contracts in place with the operators are also generally irrevocable long-term leases of a triple net structure (as in Belgium) or a double net structure (similar to leases in Germany). Aedifica has held a Dutch subsidiary (Aedifica Nederland BV) since early 2016, which holds the Dutch real estate portfolio on its balance sheet. With respect to the management of the portfolio in The Netherlands, the Group benefits from the know-how of its local experts as well as its parent company (the Senior Portfolio & Project Manager's team in particular). Aedifica plans on establishing a local management team in The Netherlands when the scale of its Dutch portfolio justifies doing so. As of 1 August 2018, Aedifica Nederland BV hired its first staff member (Portfolio & Project Manager) in order to support the administrative and technical management of the Dutch healthcare real estate portfolio.

Investment

Aedifica's investment activity is assigned to the teams of the Chief Investment Officer and the Chief Mergers & Acquisitions Officer. The CIO is the primary point of contact for new investment opportunities: his team filters the cases, coordinates negotiations and performs assessments before presenting them to the Management Committee and, if accepted, to the Investment Committee and Board of Directors. The Chief Mergers & Acquisitions Officer's team coordinates the various aspects of approved investment cases (outside of Belgium), in particular the structuring of international transactions, support of due diligence audits and legal documentation. Depending on the cases' individual characteristics, the team calls upon external specialists.

Legal

Aedifica assigns its legal issues and the follow-up of its activity 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 legal assistance in operational activity ("legal support"). Its mission mainly involves supporting investment cases in Belgium (legal due diligence audits 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 department manages many disciplines placed under the CFO's supervision. The various teams in this department are responsible for financing of day-to-day activity 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. VALUATION EXPERTS' REPORT[1]

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 2018.

Aedifica assigned to each of the five valuation experts the task of determining the fair value (from which the investment value is derived[2]) 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 valuation expert and have a relevant and recognised qualification, as well as an ongoing experience for the location and the type of buildings assessed. The valuation expert'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 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 five assessments, the consolidated fair value of the portfolio amounted to €1,740,532,634[3] as of 30 June 2018, including €1,705,349,947 for marketable investment properties[4]. Contractual rents amounted to €96,524,985 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 €97,464,422, i.e. an initial rental yield of 5.72 %[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.

Winssinger & Associés SA opinion

The fair value of the part of Aedifica's portfolio valued by Winssinger & Associés SA is estimated as of 30 June 2018 at €458,730,000 and the investment value (before deduction of the transfer costs[7]) is estimated at €470,588,500.

Christophe Ackermans
28 August 2018

Deloitte Consulting & Advisory SCRL opinion

The fair value of the part of Aedifica's portfolio valued by Deloitte Consulting & Advisory SCRL is estimated as of 30 june 2018 at €546,444,634 and the investment value (before deduction of the transfer costs[8] at €560,105,750.

Frédéric Sohet and Patricia Lanoije
28 August 2018

IP Belgium SPRL opinion

The fair value of the part of Aedifica's portfolio valued by IP Belgium SPRL is estimated as of 30 June 2018 at €206,938,000 and the investment value (before deduction of the transfer costs[9]) is estimated at €212,113,000.

Benoit Forgeur
28 August 2018

CBRE GmbH opinion

The fair value of the part of Aedifica's portfolio valued by CBRE GmbH is estimated as of 30 June 2018 at €285,370,000 and the investment value (before deduction of the transfer costs[10]) is estimated at €305,598,992.

Sandro Höselbarth and Tim Schulte
28 August 2018

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 2018 at €243,050,000 and the investment value (before deduction of the transfer costs[11]) is estimated at €252,700,000.

Paul Smolenaers and Fabian Pauwelse
28 August 2018

€1,741 Mio
fair value of the portfolio

1. The expert report was reproduced with the agreement of Winssinger & Associés SA, Deloitte Consulting & Advisory SCRL, IP Belgium SCRL, CBRE GmbH and DTZ Zadelhoff VOF. The sum of all elements of the portfolio individually assessed by the above mentioned valuation experts constitutes Aedifica's whole consolidated portfolio.
2. "Investment value" is defined by Aedifica as the value assessed by a valuation expert, of which transfer costs are not deducted (also known as "gross capital value").
3. The above mentioned 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. 5.71 % 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. Same comment on transfer costs as in footnote 7 above.
10. Assets located in Germany are not concerned by the comments in footnotes 7, 8 and 9 above. In the assessment of their investment value, the usual German transfer costs are taken into account.
11. Assets located in The Netherlands are not concerned by the comments in footnotes 7, 8 and 9 above. In the assessment of their investment value, the usual Dutch transfer costs are taken into account.

AEDIFICA ON THE STOCK MARKET

3.2 %

gross dividend yield
as of 30 June 2018

€78.10

share price
as of 30 June 2018

18,200,829

total number of shares listed
as of 30 June 2018

€1.4 billion

market capitalisation
as of 30 June 2018

AEDIFICA
ON THE STOCK MARKET

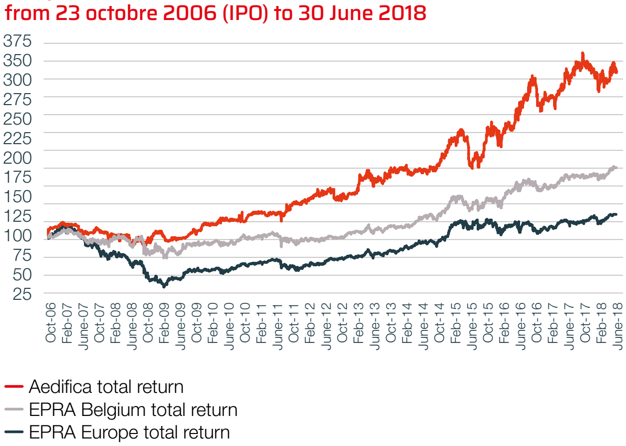
AEDIFICA OFFERS AN ALTERNATIVE
TO DIRECT INVESTMENT IN REAL ESTATE.

— advita Haus Zur Alten Berufsschule - Zschopau - Germany —

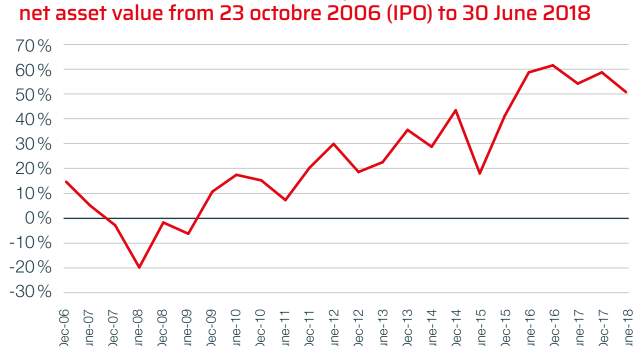
Aedifica's diversified investment policy (see "Strategy" section of the Consolidated Board of Directors' Report) offers the shareholder a unique investment that generates optimal rental incomes incomes while maintaining a limited risk profile. Aedifica's investment strategy generates attractive returns, opportunities for growth and capital gains, and a recurring dividend.

According to the "Weekly Value" table, published on 31 August 2018 by Bank Degroof Petercam, Aedifica is currently the 3th REIT in terms of market capitalisation.

Comparison - indices in total return from 23 octobre 2006 (IPO) to 30 June 2018



Premium or discount of the share price in relation to the net asset value from 23 octobre 2006 (IPO) to 30 June 2018



1. STOCK PRICE AND VOLUME

Aedifica's shares (AED) have been quoted on Euronext Brussels (regulated market) since 23 October 2006. Since then, 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 2018, Aedifica was registered in the Bel Mid index with a weighting of 5.7 %.

Taking the stock price on 30 June 2018 (€78.10) as a baseline, Aedifica shares show:

- a 45 % premium as compared to the net asset value per share excluding changes in fair value of hedging instruments*;
- a 51 % premium as compared to the net asset value per share.

Between the date of the IPO (after deduction of the coupons which represented the preferential or 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 2018, Aedifica's stock price increased by 125.2 %. This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by 43.0 %, and when compared to the EPRA Europe index, which fell by 16.5 %, over the same period.

Internationally, 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 2018	30 June 2017
Share price at closing (in €)	78.10	76.37
EPRA NAV* excl. changes in fair value of hedging insturments* (in €)	53.68	51.30
Premium (+) / Discount (-) excl. changes in fair value of hedging instruments*	45.5 %	48.9 %
EPRA NAV* (in €)	51.74	49.40
Premium (+) / Discount (-)	51.0 %	54.6 %
Market capitalisation	1,421,484,745	1,372,813,373
Free float[1]	100.00 %	100.00 %
Total number of shares listed	18,200,829	17,975,820
Denominator for the calculation of the EPRA NAV* per share	18,200,829	17,975,820
Average daily volume	18,711	17,818
Velocity[2]	26.4 %	41.1 %
Gross dividend per share (in €)[3]	2.50	2.25
Dividend gross yield[4]	3.2 %	2.9 %

1. Percentage of the capital of a company held by the market according to the definition of Euronext. See press release of 8 January 2018 and section 3 hereafter.
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. 2017/2018 : proposed divident to the Annual General Meeting.
4. Gross dividend per share divided by the closing share price.

Number of shares

	30 June 2018	30 June 2017
Number of shares outstanding[1]	18,200,829	17,975,820
Total number of shares	18,200,829	17,975,820
Total number of shares on the stock market[2]	18,200,829	17,975,820
Weighted average number of shares outstanding (denominator according to IAS 33)	17,990,607	15,235,696
Number of dividend rights[3]	18,200,829	15,323,388

1. After deduction of the treasury shares.
2. 225,009 shares were traded on 7 June 2018.
3. Based on the rights to the dividend for the shares issued during the year.

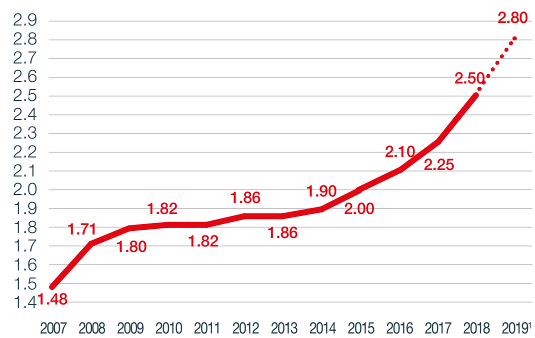
2. DIVIDEND POLICY

100 %
Free Float

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 2017/2018 financial year amounts to €2.50 per share (the growth of the dividends that were distributed during previous financial years, is presented in the opposite chart) as detailed in Note 38 of the Consolidated Financial Statements. 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 Tuesday of October. The dividend related to the 2017/2018 financial year is due to be paid as from 31 October 2018.

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, shareholders, in particular those 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 €2.125.

Gross dividend (€/share)



— Zorgcentrum Mariëndaal - Velp - The Netherlands —

3. SHAREHOLDING STRUCTURE

Aedifica shareholders holding more than 5 % of the Company’s capital are listed in the table below (as of 30 June 2018, based on the number of shares held by the shareholders concerned as of 5 January 2018). Declarations of transparency and control strings are available on Aedifica’s website. As of the date of this report (4 September 2018), the Company has not received any additional declarations of transparency since 5 January 2018. According to the definition of Euronext, Aedifica’s free float amounts to 100 %.

Shareholders

	Share in capital (in %)
BlackRock, Inc.	5.09
Others < 5 %	94.91
Total	**100.00**

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

4. SHAREHOLDERS' CALENDAR[1]

Annual General Meeting 2018	23 October 2018
Dividend payment date– Coupon related to the 2017/2018 financial year	
- Ex-date	29 October 2018
- Record date	30 October 2018
- Payment date	As from 31 October 2018
Interim statement	14 November 2018
Half-Year Financial Report 31.12.2018	20 February 2019
Interim statement	15 May 2019
Annual press release	4 September 2019
Annual Financial Report 2018/2019	September 2019
Annual General Meeting 2019	22 October 2019
Dividend– Coupon related to the 2018/2019 financial year ("ex-date")	28 October 2019

Financial service for the coupon payment: Banque Degroof Petercam (main paying agent) or any other financial institutions.

1. These dates are subject to change.

— Zorgcentrum Mariëndaal - Velp - The Netherlands —

CORPORATE GOVERNANCE STATEMENT

9 members
in the Board of Directors

6 independents
among the 9 Directors

44 %
mixed gender ratio among the Board of Directors

6 members
in the Management Committee

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 LAW 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.

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.

— Villa Temporis - Hasselt - Belgium —

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.eu) and was last updated on 18 June 2018.

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 Companies Code;
- the Belgian Law of 6 April 2010 on corporate governance within listed companies and on the regulation modification concerning professional prohibition within the banking and financial sector (commonly referred to as the "Corporate Governance Law").

As of 30 June 2018, this framework is further enhanced by:

- the Belgian Corporate Governance Code of 2009;
- the Belgian Law of 12 May 2014 on Regulated Real Estate Companies, as amended by the Law of 22 October 2017;
- the Royal Decree of 13 July 2014 on Regulated Real Estate Companies, as amended by the Royal Decree of 23 April 2018.

Pursuant to Article 17 of the Belgian Law 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 their effects as much as possible.

The Board of Directors designated Ms. Sarah Everaert (CLO/Secretary-General, Executive Manager and member of the Management Committee) as interim Risk Manager. The term of Ms. Everaert expired on 1 September 2018, and Ms. Ingrid Daerden (CFO, Executive Manager and member of the Management Committee) took over the office of Risk Manager for an indefinite duration. Both Ms. Everaert and Ms. Daerden have 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, and its personnel or proxy holders respect the rules of law relating to the integrity of the Company's activities.

The Board of Directors appointed Ms. Sarah Everaert, CLO/Secretary-General, Executive Manager and member of the Management Committee, as Compliance Officer for an indefinite period. Ms. Everaert 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 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, a non-executive director having 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 Threadway 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 COSO model (2013 version) defines 17 principles underlying these five components that clarify the requirements of an efficient internal control system.

17
principles in the "COSO" internal control model

2.2 Internal control environment

The underlying principles of the "internal control environment" component 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 matters such as conflicts of interests, confidentiality, dealing codes, misappropriation of corporate assets, business gifts, and respect for others, among others. It has been attached to the Corporate Governance Charter.
  - As regards integrity, Aedifica complies with all 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, 6 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

— Villa Temporis - Hasselt - Belgium —

— Martha Flora Den Haag - The Hague - The Netherlands —

and remuneration policy. Aedifica's Board of Directors supervises the effectiveness of the risk management practices and of the internal controls implemented by the Executive Managers.

- **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 Law 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 an appropriate 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 hat reflect career plans and the chance 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 performance review 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.

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 is positioned as a leading Belgian-listed company investing in healthcare real estate in Europe – senior housing in particular. 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 specific care and housing needs this trend implies. 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 these risks to determine how they should be managed:
  Aedifica has a risk map. The main risks are monitored periodically by the Board of Directors 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 Executive Managers and 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 were 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 by the Board of Directors;
  - Key indicators such as occupancy rates, trade receivables and cash balances are monitored daily;
  - The 4-eye principle is applied:
    - Contract signature: by two Directors acting jointly, by two members of the Management Committee acting jointly, or by a Director and a member of the Management Committee acting jointly, except in the case of rental agreements for apartments and parking spaces, to which specific proxies apply;
    - 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, or CLO);
    - 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 by 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 an appropriate 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. This also takes into account the balance between the level of formalisation and the size of the Company.

2.5 Information and communication

The underlying principles of the "information and communication" component are the following:

- **Principle 13:** The organisation obtains or generates and uses relevant, quality information to support the functioning of internal controls:

  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 controls are disseminated in a transparent manner within the Company so as to make the Company's policies, procedures, objectives, and roles and responsibilities clear to all. 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.

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 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 pays attention to its external communication duties on a daily basis.
  - External communication related to internal control runs in parallel to the preparation 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 "surveillance and monitoring" component 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 Law 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 Law.

- **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 "Aedifica in the Stock Market" chapter of 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 three years at the Annual General Meeting. They are revocable, and can be re-elected.

At the Annual General Meeting of 27 October 2017, the following Directors were appointed for a 3-year term ending after the Annual General Meeting of 2020:

- Ms. Adeline Simont, non-executive director;
- Mr. Eric Hohl, non-executive director;
- Ms. Marleen Willekens, non-executive independent Director;
- Mr. Luc Plasman, non-executive independent Director.

— Board of directors (from left to right) —
First row: Marleen Willekens, Stefaan Gielens, Jean Franken, Serge Wibaut
Second row: Luc Plasman, Elisabeth May-Roberti, Eric Hohl, Adeline Simont, Katrien Kesteloot

Recall that Mr. Jean Kotarakos ended his term as Director of the Aedifica group on 28 March 2018 and his position as CFO on 31 May 2018 (see press release of 29 March 2018).

As of 30 June 2018, Aedifica was directed by a 9-member Board, which includes 6 independent Directors (in accordance with Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code), as listed below.

With respect to the composition of its Board of Directors and its Management Committee, Aedifica applies various requirements concerning diversity (gender, age, professional background, etc.), in accordance with the Law of 3 September 2017 on disclosure of non-financial and diversity information by certain large undertakings and groups. For more information on this topic, see section 5 of this Corporate Governance Statement.

4.2 Terms of office expiring at the Annual General Meeting

The terms of Mr. Serge Wibaut, Mr. Stefaan Gielens, Ms. Katrien Kesteloot and Ms. Elisabeth May-Roberti as members of the Board of Directors will expire at the upcoming Annual General Meeting of 23 October 2018.

At the Annual General Meeting of 23 October 2018, the following will be proposed:

- to renew the office of Mr. Serge Wibaut;
- to renew the office of Mr. Stefaan Gielens;
- to renew the office of Ms. Katrien Kesteloot;
- to renew the office of Ms. Elisabeth May-Roberti.

In case of election at the General Meeting and after approval by the market authority (FSMA), they will act as Directors for terms ending at the Annual General Meeting in October 2021.

BOARD OF DIRECTORS

Mr. Serge Wibaut
Chairman - Independent Director
Belgian – 18.08.1957
4, avenue des Abeilles – 1000 Brussels

- 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 and professor of Finance.

Mr. Stefaan Gielens, mrics
Managing Director
Chief Executive Officer - Executive Manager
Belgian - 21.10.1965
40, rue Belliard - 1040 Brussels

- Beginning of 1st office as Director: 1 January 2006
- Term of office: October 2018
- Other offices as Director or current positions: Chairman of the Management Committee of Aedifica SA. Director of Aedifica Invest SA, Aedifica Invest Brugge SA, Immobe SA, VSP SA, Het Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA), and manager of Dujofin SPRL. Permanent representative of Aedifica SA (Directord of Aedifica Invest SA, Aedifica Invest Brugge SA, VSP SA, Het Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham 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 in several companies of the Aedifica group, the KBC group and the Almafin group, including the offices of Managing Director of Almafin Real Estate SA and Director of Immolease-Trust SA. Member of the Brussels Bar.

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 Igopex SA.

Mr. Eric Hohl
Director, 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 2020
- 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.

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 Rondom ASBL. Chairman of the Board of Directors and member of the Audit Committee of Emmaüs 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.

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 SRL, Interparking Servizi SRL, Interparking Nederland BV, Interparking Hispania SA, Aparcament Parc Sanitari SL, Interparking Iberica SL
- Offices as Director in the past 5 years and professional career: SIS SRL, Uniparc Nederland BV. Various offices held within companies of the Interpaking group.

Mr. Luc Plasman
Independent Director
Belgian – 15.10.1953
20, Puydt - 1547 Bever

- Beginning of 1st office as Director: 27 October 2017
- Term of office: October 2020
- Other offices as Director or current positions: Non-executive independent Director of Vana Real Estate SA, Manager of Elpee SPRL and Secretary-General of BLSC.
- Offices as Director in the past 5 years and professional career: Managing Director of Wereldhave Belgium SA and Immo Guwy SA, Director of Wereldhave Belgium Services SA and Chairman of BLSC.

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 2020
- 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.

Ms. Marleen Willekens
Independent Director

Belgian – 19.10.1965
46/01.01, Edouard Remyvest – 3000 Leuven

- Beginning of 1st office as Director: 27 October 2017
- Term of office: October 2020
- Other offices as Director or current positions: Professor at KU Leuven (Faculty of Economics and Business), part-time research professor at BI Norwegian Business School, independent Director and Chairman of the Audit Committee Independent Director and Chairman of the Audit Committee of Intervest SA, and jury president of the aptitude test at the Belgian Institute of Registered Auditors.
- Offices as Director in the past 5 years and professional career: PhD in Industrial an Business Studies at Warwick Business School. Academic career in Accounting and Audit as professor at KU Leuven and BI Norwegian Business School.

— Het Gouden Hart van Leersum - Leersum - The Netherlands —

4.3 Activity report of the Board of Directors

During the 2017/2018 financial year, the Board of Directors met 12 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;
- Appointment of new valuation experts;
- 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 a contribution in kind;
- Completion of the abovementioned contribution in kind;
- Implementation and follow-up of relevant new legislation.

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. Ms. Marleen Willekens has been the chairman of the Audit Committee since 27 October 2017.

The current composition of the Audit Committee, as well as the tasks entrusted to it, meet the criteria set out in the Belgian Law of 17 December 2008 on Audit Committees of listed companies. All members of the Audit Committee hold the qualifications required by this law. Aedifica's independent Directors meet the criteria specified in Article 526ter of the Belgian Companies Code and Appendix A of the 20009 Code.

As of 30 June 2018, the Audit Committee consists of 3 independent Directors, namely:

- **Ms. Marleen Willekens**
  Chairman of the Committee
  Independent Director
- **Ms. Katrien Kesteloot**
  Independent Director
- **Mr. Serge Wibaut**
  Chairman of the Board of Directors
  Independent Director

The CEO and CFO are not part of the audit committee, but do participate in the committee's meetings.

During the 2017/2018 financial year, the Audit Committee met four times. The statutory auditor attended committee meetings on one occasion.

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;
- follow-up of changes in standards and regulations
- discussion of the internal audit report.

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 Law of 6 April 2010 inserting Article 526quater in the Belgian Companies Code. The Nomination and Remuneration Committee is made up of exclusively independent directors, as defined by Article 526ter of the Belgian Companies Code, who are sufficiently qualified with regard to remuneration policy.

Ms. Elisabeth May-Roberti has been the chairman of the Nomination and Remuneration Committee since 27 October 2017.

As of 30 June 2018, the Nomination and Remuneration Committee consists of 3 independent Directors, namely:

- **Mr. Elisabeth May-Roberti**
  Chairman of the Committee
  Independent Director
- **Ms. Jean Franken**
  Independent Director
- **Mr. Luc Plasman**
  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 are invited to participate in certain meetings of the committee in a limited way, depending on the topics to be discussed.

During the 2017/2018 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 their remuneration, including the granting of a variable remuneration for the financial year ended 30 June 2017;
- definition of criteria for the variable remuneration of the members of the Management Committee for the 2017/2018 and 2018/2019 Financial Year;
- preparation of the remuneration report as of 30 June 2017 and 30 June 2018;
- organisation of the Company;
- appointment of a new CFO.

4.4.3 Investment Committee

As of 30 June 2018, the Investment Committee consists of the Executive Director and of three independent directors, namely:

- **Mr. Jean Franken**
  Chairman of the Committee
  Independent Director
- **Mr. Serge Wibaut**
  Chairman of the Board of Directors
  Independent Director
- **Mr. Luc Plasman**
  Independent Director
- **Mr. Stefaan Gielens**
  CEO - Executive Director

During the 2017/2018 financial year, the Investment Committee met nine 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 (€)
	Attendences	Proxy	Total	Attendences	Attendences	Attendences			
Jean Franken	12	-	12/12	-	11/11	9/9	25,000	30,000	55,000
Stefaan Gielens	12	-	12/12	-	-	9/9	0	0	0
Eric Hohl	11	-	11/12	-	-	-	15,000	11,000	26,000
Katrien Kesteloot	9	2	11/12	3/4	-	-	15,000	11,700	26,700
Jean Kotarakos	7	-	7/7	-	-	7/7	0	0	0
Sophie Maes	2	-	2/2	-	-	2/2	4,890	3,800	8,690
Elisabeth May-Roberti	7	1	8/12	-	11/11	-	15,000	16,900	31,900
Luc Plasman	9	1	10/10	-	9/9	7/7	10,110	23,400	33,510
Adeline Simont	11	1	12/12	1/1	2/2	-	26,411	13,700	40,111
Serge Wibaut	11	-	11/12	4/4		7/9	50,000	20,900	70,900
Marleen Willekens	9	1	10/10	3/3	-	-	16,849	11,700	28,549
Total							**178,260**	**143,100**	**321,360**

1. Attendance fees are not granted for meetings in which the Directors participate by proxy.

— Management Committee (from left to right) —
Charles-Antoine van Aelst, Laurence Gacoin, Stefaan Gielens, Ingrid Daerden, Sven Bogaerts
Absent: Sarah Everaert

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 Law of 12 May 2014:

Name	Function
Stefaan Gielens	Chief Executive Officer (CEO)
Ingrid Daerden	Chief Financial Officer (CFO)
Laurence Gacoin	Chief Operating Officer (COO)
Sarah Everaert	Chief Legal Officer (CLO) / Secretary-General
Charles-Antoine van Aelst	Chief Investment Officer (CIO)
Sven Bogaerts	Chief Mergers & Acquisitions Officer (CM&AO)

The Board of Directors has appointed Mr. Charles-Antoine van Aelst as Chief Investment Officer and Mr. Sven Bogaerts as Chief Mergers & Acquisitions Officer (see press release of 28 September 2017). They are also Executive Managers and members of the Management Committee. Mr. van Aelst and Mr. Bogaerts have been in office since 1 October 2017.

Mr. Jean Kotarakos (former CFO) ended his term as Director on 28 March 2018 and his position as CFO on 31 May 2018. The Board of Directors appointed Ms. Ingrid Daerden as the new Chief Financial Officer (see press release of 1 June 2018). She is also an Executive Manager and a member of the Management Committee. Ms. Daerden has been in office since 1 September 2018.

Mr. Stefaan Gielens has performed the duties of Chief Executive Officer for the Company since 1 February 2006. He is chairman of the Management Committee. His office as CEO and chairman of the Management Committee is of indefinite duration. He was already an Executive Manager of the Company before the establishment of the Management Committee. Moreover, he is an Executive Director (see above).

Ms. Laurence Gacoin has performed the duties of Chief Operating Officer for the Company since 1 January 2015. She is also an Executive Manager and a member of the Management Committee since 12 May 2015. Her office is of indefinite duration.

Ms. Sarah Everaert has performed the duties of Chief Legal Officer/Secretary-General for the Company since 12 May 2015. She is also an Executive Manager, a member of the Management Committee and the Company's Compliance Officer. Her office is of indefinite duration.

Mr. Charles-Antoine van Aelst has performed the duties of Chief Investment Officer for the Company since 1 October 2017. He is also an Executive Manager and a member of the Management Committee. His office is of indefinite duration.

Mr. Sven Bogaerts has performed the duties of Chief Mergers & Acquisitions Officer for the Company since 1 October 2017. He is also an Executive Manager and a member of the Management Committee. His office is of indefinite duration.

Ms. Ingrid Daerden has performed the duties of Chief Financial Officer for the Company since 1 September 2018. She is also an Executive Manager and a member of the Management Committee. 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 18 June 2018), published on its website (www.aedifica.eu).

Mr. Stefaan Gielens, mrics
Managing Director
Chief Executive Officer - Executive Manager

Belgian - 21.10.1965
40, rue Belliard - 1040 Brussels
Beginning of 1st office as Director: 1 January 2006
Term of office: October 2018

- Other offices as Director or current positions: Chairman of the Management Committee of Aedifica SA. Director of Aedifica Invest SA, Aedifica Invest Brugge SA, Immobe SA, VSP SA, Het Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA), and manager of Dujofin SPRL. Permanent representative of Aedifica SA (Directord of Aedifica Invest SA, Aedifica Invest Brugge SA, VSP SA, Het Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA; manager of VSP Kaster-

lee SPRL, Residentie Sorgvliet SPRL and WZC Arcadia SPRL).
- Offices as Director in the past 5 years and professional career: several positions and offices in several companies of the Aedifica group, the KBC group and the Almafin group, including the offices of Managing Director of Almafin Real Estate SA and Director of Immolease-Trust SA. Member of the Brussels Bar.

Ms. Ingrid Daerden
Executive Manager – Chief Financial Officer

Belgian – 12.01.1974
40, rue Belliard - 1040 Brussels
Start of her office as CFO: 1 September 2018

- Other offices as Director or current positions: Member of the Management Committee of Aedifica SA. Director of Immobe SA. Director and Manager of JIND SPRL.
- Offices as Director in the past 5 years and professional career: Director of Cofinimmo Luxemburg SA, Kaiser-Stone SA, WellnesStone SA, Shanghai OTN Communication Systems Co. Ltd and OTN Systems USA LLC. Head of Treasury & Project Finance at Cofinimmo SA. Chief Financial Officer at OTN Systems SA.

Ms. Laurence Gacoin
Executive Manager – Chief Operating Officer

French – 26.01.1977
40, rue Belliard - 1040 Brussels

- Other offices as Director or current positions: Member of the Management Committee of Aedifica SA. Director of Aedifica Invest SA, Aedifica Invest Brugge SA, Immobe SA, VSP SA, Het Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA. Manager of VSP Kasterlee SPRL, Residentie Sorgvliet SPRL, WZC Arcadia SPRL and Dujofin SPRL. Director and Manager of NOVA Laga SPRL.
- Offices as Director in the past 5 years and professional career: several positions and offices in several companies of the Aedifica group. Chairman of FPR Leuze SA. Director of FIDES Capman SPRL and APERIO SA . Managing partner of FIDES Capital Group.

Ms. Sarah Everaert
Executive Manager – Chief Legal Officer / Secretary-General

Belgian – 14.06.1977
40, rue Belliard - 1040 Brussels

- Other offices as Director or current positions: Member of the Management Committee of Aedifica SA. Director of Aedifica Invest SA, Aedifica Invest Brugge SA, Immobe SA, VSP SA, Het Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA, and manager of VSP Kasterlee SPRL, Residentie Sorgvliet SPRL and WZC Arcadia SPRL. Permanent representative of Aedifica SA (manager of Dujofin SPRL). Director of the Vlaamse Maatschappij voor Sociaal Wonen agency.
- Offices as Director in the past 5 years and professional career: several positions and offices in several companies of the Aedifica group. Legal Counsel of Aedifica SA. Real estate and administrative lawyer and secretary ad interim of LRM SA. Member of the Brussels Bar.

Mr. Charles-Antoine van Aelst
Executive Manager – Chief Investment Officer

Belgian – 11.02.1986
40, rue Belliard - 1040 Brussels

- Other offices as Director or current positions: Member of the Management Committee of Aedifica SA. Director of Aedifica Invest SA, Immobe SA, Aedifica Luxemburg I SCS, Aedifica Luxemburg II SCS, Aedifica Luxemburg III SCS, Aedifica Luxemburg IV SCS, Aedifica Luxemburg V SCS, Aedifica Luxemburg VI SCS, Aedifica Residenzen Nord GmbH, VSP SA, Het Seniorenhof SA, CI Beerzelhof SA, Avorum SA and Coham SA, and manager of VSP Kasterlee SPRL, Residentie Sorgvliet SPRL, WZC Arcadia SPRL and Dujofin SPRL. Director of Davidis SA.
- Offices as Director in the past 5 years and professional career: several positions and offices in several companies of the Aedifica group, including Corporate Analyst, Investment Manager and Investment Officer at Aedifica SA.

— Martha Flora Hoorn - Hoorn - The Netherlands —

Mr. Sven Bogaerts
Executive Manager – Chief Mergers & Acquisitions Officer

Belgian – 16.12.1977
40, rue Belliard - 1040 Brussels

- Other offices as Director or current positions: Member of the Management Committee of Aedifica SA. Director of Aedifica Invest SA, Immobe SA, Aedifica Luxemburg IV SCS, Aedifica Luxemburg V SCS, Aedifica Luxemburg VI SCS and Aedifica Residenzen Nord GmbH, and manager of VSP Kasterlee SPRL, Residentie Sorgvliet SPRL, WZC Arcadia SPRL and Dujofin SPRL.
- Offices as Director in the past 5 years and professional career: several positions and offices in several companies of the Aedifica group, including International M&A Manager at Aedifica SA. Associated partner at Eubelius and Assistant at the Jan Ronse Institute of Company Law at KU Leuven.

4.6.2 Remuneration

Please refer to the Remuneration Report presented in section 9 below.

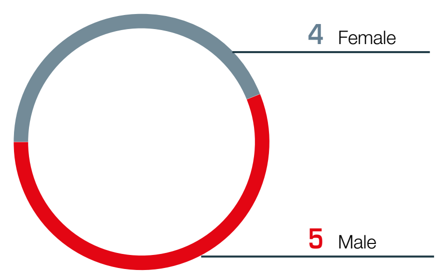
5. DIVERSITY POLICY

Aedifica's Board of Directors firmly believes that diversity (based on gender, age, professional background, etc.), equal opportunities and respect for human capital are fundamental to the proper functioning of the Group at every level. These values enrich the vision, the exchange of ideas and the internal dynamic within Aedifica and thus contribute to the Company's growth.

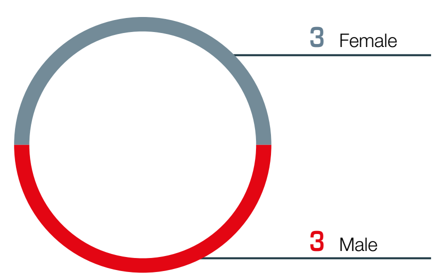
With respect to election and renewal of Directors' terms, and appointments within the specialist committees and the Management Committee, Aedifica applies various requirements concerning diversity. These are designed to foster complementary skills, experience and profiles in the composition of these management bodies, in addition to the expertise and professional integrity required for these duties. The requirements are implemented by the Board of Directors through an assessment of the existing and required skills, knowledge and experience, prior to any election or appointment.

Aedifica's special attention to diversity is reflected in the composition of its Board of Directors and Management Committee. A significant level of gender diversity (as required by article 518bis of the Belgian Companies Code, regarding gender diversity within the Board of Directors) has been achieved given the current composition of the Board of Directors. The Board, comprising four women and five men (see chart), has a gender diversity ratio of 44 %, which significantly exceeds the threshold of one third set by law. Gender diversity is also clearly manifested in the current composition of the Management Committee, which consists of three women and three men (a gender diversity ratio of 50 %; see chart). Gender is not the only aspect of diversity considered by Aedifica, how-

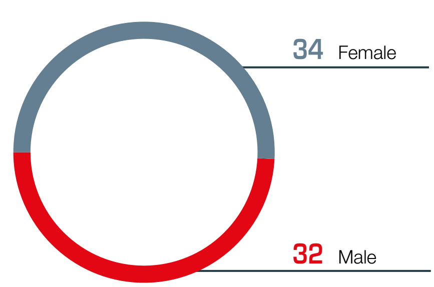
Mixed gender ratio within the Board of Directors



Mixed gender ratio within the Executive Committee



Mixed gender ratio among employees



ever. With respect to the composition of its Board and Management Committee, the Group also applies diversity requirements regarding age and professional background. This is reflected in the election and appointment of members of different ages, who have complementary career paths, professional experience and skills (see sections 4.1 and 4.6 above for the biographies of the members of the Board of Directors and the Management Committee).

Beyond the criteria set by law, Aedifica strongly believes that these diversity requirements should apply not only to its Board of Directors and Management Committee, but also to the staff in general. Aedifica's team has a well-balanced gender diversity ratio (see chart) and is composed of people of different ages, educational and cultural backgrounds, etc., which stimulates in-house creativity and combines experience with innovation. See section 14.2 of the Consolidated Board of Directors' Report for more information about Aedifica's staff.

6. PREVENTING CONFLICTS OF INTEREST

6.1 Conflicts of interest

Directors, members of the Management Committee, persons in charge of daily management, Executive Managers and any person who is closely related to them cannot act as counterparties in transactions with the Company or with 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 Law of 12 May 2014 on Regulated Real Estate Companies, as amended by the Law of 22 October 2017. Articles 523 and 524 of the Belgian Companies Code are always applicable, as is Article 37 of the above-mentioned Belgian Law.

No conflict of interest on real estate transactions occurred during the course of the 2017/2018 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.

6.2 Compliance Officer

The independent compliance function is carried out in accordance with Article 17 of the Belgian Law 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.

— Villa Walgaerde - Hilversum - The Netherlands —

6.2.1 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's leaders, the persons listed and 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.

6.2.2 Limits to insider dealings

Directors, members of the Management Committee, or persons closely related to them must give notice to the Compliance Officer at least 48 hours in advance (by fax or e-mail) of any planned transaction on equity instruments or derivative instruments linked to Aedifica. The Compliance Officer must give notice to the Chairman of the Board of Directors at least 48 hours in advance (by fax or e-mail) of any planned transaction on equity instruments or derivatives instruments linked to the Company. Within 48 hours of the receipt of notification, the Compliance Officer (or Chairman of the Board, of Directors, if required) must inform the person concerned if there is reason to believe the planned transaction constitutes a violation of the rules. The Directors, members of the Management Committee and any person closely related to them must then confirm completion of the transaction to the Company within two working days. The Compliance Officer must keep a written record of all notifications regarding planned and realised transactions. Directors, members of the Management Committee and any person who is closely related to them must receive a written confirmation of receipt of any notification.

Directors, members of the Management Committee or any person who is closely related to them must notify the FSMA of transactions realised on their account in relation to shares of the Company. Notification must be given within three working days following the completion of the transaction(s).

7. 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 decision 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 interaction with the Management Committee. To this end, they meet at least once per year in the absence of the members of the Management Committee.

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).

— Seniorenheim am Dom - Halberstadt - Germany —

8. RIGHTS TO ACQUIRE SHARES

The “long-term incentive plan”, which grants the members of the Management Committee the right to purchase Aedifica shares (as announced in the 2008/2009 Annual Financial Report for subsequent financial years), was approved at the 27 October 2017 Annual General Meeting of the Shareholders. Thus, the members of the Management Committee received additional gross remunerations of €120,000 (CEO), €100,000 (CFO), €50,000 (COO and CLO) and €40,000 (CIO and CM&AO) which, after deducting personal withholding taxes, permitted them to purchase respectively 839 (CEO), 700 (CFO), 351 (COO),

Total remuneration for the year 2016/2017 (in €)

	Stefaan Gielens - CEO	Others	Total
Fixed remuneration (management agreements)	429,295	884,634	1,313,929
Fixed remuneration ("long term incentive plan")	120,000	280,000	400,000
Variable remuneration	207,500	387,900	595,400
Pension scheme	68,399	116,056	184,455
Insurance premiums	6,506	17,627	24,132
Benefits in kind	6,057	18,566	24,623
Total	**837,757**	**1,704,783**	**2,542,539**

349 (CLO) and 280 (CIO and CM&AO) shares at a unit price of €66.4167 (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 €55,723.58 (CEO), €46,491.67 (CFO), €23,312.25 (COO), 23,179.42 (CLO) and €18,596.67 (CIO and CM&AO). The members of the Management Committee 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 members of the Management Committee (namely the CEO, CFO, COO, CLO, CIO and CM&AO) under the same form previously used, with a gross value of €175,000 (CEO) and €300,000 (for the other members of the Management Committee in aggregate), in accordance with principle 7.13 of the 2009 Code and with Article 14 of the Belgian Law of 6 April 2010.

9. REMUNERATION REPORT

The Remuneration Report is provided in accordance with the 2009 Code and with the Belgian Law of 6 April 2010; it has been applicable to Aedifica since the beginning of the 2010/2011 financial year.

9.1 Internal procedures

During the 2017/2018 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 in 2006 (CEO), 2007 (CFO), COO (2014), CLO (2015) and 2017 (CIO and CM&AO), have been honoured. The foreseen contractual indexation is applicable. Additional agreements were signed in order to clearly define criteria for the variable remuneration (see section 9.2 below), in accordance with Article 13 of the Law of 6 April 2010, which came into force for Aedifica on 1 July 2011.
  - on 31 May 2018, the management agreement signed with the CFO ended at the request of the CFO himself; consequently, his remuneration due will be paid on a pro rata temporis basis, in accordance with the management agreement.

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 Nomin-

ation 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 2017/2018 financial year, the Board of Directors will collectively receive €321,360.

- **Executive Managers:** the actual level of remuneration was determined based on the management agreements signed in 2006 (CEO), 2007 (CFO), 2014 (COO), 2015 (CLO) and 2017 (CIO and CM&AO), 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, the remuneration packages of the members of the Management Committee were reviewed by a specialised consultant in May 2016.

9.2 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 155.

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 2017/2018 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 2016/2017 Annual Financial Report as well as in the afore-mentioned additional agreements. 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 EBIT margin* (25%) and others (25%). The Board of Directors concluded on 4 September 2018 that the Executive Managers met the objectives and decided to grant as variable remuneration €207,500 to the CEO, and €387,900 to the other members of the Management Committee in aggregate.

- In respect of the 2018/2019 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 effective amount will be determined by the Board of Directors based on consolidated quantitative and qualitative criteria: EPRA Earnings* per share is at least 90% of the budgeted amount (65%), consolidated EBIT margin* (operating result before result on portfolio divided by net rental income) (10%) and others (25%).

- In respect of the 2019/2020 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 8 above).

For information purposes, note that the ratio between the total remuneration of the CEO for 2017/2018 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 2017/2018, the cost to the Company (rental charge and petrol) was €20,000 excl. VAT for the CEO and a combined total of €56,000 excl. VAT for the 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 2018/2019 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 2018 to adapt executive remuneration as follows (effective 1 July 2018):

- CEO's fixed annual remuneration will remain unchanged at €433,590 (indexed amount; resulting from the management agreement), plus an additional €175,000 (resulting from the long-term incentive plan) for the 2018/2019 financial year, and a maximum variable remuneration of €216,795 for the 2018/2019 financial year, based on the above-mentioned criteria;

- With respect to the other members of the Management Committee (CFO, COO, CLO, CIO and CM&AO in aggregate):
  - on 31 May 2018, a management agreement (which came into effect as of 1 September 2018) was signed with Ms. Ingrid Daerden, Aedifica's new CFO; below, this agreement will be taken into account on a pro rata temporis basis;
  - fixed remuneration of €973,000 (rounded amount before contractually provided indexation; in accordance with the management agreements);
  - maximum variable remuneration of €490,000 (rounded amount) for the 2018/2019 financial year, based on the above-mentioned criteria;
  - participation in the long term incentive plan: €300,000.

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 Law of 6 April 2010.

9.3 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 9.1 above.

FINANCIAL STATEMENTS[1]

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, 2015/2016 and 2016/2017 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

(x €1,000)		Notes	2018	2017
I.	Rental income	4	91,677	78,983
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges	5	-80	-48
Net rental income			**91,597**	**78,935**
IV.	Recovery of property charges	6	84	40
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	7	2,469	2,588
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	-2,469	-2,588
VIII.	Other rental-related income and charges	10	-985	-917
Property result			**90,696**	**78,058**
IX.	Technical costs	11	-1,379	-1,247
X.	Commercial costs	12	-552	-567
XI.	Charges and taxes on unlet properties	13	-136	-165
XII.	Property management costs	14	-1,273	-998
XIII.	Other property charges	15	-1,281	-1,026
Property charges			**-4,621**	**-4,003**
Property operating result			**86,075**	**74,055**
XIV.	Overheads	16	-10,963	-8,544
XV.	Other operating income and charges	17	2,163	266
Operating result before result on portfolio			**77,275**	**65,777**
XVI.	Gains and losses on disposals of investment properties	18	789	1,459
XVII.	Gains and losses on disposals of other non-financial assets	19	0	0
XVIII.	Changes in fair value of investment properties°	20	15,018	10,357
XIX.	Other result on portfolio	20	-344	0
Operating result			**92,738**	**77,593**
XX.	Financial income	21	554	155
XXI.	Net interest charges	22	-14,321	-15,365
XXII.	Other financial charges	23	-1,552	-1,328
XXIII.	Changes in fair value of financial assets and liabilities	47	-2,157	5,119
Net finance costs			**-17,476**	**-11,419**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)			**75,262**	**66,174**
XXV.	Corporate tax	24	-6,066	-2,816
XXVI.	Exit tax°	25	2,659	0
Tax expense			**-3,407**	**-2,816**
Profit (loss)			**71,855**	**63,358**
Attributable to:				
	Non-controlling interests		0	0
	Owners of the parent		**71,855**	**63,358**
Basic earnings per share (€)		26	3.99	4.16
Diluted earnings per share (€)		26	3.99	4.16

° Applying the 2018 presentation of the exit tax (separately presented on line "XXVI. Exit tax" instead of being included on line "XVIII. Changes in fair value of investment properties") to the 2017 figures, line "XVIII. Changes in fair value of investment properties" would amount to €10,833 thousand instead of €10,357 thousand and line "XXVI. Exit tax" would amount to - €526 thousand instead of €0 thousand. This change of presentation had no impact on either net profit or EPRA Earnings*.

1.2 Consolidated Statement of Comprehensive Income

(x €1,000)	2018	2017
I. Profit (loss)	71,855	63,358
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	-871	7,276
H. Other comprehensive income, net of taxes (see Note 33.3.)	831	0
Comprehensive income	**71,815**	**70,634**
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	**71,815**	**70,634**

1.3 Consolidated Balance Sheet

ASSETS (x €1,000)	Notes	2018	2017
I. Non-current assets			
A. Goodwill	27	1,856	1,856
B. Intangible assets	28	301	221
C. Investment properties	29	1,736,463	1,540,409
D. Other tangible assets	31	2,569	1,611
E. Non-current financial assets	32	1,888	2,959
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets	54	0	1,208
I. Equity-accounted investments		0	0
Total non-current assets		**1,743,077**	**1,548,264**
II. Current assets			
A. Assets classified as held for sale	29	4,070	4,440
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables	34	7,518	6,718
E. Tax receivables and other current assets	35	446	1,679
F. Cash and cash equivalents	36	10,589	8,135
G. Deferred charges and accrued income	37	943	886
Total current assets		**23,566**	**21,858**
TOTAL ASSETS		**1,766,643**	**1,570,122**

EQUITY AND LIABILITIES (x €1,000)	Notes	2018	2017
EQUITY	38		
I. Issued capital and reserves attributable to owners of the parent			
A. Capital		465,126	459,231
B. Share premium account		297,569	287,194
C. Reserves		107,097	78,256
a. Legal reserve		*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties		*153,582*	*131,253*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		*-37,953*	*-29,397*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		*-16,436*	*-16,418*
e. 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*
h. Reserve for treasury shares		*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad		*-1,311*	*230*
m. Other reserves		*-1,957*	*0*
n. Result brought forward from previous years		*28,831*	*16,300*
D. Profit (loss) of the year		71,855	63,358
Equity attributable to owners of the parent		**941,647**	**888,039**
II. Non-controlling interests		**0**	**0**
TOTAL EQUITY		**941,647**	**888,039**
LIABILITIES			
I. Non-current liabilities			
A. Provisions	39	0	0
B. Non-current financial debts			
a. Borrowings	40	716,927	579,438
C. Other non-current financial liabilities	32	37,599	37,933
a. Authorised hedges		33,210	33,787
b. Other		4,389	4,146
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred tax liabilities	54	6,211	4,306
Non-current liabilities		**760,737**	**621,677**
II. Current liabilities			
A. Provisions	39	0	0
B. Current financial debts			
a. Borrowings	40	22,830	34,524
C. Other current financial liabilities		0	0
D. Trade debts and other current debts			
a. Exit tax	41	8,818	717
b. Other	41	28,485	20,252
E. Other current liabilities		0	0
F. Accrued charges and deferred income	42	4,126	4,913
Total current liabilities		**64,259**	**60,406**
TOTAL LIABILITIES		**824,996**	**682,083**
TOTAL EQUITY AND LIABILITIES		**1,766,643**	**1,570,122**

1.4 Consolidated Cash Flow Statement

(x €1,000)	Notes	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		71,855	63,358
Non-controlling interests		0	0
Tax expense	24	6,066	2,816
Amortisation and depreciation		804	678
Write-downs	5	57	28
Change in fair value of investment properties (+/-)	20	-15,018	-10,357
Gains and losses on disposals of investment properties	18	-789	-1,459
Net finance costs		17,475	11,419
Goodwill impairment		335	0
Changes in trade receivables (+/-)		-856	-2,866
Changes in tax receivables and other current assets (+/-)		1,233	18
Changes in deferred charges and accrued income (+/-)		-58	173
Changes in trade payables and other current debts (excl. exit tax) (+/-)		5,955	5,694
Changes in accrued charges and deferred income (+/-)		-792	233
Cash generated from operations		**86,267**	**69,735**
Taxes paid		-1,275	-581
Net cash from operating activities		**84,992**	**69,154**
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-201	-177
Purchase of real estate companies and marketable investment properties		-115,911	-247,585
Purchase of tangible assets		-1,591	-592
Purchase of development projects		-57,349	-42,343
Disposals of investment properties		15,517	11,044
Net changes in non-current receivables		56	46
Net investments in other assets		0	0
Net cash from investing activities		**-159,479**	**-279,607**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs°		0	214,438
Disposals of treasury shares		0	0
Dividend for previous fiscal year		-34,478	-22,108
Net changes in borrowings	40	125,795	95,127
Net changes in other non-current financial liabilities		-1,092	0
Net financial items received (+) / paid (-)		-16,264	-17,666
Repayment of financial debts of acquired or merged companies		-18,350	0
Repayment of working capital of acquired or merged companies		21,330	-56,150
Net cash from financing activities		**76,941**	**213,641**
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		**2,454**	**3,188**
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		8,135	4,947
Total cash flow for the period		2,454	3,188
Cash and cash equivalents at end of period	**36**	**10,589**	**8,135**

° 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

(x €1,000)	2016	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and 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
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*115,366*	*0*	*0*	*0*	*0*	*15,888*	*-1*	*131,253*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-25,015*	*0*	*0*	*0*	*0*	*-4,382*	*0*	*-29,397*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-23,560*	*0*	*0*	*0*	*7,276*	*-135*	*1*	*-16,418*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-18,256*	*0*	*0*	*0*	*0*	*-5,456*	*0*	*-23,712*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*110*	*0*	*0*	*0*	*0*	*120*	*0*	*230*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*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**

(x €1,000)	2017	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and roundings	2018
Capital	459,231	0	5,895	0	0	0	0	465,126
Share premium account	287,194	0	10,376	0	0	0	-1	297,569
Reserves	78,256	0	0	0	-40	28,880	1	107,097
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	0	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*131,253*	*0*	*0*	*0*	*0*	*20,842*	*1,487*	*153,582*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-29,397*	*0*	*0*	*0*	*0*	*-9,026*	*470*	*-37,953*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,418*	*0*	*0*	*0*	*-40*	*22*	*0*	*-16,436*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-23,712*	*0*	*0*	*0*	*0*	*6,053*	*0*	*-17,659*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*230*	*0*	*0*	*0*	*0*	*-1,541*	*0*	*-1,311*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*-1,957*	*-1,957*
n. Result brought forward from previous years	*16,300*	*0*	*0*	*0*	*0*	*12,530*	*1*	*28,831*
Profit (loss)	63,358	0	0	0	*71,855*	*-63,358*	0	71,855
Equity attributable to owners of the parent	**888,039**	**0**	**16,271**	**0**	**71,815**	**-34,478**	**0**	**941,647**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**888,039**	**0**	**16,271**	**0**	**71,815**	**-34,478**	**0**	**941,647**

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:
Rue Belliard 40, B-1040 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 is positioned as a leading Belgian listed company investing in healthcare real estate in Europe – senior housing in particular. Its strategy is focused on the demographic trend of population ageing in Europe and the specific care and housing needs this trend implies. The Company aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

Aedifica’s activities are mainly concentrated in the healthcare real estate segment (with a focus on senior housing), but the Group is also active in apartment buildings and hotels.

The Company’s shares have been listed on Euronext Brussels (regulated market) since October 2006.

Publication of the Consolidated Financial Statements was approved by the Board of Directors on 4 September 2018. The Company’s shareholders have the power to amend the Consolidated Financial Statements after issue at the Annual General Meeting, to be held on 23 October 2018.

Note 2: Accounting policies

Note 2.1: Basis of preparation

The Consolidated Financial Statements cover the 12-month period ending 30 June 2018. 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 2018 and approved by the European Union (“EU”).

These Consolidated Financial Statements are fully in line with the standards and interpretations published by the “International Accounting Standards Board” (“IASB”) applicable as of 30 June 2018. 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 2017 and have no impact on the Consolidated Financial Statements presented for the 2017/2018 financial year:

- IAS 7 (amended) – Disclosure Initiative;
- IAS 12 (amended) – Recognition of Deferred Tax Assets for Unrealised Losses;
- Annual Improvements to IFRS Standards 2014-2016 Cycle issued in December 2016 (partially effective 1 July 2017 and 1 July 2018);

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 2018. These changes, which the Aedifica group has not adopted anticipatively, include the following (as of 6 July 2018):

- IFRIC 22 (new) – Foreign Currency Transactions and Advance Consideration (effective 1 July 2018);
- IFRIC 23 (new) – Uncertainty over Income Tax Treatments (effective 1 July 2019, pending EU approval);
- IFRS 9 (new) – Financial Instruments (effective 1 July 2018);
- IFRS 15 (new) – Revenue from Contracts with Customers (effective 1 July 2018);
- IFRS 16 (new) – Leases (effective 1 July 2019);
- IFRS 17 (new) – Insurance Contracts (effective 1 July 2021, pending EU approval);
- IAS 19 (amended) – Plan Amendment, Curtailment or Settlement (effective 1 July 2019, pending EU approval);
- IAS 28 (amended) – Long-term Interests in Associates and Joint Ventures (effective 1 July 2019, pending EU approval);
- IAS 40 (amended) – Transfers of Investment Property (effective 1 July 2018);
- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions (effective 1 July 2018);
- IFRS 4 (amended) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 July 2018);
- IFRS 9 (amended) – Prepayment Features with Negative Compensation (effective 1 July 2019);
- IFRS 15 (amended) – Revenue from Contracts with Customers (effective 1 July 2018);
- IFRS 15 (clarification) – Revenue from Contracts with Customers (effective 1 July 2018);
- Amendments to References to the Conceptual Framework in IFRS Standards issued in March 2018 (effective 1 July 2020, pending EU approval);
- Annual Improvements to IFRS Standards 2014-2016 Cycle issued in December 2016 (partially effective 1 July 2017 and 1 July 2018);
- Annual Improvements to IFRS Standards 2015-2017 Cycle issued in December 2017 (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 2018, 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 accounts 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 related interpretations.

  IFRS 15 is not expected to have a material impact on the statutory accounts 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.

  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 found in IAS 17; it 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 statutory or 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 statutory and 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 the BE-REIT Association 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.

Transfer taxes on acquisitions and any change in the fair value of properties during the financial year are directly recognised in the income statement.

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 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.

The result on disposals of investment properties represents the difference between sales proceeds (excluding transaction costs) and the latest reported fair value of the properties sold. The result is realised at the moment of the transfer of risks and rewards.

Generally, transfer taxes are to be paid by the purchasor. However, in the case of "deed in hand" disposals, the transfer taxes are to be paid by the seller and are thus deducted from the sale price and reduce the gain effectively realised.

In the event of a disposal, transfer taxes do not need to be deducted from the difference between the received amount and the carrying value of the sold properties in order to calculate the capital gain or loss effectively realised, as they have already been recognised in the income statement at the moment of acquisition.

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:

- Healthcare real estate: 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: consists 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: €65,968 thousand) with the exception of revenues from Germany (€15,593 thousand) and The Netherlands (€10,298 thousand). All non-current assets are located in Belgium, with the exception of €285,398 thousand located in Germany and €243,050 thousand in The Netherlands. In 2016/2017, all revenues were 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 k€). All non-current assets were located in Belgium, with the exception of €208,890 thousand located in Germany and €156,520 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 healthcare real estate segment (9 in Belgium and 5 in Germany) rented by legal entities controlled by the Orpea group, for which rents represent 11 % of the Company's total 2017/2018 rental income (8 % in Belgium and 3 % in Germany; 2016/2017: 9 % in Belgium and 4% in Germany);
- the 27 buildings in the healthcare real estate segment rented by legal entities controlled by Senior Living Group (a subsidiary of the Korian group), for which rents represent 18 % of the Company's total 2017/2018 rental income (19 % in the prior financial year);
- the 20 buildings in the healthcare real estate segment (19 in Belgium and 1 in Germany) rented by legal entities controlled by the Armonea group, for which rents represent 16 % of the Company's total 2017/2018 rental income (15 % in Belgium and 1 % in Germany; 2016/2017: 18 % in Belgium and 0 % in Germany).

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)	2017					
	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items°	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%**

° Mainly elimination of the internal rent for the administrative offices of the Company.

Year ending on 30 June (x €1,000)	2018					
	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items°	TOTAL
SEGMENT RESULT						
I. Rental income	76,454	10,489	4,916	0	-182	91,677
II. Writeback of lease payments sold and discounted	0	0	0	0	0	0
III. Rental-related charges	-8	-60	-12	0	0	-80
Net rental income	**76,446**	**10,429**	**4,904**	**0**	**-182**	**91,597**
IV. Recovery of property charges	0	83	1	0	0	84
V. Recovery of rental charges and taxes normally paid by tenants on let properties	1,285	1,157	27	0	0	2,469
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	-1,285	-1,157	-27	0	0	-2,469
VIII. Other rental-related income and charges	-97	-907	19	0	0	-985
Property result	**76,349**	**9,605**	**4,924**	**0**	**-182**	**90,696**
IX. Technical costs	-400	-951	-28	0	0	-1,379
X. Commercial costs	-13	-539	0	0	0	-552
XI. Charges and taxes on unlet properties	5	-142	1	0	0	-136
XII. Property management costs	-658	-613	-2	0	0	-1,273
XIII. Other property charges	-226	-1,039	-16	0	0	-1,281
Property charges	**-1,292**	**-3,284**	**-45**	**0**	**0**	**-4,621**
Property operating result	**75,057**	**6,321**	**4,879**	**0**	**-182**	**86,075**
XIV. Overheads	-187	-54	-2	-10,902	182	-10,963
XV. Other operating income and charges	53	28	-32	2,114	0	2,163
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**74,923**	**6,295**	**4,845**	**-8,788**	**0**	**77,275**
SEGMENT ASSETS						
Marketable investment properties	1,426,736	206,938	67,606	-	-	1,701,280
Development projects	-	-	-	35,183	-	35,183
Investment properties						**1,736,463**
Assets classified as held for sale	4,070	0	0	-	-	4,070
Other assets	-	-	-	26,110	-	26,110
Total assets						**1,766,643**
SEGMENT DEPRECIATION	**0**	**-569**	**0**	**-235**	**0**	**-804**
SEGMENT INVESTMENTS						
Marketable investment properties	127,250	0	0	-	-	127,250
Development projects	-	-	-	0	-	0
Investment properties	**127,250**	**0**	**0**	**0**	**0**	**127,250**
INVESTMENT PROPERTIES IN ACQUISITION VALUE	**1,297,561**	**178,414**	**68,903**	**-**	**-**	**1,544,878**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	**22,475**	**2,474**	**277**	**-10,208**	**0**	**15,018**
VALUE INSURED	**1,340,428**	**189,405**	**86,397**	**-**	**-**	**1,616,230**
GROSS YIELD IN FAIR VALUE	**5.7%**	**5.1%**	**6.3%**	**-**	**-**	**5.7%**

° Mainly elimination of the internal rent for the administrative offices of the Company.

Note 4: Rental income

(x €1,000)	2018	2017
Rents earned	91,600	78,908
Guaranteed income	0	0
Cost of rent free periods	-3	-4
Indemnities for early termination of rental contracts	80	79
TOTAL	**91,677**	**78,983**

The Group rents its buildings exclusively under operating leases.

The increase in rents earned is linked to the portfolio's growth during the 2017/2018 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 2018, 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)	2018	2017
Not later than one year	88,437	79,605
Later than one year and not later than five years	342,883	305,113
Later than five years	1,454,681	1,314,214
TOTAL	**1,886,001**	**1,698,932**

Rental income includes contingent rents amounting to €124 thousand (30 June 2017: €77 thousand).

Note 5: Rental-related charges

(x €1,000)	2018	2017
Rents payable as lessee	-23	-20
Write-downs on trade receivables	-57	-28
TOTAL	**-80**	**-48**

Note 6: Recovery of property charges

(x €1,000)	2018	2017
Indemnities on rental damage	84	40
TOTAL	**84**	**40**

Note 7: Recovery of rental charges and taxes normally paid by tenants on let properties

(x €1,000)	2018	2017
Rebilling of rental charges invoiced to the landlord	1,443	1,744
Rebilling of property taxes and other taxes on let properties	1,026	844
TOTAL	**2,469**	**2,588**

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)	2018	2017
Rental charges invoiced to the landlord	-1,443	-1,744
Property taxes and other taxes on let properties	-1,026	-844
TOTAL	**-2,469**	**-2,588**

Note 10: Other rental-related income and charges

(x €1,000)	2018	2017
Cleaning	-280	-196
Energy	-194	-192
Depreciation of furniture	-526	-482
Employee benefits	-186	-229
Other	201	182
TOTAL	**-985**	**-917**

Note 11: Technical costs

(x €1,000)	2018	2017
Recurring technical costs		
Repair	-282	-415
Insurance	-110	-100
Employee benefits	-583	-455
Maintenance	-185	-101
Expert fees	-219	-176
TOTAL	**-1,379**	**-1,247**

Note 12: Commercial costs

(x €1,000)	2018	2017
Letting fees paid to real estate brokers	-313	-264
Marketing	-142	-146
Fees paid to lawyers and other legal costs	-14	-80
Other	-83	-77
TOTAL	**-552**	**-567**

Note 13: Charges and taxes on unlet properties

(x €1,000)	2018	2017
Charges	-136	-165
TOTAL	**-136**	**-165**

Note 14: Property management costs

(x €1,000)	2018	2017
Fees paid to external property managers	-146	-134
Internal property management expenses	-1,127	-864
TOTAL	**-1,273**	**-998**

Note 15: Other property charges

(x €1,000)	2018	2017
Property taxes and other taxes	-1,281	-1,026
TOTAL	**-1,281**	**-1,026**

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)	2018	2017
Lawyers/notaries	-310	-259
Auditors	-254	-133
Real estate experts	-759	-783
IT	-203	-186
Insurance	-96	-71
Public relations, communication, marketing, publicity	-405	-286
Directors and executive management	-2,933	-2,359
Employee benefits	-2,418	-1,926
Depreciation and amortisation of other assets	-279	-196
Tax expense	-890	-632
Other	-2,416	-1,713
TOTAL	**-10,963**	**-8,544**

Note 17: Other operating income and charges

(x €1,000)	2018	2017
Recovery of damage expenses	7	31
Other	2,156	235
TOTAL	**2,163**	**266**

Other operating income and charges include a non-recurrent income of €2.0 million. This income results from an agreement with an operator regarding the transfer of its operational activities to another operator.

Note 18: Gains and losses on disposals of investment properties

(x €1,000)	2018	2017
Net sale of properties (selling price - transaction costs)	15,517	11,044
Carrying amount of properties sold	-14,728	-9,585
TOTAL	**789**	**1,459**

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 and other result on portfolio

Changes in fair value of investment properties:

(x €1,000)	2018	2017
Positive changes	35,900	26,486
Negative changes	-20,882	-16,129
TOTAL	**15,018**	**10,357**
of which: marketable investment properties	25,226	16,119
development projects	-10,208	-5,762

Applying the 2018 presentation of the exit tax (separately presented on line "XXVI. Exit tax" instead of being included on line "XVIII. Changes in fair value of investment properties") to the 2017 figures, the changes in fair value of investment properties would amount to €10,833 thousand instead of €10,357 thousand.

This change of presentation had no impact on either net profit or EPRA Earnings*.

Other result on portfolio:

(x €1,000)	2018	2017
Goodwill impairment	-335	0
Other	-9	0
TOTAL	**-344**	**0**

During the financial year under review, the Group recognised a goodwill impairment of €335 thousand as a result of the annual impairment test of the cash-generating units. See Note 27 for more information on this topic.

The line "Other" refers to the difference between Aedifica SA's investment in Aedifica Project Management GmbH and this subsidiary's net assets at the time of the first consolidation.

Note 21: Financial income

(x €1,000)	2018	2017
Interests earned	15	71
Other	539	84
TOTAL	**554**	**155**

The 2017/2018 financial income included €0.5 million of non-recurrent income. This amount represents the fee paid to Aedifica at the time of the contribution-in-kind of 7 June 2018 as compensation for the allocation of full dividend rights for the 2017/2018 financial year to the new shares issued that day.

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.

Note 22: Net interest charges

(x €1,000)	2018	2017
Nominal interest on borrowings	-9,209	-8,702
Charges arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-2,362	-3,593
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-3,229	-3,391
Subtotal	-5,591	-6,984
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	483	321
Other interest charges	-4	0
TOTAL	**-14,321**	**-15,365**

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)	2018	2017
Bank charges and other commissions	-1,478	-1,262
Other	-74	-66
TOTAL	**-1,552**	**-1,328**

Note 24: Corporate tax

(x €1,000)	2018	2017
Parent		
Profit before tax (loss)	65,288	58,273
Effect of the Belgian REIT tax regime	-65,288	-58,273
Taxable result in Belgium based on non-deductible costs	382	406
Belgian current tax at rate of 33,99%	-130	-138
Belgian current tax regularisation for the previous year	-58	-125
Foreign current tax	-1,046	-187
Foreign deferred taxes: originations	350	47
Foreign deferred taxes: reversals	-1,048	-830
Subtotal	-1,932	-1,233
Subsidiaries		
Belgian current tax	-625	-208
Foreign current tax	-1,694	-617
Foreign deferred taxes: originations	700	446
Foreign deferred taxes: reversals	-2,515	-1,204
Subtotal	-4,134	-1,583
Corporate tax	-6,066	-2,816
Exit tax	2,659	0
TOTAL TAX	**-3,407**	**-2,816**

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).

Applying the 2018 presentation of the exit tax (separately presented on line "XXVI. Exit tax" instead of being included on line "XVIII. Changes in fair value of investment properties") to the 2017 figures, line "XXVI. Exit tax" would amount to -€526 thousand instead of €0 thousand. This change of presentation had no impact on either net profit or EPRA Earnings*.

The positive change in the exit tax is attributed to the reduced tax rate on capital gain (from 16.995 % to 12.75 %).

Note 25: Exit tax

The amounts related to the exit tax are included and discussed in Note 24.

Note 26: Earnings per share

The earnings per share ("EPS" as defined by IAS 33) is calculated as follows:

	2018	2017
Profit (loss) (Owners of the parent) (x €1,000)	71,855	63,358
Weighted average number of shares outstanding during the period	17,990,607	15,235,696
Basic EPS (in €)	3.99	4.16
Diluted EPS (in €)	3.99	4.16

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)	2018	2017
Profit (loss) (Owners of the parent)	71,855	63,358
Less: Changes in fair value of investment properties (see Note 20)	-15,018	-10,357
Less: Gain and losses on disposal of investment properties (see Note 18)	-789	-1,459
Less: Deferred taxes in respect of EPRA adjustments (see Note 25 and 54)	-146	1,541
Less: Changes in fair value of financial assets and liabilities (see Note 47)	2,157	-5,119
Less: Negative goodwill / goodwill impairment (see Note 20)	344	0
Roundings	0	0
EPRA Earnings*	**58,403**	**47,964**

Weighted average number of shares outstanding during the period	17,990,607	15,235,696
EPRA Earnings* per share (in €)	3.25	3.15

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)	2018	2017
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**
Additions	335	0
Impairment losses	-335	0
CARRYING AMOUNT AT THE END OF THE YEAR	**1,856**	**1,856**
of which: gross value	2,191	1,856
cumulative impairment losses	-335	0

In applying IAS 36 – Impairment of Assets, the Group primarily performed an analysis of the carrying amount of goodwill.

Goodwill prior to the 2017/2018 financial year:

Goodwill arose from the acquisition of Ixelinvest SA, the original owner of a residential complex that is rented out as furnished 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 €33 million, carrying amount of furniture of less than €1 million and carrying amount of goodwill for less than €2 million, i.e. €35 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 4 %. 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 2 %, 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 €31 million) appears sufficient to absorb a normal variation of approx. 1.5 % in the pre-tax discount. An impairment on goodwill would be booked for any excess over this headroom.

In 2017, no impairment was recognised in the cash-generating units.

New goodwill recognised during the 2017/2018 financial year:

Goodwill arose from the acquisition of Schloss Bensberg Management GmbH, as set out in Note 58.

The impairment test resulted in an impairment of €335 thousand, which implies that goodwill is fully reduced to zero. Although the Group continues to explore ways to improve profitability, it is not certain at present whether Schloss Bensberg Management GmbH's operating model will be able to generate enough positive cash flow to absorb the loss carryforwards of this subsidiary.

This impairment was recognised in the operating result on line “XIX. Other result on portfolio” (see Note 20).

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)	2018	2017
Gross value at the beginning of the year	645	468
Depreciation and cumulative impairment losses at the beginning of the year	-425	-350
Carrying amount at the beginning of the year	**221**	**119**
Entries: items acquired separately	188	177
Amortisations	-108	-75
CARRYING AMOUNT AT THE END OF THE YEAR	**301**	**221**
of which: gross value	833	645
amortisations and cumulative impairment losses	-533	-425

Note 29: Investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
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**
CARRYING AMOUNT AS OF 1/07/2017	**1,523,235**	**17,174**	**1,540,409**
Acquisitions	127,250	0	127,250
Disposals	-14,728	0	-14,728
Capitalised interest charges	0	482	482
Capitalised employee benefits	0	85	85
Other capitalised expenses	3,677	63,900	67,577
Transfers due to completion	36,250	-36,250	0
Changes in fair value (see Note 20)	25,226	-10,208	15,018
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	370	0	370
CARRYING AMOUNT AS OF 30/06/2018	**1,701,280**	**35,183**	**1,736,463**

Determination of fair values depends on market factors and is based on valuations provided by valuation 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 is assessed by valuation experts as of 30 June 2018. 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 2017/2018 Annual Financial Report). A positive 0.10 % change in the capitalisation rate would lead to a negative change of approx. €30 million in the portfolio's fair value.

Development projects are described in detail in the Property Report included in the 2017/2018 Annual Financial Report.

Assets classified as held for sale (line II.A. included in the assets on the balance sheet) amounts to €4.1 million as of 30 June 2018. These are assisted-living apartments (senior housing) located in Aarschot (see section 2.1.7 of the Consolidated Board of Directors' Report) and 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 2017/2018 Annual Financial Report.

All investment properties are considered to be at "level 3" on the fair value scale defined in 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 2017/2018 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 2017/2018 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 valuation experts:

Type of asset	Fair value as of 30 June 2018 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Healthcare real estate	**1,430,806**	**DCF**	ERV / m²	45	309	134
			Inflation	1.5%	2.0%	1.7%
			Discount rate	4.6%	7.6%	5.8%
			Residual maturity (year)	2	30	22
Apartment buildings	**206,938**	**Capitalisation**	ERV / m²	71	163	118
			Capitalisation rate	4.3%	6.2%	4.9%
Hotels	**67,606**	**DCF**	ERV / m²	51	156	130
			Inflation	1.5%	1.5%	1.5%
			Discount rate	6.7%	8.6%	6.9%
			Residual maturity (year)	2	30	25
		Capitalisation	ERV / m²	0	0	0
			Capitalisation rate	0.0%	0.0%	0.0%
Development projects	**35,183**	**DCF**	ERV / m²	81	242	174
			Inflation	1.5%	2.0%	1.6%
			Discount rate	5.4%	6.9%	6.3%
			Residual maturity (year)	13	28	21
Total	**1,740,533**					

Type of asset	Fair value as of 30 June 2017 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Healthcare real estate	**1,244,461**	**DCF**	ERV / m²	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 / m²	71	175	119
			Capitalisation rate	4.5%	6.9%	5.4%
Hotels	**68,009**	**DCF**	ERV / m²	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 / m²	86	165	129
			Capitalisation rate	3.5%	5.6%	5.0%
Development projects	**17,175**	**DCF**	ERV / m²	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**					

In accordance with legal provisions, properties are revalued four times per year based on valuation reports prepared by the five valuation 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 valuation experts, based on their professional judgment and market knowledge.

Reports provided by the valuation experts are reviewed by the Company's Senior Valuation & Asset Manager, the Senior Manager Group Reporting & Corporate Planning 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 valuation 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 / m²	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 2017/2018 Annual Financial Report.

Note 31: Other tangible assets

(x €1,000)	2018	2017
Gross value at beginning of the period	6,544	5,972
Depreciation and cumulative impairment losses at beginning of period	-4,933	-4,348
Carrying amount at beginning of period	**1,611**	**1,624**
Additions	1,610	598
Disposals	0	-8
Depreciation	-652	-603
CARRYING AMOUNT AT END OF PERIOD	**2,569**	**1,611**
of which: gross value	8,155	6,544
depreciations and cumulative impairment losses	-5,586	-4,933

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)	2018	2017
Receivables		
Collateral	0	0
Other non-current receivables	196	252
Assets at fair value through profit or loss		
Hedging instruments (see Note 33)	1,692	2,707
Other non-current financial assets		
Hedging instruments (see Note 33)	0	0
TOTAL NON-CURRENT FINANCIAL ASSETS	**1,888**	**2,959**
Liabilities at fair value through profit or loss		
Hedging instruments (see Note 33)	-21,877	-16,763
Other	-4,389	-4,146
Total non-current financial liabilities		
Hedging instruments (see Note 33)	-11,333	-17,024
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**-37,599**	**-37,933**

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 (€4,389 thousand; 30 June 2017: €4,146 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 2017**	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	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.

INSTRUMENT **Analysis as at 30 June 2018**	**Notional amount (x €1,000)**	**Beginning**	**Periodicity (months)**	**Duration (years)**	**First date possible for the call**	**Interest rate (in %)**	**Fair value (x €1,000)**
IRS°	9,789	1/04/2011	3	32	-	4.89	-5,081
IRS°	24,829	31/07/2014	3	29	-	4.39	-9,619
IRS	15,000	1/07/2018	3	7	-	3.28	-2,980
IRS	12,000	1/07/2018	3	7	-	3.25	-2,358
IRS	8,000	1/07/2018	3	7	-	3.35	-1,626
IRS	25,000	3/04/2017	3	8	-	1.99	-2,567
IRS	25,000	2/11/2016	3	6	-	1.30	-1,278
IRS	25,000	2/11/2016	3	6	-	1.68	-1,672
Cap	50,000	1/10/2015	3	3	-	0.50	0
Cap	50,000	1/10/2015	3	4	-	0.35	3
IRS	25,000	2/11/2016	3	6	-	1.87	-1,875
IRS	25,000	3/10/2016	3	5	-	2.88	-2,728
Cap	50,000	1/07/2016	3	4	-	0.50	2
Cap	100,000	1/11/2017	3	2	-	0.50	2
Cap	50,000	1/07/2017	3	4	-	0.50	39
Cap	50,000	1/11/2016	3	5	-	0.50	203
Cap	50,000	1/01/2019	3	2	-	0.35	52
Cap	50,000	1/11/2019	3	2	-	0.50	202
Cap	50,000	1/11/2017	3	4	-	0.25	277
IRS	75,000	2/01/2020	3	2	-	0.33	-243
IRS	50,000	1/01/2021	3	3	-	0.80	-266
IRS	50,000	1/01/2021	3	2	-	0.64	-155
IRS	50,000	1/11/2019	3	3	-	0.39	-176
IRS	50,000	1/11/2019	3	5	-	0.78	-578
IRS	50,000	3/01/2022	3	1	-	0.65	-8
IRS	50,000	3/01/2022	3	2	-	0.73	31
CAP	50,000	1/11/2017	3	2	-	0.00	25
CAP	50,000	1/11/2017	3	2	-	0.00	25
CAP	100,000	1/04/2019	3	2	-	0.25	192
CAP	100,000	1/01/2019	3	2	-	0.00	216
CAP	100,000	1/01/2019	3	3	-	0.00	423
TOTAL	**1,469,618**						**-31,518**

° 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 €1,470 million presented in the table above is broken down as follows:
- operational and active instruments: €160 million;
- operational instruments which became out of the money (caps): €500 million;
- instruments with forward start: €810 million.

The total fair value of the hedging instruments presented in the table above (-€31,518 thousand) can be broken down as follows: €1,692 thousand on line I.E. of the asset side of the consolidated balance sheet (see Note 32) and €33,210 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 (€3,921 thousand), the IAS 39 impact on equity amounts to -€35,439 thousand.

2. Derivatives for which hedge accounting is applied

(x €1,000)	2018	2017
Changes in fair of the derivatives		
Beginning of the year	-16,418	-23,560
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-3,551	410
Transfer to the income statement of interests paid on hedging instruments	2,703	6,732
Transfer to the reserve account regarding revoked designation	5,976	0
AT YEAR-END	**-11,290**	**-16,418**

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 2018 and 31 July 2043.

The year-end equity value includes the effective part (as defined in IAS 39) of the change in fair value (-€870 thousand) of derivatives for which hedge accounting is applied, and the ineffective portion of the 2016/2017 financial year (income of €22 thousand) that was appropriated in 2017/2018 by decision of the Annual General Meeting held in October 2017. These financial instruments are “level 2” derivatives (according to IFRS 13p81). The ineffective part is a charge of €11 thousand in 2017/2018. 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 a chargeof €502 thousand (30 June 2017: an income of €6,053 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) and the amortisation of the fair value of de-designated derivatives as of their date of de-designation charged on a linear basis, which amounts to €831 thousand (see Note 47). The latter is recognised on line “II. H. Other comprehensive income, net of taxes” of the consolidated comprehensive income. 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 €821 thousand (30 June 2017: €404 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 2017 and 30 June 2018, which led to the recognition of a charge of €1,344 thousand in the income statement and a charge of €40 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 €1,389 thousand (30 June 2017: €2,022 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. +€517 thousand (30 June 2017: +€306 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)	2018	2017
TRADE RECEIVABLES - NET VALUE	**7,518**	**6,718**

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 (2018: €33.6 million; 2017: €31.8 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)	2018	2017
under 90 days	787	826
over 90 days	326	258
Subtotal	1,113	1,084
Not due	6,515	5,717
Write-downs	-110	-83
CARRYING AMOUNT	**7,518**	**6,718**

Write-downs have evolved as follows:

(x €1,000)	2018	2017
At beginning of period	-83	-113
Addition	-76	-69
Utilisation	31	55
Reversal	18	44
Mergers	0	0
AT END OF PERIOD	**-110**	**-83**

Note 35: Tax receivables and other current assets

(x €1,000)	2018	2017
Tax	186	897
Other	260	782
TOTAL	**446**	**1,679**

Tax receivables are composed mainly of prepayments.

Note 36: Cash and cash equivalents

(x €1,000)	2018	2017
Short-term deposits	0	0
Cash at bank and in hands	10,589	8,135
TOTAL	**10,589**	**8,135**

Cash and cash equivalents are assets which generate interest at varying rates. The amounts presented above were available as of 30 June 2018 and 30 June 2017. Short-term deposits 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)	2018	2017
Accrued rental income	93	481
Deferred property charges	818	405
Other	32	0
TOTAL	**943**	**886**

Note 38 : Equity

Aedifica shareholders holding more than 5% of the Company's capital are listed in the table below (as of 30 June 2018, based on the number of shares held by the shareholders concerned as of 5 January 2018 – see chapter "Aedifica on the stock market", section 3). As of the date of this report (4 September 2018), the Company has not received any additional declarations of transparency since 5 January 2018. According to the definition of Euronext, Aedifica's free float amounts to 100 %.

SHAREHOLDERS	Share in capital (in %)
Black Rock, Inc.	5.09
Others < 5 %	94.91
Total	**100.00**

Aedifica has completed a capital increase by way of a contribution in kind during the 2017/2018 financial year:

- 7 June 2018: capital increase of approx. €16 million (including share premium) by way of a contribution in kind that enabled the acquisition of two healthcare real estate sites located in The Netherlands (Zorghuis Smakt and Zorgresidentie Mariëndaal).

The capital has thus evolved as follows:

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	14,192,032	374,496
Capital increase	3,783,788	99,846
Situation at the end of the previous year	**17,975,820**	**474,342**
Capital increase of 7 June 2018	225,009	5,937
Situation at the end of the year	**18,200,829**	**480,280**

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.

All of the 18,200,829 shares issued as of 30 June 2018 are listed on Euronext Brussels (regulated market).

Capital increases are detailed in the "Standing Documents" included in the 2017/2018 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 2018, the remaining balance of the authorised capital amounts to 1) €271,453,773.66 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) €67,122,184.03 for any other type of capital increase.

The Board of Directors has proposed a dividend distribution of €2.50 gross per share for the year ended 30 June 2018, i.e. a total dividend of €45,502 thousand.

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 €24,226 thousand as of 30 June 2018, after taking into account the dividend proposed above (2017: €19,415 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 % 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, Management 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 that are self-employed.

Under these schemes, Aedifica had externalised assets amounting to 490 k€ as of 30 June 2018. During the 2018/2019 financial year, the expected contribution for the schemes will amount to 148 k€.

An actuarial valuation where the liabilities (Traditional unit credit method approach - 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 assets 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 8 k€ as at 30 June 2018.

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 2017/2018 Annual Financial Report.

In Germany, a supplementary defined contribution plan was introduced during the 2015/2016 accounting year. For this plan, no provision has been taken into account as, according to IAS 19, it does not concern a defined benefit plan.

Note 40: Borrowings

(x €1,000)	2018	2017
Non-current financial debts		
Borrowings	716,927	579,438
Current financial debts		
Borrowings	22,830	34,524
TOTAL	**739,757**	**613,962**

The increase in the borrowings is linked to the growth of the real estate portfolio during the course of the 2017/2018 financial year.

As of 30 June 2018, 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 fifteen credit providers, of which twelve banks (Bank für Sozialwirtschaft, Bank Degroof Petercam, Banque Européenne du Crédit Mutuel, Belfius Bank, BNP Paribas Deutschland, BNP Paribas Fortis, Caisse d'Epargne et de Prévoyance Nord France Europe, Deutsche Postbank, Förde Sparkasse, ING, KBC Bank and Triodos Bank), an insurance company (Argenta Assuranties), a savings bank (Argenta Spaarbank) and a syndicated banking group (Groupe BPCE), totalling €1,215 million:

- Aedifica can use up €1,130 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 €51 million at fixed rates between 1.4 % and 6.0 % and €34 million at variable rate.

The average interest rate, including the spread charged by the banks and the effect of hedging instruments, was 2.0 % after deduction of capitalised interest (2.3 % in 2016/2017) and 2.1 % before deduction of capitalised interest (2.3 % in 2016/2017). Given the short duration of the withdrawals, the carrying amount of the variable-rate financial debts is an approximation for their fair value (€689 million). The hedges in place as of 30 June 2018 are detailed in Note 33. The fair value of the fixed-rate financial debts (€51 million) is estimated at €58 million.

As of 30 June 2018, 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 30 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
– 2018/2019 :	38	18
– 2019/2020 :	80	80
– 2020/2021 :	90	90
– 2021/2022 :	171	122
– 2022/2023 :	195	90
– 2023/2024 :	185	74
– > 2024/2025 :	455	268
Total as of 30 June 2018	**1,215**	**742**
Weighted average maturity (years)	**5.1**	**4.9**

Note 41: Trade payables and other current debts

(x €1,000)	2018	2017
Exit tax	8,818	717
Other		
Suppliers	15,923	14,896
Tenants	6,772	2,021
Tax	4,489	2,246
Salaries and social charges	1,278	1,066
Dividends of previous years	23	23
TOTAL	**37,303**	**20,969**

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) will be settled within 12 months. The carrying amount constitutes an approximation of their fair value.

The increase of the “exit tax” line relates to a refund of prepayments by the tax authorities.

The increase of the “tenants” line is related to the establishment of a temporary checking account with an operator, which will be reimbursed within 12 months.

Note 42: Accrued charges and deferred income

(x €1,000)	2018	2017
Property income received in advance	1,349	1,003
Financial charges accrued	1,990	2,003
Other accrued charges	787	1,907
TOTAL	**4,126**	**4,913**

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)	2018	2017
Cleaning costs (see Note 10)	-186	-229
Technical costs (see Note 11)	-583	-455
Commercial costs	-83	-77
Overheads (see Note 16)	-2,418	-1,926
Property management costs (see Note 14)	-1,127	-864
Capitalised costs	-85	-78
TOTAL	**-4,482**	**-3,629**

Headcount at the year-end (excluding Executive Managers and Directors):

	2018	2017
Total excluding trainees and students	65	47
Trainees	0	1
Students	1	0
TOTAL	**66**	**48**

Note 44: Financial risk management

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

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 2018, it amounts to 42.5 % on statutory level and to 44.3 % 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 on maintaining an appropriate debt-to-assets ratio over the long term 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 €11 million as of 30 June 2018.

As of 30 June 2018, 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 30 buildings in Germany are linked to a mortgage as of 30 June 2018, respecting the requirements laid down in Article 43 of the Belgian Law 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.

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. Details of Aedifica's credit facilities are disclosed in Note 40.

As of 30 June 2018, Aedifica is using committed credit facilities totalling €742 million (2017: €615 million), out of €1,215 million in total available confirmed credit. The remaining headroom of €473 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2018/2019 financial year. The investment amount that is budgeted in the Company's financial plan for the existing projects as of 30 June 2018 is estimated at €459 million, to be invested over a three-year period. €23 million should be added to that amount for the acquisitions announced on 12 July (€19 million) and 19 July (€4 million), as well as €150 million for a hypothetical investment, which brings the total net investment included in the financial plan for the 2018/2019 financial year to €400 million. This amount does not include any positive cash flow corresponding to possible disinvestments (including the possible sale of Immobe shares).

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 may 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, renegotiated, or forced into repayment. The covenants in place are in line with market practice and notably 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. For this reason, Aedifica started a multi-term treasury notes programme in late June 2018. The treasury notes are fully covered by the available funds on confirmed long term credit lines. As such, they do not increase the liquidity risk.

As of 30 June 2018, the undiscounted future cash flows related to the credit facilities include €500 million maturing within 1 year, €123 million maturing within 1 to 5 years, and €119 million maturing in more than 5 years. The credit facilities also give rise to an interest expense of €6 million that is due within 1 year (2017: €530 million capital and €4.0 million interest within 1 year).

The undiscounted contractual future cash flows related to hedging instruments are analysed as follows:

As at 30 June 2018 (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	-3,359	-10,986	-3,414	-17,760
Derivatives for which hedge accounting is not applied	-2,121	-8,008	-7,372	-17,501

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

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 for a period of several years the interest rates related to at least 60 % of its current or highly probable indebtedness. 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. On 30 June 2018, 95 % of the drawings on the variable-rate credit facilities (30 June 2017: 82 %) are covered by hedging instruments (swaps and caps).

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 shows little variation in relation to 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 2018/2019 interest rates over the forecast rates would lead to an approx. additional €8.3 million interest expense for the year ended 30 June 2019. Taking into account the hedging instruments at present, the interest expense would amount to just €2.2 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. 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.

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.

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. 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 material adverse change clauses ("MAC" 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.

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). The borrowings of the Company are all denominated in euros. Thus, Aedifica is not exposed to significant foreign exchange risk.

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 Aedifica's performance and the market's confidence in the Company, 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).

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 rest home for a budget of approx. €2 million. Works are currently in progress.

1.2 Extension of the Kasteelhof rest home in Dendermonde (Belgium)

Aedifica committed to finance the extension of the rest home, which includes construction of an assisted-living apartments complex, for a budget of approx. €3 million. Works are currently being prepared.

1.3 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, which includes construction of a 12-unit assisted-living apartments complex), of the rest home for a budget of approx. €2 million. Works are currently in progress.

1.4 Renovation and xtension of the Plantijn rest home in Kapellen (Belgium)

Under the long lease with Armonea, Aedifica committed to finance the renovation and extension of the rest home for a budget of approx. €5 million. Works are currently in progress.

1.5 Extension of the Heydeveld rest home in Opwijk (Belgium)

Aedifica committed to finance the extension of the rest home for a budget of approx. €4 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 budget of approx. €4 million. Works are currently in progress.

1.7 Extension and renovation of the De Stichel rest home in Vilvoorde (Belgium)
Aedifica committed to finance the extension and renovation of the rest home for a budget of approx. €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 for a budget of approx. €1 million. Works are currently in progress.

1.9 Renovation of the Vinkenbosch rest home in Kermt (Belgium)
Aedifica committed to finance the renovation of the rest home for a budget of approx. €2 million. Works are currently in progress.

1.10 Renovation of the Frohnau rest home in Berlin (Germany)
Aedifica Luxemburg IV SCS committed to finance the renovation of the rest home for a budget of approx. €1 million. Works are currently being prepared

1.11 Renovation of the Residenz Zehlendorf rest home in Berlin (Germany)
Aedifica Luxemburg VI SCS committed to finance the renovation of the rest home for a budget of approx. €5 million. Works are currently in progress.

1.12 Construction of the LTS Winschoten care residence in Winschoten (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Winschoten (The Netherlands), for a budget of approx. €11 million. The site will be operated by Stichting Oosterlengte. Works are currently in progress.

1.13 Renovation of the Seniorenresidenz Laurentiusplatz rest home in Wuppertal-Elberfeld (Germany)
Aedifica committed to finance the extension of the rest home for a budget of approx. €3 million. Works are currently in progress.

1.14 Extension of the De Duinpieper rest home in Ostend (Belgium)
Aedifica committed to finance certain extension and renovation works for a budget of approx. €2 million. Works are currently in progress.

1.15 Acquisition of a rest home in Mechelen (Belgium)
Aedifica signed an agreement to acquire a new rest home in Mechelen. The contractual value of this property will amount to approx. €15 million.

1.16 Extension of the Uilenspiegel rest home in Genk (Belgium)
Aedifica committed to finance the extension of the rest home, which includes construction of an assisted-living apartments complex, for a budget of approx. €2 million.

1.17 Extension of the Sorgvliet rest home in Linter (Belgium)
Aedifica committed to finance the extension of the rest home, which includes construction of additional rooms and an assisted-living apartments complex, for a budget of approx. €5 million.

1.18 Construction 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 for a budget of approx. €6 million. The site will be operated by the Martha Flora group. Works are currently in progress.

1.19 Construction of the Huize De Compagnie care residence in Ede (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Ede for a budget of approx. €7 million. The site will be operated by the Compartijn group. Works are currently in progress.

1.20 Cooperation agreement for the construction and acquisition of two senior housing sites in Leeuwarden and Heerenveen (The Netherlands)
Aedifica signed a cooperation agreement (subject to outstanding conditions) for the construction and acquisition of two seniors apartment buildings in Leeuwarden and Heerenveen. The budget that will be financed by Aedifica amounts to approx. €40 million (including the amount for the plots of land). The sites will be operated by Stichting Rendant. Works are currently being prepared.

1.21 Cooperation agreement for the construction of 17 rest homes in Germany
Aedifica signed a cooperation agreement (subject to outstanding conditions) with Specht Gruppe for the construction and acquisition of seventeen rest homes in northern Germany. The Company also announced an expansion of this cooperation, which includes the additional construction and acquisition of seniors apartment buildings and houses for seniors on 8 of the 17 sites. The budget that will be financed by Aedifica amounts to approx. €245 million (including the amount for the plots of land).

1.22 Construction of the Huize Ter Beegden care residence in Beegden (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Beegden, near Roermond, for a budget of approx. €4 million. The site will be operated by the Compartijn group. Works are currently in progress.

1.23 Construction of the Martha Flora Bosch en Duin care residence in Bosch en Duin (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Bosch en Duin, a part of the municipality of Zeist, for a budget of approx. €5 million. The site will be operated by the Martha Flora group. Works are currently in progress.

1.24 Renovation of the De Merenhoef rest home in Maarssen (The Netherlands)
Aedifica Nederland BV committed to finance the renovation of a rest home for a budget of approx. €8 million. The site will be operated by Stichting Leger des Heils Welzijns- en Gezondheidszorg. Works are currently in progress.

1.25 Construction of the Huize Roosdael care residence in Roosendaal (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Roosendaal for a budget of approx. €5 million. The site will be operated by the Compartijn group. Works are currently in progress.

1.26 Construction of a care residence in Leusden (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Leusden for a budget of approx. €3 million. The site will be operated by the Stepping Stones Home & Care group. Works are currently in progress.

1.27 Construction of the September Nijverdal care residence in Nijverdal (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Nijverdal for a budget of approx. €3 million. The site will be operated by the Wonen bij September group. Works are currently in progress.

1.28 Construction of the Huize Groot Waardijn care residence in Tilburg (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Tilburg for a budget of approx. €5 million. The site will be operated by the Compartijn group. Works are currently in progress.

1.29 Construction of the Huize Eresloo care residence in Eersel (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Eersel for a budget of approx. €5 million. The site will be operated by the Compartijn group. Works are currently in progress.

1.30 Acquisition of four operational healthcare sites and construction of a rest home in Germany
Aedifica signed an agreement for the acquisition of four operational senior housing sites (Seniorenzentrum Sonneberg in Sonneberg, Seniorenzentrum Haus Cordula I and II in Rothenberg and Hansa Pflege- und Betreuungszentrum Dornum in Dornum) and a rest home (upon completion of construction; Seniorenzentrum Weimar in Weimar). The sites are/will be operated by the Azurit group. The contractual value will amount to approx. €39 million in total.

1.31 Acquisition of the SARA Seniorenresidenz senior housing site in Bitterfeld-Wolfen (Germany)
Aedifica signed an agreement for the acquisition of a senior housing site in Bitterfeld-Wolfen. The site is operated by SARA, a private German player in the local senior care market. The contractual value will amount to approx. €10 million.

1.32 Earn-outs
For some acquisition deals, a portion of the acquisition price has been set based on future contingent events, such as the payment of an earn-out, upon completion of a care residence within the limits of the maximum budget committed by Aedifica.

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 some 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° (in million €)	Register of corporations	Acquisition date°°	Acquisition method
Seniorenheim am Dom	Healthcare real estate	10	-	28/07/2017	Acquisition of a building
Huize de Compagnie	Healthcare real estate	2	-	10/07/2017	Acquisition of a building via Aedifica Nederland BV
Huize Hoog Kerckebosch	Healthcare real estate	8	-	24/08/2017	Acquisition of a building via Aedifica Nederland BV
Dujofin BVBA	Healthcare real estate	10	0446.022.925	8/09/2017	Acquisition of shares and acquisition of a building
Martha Flora Den Haag	Healthcare real estate	9	-	12/09/2017	Acquisition of a building via Aedifica Nederland BV
Huize Ter Beegden	Healthcare real estate	0	-	12/09/2017	Acquisition of a building via Aedifica Nederland BV
Martha Flora Rotterdam	Healthcare real estate	2	-	26/09/2017	Acquisition of a building via Aedifica Nederland BV
Martha Flora Bosch en Duin	Healthcare real estate	2	-	8/11/2017	Acquisition of a building via Aedifica Nederland BV
Seniorenresidenz an den Kienfichten	Healthcare real estate	7	-	30/11/2017	Acquisition of a building
Aedifica Residenzen Nord GmbH	Healthcare real estate	28	HRB110850	8/12/2017	Acquisition of shares
De Merenhoef	Healthcare real estate	3	-	19/12/2017	Acquisition of a building via Aedifica Nederland BV
Huize Roosdael	Healthcare real estate	1	-	9/01/2018	Acquisition of a building via Aedifica Nederland BV
Leusden	Healthcare real estate	1	-	24/01/2018	Acquisition of a building via Aedifica Nederland BV
Martha Flora Hoorn	Healthcare real estate	1	-	1/02/2018	Acquisition of a building via Aedifica Nederland BV
September Nijverdal	Healthcare real estate	1	-	16/02/2018	Acquisition of a building via Aedifica Nederland BV
Huize Groot Waardijn	Healthcare real estate	1	-	27/02/2018	Acquisition of a building via Aedifica Nederland BV
Huize Eresloo	Healthcare real estate	1	-	16/03/2018	Acquisition of a building via Aedifica Nederland BV
Haus Zur Alten Berufsschule	Healthcare real estate	9	-	17/04/2018	Acquisition of a building
Pflegeteam Odenwald	Healthcare real estate	3	-	31/05/2018	Acquisition of a building
Park Residenz	Healthcare real estate	11	-	1/06/2018	Acquisition of a building
Zorghuis Smakt	Healthcare real estate	3	-	7/06/2018	Acquisition of a building via Aedifica Nederland BV
Zorgresidentie Mariëndaal	Healthcare real estate	13	-	7/06/2018	Acquisition of a building via Aedifica Nederland BV
TOTAL		**127**			

° 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 (in million €)	Disposals date
Building located avenue de Broqueville 8 in 1150 Brussels (Belgium)	Apartment buildings	1	19/09/2017 + 25/10/2017
Plot of land located between avenue Louise, rue Vilain XIIII and rue du Lac in 1050 Brussels (Belgium)	Hotels	1	4/12/2017
Assisted-living apartments located Jan Hammeneckerlaan 4-4A in 3200 Aarschot (Belgium)	Healthcare real estate	0	22/12/2017
Building Ring located Plantin et Moretuslei 107-115 in 2018 Antwerp (Belgium)	Hotels	13	27/06/2018
TOTAL		**16**	

All these operations are detailed in the Consolidated Board of Directors' Report.

Note 47: Changes in fair value of financial assets and liabilities

(x €1,000)	2018	2017
Authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-11	22
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-1,332	6,053
Subtotal	-1,343	6,075
Other	-814	-956
TOTAL	**-2,157**	**5,119**

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 members of the Board of Directors and the Management Committee (€2,933 thousand in 2017/2018; €2,359 thousand in 2016/2017).

(x €1,000)	2018	2017
Short-term benefits	2,700	2,183
Post-employment benefits	193	153
Other long-term benefits	0	0
Termination benfits	0	0
Share-based payments	40	23
Total	**2,933**	**2,359**

Note 49: Subsequent events

— First execution of the cooperation agreement with Specht Gruppe in Germany: construction of three care campuses

On 11 July 2018, Aedifica acquired the plots of land on which three of the seventeen rest homes announced in the cooperation agreement with Specht Gruppe will be built (see section 2.1.2 above). The acquisition took place through the takeover of Specht Gruppe Eins mbH (by Aedifica Invest SA). Aedifica also signed an agreement with Residenz Baugesellschaft (an entity of Specht Gruppe) for the construction of these three rest homes, which will be located in Kaltenkirchen, Schwerin and Lübbecke. Construction works have already begun. The first buildings are expected to be completed during the second half of 2019. The contractual value of these three plots of land amounts to approx. €4 million. Aedifica's total investment (including works) will ultimately amount to approx. €40 million. The operation will be financed using Aedifica's credit facilities. Upon completion, all sites will be leased to Residenz Management GmbH, also an entity of Specht Gruppe, and will be operated by high quality operators. They will be leased on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration that will cover the buildings' maintenance. Gross yields will amount to approx. 5.5 %.

— Acquisition of 4 healthcare sites in Bad Sachsa (State of Lower-Saxony, Germany

On 12 July 2018, Aedifica announced the signing of an agreement for the acquisition of four healthcare sites in Germany. The four sites benefit from a central location in Bad Sachsa (State of Lower-Saxony, Germany). The buildings were constructed in different years and have undergone several renovations and extensions. They can welcome 221 residents in total. The first site has a capacity of 70 units catering to seniors requiring continuous care, while the second site has a capacity of 64 units intended for individuals with severe neurological damage or suffering from mental health disorders. The third and fourth sites have capacities of 74 and 13 units, respectively, and are intended for individuals suffering from mental health disorders. The agreement for the acquisition of these four sites by Aedifica SA is subject to the usual conditions in Germany, which are mainly of administrative nature and which should be fulfilled soon. The purchase price will be paid and the property and full use of the buildings will automatically be acquired at that time. The contractual value amounts to approx. €19 million. The operation will be financed using Aedifica's credit facilities. The sites will be operated by an entity of Argentum Holding GmbH under irrevocable 30-year double net long leases. The initial gross yield amounts to approx. 7 %.

— Agreement signed for the apartment buildings segment

As previously announced, Aedifica is preparing to transfer its "apartment buildings" branch of activities to a new subsidiary, Immobe SA. Effective 1 July 2018, Immobe is authorised by the FSMA as an Institutional Regulated Real Estate Company ("IRREC") under Belgian law. Aedifica anticipates that the transfer of this branch of activities could take place at the end of the third quarter of 2018. On 12 July 2018, after conducting the due diligence, Aedifica and the candidate-partner (which is an international investor represented by CODABEL) signed the final agreement, subject to usual outstanding conditions, for the sale (in two phases) of up to 75 % (minus one share) in Immobe SA. The first phase comprises the transfer of 50 % (minus one share) of the shares in Immobe SA. The completion of this phase is expected to take place during the fourth quarter of 2018.

— Acquisition and redevelopment of a care residence in Berkel-Enschot (Province of North Brabant, The Netherlands)

On 19 July 2018, Aedifica announced the acquisition and redevelopment of a care residence in The Netherlands. The Sorghuys Tilburg care residence is located in a green, residential area of Berkel-Enschot, part of Tilburg (214,000 inhabitants, Province of North Brabant). Extension works will be carried out and the current villa will be entirely redeveloped into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed in the third quarter of 2019 and will have a capacity of 22 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the plot of land (including the building located thereon). The contractual value amounts to approx. €1 million. The construction will be carried out by Sorghuys Tilburg BV and delivered turnkey to Aedifica. Approx. €3 million has been budgeted for construction works; the total investment (including works) will amount to approx. €4 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by Blueprint Group in partnership with Boeijend Huys, under the Zorghuis Nederland brand, under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

— Acquisition of four healthcare sites in Germany

Late August 2018, Aedifica acquired four healthcare sites in Germany given fulfilment of the outstanding conditions, as announced in the press release of 4 June 2018. See section 2.1.2 for a more detailed account of the acquired sites. The purchase price was paid and Aedifica SA acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities.

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)	2018	2017
Profit (loss)	63,357	57,040
Depreciation	798	678
Write-downs	55	28
Other non-cash items	4,702	-4,775
Gains and losses on disposals of investment properties	-790	-1,485
Changes in fair value of investment properties	-12,696	-9,434
Roundings	-1	1
Corrected profit	55,425	42,053
Denominator° (in shares)	18,200,829	15,323,388
CORRECTED PROFIT PER SHARE° (in € per share)	**3.05**	**2.74**

° 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, Aedifica Luxemburg IV SCS, Aedifica Luxemburg V SCS, Aedifica Luxemburg VI SCS, Aedifica Nederland BV, VSP SA, VSP Kasterlee SA, Het Seniorenhof SA, Compagnie Immobilière Beerzelhof SA, Avorum SA, Coham SA, Residentie Sorgvliet SPRL and WZC Arcadia SPRL), the percentage of equity held by Aedifica is unchanged as compared to 30 June 2017.

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
Immobe NV°	Belgium	Subsidiary	0697.566.095	100
Aedifica Asset Management GmbH°°	Germany	Subsidiary	HRB100562	100
Aedifica Project Management GmbH°°	Germany	Subsidiary	HRB111389	100
Schloss Bensberg Management GmbH°°°°°	Germany	Subsidiary	HRB47122	100
Aedifica Residenzen Nord GmbH°°	Germany	Subsidiary	HRB110850	94
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 SCS°°°	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
Dujofin BVBA°	Belgium	Subsidiary	0446.022.925	100

° Located Rue Belliard 40 in 1040 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).
°°°°° Located Im Schloßpark 10 in 51429 Bergisch-Gladbach (Germany).

Note 52: Belgian RREC status

(x €1,000)	2018	2017
Consolidated debt-to-assets ratio (max. 65%)		
Total liabilities	824,996	682,083
Corrections	-43,547	-43,006
Total liabilities according to the Royal Decree of 13 July 2014	781,449	639,077
Total assets	1,766,643	1,570,122
Corrections	-1,692	-2,707
Total assets according to the Royal Decree of 13 July 2014	1,764,951	1,567,415
Debt-to-assets ratio (in %)	**44.3%**	**40.8%**
STATUTORY PAY-OUT RATIO		
Statutory corrected profit	55,425	42,053
Proposed dividend	45,502	34,478
PAY-OUT RATIO (MIN. 80%)	**82%**	**82%**

Prohibition to invest more than 20 % of assets in real estate assets that form a single property
See section 1.4 of the “Risk Factors” chapter of 2017/2018 Annual Financial Report.

Valuation of investment properties by a valuation expert
Aedifica’s properties are valued quarterly by the following valuation experts: Winssinger & Associés SA, Deloitte Consulting & Advisory SCRL, IP Belgium SPRL, CBRE GmbH and DTZ Zadelhoff VOF.

Note 53: Audit fees

(x €1,000)	2018	2017
Statutory audit (Aedifica SA)	38	37
Statutory audit (subsidiaries)	191	78
Opinion reports foreseen in the Belgian Companies Code (Aedifica SA)	15	18
Other opinion reports (comfort letter, etc.) (Aedifica SA)	26	34
Tax advice missions	7	0
Other missions unconnected with the statutory audit	0	0
TOTAL	**277**	**167**

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 1/07/2016	**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**

(x €1,000)	Assets	Liabilities
CARRYING AMOUNT AS OF 1/07/2017	**1,208**	**-4,306**
Originations	699	350
Reversals	-2,225	-1,338
Scope changes	318	-917
CARRYING AMOUNT AS OF 30/06/2018	**0**	**-6,211**

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 2018
Investment properties	-	-	1,736,463	**1,736,463**
Assets classified as held for sale	-	-	4,070	**4,070**
Non-current financial assets	-	1,888	-	**1,888**
Trade receivables	-	7,518	-	**7,518**
Tax receivables and other current assets	-	446	-	**446**
Cash and cash equivalents	10,589	-	-	**10,589**
Non-current financial debts (a. Borrowings)	-	-723,793	-	**-716,927**
Other non-current financial liabilities	-	-37,599	-	**-37,599**
Current financial debts (a. Borrowings)	-	-22,830	-	**-22,830**
Trade debts and other current debts (b. Other)	-	-28,485	-	**-28,485**

(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	-	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**

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 Luxemburg I SCS, Aedifica Luxemburg II SCS, Aedifica Luxemburg III SCS, Aedifica Luxemburg IV SCS, Aedifica Luxemburg V SCS, Aedifica Luxemburg VI SCS and Aedifica Residenzen Nord GmbH, 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)

For many years, Aedifica has been using Alternative Performance Measures in its financial communications based on 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) while others have been defined by the industry or by Aedifica; the aim is to provide readers with a better understanding of the Company's results and performance. The APM used in this annual financial report are identified with an asterisk (*). Performance measures defined by IFRS standards or by Law are not considered APM, nor are those measures that 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 performance measures presented below to determine the value of its investment properties; however, these measures are not defined under IFRS. They reflect alternate clustering of investment properties with the aim of providing the reader with the most relevant information. The definition of these concepts, as applied to Aedifica's financial statements, may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	2018	2017
Marketable investment properties	1,701,280	1,523,235
+ Development projects	35,183	17,174
Investment properties	**1,736,463**	**1,540,409**
+ Assets classified as held for sale	4,070	4,440
Investment properties including assets classified as held for sale*, or real estate portfolio*	**1,740,533**	**1,544,849**
- Development projects	-35,183	-17,174
Roundings	0	0
Marketable investment properties including assets classified as held for sale*, or investment properties portfolio	**1,705,350**	**1,527,675**

Note 57.2: Rental income on a like-for-like basis*

uses the net rental income on a like-for-like basis* to reflect the performance of 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 Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2018	2017
Rental income	91,677	78,983
- Scope changes	-26,957	-15,763
= Rental income on a like-for-like basis*	**64,720**	**63,220**

Note 57.3: Operating charges, operating margin* and EBIT margin*

Aedifica uses operating charges* to aggregate 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 Aedifica's 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 the property operating result divided by net rental income and the operating result before result on portfolio divided by net rental income, respectively. The definition of these concepts, as applied to Aedifica's 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 2018

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items°	TOTAL
SEGMENT RESULT						
Rental income (a)	76,454	10,489	4,916	0	-182	91,677
Net rental income (b)	76,446	10,429	4,904	0	-182	91,597
Property result (c)	76,349	9,605	4,924	0	-182	90,696
Property operating result (d)	75,057	6,321	4,879	0	-182	86,075
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	**74,923**	**6,295**	**4,845**	**-8,788**	**0**	**77,275**
Operating margin* (d)/(b)						94%
EBIT margin* (e)/(b)						84%
Operating charges* (e)-(b)						14,322

30 June 2017

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items°	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

° 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*

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 Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2018	2017
XX. Financial income	554	155
XXI. Net interest charges	-14,321	-15,365
XXII. Other financial charges	-1,552	-1,328
Financial result excl. changes in fair value of financial instruments*	**-15,319**	**-16,538**

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 Aedifica's financial statements, may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	2018	2017
XXI. Net interest charges	-14,321	-15,365
Capitalised interests	482	322
Annualised net interest charges (a)	-14,125	-15,365
Net interest charges before annualised capitalised interests (b)	-14,600	-15,687
Weighted average financial debts (c)	697,832	662,008
Average effective interest rate* (a)/(c)	**2.0%**	**2.3%**
Average effective interest rate before capitalised interests* (b)/(c)	**2.1%**	**2.3%**

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 Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2018	2017
Equity attributable to owners of the parent	941,647	888,039
- Effect of the distribution of the dividend 2016/2017	0	-34,478
Sub-total excl. effect of the distribution of the dividend 2016/2017	**941,647**	**853,561**
- Effect of the changes in fair value of hedging instruments	35,439	34,055
Equity excl. changes in fair value of hedging instruments*	**977,086**	**887,616**

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 Aedifica's 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. 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 has previously been 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 NNNAV* 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 aggregate operational costs as recommended by the EPRA. The EPRA Cost Ratios* are calculated in the EPRA chapter of the Annual Financial Report.

Note 58: Business combinations

During the 2017/2018 financial year, the Group completed the following business combination:

- 2 March 2018: Aedifica SA acquired 100 % of the shares of Schloss Bensberg Management GmbH, which operates an assisted-living complex for seniors in Germany.

Information regarding the net asset acquired, goodwill and their consideration are given in the table below:

(x €1,000)	Faire value
Investment properties	8
Other tangible assets	49
Trade receivables	82
Tax receivables and other current assets	3
Cash and cash equivalents	340
Trade debts and other current debts	-621
Accrued charges and deferred income	-5
Net asset acquired	**-144**
Goodwill (see Note 27)	335
Consideration	**191**
of which cash consideration	191

1.7 Auditor's Report

Independent auditor's report to the general meeting of Aedifica SA for the year ended 30 June 2018

As required by law and the Company's articles of association, 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 balance sheet as at 30 June 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 30 June 2018 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 27 October 2017, in accordance with the proposition 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 2020. We performed the audit of the Consolidated Financial Statements of the Group during 7 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Aedifica SA, which consists of the consolidated balance sheet as at 30 June 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 30 June 2018 and the disclosures, which show a consolidated balance sheet total of € 1.766.643 thousand and of which the consolidated income statement shows a profit for the year of € 71.855 thousand.

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 2018, 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 "Our responsibilities for the audit of the consolidated financial statements" section 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.

Building a better working world

Audit report dated 5 September 2018 on the Annual Accounts of Aedifica SA as of and for the year ended 30 June 2018 (continued)

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.

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, ...). For these reasons, we consider the valuation of the investment properties as a key audit matter.

- 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 Group 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. For these reasons, we consider this as a key audit matter.

- 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 over-hedging which could potentially jeopardize the application of hedge accounting.

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Audit report dated 5 September 2018 on the Annual Accounts of Aedifica SA as of and for the year ended 30 June 2018 (continued)

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 as well as internal controls relevant to 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.

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 Director's 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;

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- 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 Director's 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 Director's report, as well as to report on these matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been in prepared 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 Director's report and other information included in the annual report, being:

- Key figures 2017/2018 p. 13
- Analysis of the 30 June 2018 consolidated financial statements p. 46-50
- EPRA p.67-73

contain 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. In addition, we do not express any form of assurance regarding the Board of Directors' report and the other information included in the annual report.

Independence matters

Our auditor's office [and our network] has not performed any services that are not compatible with the statutory audit of the Annual Accounts and has remained independent of the Company during the course of our mandate.

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Audit report dated 5 September 2018 on the Annual Accounts of Aedifica SA as of and for the year ended 30 June 2018 (continued)

The fees related to additional services which are compatible with the statutory audit of the Annual Accounts as referred to in article 134 of the Belgian Companies Code were duly itemized and valued in the notes to the Annual Accounts.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 5 September 2018

Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
Represented by

Joeri Klaykens*
Partner
*Acting on behalf of a SPRL

19JK0038

2. Abridged Statutory Financial Statements 2017/2018

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.eu) 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)		2018	2017
I.	Rental income	65,806	61,108
II.	Writeback of lease payments sold and discounted	0	0
III.	Rental-related charges	-83	-53
Net rental income		**65,723**	**61,055**
IV.	Recovery of property charges	84	38
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	2,001	2,211
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	-2,001	-2,211
VIII.	Other rental-related income and charges	-893	-917
Property result		**64,914**	**60,176**
IX.	Technical costs	-1,400	-1,244
X.	Commercial costs	-539	-567
XI.	Charges and taxes on unlet properties	-136	-165
XII.	Property management costs	-1,051	-937
XIII.	Other property charges	-1,122	-927
Property charges		**-4,248**	**-3,840**
Property operating result		**60,666**	**56,336**
XIV.	Overheads	-9,560	-7,732
XV.	Other operating income and charges	561	1,860
Operating result before result on portfolio		**51,667**	**50,464**
XVI.	Gains and losses on disposals of investment properties	790	1,485
XVII.	Gains and losses on disposals of other non-financial assets	0	0
XVIII.	Changes in fair value of investment properties	12,696	9,434
XIX.	Other result on portfolio	-1,056	-1,211
Operating result		**64,097**	**60,172**
XX.	Financial income	17,438	7,561
XXI.	Net interest charges	-13,453	-14,323
XXII.	Other financial charges	-1,450	-1,212
XXIII.	Changes in fair value of financial assets and liabilities	-1,344	6,075
Net finance costs		**1,191**	**-1,899**
Profit before tax (loss)		**65,288**	**58,273**
XXIV.	Corporate tax	-1,931	-1,233
XXV.	Exit tax	0	0
Tax expense		**-1,931**	**-1,233**
Profit (loss)		**63,357**	**57,040**
Basic earnings per share (€)		3.52	3.74
Diluted earnings per share (€)		3.52	3.74

Abridged Statutory Statement of Comprehensive Income

Year ending on 30 June (x €1,000)	2018	2017
I. Profit (loss)	63,357	57,040
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	-870	7,276
H. Other comprehensive income, net of taxes (see Note 33.3.)	831	0
Comprehensive income	**63,318**	**64,316**

Abridged Statutory Balance Sheet

ASSETS Year ending on 30 June (x €1,000)	2018	2017
I. Non-current assets		
A. Goodwill	1,856	1,856
B. Intangible assets	292	221
C. Investment properties	1,211,384	1,145,673
D. Other tangible assets	2,535	1,611
E. Non-current financial assets	429,305	313,629
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	**1,645,372**	**1,462,990**
II. Current assets		
A. Assets classified as held for sale	4,070	4,440
B. Current financial assets	0	0
C. Finance lease receivables	0	0
D. Trade receivables	4,818	4,444
E. Tax receivables and other current assets	12,619	19,314
F. Cash and cash equivalents	5,350	3,087
G. Deferred charges and accrued income	480	763
Total current assets	**27,337**	**32,048**
TOTAL ASSETS	**1,672,709**	**1,495,038**

EQUITY AND LIABILITIES **Year ending on 30 June (x €1,000)**	**2018**	**2017**
EQUITY		
A. Capital	465,126	459,231
B. Share premium account	297,569	287,194
C. Reserves	97,333	74,810
a. Legal reserve	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*137,099*	*126,720*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-23,129*	*-24,415*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,436*	*-16,418*
e. 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*
h. Reserve for treasury shares	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*-996*	*-213*
m. Other reserves	*-1,957*	*0*
n. Result brought forward from previous years	*20,411*	*12,848*
D. Profit (loss) of the year	63,357	57,040
TOTAL EQUITY	**923,385**	**878,275**
LIABILITIES		
I. Non-current liabilities		
A. Provisions	0	0
B. Non-current financial debts		
a. Borrowings	665,713	525,520
C. Other non-current financial liabilities	33,209	33,787
a. Authorised hedges	33,209	33,787
b. Other	0	0
D. Trade debts and other non-current debts	0	0
E. Other non-current liabilities	0	0
F. Deferred tax liabilities	3,190	3,051
Non-current liabilities	**702,112**	**562,358**
II. Current liabilities		
A. Provisions	0	0
B. Current financial debts		
a. Borrowings	20,058	31,754
C. Other current financial liabilities	0	0
D. Trade debts and other current debts		
a. Exit tax	141	206
b. Other	24,221	18,513
E. Other current liabilities	0	0
F. Accrued charges and deferred income	2,792	3,932
Total current liabilities	**47,212**	**54,405**
TOTAL LIABILITIES	**749,324**	**616,763**
TOTAL EQUITY AND LIABILITIES	**1,672,709**	**1,495,038**

Abridged Statutory Statement of Changes in Equity

(x €1,000)	2016	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and 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
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*107,923*	*0*	*0*	*0*	*0*	*18,797*	*0*	*126,720*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-20,032*	*0*	*0*	*0*	*0*	*-4,382*	*-1*	*-24,415*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-23,560*	*0*	*0*	*0*	*7,276*	*-135*	*1*	*-16,418*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-18,256*	*0*	*0*	*0*	*0*	*-5,456*	*0*	*-23,712*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*110*	*0*	*0*	*0*	*0*	*-324*	*1*	*-213*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*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**

Year ending on 30 June (x €1,000)	2017	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and roundings	2018
Capital	459,231	0	5,895	0	0	0	0	465,126
Share premium account	287,194	0	10,376	0	0	0	-1	297,569
Reserves	74,810	0	0	0	-40	22,562	1	97,333
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*126,720*	*0*	*0*	*0*	*0*	*8,893*	*1,486*	*137,099*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-24,415*	*0*	*0*	*0*	*0*	*815*	*470*	*-23,130*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,418*	*0*	*0*	*0*	*-40*	*22*	*0*	*-16,436*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-23,712*	*0*	*0*	*0*	*0*	*6,053*	*0*	*-17,659*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*-213*	*0*	*0*	*0*	*0*	*-783*	*0*	*-996*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*-1,955*	*-1,955*
n. Result brought forward from previous years	*12,848*	*0*	*0*	*0*	*0*	*7,562*	*0*	*20,410*
Profit (loss)	57,040	0	0	0	63,357	-57,040	0	63,357
TOTAL EQUITY	**878,275**	**0**	**16,271**	**0**	**63,317**	**-34,478**	**0**	**923,385**

Abridged Statutory Appropriation Account

PROPOSED APPROPRIATION **Year ending on 30 June (x €1,000)**	**2018**	**2017**
A. Profit (loss)	63,357	57,040
B. Transfer to/from the reserves	12,345	15,000
1. Transfer to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	*14,203*	*7,408*
- previous fiscal years	*0*	*0*
- disposals of investment properties	*790*	*1,485*
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	*-2,563*	*815*
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	*-11*	*0*
- 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	*0*	*22*
- 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	*-1,332*	*0*
- 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	*0*	*6,053*
- 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 (-/+)	-698	-783
9. Transfer to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	1,957	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	44,340	33,642
D. Remuneration of the capital - other than C	1,162	836
Result to be carried forward	5,509	7,562

SHAREHOLDERS' EQUITY THAT CAN NOT BE DISTRIBUTED ACCORDING TO ARTICLE 617 OF THE COMPANY CODE **(x €1,000)**	**2018**	**2017**
Paid-up capital or, if greater, subscribed capital (+)	465,126	459,231
Share premium account unavailable for distribution according to the Articles of Association (+)	297,569	287,194
Reserve for positive balance of changes in fair value of investment properties (+)	152,092	135,613
Reserve for the estimated transaction costs resulting from hypothetical disposal of investment properties (-)	-25,692	-23,600
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS (+/-)	-16,447	-16,396
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS (+/-)	-18,991	-17,659
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	0
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	**853,657**	**824,383**
Net asset	923,385	878,275
Dividend to be paid out	-45,502	-34,478
Net asset after distribution	**877,883**	**843,797**
Headroom after distribution	**24,226**	**19,414**

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 gereglementeerde 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" / "SIR 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 office is located at Rue Belliard / Belliardstraat 40, 1040 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 Nerincx, 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 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 xi of the Law of 12 May 2014 (the notion real estate is to be understood as "real estate" within the meaning of the RREC legislation);
- (c) to conclude with a public client or to accede to, in the long term directly or through a company in which it holds a participation in accordance with the provisions of the RREC legislation, where applicable in cooperation with third parties, one or more:
    - (i) DBF-agreements, the so-called "Design, Build, Finance" agreements;

- (ii) DB(F)M-agreements, the so-called "Design, Build, (Finance) and Maintain" agreements;
- (iii) DBF(M)O-agreements, the so-called "Design, Build, Finance, (Maintain) and Operate" agreements; and/or
- (iv) public works concession agreements with respect to buildings and/or other infrastructure of an immovable nature and related services, and on the basis of which:
    - (i) it is responsible for ensuring the availability, maintenance and/or exploitation for a public entity and/or the citizen as end user, in order to fulfil a social need and/or to enable the provision of a public service; and
    - (ii) it may bear, in whole or in part, the related financing, availability, demand and/or operational risk, in addition to any potential building risk, without therefore necessarily having any rights in rem; and

- (d) to develop, cause to develop, establish, cause to establish, manage, allow to manage, operate, allow to operate or make available, in the long term directly or through a company in which it holds a participation in accordance with the provisions of the RREC legislation, where applicable in cooperation with third parties:
    - (i) public utilities and warehouses for transport, distribution or storage of electricity, gas, fossil or non-fossil fuel and energy in general and associated goods;
    - (ii) utilities for transport, distribution, storage or purification of water and associated goods;
    - (iii) installations for the generation, storage and transport of renewable or non-renewable energy and associated goods; or
    - (iv) waste and incineration plants and associated goods.

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 activities of the Company as referred to in article 4 of the Law of 12 May 2014, 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 real estate as described above, and may perform all acts relating to real estate, 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;
- provide contractual arrangements or provisions in the Articles of Association with respect to the perimeter companies that would affect its voting power pursuant to the applicable law in function of a participation of 25% plus one share.

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.

1.9 General meetings (Article 19 and 20 of the Articles of Association)

The Ordinary General Meeting will be held at **3 PM on the fourth Tuesday 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. 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

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 Joeri Klaykens, 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 27 October 2017, and receives an indexed audit fee of €38,000 excluding VAT per year for auditing the consolidated and statutory annual accounts.

1.11 Valuation expert

To avoid conflicts of interest, Aedifica's real estate portfolio is assessed by five independent valuation experts, namely:
- Winssinger & Associés SA, represented (within the meaning of Article 24 of the RREC Act) by Mr. Christophe Ackermans, its registered office is located in Rue Royal 197 in 1000 Brussels;
- Deloitte Consulting & Advisory SCRL, represented (within the meaning of Article 24 of the RREC Act) by Mr. Frédéric Sohet and Ms. Patricia Lanoije, its registered office is located in Luchthaven Nationaal 1 J in 1930 Zaventem;
- IP Belgium SPRL, represented (within the meaning of Article 24 of the RREC Act) by Mr. Benoit Forgeur, its registered office is located in Avenue Zénobe Gramme 30 in 1300 Wavre;
- CBRE GmbH, represented (within the meaning of Article 24 of the RREC Act) by Mr. Sandro Höselbarth and Mr. Tim Schulte, 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, its registered office is located in Gustav Mahlerlaan 362-364 in 1082 ME Amsterdam.

According to the RREC legislation, the valuation 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 €58 thousand for the 2017/2018 financial year (€70 thousand for the 2016/2017 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.eu).

The statutory and consolidated accounts of the 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 newspapers.

These meeting notices and all documents related to the general meetings are simultaneously available on the Company's website (www.aedifica.eu). 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.eu).

The Auditor's Report and the valuation experts' report are available in the Annual Financial Reports provided on the Company's website (www.aedifica.eu).

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.eu:

- Aedifica's Articles of Association;
- 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;
- 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, 2015/2016 and 2016/2017 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.eu).

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.eu).

1.18 Strategy or factors of governmental, economical, budgetary, monetary or political nature which have substantially influenced, directly or indirectly, Aedifica's operations

See the "Risks factors" chapter 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, Aedifica's history 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, periodic press releases and annual and half-year financial reports available on the Company's website) and that led to the formation of real estate portfolio of approx. €1.7 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 valuation 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:
    - 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 (7,387 shares), Ms. Laurence Gacoin (937 shares), Ms. Sarah Everaert (929 shares), Mr. Charles-Antoine van Aelst (582 shares), Mr. Sven Bogaerts (530 shares) and Ms. Adeline Simont (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 [1]
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 "Olphi 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 "Immobe 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**
7 June 2018	Contribution in kind (Smakt and Velp)	5,937,488.85	225,009 [2]
		480,279,540.67	**18,200,829**

[1] Shares without par value.

[2] These shares are quoted on the stock market as from 7 June 2018 and give dividend rights for the entire 2017/2018 financial year. 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 €480,279,540.67 (four hundred eighty million two hundred seventy-nine thousand five hundred forty and sixty-seven cents). It is represented by 18,200,829 (eighteen million two hundred thousand eight hundred twenty-nine) shares without nominal value, which each represent 1/18,200,829th (eighteen million two hundred thousand eight hundred twenty-ninth) 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 16 April 2018, 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 10 % (ten 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 16 April 2018, two thousand and nine, in the Annexes to the Belgian Official 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 RREC legislation.

(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 provision 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 reduction (Article 6.6 of the Articles of Association)

The Company may reduce its capital subject to compliance with the relevant statutory provisions.

4.7 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.

4.8 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.

4.9 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 twenty (20) days prior to the date of the general meeting.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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.

4.21 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.eu and we refer you to the “Corporate Governance Statement” chapter 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 perimeter companies.

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.
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 RREC legislation.

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 Committee 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 one Director and one member of the Management Committee 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.

4.22 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 (Law 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 immovable 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 xi of the Law of 12 May 2014 (the notion real estate is to be understood as "real estate" within the meaning of the RREC legislation);

  (c) to conclude with a public client or to accede to, in the long term directly or through a company in which it holds a participation in accordance with the provisions of the RREC legislation, where applicable in cooperation with third parties, one or more:

    - (i) DBF-agreements, the so-called "Design, Build, Finance" agreements;
    - (ii) DB(F)M-agreements, the so-called "Design, Build, (Finance) and Maintain" agreements;
    - (iii) DBF(M)O-agreements, the so-called "Design, Build, Finance, (Maintain) and Operate" agreements; and/or
    - (iv) public works concession agreements with respect to buildings and/or other infrastructure of an immovable nature and related services, and on the basis of which:
      - (i) it is responsible for ensuring the availability, maintenance and/or exploitation for a public entity and/or the citizen as end user, in order to fulfil a social need and/or to enable the provision of a public service; and
      - (ii) it may bear, in whole or in part, the related financing, availability, demand and/or operational risk, in addition to any potential building risk, without therefore necessarily having any rights in rem; and

  (d) to develop, cause to develop, establish, cause to establish, manage, allow to manage, operate, allow to operate or make available, in the long term directly or through a company in which it holds a participation in accordance with the provisions of the RREC legislation, where applicable in cooperation with third parties:

    - (i) public utilities and warehouses for transport, distribution or storage of electricity, gas, fossil or non-fossil fuel and energy in general and associated goods;
    - (ii) utilities for transport, distribution, storage or purification of water and associated goods;
    - (iii) installations for the generation, storage and transport of renewable or non-renewable energy and associated goods; or
    - (iv) waste and incineration plants and associated goods.

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 "gereglementeerde vastgoedvennootschap" (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 valuation 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 12.75% (i.e. 12.5% plus the crisis contribution of 2 %), 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). This 12.5 % taxation rate will be increased to 15 % as from 1 January 2020.

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.

5.3 Institutional Regulated Real Estate Company ("IRREC")

The Institutional Regulated Real Estate Company ("IRREC"), governed by the Law of 12 May 2014 and the Royal Decree of 13 July 2014, is a "light" version of the public RREC. It enables the public RREC to extend the taxation characteristics of its legal form to its subsidiaries and to undertake specific partnerships and projects with third parties. It is a non-listed company controlled jointly or exclusively by a public RREC. While an IRREC is obliged to distribute a dividend, it does not have any diversification or debt ratio requirements. The IRREC status is acquired upon approval by the FSMA.

Immobe SA, a 100 % subsidiary of Aedifica SA, has been recognised as an IRREC since 1 July 2018.

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 12.5 % (increased by a supplementary crisis tax uplift of 2 % for a total of 12.75 %).

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 + furnishments).

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): (contractual rents + guaranteed income) / (contractual rents + 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
CIO: Chief Investment Officer
CLO: Chief Legal Officer
CM&AO: Chief Mergers & Acquisitions 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
FBI: Federale Beleggingsinstelling
FSMA: Financial Services and Markets Authority
IAS: International Accounting Standards
IFRS: International Financial Reporting Standards
IPO: Initial Public Offering
IRREC: Institutional Regulated Real Estate Company
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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