ANNUAL FINANCIAL REPORT

2018/2019

aedifica

housing with care

Housing with care

Aedifica is a Belgian listed company that specialises in investments in European healthcare real estate, in particular housing for seniors with care needs.

Aedifica has established itself in recent years as a leader in the European listed real estate sector and has the ambition to further expand this position in the coming years.

By investing in quality buildings that generate recurring and indexed rental income and offer potential for capital gains, Aedifica aims to offer its shareholders a reliable and sustainable real estate investment with an attractive yield.

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

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* Alternative Performance Measure (APM) in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. For many years, Aedifica has used Alternative Performance Measures according to the guidelines issued by the ESMA in its communication. 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 press release are identified with an asterisk (*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. The APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements, in Note 57 of the consolidated financial statements below.

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 Management Committee 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 2019. 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.

MAPLE COURT, SCARBOROUGH (UK)

1. Market risks

1.1 Economic risks

The Group's activity is impacted by general economic conditions and is subject to economic cycles, since these affect the available income of existing tenants (and hence their ability to meet their financial commitments), the demand for rental properties, the valuation of real estate, as well as the availability and cost of financing. A downturn in the main macro-economic indicators could have a negative impact on Aedifica's activity and its development prospects.

The Company can also be affected by the default of its various partners: service providers, credit providers, hedge providers, contractors, etc.

In relation to the general economic trends, reference is also made to the press release of 6 June 2019 of the Governing Council of the European Central Bank (ECB) that 'expects the key ECB interest rates to remain at their present levels at least throughout the first half of 2020, and for as long as necessary to ensure the continued sustained convergence of inflation to levels that are approaching 2% over the medium term', suggesting low growth rate expectations, low interest rate expectations and low inflation expectations in the short term.

To mitigate these risks, Aedifica continues to diversify its investments, both geographically and in accordance with various diversification themes (including building types, tenants, segments of the healthcare market, possibilities for alternative use, public funding, etc.), which are fully aligned with Aedifica's investment strategy.

MAPLE COURT, SCARBOROUGH (UK)

It should be noted that healthcare real estate has a strong growth potential. This is because there is a demographically driven increase in demand for healthcare properties in the countries where Aedifica is active, while supply tends to stagnate or grow more slowly due to restrictions imposed by public authorities. Despite the Group's diversification efforts, a negative shift in the main macro-economic indicators or default of its various partners may still have a negative impact on the Group's assets, operations, financial position and prospects.

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. 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.

Aedifica anticipates these risks by diversifying its investment policy in terms of geographical spread, healthcare operators and healthcare real estate segments. 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 that rental income comes from long-term contracts, the weighted average unexpired lease term of Aedifica's contracts stands at 21 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. Nevertheless, the Company's diversification, portfolio growth, asset management and operating margin* cannot fully eliminate the risk of lower occupancy rates, decreases in contractual rents or building values on contract renewal, capital losses when properties are disposed of or increased acquisition prices and these elements could have a negative effect on the Group's assets, operations, financial position and prospects.

Aedifica aims to diversify its investments both geographically and in accordance with various diversification themes.

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; in the United Kingdom, the rent is generally linked to the Retail Price Index, with a specific floor in most cases). 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 per year of approx. €1.4 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 the indexation of rental income. Aedifica has taken some important steps to mitigate this risk (see section 3.3 below). Such steps, however, cannot fully eliminate the inflation risk and risk from higher real interest rates, which could have a negative impact on the Group's assets, operations, financial position and prospects.

In the event of negative inflation, most – but not all – contracts set a floor at the level of the initial rent.

1.4 Concentration risk of operators in the healthcare real estate segment

Given the dynamism of the large group of companies operating healthcare real estate, and the ongoing consolidation of this market, it cannot be ruled out that one or more business combinations will occur among two or more groups controlling legal entities with which the Group has entered into lease agreements. This may impact the diversification level of the Group's tenant base. Such concentrations within the portfolio can result from acquisitions by the Group, but can also occur in a passive way through acquisitions and mergers of existing tenants. Such business combinations have occurred in the past among Aedifica's portfolio operators and have served to improve the professionalism of these operators.

The impact of these consolidations on the diversification of Aedifica's tenant base has been offset by the growth of the portfolio, such as the recent acquisition of 90 healthcare sites in the United Kingdom, which are rented out to 14 different established operators. The integration of the new tenants ensures a better spread of the rental income over a larger group of tenants. Due to the increased diversification over various tenants, the concentration risk has decreased considerably.

Broadly speaking, if the 20% diversification threshold set forth in Article 30 of the Belgian Law of 12 May 2014 would be exceeded, the Company may not make any investments, divestments or take other actions that would result in this percentage increasing further.

As of 30 June 2019, no group (controlling legal entities with which the Group has entered into a lease agreements) exceeds the limit of 20% of the Group's consolidated assets. Data concerning these operator groups is provided in the Property Report included in the Annual Financial Report and in Note 3 of the Consolidated Financial Statements.

1.5 Risks associated with the break-up or disappearance of the Monetary Union and/or political instability, Brexit

A possible break-up or disappearance of the European Monetary Union or political instability in the European Union can lead to an increase in financing costs and capitalisation rates. These elements could lead to a decrease in the fair value of the Group's real estate portfolio, which in turn would have a negative impact on the equity, the net result and the intrinsic value of the shares, and would also lead to an increase of the debt-to-assets ratio (as it is expressed as a percentage of the value of the assets).

The investment activity of the Group in the United Kingdom concerns investments in real estate operated as care homes for seniors. Given the domestic nature of these operations, which does not imply any cross-border trading, the Group believes that any form of Brexit should not directly impact these operations. However, the developments regarding a possible Brexit may lead to fluctuations in the British pound to Euro exchange rate and, hence, may affect the value of the investment properties in the United Kingdom, the rental income and the net result of Aedifica, all expressed in euro.

An exit of the United Kingdom from the European Union could have an impact on the macro-economic evolution in the United Kingdom and imply political instability.

RESIDENTIE KARTUIZERHOF, LIERDE (BE)

2. Risks related to Aedifica's property portfolio

2.1 Rents

Since the divestment of the apartment and hotel portfolios during the 2018/2019 financial year, Aedifica's total turnover consists of rents generated on properties that are rented out to professional healthcare operators. When tenants leave on a due date or when the lease expires, new leases may yield lower rents than the current leases. A gloomy economic climate can also lead to renegotiations of current leases. In particular, this may lead to rent reductions such that tenants' rent levels are rebalanced as compared to their future income potential, and the sustainability of cash flows generated by the buildings is therefore maintained. This could have a negative impact on the Group's income and cash flows.

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 contract types. In the healthcare real estate segment for example, Aedifica invests in residential care facilities (e.g. care homes) as well as in buildings with apartments designed for seniors opting to live independently with care services available on demand.

2.2 Tenant risk

The Group is exposed to the risk of financial default by its tenants. Non-payment by tenants and a decrease in the occupancy rate of buildings may have a negative impact on the results. Moreover, the Group is not insured in case of such non-payment by tenants. In order to limit this risk, Aedifica carries out a thorough analysis of the business plan of its tenants, a continuous monitoring of their financial results and a rigorous procedure for the invoicing and follow-up of tenants experiencing payment difficulties. In addition, in most cases a rental guarantee is agreed with the operator (in the form of bank guarantees, blocked accounts or other guarantees), in accordance with current market practice.

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 €118 million in rental income.

2.3 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 structure for portfolio management. Aedifica's property managers maintain a daily dialogue with the operators of the healthcare sites. For the management of the portfolio in the United Kingdom, Aedifica has concluded an asset management agreement with an external service provider that works exclusively for Aedifica. However, the Group cannot completely eliminate the risk that the perceived quality of the buildings, their security level and the maintenance programme will affect the valuation of the Group's rental properties.

The Group 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 Group may be involved in court procedures arising in the normal course of business. An additional provision of €50 k was set aside to cover pending judicial cases. Given the uncertainties arising from court procedures, however, the Group could face new liabilities in the future.

Aedifica's property managers maintain a daily dialogue with the operators of the healthcare sites.

SARA SENIORENRESIDENZ, BITTERFELD-WOLFEN (DE)

2.4 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 United Kingdom and the Netherlands (partially)) or 'double net' (Germany and the Netherlands (partially)); 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 Group 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 development and renovation projects, and ensures that works contracted to third parties are properly carried out. Even as the Group 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 €2,104 million (excluding the value of the lands). This represents approx. 93 % of the fair value of marketable investment properties including assets classified as held for sale* (including lands) as of 30 June 2019.

Insurance contracts are usually signed by the building operators. 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, asbestos, etc. In addition, Aedifica itself covers the risks of underinsurance or lack of cover, e.g. in the event of non-payment of premiums, failure to sign up for an insurance policy, etc. Insurance premiums paid by Aedifica amount to €90 k for the 2018/2019 financial year.

The fair value of investment properties, as assessed quarterly by independent valuation 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 Group employs a manager who specifically monitors the valuation of the buildings on a daily basis. As of 30 June 2019, a change of 1 % in the fair value of investment properties would have an impact of approx. €290.93 million on the Company's net income and of approx. €0.93 on the net asset value per share. This would also impact the debt-to-assets ratio by approx. 0.4 %.

2.5 Risk of expropriation

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

2.6 Risks arising from mergers, acquisitions and de-mergers

An important 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 policy aims to ensure permanent access to financing, monitor the debt-to-assets-ratio and monitor and minimise the interest rate and exchange rate risks. However, the Company remains subject to financing risks; a change in interest rates or exchange rates could have a negative impact the Group's assets, operations, financial position and prospects.

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 Management Report included in this Annual Financial Report. As of 30 June 2019, it amounts to 36.7 % on statutory level and to 37.2 % 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 on a quarterly basis and its evolution is estimated during the approval process of each major investment project. When the debt-to-assets threshold of 50 % is exceeded, 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). In April 2019, Aedifica submitted such a financial plan to the FSMA after the consolidated debt-to-assets ratio had exceeded the 50 % threshold. With regard to this financial plan, the statutory auditor issued a special report in which he confirmed that he verified the preparation of the plan (in particular in terms of its economic basis) and that the figures of this plan correspond to those in Aedifica's accounts. The main objective of this financial plan was to reduce the consolidated debt-to-assets ratio by way of a public offer to subscribe for new shares in the context of a capital increase in cash. This capital increase was successfully completed on 7 May 2019 (see section 2.1.4 of the Management Report), reducing the consolidated debt-to-assets ratio to 37.2 % (on 30 June 2019), well below the 50 % threshold. The Company has stated in each of its last five Securities Notes (2010, 2012, 2015, 2017 and 2019) that it intends to maintain an appropriate long-term debt-to-assets ratio of approx. 50 % to 55 %.

Aedifica's financial model relies on a structural indebtedness. As a result, cash balances are usually low, amounting to €15 million as of 30 June 2019.

As of 30 June 2019, Aedifica has neither pledged any Belgian, Dutch or British 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, 11 out of 49 buildings in Germany are linked to a mortgage as of 30 June 2019, 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, it is possible that additional mortgages will be obtained.

3.2 Liquidity risk

Aedifica enjoys a strong and stable relationship with its financial institutions, 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 2019, Aedifica has drawn €744 million (2018: €742 million) from the total amount of €1,404 million in available confirmed financing arrangements. The remaining headroom of €660 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2019/2020 financial year. The financial plan for 2019/2020 includes total net investments of approx. €535 million. These are mainly payments related to the pipeline of development projects (approx. €260 million), payments related to the acquisitions announced since 1 July 2019 (€60 million) and other potential investments for an amount of €215 million.

Aedifica aims to further diversify its financing sources. In this context, Aedifica launched a programme in 2018 to issue treasury notes with varying maturities. The short-term treasury notes are fully hedged by the available funds on confirmed long-term credit lines.

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. However, there is a risk that credit margins may increase after the maturity date of these credit lines.

Aedifica 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 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 % and that the EBITDA should exceed twice the net financial charges. 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.

The control and diversification measures described above cannot completely eliminate the financial risks with which the Company may be confronted.

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. As of 30 June 2019, 98 % (30 June 2018: 95 %) of the amounts drawn in euro on variable-rate credit lines were hedged by hedging instruments (swaps and caps). Including the credit lines in British pounds, the hedging rate is 78 %.

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.

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 Group's hedges is provided in the Management Report and in Note 33 of the Consolidated Financial Statements included in this Annual Financial Report. The hedges can be 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 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'). A sensitivity analysis is provided in Note 33 of the Consolidated Financial Statements included in this Annual Financial Report.

Aedifica aims to further diversify its financing sources.

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, 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. However, this cannot be seen as a safeguard for the future.

3.4 Banking 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, it being understood that the counterparty risk cannot be excluded and the failure by one or more of Aedifica's financing or hedging counterparties could have a negative impact on the Group's assets, operations, financial position and prospects.

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 Group 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 GBP/EUR exchange rate risk

Aedifica generates its rental income and incurs its expenses within the euro-zone and since the purchase of the British portfolio on 1 February 2019, in British pounds.

Future fluctuations in the exchange rate may affect the value of the investment properties in the United Kingdom, the rental income and the net result of Aedifica, all expressed in euro. A variation of 0.10 of the GBP/EUR exchange rate has an impact of approx. €55.5 million of the fair value of the Group's assets located in the UK, €3.4 million of the rental income of the Group and €1.8 million of the net result of the Group.

The acquisition price of the healthcare portfolio in the United Kingdom was expressed in British pounds. In order to limit the foreign exchange rate risk stemming from this acquisition, Aedifica signed forward contracts in which the exchange rate of the euro against the British pound was fixated. Furthermore, Aedifica contracted part of its bridge facility agreement in British pounds. The part of the bridge facility denominated in British pounds, amounting to £150 million, forms a partial natural hedge against fluctuations on the balance sheet and limits the impact on the debt-to-assets ratio. The GBP tranche of the bridge facility, which has a maturity of 12 months as from 21 December 2018, will be refinanced through a new long-term financing agreement, which will also be denominated in GBP.

The Company applies an active hedging policy covering the GBP/EUR exchange risk impacting Aedifica's results, as deemed necessary, which takes into account, among other things, the volatility of the exchange rate observed from time to time and the cost of hedging (which itself is dependent on various elements). However, an active hedging policy cannot completely eliminate the currency exchange risk and the Company remains exposed to this risk. A change in the exchange rate that would not be covered by the Company's hedging policy may expose the Company to lower rental income and increased costs and can have a negative impact on the Company's assets, operations, financial position and prospects

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 Aedifica's control.

4. Regulatory risks

The Group 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.

4.1 Risks related to changes in regulation

New (European, national, federal, regional or local) regulations or changes to existing regulations, including in the areas of taxation, environment, urban planning, mobility policy, privacy and sustainable development and new provisions linked to the letting of real estate and the renewal of licences that the Company or the users of the Company's real estate must comply with, or a change in the application and/or interpretation of such regulations by the administration (including the tax administration) or the courts and tribunals, may increase the administrative costs and obligations of the Company, and may significantly affect its return and the fair value of its assets.

Aedifica generates its rental income and incurs its expenses within the euro-zone and since the purchase of the British portfolio on 1 February 2019, also in British pounds.

Aedifica shareholders benefit from a reduced withholding tax of 15 %.

Changes in the EU reference framework such as IFRS and conversions of new initiatives into national legislation in the framework of AIFMD (Alternative Investment Fund Managers Directive), EMIR (European Market Infrastructure Regulation) may also affect reporting, capital requirements, the use of derivative instruments and the organisation of the Company. They may also determine the operational activities of the Company and their practical and legal organisation, the applicable taxation and possibly valuation.

Although the Company monitors compliance with the regulations and draws on all necessary expertise in this respect, it is exposed to the risk of non-compliance with regulatory obligations and to environmental risks.

4.2 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 to the requirements of the Law of 12 May 2014 on Regulated Real Estate Companies 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, Aedifica is exposed to the risk of future changes in legislation relating to Regulated Real Estate Companies. The Company informs itself in a systematic way as to changes in local (Belgium, Germany, the Netherlands and the United Kingdom) and European legislation, 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 4.3 below). Furthermore, the loss of the public RREC status is, in accordance with 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.

4.3 Tax regime

As a public RREC, Aedifica 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 income tax at the level of the public RREC (i.e. the public RREC is subject to corporate income tax at the normal rate, but only on a limited taxable basis, consisting of the sum of (i) the abnormal or benevolent advantages it receives and (ii) the expenses and costs that are not deductible as business expenses, other than write-downs and capital losses on shares), while subsidiaries not having the status of a RREC or a specialised real estate investment fund remain subject to corporate income 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 assets of the Company's subsidiaries in Germany, Luxembourg, the Netherlands and Jersey 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 their unrealised capital gains and exempted reserves. When real estate is acquired through a merger in which the Company acquires a normally taxed real estate company, an exit tax is owed on the deferred capital gains and tax-exempt reserves of the real estate company (taxable merger) of 12.50 % for transactions (such as taxable mergers) that take place as from 1 January 2018. For transactions as from 1 January 2020, the exit tax rate will again be increased to 15 %. In addition, the additional crisis contribution (to be added to the exit tax) has also been reformed; however, the implementation is not linked to transactions from a specific date, but is related to a tax year. As from the tax year 2019, the additional crisis contribution was reduced from 3 % to 2 % (compared to a taxable period starting on 1 January 2018 at the earliest). The additional crisis contribution will be eliminated as from the 2021 tax year (with regard to a taxable period starting from 1 January 2020 at the earliest). For corporate restructurings, the tax year is equal to the calendar year in which the transaction takes place. In summary, mergers taking place in 2018 (for the 2018 tax year) were subject to an exit tax of 12.875 % (i.e. 12.50 % plus the additional crisis contribution of 3 %). Mergers that are or will be carried out in 2019 (with respect to the 2019 tax year) will be subject to an exit tax of 12.75 % (12.50 % plus the additional 2 % crisis contribution). Mergers carried out in 2020 (for the 2020 tax year) will be subject to an exit tax of 15.30 % (i.e. 15 % plus the additional 2 % crisis contribution). Mergers carried out as from 1 January 2021 are subject to a tax rate of 15 % (without additional crisis contribution).

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

MARTHA FLORA HOORN, HOORN (NL)

this circular is subject to change at the Government's discretion at any time. The 'market value' of a property as stated in the circular is calculated after deduction of the registration duties or of the VAT. This 'market 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 Belgian withholding tax on dividends amounts, in principle, to 30 %, subject to reduction or exemption under the applicable Belgian provisions or tax treaties. However, with effect as from 1 January 2017, a reduced withholding tax of 15 % was provided for dividends distributed by a RREC, which invests at least 60 % of its real estate directly or indirectly in so-called 'healthcare real estate' (new Article 269, §1, 3° of the Belgian Income Tax Code '92). Healthcare real estate is defined as immovable property that is located in a member state of the European Economic Area and is exclusively or mainly used or intended as residential units adapted to residential care or health care. If the real property is not exclusively used or intended for residential care or health care, or is only used as such during part of the taxable period, only the ratio of the time and the surface area that is devoted to residential care or health care shall be taken into account for the determination of the 60 %-treshold. Since the Company invests more than 60 % of its real property portfolio in health care properties (mainly housing for senior citizens), the Shareholders benefit from this reduced rate of 15 % as from 1 January 2017. If the Company would no longer meet this 60 %-threshold, the withholding tax rate will be increased from 15 % to 30 % (i.e. the ordinary withholding tax rate).

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 Law of 12 May 2014 and/or of the Royal Decree of 13 July 2014), the Company would also lose its specific tax status and the reduced withholding tax rate of 15 %. 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.

For its activity in The Netherlands, 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.

5. Corporate risks

5.1 Growth management risk

Aedifica's steady growth could cause a scarcity of available funding (either as equity or debt). To counter this risk, the Group 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, Aedifica 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 Group expands its team by adding individuals with specialised profiles. The Company's expanding network of actual and potential suppliers and financial partners, upgraded procedures and information system and other measures, notwithstanding, the risk of scarcity of available funding cannot be fully eliminated.

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, trigger a loss of confidence on the part of the company's partners, and make it more difficult access to capital. However, the Group 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. In addition, Aedifica invests in the development of country teams to be close to the local market in order to identify new opportunities. However, this cannot fully eliminate the risk of a lack of growth, the resulting change in stock market expectations, a loss of confidence of Aedifica's partners and a more difficult access to capital for the Group.

5.3 Risk related to the Group's internationalisation

Internationalisation of the Group's activities 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, integration, property management, etc.) and the combination of regulatory risks in the different countries. Aedifica calls upon local experts for assistance regarding its international development, and establishes the required structures and procedures to ensure a harmonious international development. By developing teams for each country in which Aedifica operates (local management teams), the group maintains close contact with the local market, enabling it to identify new opportunities. However, these experts and the Group's structures and procedures cannot fully eliminate the risk of increased complexity in the day-to-day management of the Group's operations and the combination of multi-jurisdictional regulatory risk.

CRYSTAL COURT, HARROGATE (UK)

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. However, the Company cannot fully eliminate the risk that its reputation could be damaged.

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.

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 respect 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). Nevertheless, the risk of deficiencies in reporting cannot fully be eliminated.

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 management and investment activities, and/or an interruption of the internal and external reporting process. The Group has had a devoted IT manager since January 2019 and is assisted by an external partner regarding the management of ICT infrastructure (hardware and software), the security of the access to data and the storage of this data. In addition, a cyber-security insurance policy has been signed to insure the Group against various types of cybercrime. However, the Company cannot fully eliminate the risk of a loss or unavailability of data on its investment activities or internal and external reporting processes.

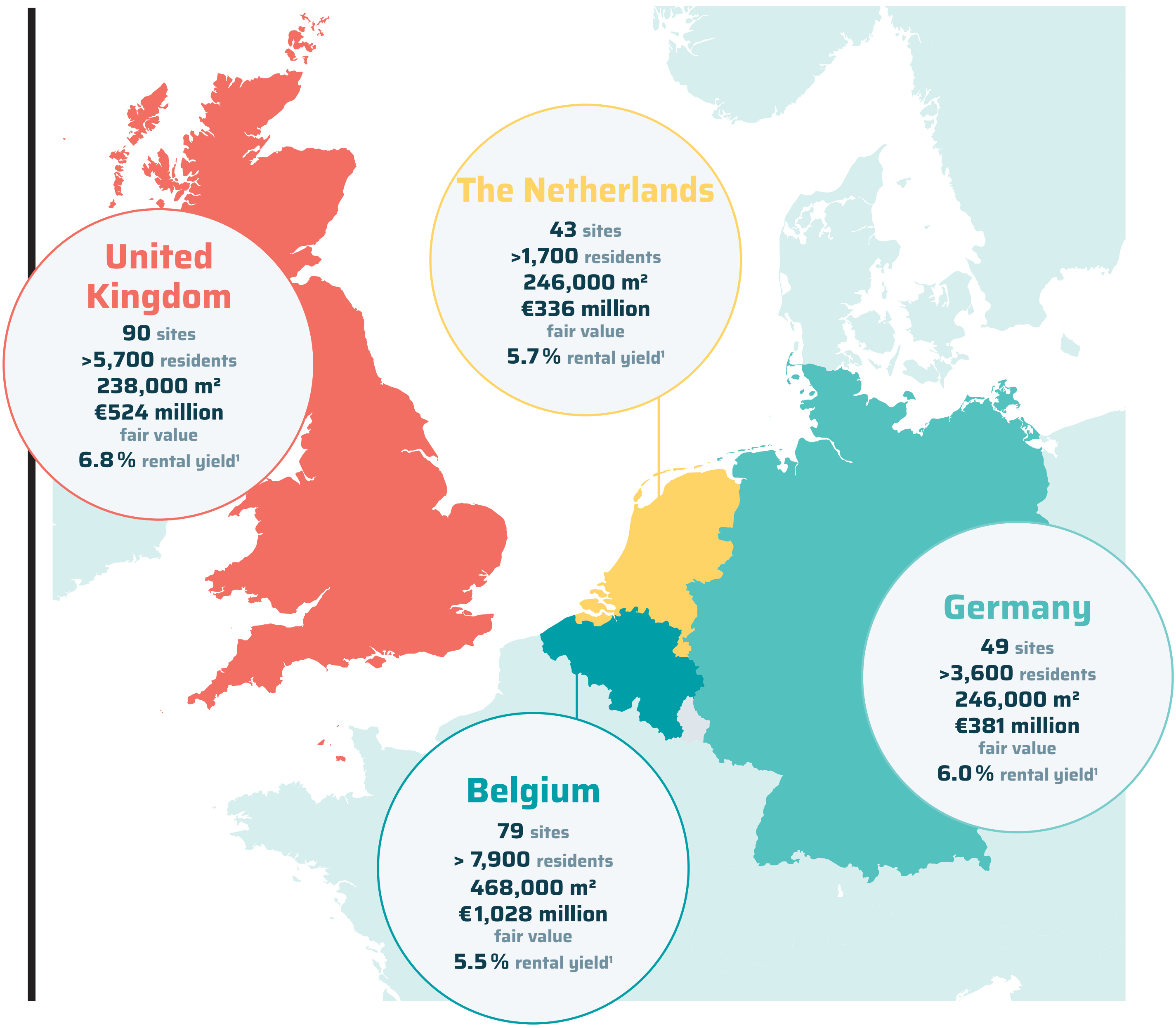
6.3 Risk related to team members

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 Group's ability to grow.

Consequently, Aedifica has developed a human resources policy which focuses on retaining key personnel to the greatest extent possible, by (among other things) implementing an appropriate remuneration policy and offering a training programme and the possibility of in-house promotion. Furthermore, the Group has provided for the duplication ('back ups') of certain functions. The Group also carries out a proactive recruitment policy, which has led to the creation of several new positions in recent years. However, the Company's human resources policy and recruitment policy cannot fully eliminate the risk of departure of key personnel.

Aedifica calls upon local experts and establishes the required structures and procedures to ensure a harmonious international development.

This is Aedifica



1. Based on the fair value (re-assessed every three months). For healthcare real estate, the gross yield and the net yield are generally equal ('triple net' contracts), with the operating charges, the maintenance costs and the rents on empty spaces related to the operations generally being, supported by the operator in Belgium, the United Kingdom and (often) the Netherlands. In Germany (and the Netherlands, in some cases), the net yield is generally lower than the gross yield, with certain charges remaining at the responsibility of the owner, such as the repair and maintenance of the roof, structure and facades of the building ('double net' contacts).
2. Weighted average unexpired lease term.

In full expansion

	2018/2019	2017/2018
Sites	261	135
Residents	>19,000	>11,000
Surface	1,198,000 m²	708,000 m²
Fair value	€2,270 million	€1,431 million
Rental yield[1]	5.9 %	5.7 %

"Over the course of the financial year, Aedifica closed a record amount of more than €910 million in investments."

Stefaan Gielens, CEO

MARTHA FLORA BOSCH EN DUIN, BOSCH EN DUIN (NL)

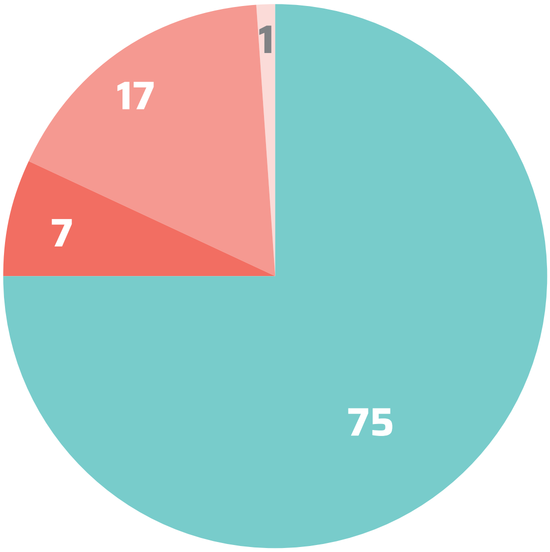
€428 million
Pipeline

21 years
WAULT[2]

100 %
Occupancy rate

Breakdown by healthcare segment in fair value (%)

- Healthcare buildings for care-dependent seniors
- Healthcare buildings for independent seniors with on-demand services
- Mixed-use healthcare buildings
- Healthcare buildings for target groups other than seniors



"At the end of the 2018/2019 financial year, Aedifica is a 100 % pure-play investor in European healthcare real estate."

Stefaan Gielens, CEO

Financials

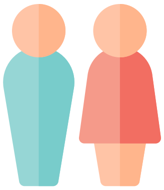
€118 million
Rental income

€3.74/share
EPRA Earnings*

€2.80/share
Dividend

37.2 %
Consolidated Debt-to-assets ratio

Team



60
Employees

31
Men

29
Women

41 years
Average age

29 hours
Average number of training hours

Investment properties (x €1,000)	30 June 2019	30 June 2018
Marketable investment properties in fair value incl. assets as held for sale*	2,269,744	1,705,350
Development projects	51,206	35,183
Total of investment properties in fair value incl. assets as held for sale*	**2,320,949**	**1,740,533**

Net asset value per share (in €)	30 June 2019	30 June 2018
Net asset value after deduction of dividend 2017/2018[1], excl. changes in fair value of hedging instruments*	60.16	51.18
Effect of the changes in fair value of hedging instruments	-2.05	-1.95
Net asset value after deduction of dividend 2017/2018[1]	**58.11**	**49.24**

Consolidated income statement - analytical format (x €1,000)	30 June 2019	30 June 2018
Rental income	118,413	91,677
Rental-related charges	-41	-80
Net rental income	118,372	91,597
Operating charges*	-21,230	-14,322
Operating result before result on portfolio	97,142	77,275
EBIT margin* (%)	82	84
Financial result excl. changes in fair value*	-20,168	-15,319
Corporate tax	-4,498	-3,553
Share in the profit or loss of associates and joint ventures accounted for using the equity method in respect of EPRA Earnings*	282	0
Non-controlling interests in respect of EPRA Earnings*	-613	0
EPRA Earnings* (owners of the parent)	72,145	58,403
Denominator (IAS 33)	19,274,471	17,990,607
EPRA Earnings* (owners of the parent) per share (€/share)	3.74	3.25
EPRA Earnings*	72,145	58,403
Changes in fair value of financial assets and liabilities	-7,304	-2,157
Changes in fair value of investment properties	63,317	15,018
Gains and losses on disposals of investment properties	7,321	789
Negative goodwill / goodwill impairment	0	-344
Deferred taxes in respect of EPRA adjustments	-6,216	146
Share in the profit or loss of associates and joint ventures accounted for using the equity method in respect of the above	853	0
Non-controlling interests in respect of the above	-6,618	0
Roundings	-1	0
Profit (owners of the parent)	123,497	71,856
Denominator (IAS 33)	19,274,471	17,990,607
Earnings per share (owners of the parent - IAS 33 - €/share)	**6.41**	**3.99**

Consolidated balance sheet (x €1,000)	30 June 2019	30 June 2018
Investment properties including assets classified as held for sale*	2,320,949	1,740,533
Other assets included in debt-to-assets ratio	65,061	24,418
Other assets	117	1,692
Total assets	2,386,127	1,766,643
Equity		
Equity excl. changes in fair value of hedging instruments*	1,480,082	977,086
Effect of the changes in fair value of hedging instruments	-50,533	-35,439
Non-controlling interests	103	0
Equity	1,429,652	941,647
Liabilities included in debt-to-assets ratio	888,158	781,449
Other liabilities	68,317	43,547
Total equity and liabilities	2,386,127	1,766,643
Debt-to-assets ratio (%)	**37.2**	**44.3**

Key performance indicators according to the EPRA principles	30 June 2019	30 June 2018
EPRA Earnings* (in €/share)	3.74	3.25
EPRA NAV* (in €/share)	60.64	51.52
EPRA NNNAV* (in €/share)	57.81	48.86
EPRA Net Initial Yield (NIY) (in %)	5.5	5.2
EPRA Topped-up NIY (in %)	5.5	5.2
EPRA Vacancy Rate (in %)	0	1
EPRA Cost Ratio (including direct vacancy costs)* (in %)	18	16
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	18	16

1. See Note 57.6.

A strategic pivotal year

Dear shareholder,

2018/2019 marks a strategic pivotal year for Aedifica. Over the course of the financial year, a record amount of more than €910 million in investments were carried out and announced, significantly expanding the Group's portfolio while also entering a fourth European market. In addition, non-strategic activities were phased out, making Aedifica a 100 % pure-play investor in European healthcare real estate at the end of the financial year. Moreover, in May 2019, Aedifica completed the largest ever capital increase in the Belgian REIT sector, allowing the Group to maintain its pace of growth. All these efforts allowed Aedifica to establish itself in the past financial year as a leader in the European listed real estate sector.

Aedifica's pure-play strategy

Late 2015, Aedifica kicked off its strategic transformation into a pure-play investor in European healthcare real estate by launching the baseline 'housing with care'. Now, less than four years later, the Group has achieved its pure-play ambitions through the divestment of the non-strategic parts of its portfolio.

Over the course of the financial year, we sold in two phases 75 % of the shares in Immobe NV/SA, the company in which Aedifica has contributed its 'apartment buildings' branch activities. In June 2019, we completed our pure-play strategy following the disposal of the hotel portfolio. The portfolio now includes only healthcare real estate, allowing us to focus more than ever on the core business in which we have developed many years of experience.

Stefaan Gielens Chief Executive Officer
Serge Wibaut Chairman of the Board of Directors

> **"During 2018/2019, non-strategic activities were phased out, making Aedifica a 100 % pure-play investor in European healthcare real estate at the end of the financial year."**
>
> **Serge Wibaut, Chairman of the Board of Directors**

European expansion

Aedifica's European pure-play ambitions were also evidenced by the investments that were carried out and announced in 2018/2019. The Group's international expansion continued at full strength with the acquisition and completion of more than 140 healthcare real estate sites, not only in Belgium, Germany and the Netherlands, where Aedifica was the largest investor in healthcare real estate for the second year in a row in 2018 (according to a study by CBRE), but also in a fourth market.

In February 2019, we entered a fourth European market through the acquisition of a healthcare real estate portfolio of 90 sites in the United Kingdom, our largest acquisition to date. This portfolio includes 14 new operators, substantially improving tenant diversification and strengthening Aedifica's exceptional 21-year WAULT.

All of Aedifica's investments in its four markets increased the real estate portfolio during 2018/2019 to 261 sites with a capacity for more than 19,000 residents. The fair value of marketable investment properties including assets classified as held for sale* increased by €564 million (+33 %), reaching €2,270 million (€1,705 million at the beginning of the period). In addition, on 30 June 2019, the Group had a total committed budget for development projects of approx. €428 million (see section 4.2 of the Property Report). These projects are already pre-let. Taking into account the fair value of the investment properties and the development projects that will be completed over a period of three years, Aedifica's total portfolio will reach the € 2.7 billion mark.

New resources for further growth

In addition to the abovementioned investments, in May 2019, we strengthened Aedifica's equity by way of a public capital increase of €418 million. This capital increase, combined with the divestment of non-strategic segments, significantly reduced the consolidated debt-to-assets ratio to 37.2 % at 30 June 2019 (compared to 55.5 % at 31 March 2019), thus providing the Group with sufficient financial resources to continue its growth rhythm. In addition, Aedifica established new long-term financing arrangements for a total amount of approx. €200 million over the course of the financial year.

Aedifica' growth strategy continues to inspire market confidence, as reflected in the evolution of the share price, which increased from €78.10 (30 June 2018) to €83.90 (30 June 2019) during the financial year and even reached a record high of €105.80 during the summer months. Taking the stock price on 30 June 2019 as a baseline, the Aedifica share trades at a premium of 39.5 % to the net asset value per share excluding changes in fair value of hedging instruments*, or a premium of 44.4 % to the net asset value per share.

Excellent results

In addition to its investments and growth, Aedifica also strives for optimal management of its real estate portfolio. The Group's portfolio provides for excellent rental incomes (+29 %). The EPRA Earnings* increased by 24 %, reaching €72.1 million (30 June 2018: €58.4 million), i.e. €3.74 per share (30 June 2018: €3.25 per share, an increase of 15 %). Aedifica's total profit amounts to €123 million (30 June 2018: €72 million).

Aedifica owes its excellent results to the enthusiasm, competence and commitment of its staff. The Board of Directors would therefore like to offer its sincere congratulations and thanks to the Aedifica team for their contribution to the development of the Group.

Taking into account these results, Aedifica's Board of Directors will propose to the Annual General Meeting of 22 October 2019 a gross dividend of €2.80 per share (subject to a reduced withholding tax rate of 15 %), an increase of 12 % compared to the prior year dividend distribution. The dividend will be split between two coupons (coupon no. 21 amounts to €2.38 and has already been detached, coupon no. 22 amounts to €0.42).

Future growth

Over the past financial year, Aedifica has demonstrated its ability to meet its growth ambitions and in 2019/2020, the Group intends to continue on its path, pursuing continued growth. Several new investment opportunities are being analysed. Even without taking into account new investments, the future growth of the Group is assured given its extensive pipeline of investment projects. This combination of new investments and existing commitments concerning the acquisition, renovation, expansion, redevelopment and construction of numerous sites allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields and to further anchor itself as a pure-play investor in European healthcare real estate.

In the 2019/2020 financial year, the EPRA Earnings* is expected to increase to €87 million or €3.55 per share, taking into account the larger number of shares. The Board of Directors expects a gross dividend €3.00 per share, an increase of 7 %.

Serge Wibaut,
Chairman of the Board of Directors

Stefaan Gielens,
Chief Executive Officer

"In May 2019, Aedifica strengthened its equity through a public capital increase of €418 million, the largest ever for a Belgian REIT."

Stefaan Gielens, CEO

Timeline

2005

- Formation of Aedifica
- Apartments & hotels portfolio

2006

- Listing on Euronext Brussels
- First investments in healthcare real estate

2010

- 1st SPO[1] (€67 million)

2012

- 2nd SPO (€100 million)

2013

- First acquisitions in Germany

2015

- 3rd SPO (€153 million)
- Set-up of a German property management team

2016

- 1st acquisitions in The Netherlands

2017

- 4th SPO (€219 million)
- Aedifica's signs an agreement with Specht Gruppe for the construction of 17 care campuses in Germany (investment of approx. € 250 million)
- Aedifica is the most active private investor in Dutch healthcare real estate

2018

- 'Investor des Jahres 2018' award in Germany
- Aedifica is again the most active private investor in Dutch healthcare real estate
- Corporate headquarters moved to the European quarter
- Set-up of a team to manage the Dutch portfolio

1. Secondary Public Offering.

2019

100 % pure-play investor in healthcare real estate

In 2018/2019, Aedifica completed its strategic ambition to become a 100 % pure-play investor in European healthcare real estate by divesting the non-strategic parts of its portfolio. The apartment buildings branch was transferred to Immobe NV/SA, of which 75 % of the shares were sold to a strategic partner over the course of the financial year. The hotel portfolio was also sold in June 2019. The capital released by the divestment of both portfolios also offers additional opportunities to finance Aedifica's growth strategy.

Investment of £450 million in the United Kingdom Deal of the Year 2018

In February 2019, Aedifica invested approx. £450 million in a portfolio of 90 heathcare sites in the UK, completing its largest acquisition to date. By investing in a new European market, Aedifica not only diversifies its portfolio geographically, but also expands its tenant base with 14 new healthcare operators. This major transaction was awarded the 'Deal of the Year 2018' in May 2019 by Trends magazine, an acknowledgement of Aedifica's strategic and financial leadership.

Largest capital increase ever in the Belgian RREC sector

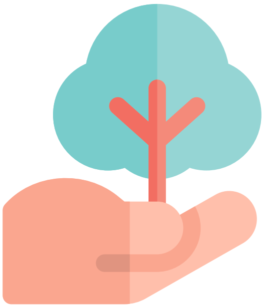
In order to strengthen the Group's equity, a public capital increase in cash was completed in early May 2019 for the fifth time since Aedifica's IPO. The capital increase received a great deal of support from investors and, at €418 million (including issue premium), was the largest ever capital increase in the history of the Belgian RREC sector. With this capital injection, Aedifica has sufficient resources to finance its growth in the future.

Expansion of the healthcare real estate portfolio

In the course of the 2018/2019 financial year, the fair value of Aedifica's healthcare real estate portfolio grew by €857 million from €1,413 million to €2,270 million. In addition to the substantial acquisition of the portfolio of 90 healthcare sites in the United Kingdom, Aedifica has completed or announced numerous acquisitions in Belgium, Germany and the Netherlands. In addition, 16 development projects were completed in 2018/2019. In total, more than 8,500 units were added to the portfolio in the past financial year.

First sustainability report

In May 2019, Aedifica focused on its commitments in the field of sustainability and corporate social responsibility in its very first sustainability report. On the basis of the United Nations Sustainable Development Goals (SDGs), Aedifica has drawn up an ambitious action plan that lists the objectives that the Group intends to achieve by 2025 in the areas of sustainability, corporate responsibility and social responsibility.



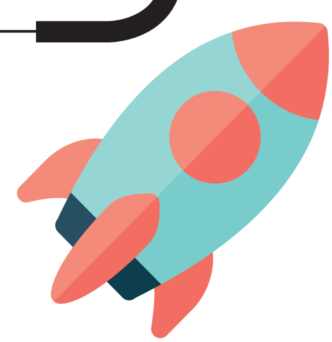
Management Report

37.2 %
Consolidated debt-to-assets ratio as of 30 June 2019

€2.3 billion
Fair value of investment properties as of 30 June 2019

+29 %
Increase in consolidated rental income as compared to 30 June 2018

+24 %
EPRA Earnings* as compared to 30 June 2018



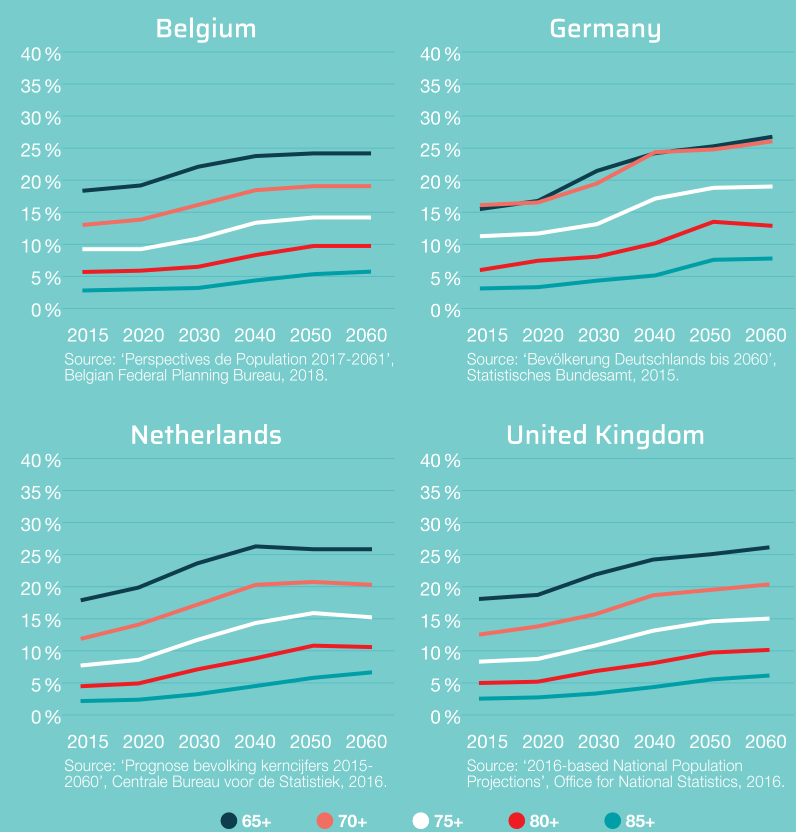
100 %
Occupancy rate

Management Report[1]

- EPRA Earnings* increased to €72.1 million as of 30 June 2019 (+24 % compared to 30 June 2018) and EPRA Earnings* per share to €3.74 (+15 % compared to 30 June 2018).
- Confirmation of the proposed dividend of €2.80 gross per share (+12 %).
- 100 % pure-play investor in European healthcare real estate following the divestment of the hotel portfolio and 75 % of the participation in Immobe NV/SA (apartment portfolio).
- Entry into the UK healthcare real estate market.
- Healthcare real estate investments of approx. €910 million carried out and/or announced.
- Real estate portfolio* of €2.3 billion as of 30 June 2019 (+33 % increase compared to 30 June 2018.
- 261 healthcare sites comprising more than 19,000 units in four countries:
  - €1,028 million in Belgium (79 sites);
  - €381 million in Germany (49 sites);
  - €336 million in the Netherlands (43 sites);
  - €524 million in the United Kingdom (90 sites).
- Pipeline of €428 million in acquisitions, construction and renovation projects.
- Rental income increased to €118 million as of 30 June 2019 (+29 % compared to 30 June 2018).
- Weighted average unexpired lease term of 21 years and occupancy rate of 100 %.
- Capital increase of €418 million, the largest ever for a Belgian REIT.
- Debt-to-assets ratio of 37.2 % as of 30 June 2019.
- Forecast for the 2019/2020 financial year: proposed gross dividend of €3.00.

The increasing number of seniors with care needs will drive the demand for healthcare real estate over the next 40 years.

Ageing European population by age group



1. This Management Report is based on the Consolidated Financial Statements. It includes, however, some data on the statutory account, but that is always specifically mentioned. Full statutory financial statements and the statutory Management 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.

DE STATENHOF, LEIDEN (NL)

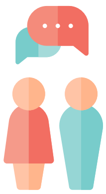
1. Strategy

Aedifica is a Belgian listed company that specialises in investments in European healthcare real estate, in particular housing for seniors with care needs. Aedifica has established itself in recent years as a leader in the European listed real estate sector and has the ambition to further expand this position in the coming years. By investing in quality buildings that generate recurring and indexed rental income and offer potential for capital gains, Aedifica aims to offer its shareholders a reliable and sustainable real estate investment with an attractive yield.

1.1 A sector with growth potential

The European population is increasingly ageing and, on average, living longer. In Belgium, Germany, the Netherlands and the United Kingdom – the four markets where Aedifica operates – more than 25 % of the population will be aged over 65 and more than 10 % over 80 by 2060. Over the next 40 years, this increasing number of seniors in need of care will drive the demand for healthcare real estate. In addition, governments have limited resources to meet this growing demand, which means that private investors are also being counted on to finance real estate infrastructure that responds to the care and housing needs of the ageing population. Moreover, the long-term need for healthcare real estate investments is also supported by the consolidation of healthcare operators on a European scale, with real estate being sold to finance the further growth of healthcare groups. Given the long-term demographic trends, the limited public funds and the consolidation of healthcare operators, Aedifica is investing in a real estate sector with strong growth potential.

Aedifica invests in quality healthcare buildings that generate recurring and indexed rental income and offer potential for capital gains.



As a result of its long-term partnerships with care operators, Aedifica is in constant dialogue with its tenants.

1.2 Specialist in healthcare real estate

In recent years, Aedifica has established itself as a specialist in healthcare real estate investments. Because of the many years of experience and knowledge it has developed, the Group is able to respond in a flexible way to the increasing market demand and the specific real estate needs of healthcare operators. As a result of its long-term partnerships with care operators, Aedifica is in constant dialogue with its tenants. Thanks to this sustainable interaction, the Group is aware of the specific needs of these operators, enabling it to respond to their needs and invest in the development of buildings that integrate innovative care concepts and technologies. This specialisation strategy makes Aedifica the ideal partner for investments in healthcare real estate and sets the Group apart from other investors in the sector.

1.3 A diverse portfolio in full expansion

Aedifica essentially pursues a buy-and-hold strategy that, by definition, focuses on the long term. The Group plans to further expand and optimise its healthcare real estate portfolio through sale-and-rent-back transactions of existing buildings, and by investing directly in the construction of new buildings and in the renovation and/or expansion of existing sites. These projects are always fully pre-let. In order to limit risks and to avoid over-reliance on a particular social security system, Aedifica is building a balanced portfolio by diversifying its investments from a geographical point of view as well as in terms of tenants and target groups.

RESIDENTIE KARTUIZERHOF, LIERDE (BE)

Geographical breakdown in fair value (%)

Aedifica has developed a diverse geographical spread in Belgium, Germany, the Netherlands and the United Kingdom. As it currently operates in four different European countries, the Group does not depend on a single social security system and can further diversify its tenant base. In Germany, the Netherlands and the United Kingdom, the consolidation of the sector is still in full development, resulting in more investment opportunities and higher average rental yields than in the mature Belgian market. In addition, Aedifica intends to explore new European markets. More information about the healthcare real estate market in the four countries in which Aedifica is active is available in the Property Report of this annual financial report.

Breakdown of contractual rent by operator group (%)

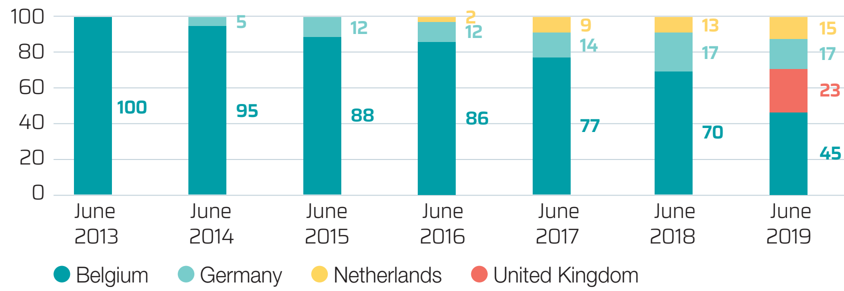
Aedifica rents out its buildings to more than 55 groups of professional and specialist healthcare operators on the basis of long-term contracts that generate high rental yields. Each healthcare group that operates Aedifica property generates less than 15 % of the Group's total rental income, which therefore benefits from a diverse income stream. Aedifica intends to continue to diversify its tenant base in the future.

Breakdown by healthcare segment in fair value (%)

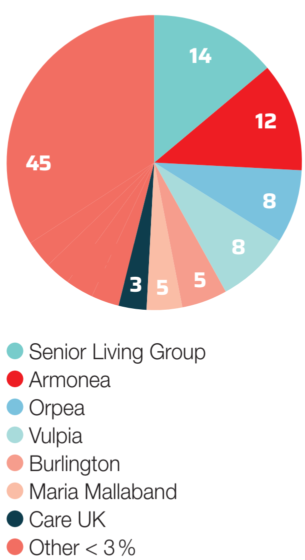
Aedifica also diversifies its portfolio by investing in healthcare real estate for different target groups. The primary focus of investments is on all types of housing for seniors with care needs, enabling the Group to meet both the expectations of the care providers and the growing demand resulting from demographic developments. In addition, the Group is also investing in real estate for other types of people in need of care. Within its healthcare real estate portfolio, Aedifica identifies the following segments:

- **healthcare buildings for care-dependent seniors** are the permanent residence of seniors who continuously rely on collective domestic services, assistance in daily life and nursing or paramedical care. This type of building is referred to in Belgium as 'woonzorgcentrum' and 'maison de repos', in Germany as 'Pflegeheim', in the Netherlands as 'zorgresidentie' or 'verpleeghuis' and in the United Kingdom as 'care home'.

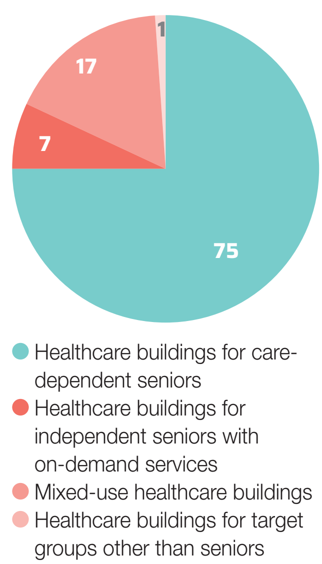
Geographical breakdown in fair value (%)



Breakdown of contractual rent by operator group (%)



Breakdown by healthcare segment in fair value (%)



- **healthcare buildings for independent seniors with on-demand services** consist of individual housing units where older people live independently, with common service facilities that can be used on an optional basis. This type of building is referred to in Belgium as 'assistentiewoningen' and 'résidence-services', in Germany as 'betreutes Wohnen' and in the Netherlands as 'seniorenappartementen'.
- **mixed-use healthcare buildings** combine within one building (or within several buildings on one site) housing units for both care-dependent seniors and seniors who want to live independently with care services available on demand. Some sites also combine housing for seniors with other types of care, such as medical centres.
- **healthcare buildings for target groups other than seniors** provide permanent housing for people with high care needs due to a disability or illness (regardless of age). This segment only represents a small part of Aedifica's portfolio (approx. 1 %).

1.4 Corporate social responsibility

Acknowledging its role in society, Aedifica has assumed its responsibilities by developing an ambitious CSR action plan, which the Group intends to carry out by 2025. This action plan, based on the Sustainable Development Goals (SDGs), sets out the objectives that Aedifica intends to achieve in terms of sustainability, corporate responsibility and social responsibility. More information on this action plan and what has already been achieved can be found in Aedifica's sustainability report (available on the website).

1.5 Growth strategy

Aedifica's ambitious growth strategy is bearing fruit: the fair value of the investment properties including assets classified as held for sale* averaged a compounded annual growth rate of 26 % over 13 years and reached €2.3 billion as of 30 June 2019. Aedifica intends to maintain this growth rate in the coming years and thus continue to create economies of scale, in particular:

- strong diversification of risks;
- greater capacity to effectively respond to market opportunities;
- increased liquidity of the shares;
- easy access to capital markets;
- optimal management of the portfolio.

All with a view to ensure:

- predictable revenues;
- optimisation of fixed costs; and
- increasing EPRA Earnings* per share and, subsequently, optimal returns for shareholders.

1.6 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 is expected to have a significant impact on the 'consumption' of care 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 continuously evaluating the needs and opportunities generated by shifting demographics. Aedifica is also studying the possibility of investing in new geographic markets within Europe, with a continued focus on healthcare real estate.

2. Operations carried out before and after the 30 June 2019 closure

2.1 Operations during the 2018/2019 financial year

Investments and completions carried out during the 2018/2019 financial year are detailed below in sections 2.1.1 and 2.1.2. They are also described in the Company's press releases, which are available online at www.aedifica.eu.

2.1.1 Investments

During the 2018/2019 financial year, Aedifica carried out or announced the acquisition of 129 healthcare sites, representing a total capacity of more than 8,600 units. The total volume of investments that were announced and carried out amounted to more than €910 million.

	Type	Location	Date	Investment (€ million)[1]	Pipeline (€ million)[2]	Gross rental yield (approx. %)	Completion	Lease	Operator
Belgium				**64**	**13**				
Residentie Kartuizerhof	Acquisition	Lierde	8/10/18	20	-	5 %		27 years - NNN	Vulpia
Résidence de la Paix	Acquisition	Evere	8/10/18	15	2	5 %	2020	27 years - NNN	Vulpia
Hof van Schoten	Acquisition	Schoten	14/12/18	18	-	5 %		27 years - NNN	Hof van Schoten
Rembertus	Acquisition & development	Mechelen	15/04/19	4	11	5 %	Q4 2020	27 years - NNN	Armonea
Bremdael	Acquisition	Herentals	20/06/19	7	-	5 %		27 years - NNN	Bremdael
Germany				**71**	**154**				
Seniorenquartier Schwerin, Seniorenquartier Lübbecke, Seniorenquartier Kaltenkirchen	Acquisition & development[3]	Schwerin, Lübbecke, Kaltenkirchen	11/07/18	4	36	5,5 %	Q3/Q4 2019	30 years - NNN	EMVIA Living
Seniorenzentrum Sonneberg, Haus Cordula I & II, Hansa Pflege- und Betreuungs-zentrum Dornum	Acquisition	Sonneberg, Rothenberg, Dornum	29/08/18	23	-	6 %		20 years - NN	Azurit
Argentum portfolio (4 sites)	Acquisition	Bad Sachsa	28/09/18	19	-	7 %		30 years - NN	Argentum
Seniorenwohn-park Hartha	Acquisition	Tharandt	12/12/18	-	12	6 %		30 years - NN	EMVIA Living
Zur alten Linde	Acquisition	Rabenau	12/12/18	-	6	6 %		30 years - NN	EMVIA Living
Seniorenheim J.J. Kaendler	Acquisition	Meissen	1/02/19	4	-	6,5 %		30 years - NN	Argentum
Haus Steinbachhof	Acquisition	Chemnitz	26/02/19	-	16	6 %		19 years - NN	Casa Reha
Seniorenhaus Wiederitzsch	Acquisition	Leipzig	26/02/19	-	7	6 %		24 years - NN	Convivo
Pflegecampus Plauen	Acquisition & development	Plauen	15/04/19	1,5	11	5,5 %	Q3 2020	25 years - NN	Aspida
Haus am Jungfernstieg	Acquisition	Neumünster	29/05/19	5,5	-	6,5 %		30 years - NN	Convivo
SARA Seniorenresidenz	Acquisition	Bitterfeld-Wolfen	13/05/19	10	-	6 %		30 years - NN	SARA
Wolfsburg, Heiligenhafen, Espelkamp, Beverstedt	Acquisition & development[4]	Wolfsburg, Heiligenhafen, Espelkamp , Beverstedt	23/05/19	4	66	5.5 %	Q2/Q3 2020	30 years - NNN	EMVIA Living

	Type	Location	Date	Investment (€ million)[1]	Pipeline (€ million)[2]	Gross rental yield (approx. %)	Completion	Lease	Operator
Netherlands				**58**	**50**				
Sorghuys Tilburg	Acquisition & redevelop-ment	Berkel-Enschot	19/07/18	1	3	6,5 %	Q3 2019	25 years - NNN	Ontzorgd Wonen Groep
Nieuw Heerenhage	Acquisition & development[5]	Heerenveen	26/09/18	2	20	5,5 %	Q1 2021	25 years - NNN	Stichting Rendant
Verpleegcentrum Scheemda	Acquisition & development	Scheemda	27/09/18	1	4	7 %	Q4 2019	25 years - NN	Stichting Ooster-lengte
De Statenhof Hoogbouw, Residentie Sibelius, Residentie Boldershof	Acquisition	Leiden, Oss, Amersfoort	5/10/18	35	12	5,5 %	Q4 2019 2022 Q4 2019	25 years - NNN	Ontzorgd Wonen Groep
Het Gouden Hart Harderwijk	Acquisition & development	Harderwijk	26/10/18	3,5	6,5	6 %	Q1 2020	25 years - NNN	Het Gou-den Hart
Kening State	Acquisition	Franeker	13/12/18	11	-	5 %		25 years - NNN	Ontzorgd Wonen Groep
Stepping Stones Zwolle	Acquisition & development	Zwolle	18/12/18	1	4,5	6 %	Q3 2020	25 years - NNN	Stepping Stones Home & Care
Meldestraat	Acquisition	Noordoost-polder	20/06/19	3	-	6 %		20 years - NN	Omega Groep
United Kingdom				**503**	**0**				
Portfolio of 90 healthcare sites in the United Kingdom	Acquisition	United Kingdom	1/02/19	503	-	7 %		NNN leases (WAULT > 22 years)	14 different operators
Total				**696**	**217**				

1. The amounts in this column include the contractual value of the plots of land and the existing buildings. These investments generate rental income (sites under construction also generate limited rental income, in particular for the plots of land that have already been acquired).
2. The amounts in this column are the budgets for development projects that Aedifica will finance. These projects are all pre-let and are listed in the pipeline of projects and renovations (see section 4.2 of the Property Report on page 100).
3. Specht Gruppe phase I.
4. Specht Gruppe phase II.
5. Co-operation agreement with Stichting Rendant and HEVO.

- **£450 million investment in the United Kingdom:** on 1 February 2019, Aedifica acquired a portfolio of 90 healthcare sites (on which 92 care homes are operated), adding the United Kingdom as the fourth country in its portfolio. The portfolio offers good geographical diversification and has a total capacity for more than 5,700 residents. The portfolio also offers the potential for further improvement through ongoing and identified extension and upgrade projects. The contractual acquisition value of the portfolio, which was acquired at a discount of approx. 5 % as compared to the independently appraised fair value of the buildings, amounts to approx. £450 million. The leases in this portfolio, which are in place with a diversified tenant base of 14 well-established operators, are inflation-linked triple net leases with a weighted average unexpired lease term of more than 22 years. The initial gross yield amounts to approx. 7 %. Aedifica will manage and expand its UK portfolio with the support of a local external management team, that has been providing portfolio management services for this portfolio during the past five years.

129 healthcare sites

Acquisitions carried out or announced in 2018/2019

Acquisitions and completions

As a result of the numerous investments made by the Group during the 2018/2019 financial year and the development projects completed, the fair value of Aedifica's healthcare real estate portfolio has grown by more than €850 million. In total, more than 8,500 units were added to the portfolio during the past financial year. This extensive expansion is illustrated below and alongside with a few examples of acquisitions and completions.

Acquisitions

Residentie Kartuizerhof (Lierde - BE)
This residential care facility in Lierde was recently completed and has a capacity for 128 seniors with a care need.

De Statenhof (Leiden - NL)
This residential care building is located in a residential area near the centre of Leiden. Aedifica will provide a budget of approximately €2 million for the completion of the building, which will be able to welcome 108 seniors upon completion of the works.

Haus Steinbachhof (Chemnitz - DE)
Haus Steinbachhof in Chemnitz was completed in 2017. The rest home is located in a residential area and accommodates 151 seniors requiring continuous care.

Crystal Court (Harrogate - UK)
Crystal Court in Harrogate specializes in care for seniors with dementia indication. The rest home has a capacity for 60 seniors.

Completions

Seniorenquartier Lübbecke (Lübbecke – DE)
Seniorenquartier Lübbecke is the first care campus to be delivered under the cooperation agreement with Specht Gruppe. The second care campus was completed in August 2019 in Schwerin. By the end of the 2019/2020 financial year, a total of 4 care campuses from the agreement will already have been completed.

Martha Flora Rotterdam (Rotterdam – NL)
This care residence with a capacity for 29 residents was built specifically for seniors with dementia indication. The building was designed to be sustainable: around 300 solar panels supply the entire building with green energy, materials from the original building that was demolished were reused, heat pumps were installed, and so on.

Huize Groot Waardijn (Tilburg – NL)
Huize Groot Waardijn was completed in March 2019. This new care residence is located in a residential area near the centre of Tilburg and can accommodate 26 seniors requiring continuous care.

King's Manor (Ottery St. Mary – UK)
King's Manor is the first new-build project to be delivered in the United Kingdom. This modern residential care building has a capacity for 66 seniors requiring continuous care.

16 projects
completed during the financial year 2018/2019

2.1.2 Completions after works

Over the course of the financial year, 16 development projects were delivered upon completion of the works. These projects include new-build projects as well as renovations, extensions and redevelopments. As a result, more than 400 new units were added to Aedifica's portfolio. The total budget of all projects that were completed during the past financial year amounts to approx. €85 million. The completed sites are listed in the table below.

2.1.3 Disposals

- **Sale of the stake in Immobe NV/SA:** as previously announced[2], Aedifica transferred its 'apartment buildings' branch of activities into Immobe NV/SA. On 12 July 2018, Aedifica and Primonial European Residential Fund (PERF) signed the agreement, which provides for the sale of 75 % of the shares in Immobe NV/SA in two phases. The first phase was completed on 31 October 2018, comprising the sale of 50 % of

	Type	Location	Date	Gross rental yield (approx. %)	Lease	Operator
Belgium						
De Stichel	Extension & renovation	Vilvoorde	14/09/18	6 %	27 years - NNN	Armonea
Huize Lieve Moenssens	Extension & renovation	Dilsen-Stokkem	17/09/18	6 %	27 years - NNN	Armonea
Heydeveld	Extension	Opwijk	12/12/18	5,5 %	20 years - NNN	Senior Living Group
Vinkenbosch	Renovation	Hasselt	8/02/19	5,5 %	26 years - NNN	Senior Living Group
Plantijn	Extension & renovation	Kapellen	23/04/19	6 %	27 years - NNN	Armonea
Germany						
Seniorenquartier Lübbecke	Development	Lübbecke	31/03/19	5,5 %	30 years - NN	EMVIA Living
Netherlands						
Martha Flora Bosch & Duin	Development	Zeist	21/09/18	6,5 %	25 years - NNN	Martha Flora
Huize ter Beegden	Redevelopment	Beegden	26/11/18	6,5 %	20 years - NNN	Compartijn
September Nijverdal	Development	Nijverdal	19/12/18	6,5 %	20 years - NNN	Wonen bij September
Huize Roosdael	Redevelopment	Roosendaal	1/02/19	6,5 %	20 years - NNN	Compartijn
Huize Groot Waardijn	Development	Tilburg	12/03/19	6,5 %	20 years - NNN	Compartijn
Huize De Compagnie	Redevelopment	Ede	25/03/19	6,5 %	20 years - NNN	Compartijn
Martha Flora Rotterdam	Development	Rotterdam	16/04/19	6,5 %	20 years - NNN	Martha Flora
Huize Eresloo	Development	Eersel	16/05/19	6,5 %	20 years - NNN	Compartijn
Villa Nova	Development	Leusden	24/06/19	6,5 %	25 years - NNN	Stepping Stones Home & Care
United Kingdom						
King's Manor	Development	Ottery St. Mary	4/06/19	7 %	30 years - NNN	Maria Mallaband Care Group

the shares (minus one share). The second phase of the share sale was carried out on 27 March 2019. Aedifica now holds only 25 % of the shares (minus one share) in Immobe NV/SA. At the same time as the change of control, Immobe's status was changed from an institutional regulated real estate company (IRREC) to a specialised real estate investment fund (SREIF). As a result of this transaction, Immobe is no longer a perimeter company and is consolidated using the equity method.

- **Disposal of Aedifica's hotel portfolio:** at the end of the financial year, Aedifica sold its Belgian hotel portfolio. On 4 April 2019, Aedifica accepted a binding offer from an international investor (Atream), after which the sale was finalised on 14 June 2019. The sale price of the hotel portfolio is in line with the fair value of the buildings. As of 30 June 2019, following the sale of the hotels, Aedifica's real estate portfolio consists exclusively of healthcare properties.
- **Disposal of 22 assisted-living apartments in Aarschot:** on 17 December 2018, the 22 remaining assisted-living apartments located at the Residentie Poortvelden site in Aarschot were sold for approx. €4.1 million.

2.1.4 Management of financial resources

Financial debts

During the 2018/2019 financial year, Aedifica established new long-term financing arrangements for a total amount of €200 million that will mature between 2023 and 2025, of which €55 million are refinanced credit lines that were due to mature in 2018 and 2019.

In order to finance the acquisition of the healthcare portfolio in the United Kingdom (see section 2.1.1 above), Aedifica established a bridge facility in December 2018, which was used on 31 January 2019. This bridge facility has a maturity of 12 months and comprises two tranches of €180 million and £150 million, respectively. On 8 May 2019, the tranche in euro was repaid with the proceeds of the capital increase.

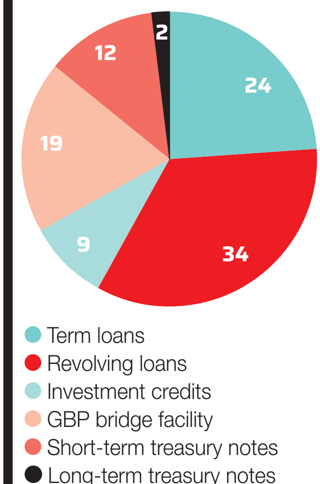
As a result, almost €550 million in financing arrangements were established or renegotiated during the 2018/2019 financial year.

At the end of June 2019, the amount of the treasury notes programme, which was launched in June 2018, was increased from €150 million to €300 million. This amount includes €225 million for notes with a term of less than one year (previously €100 million) and €75 million for notes with a term of more than one year (previously €50 million). The short-term treasury notes are fully hedged by the available funds on committed long-term credit lines. In December 2018, within the framework of the long-term treasury notes programme, Aedifica completed a private placement of €15 million with a maturity of 10 years at a fixed interest rate of 2.176 %.

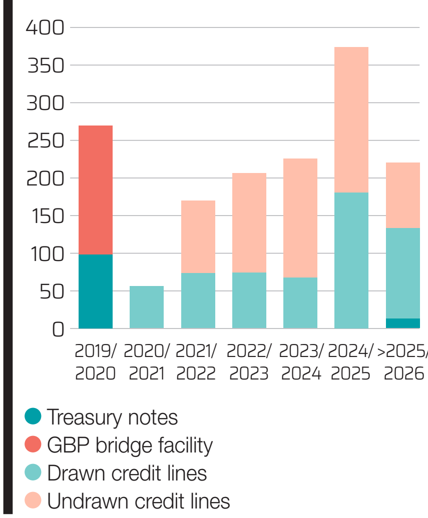
Taking these elements into account, the maturity dates of the financial debts with Aedifica's sixteen credit providers as of 30 June 2019 are as follows:

Financial debt (in € million)[2]	Lines	Utilisation	Of which treasury notes
2019/2020	267	267	100
2020/2021	58	58	
2021/2022	171	76	
2022/2023	205	75	
2023/2024	225	70	
2024/2025	371	179	
>2025/2026	220	133	15
Total as of 30 June 2019	**1,519**	**859**	**115**
Weighted average maturity (in years)[3]	**4.8**	**4.9**	

Composition of the financial debts (%)



Financial debt maturity



1. See press releases of 13 July 2018, 31 October 2018 and 27 March 2019.
2. Amounts in GBP were converted into EUR based on the exchange rate of 28 June 2019 (1.1154 €/£).
3. Without regard to short-term treasury notes and the bridge facility.

Without regard to short-term financing (short-term treasury notes and bridge facility), the weighted average maturity of the financial debts as of 30 June 2019 is 4.9 years.

Equity

- **Optional dividend 2017/2018:** on 23 October 2018, Aedifica's Board of Directors decided to offer shareholders the possibility to contribute their 2017/2018 net dividend claim in the capital of the Company in exchange for new shares. Shareholders were given the option to subscribe for one new share at an issue price of €72.25 in exchange for 34 no. 19 coupons (valued at €2.125 net each). Aedifica's shareholders chose for approx. 45 % of their shares for a contribution of their net dividend claim in exchange for new shares, instead of dividend in cash. This resulted in a capital increase of approx. €17 million (including share premium) through the issuance of 240,597 new shares.
- **Capital increase of €418 million:** on 24 April 2019, Aedifica launched a public offering of new shares within the framework of a capital increase in cash within the authorised capital with priority allocation rights in a gross amount of €418 million. On 7 May 2019, the Company issued 6,147,142 new shares at an issue price of €68 per share, i.e. €418,005,656 (including share premium). These new shares were issued with coupon no. 22 attached and are entitled to a pro rata temporis dividend as from 7 May 2019. Within the framework of this transaction, coupon no. 21, representing the right to the pro rata temporis dividend over the current financial year for the period from 1 July 2018 to 6 May 2019 inclusive, was detached on 24 April 2019 after the closing of the markets. Following this transaction, the total number of Aedifica shares amounts to 24,588,568 and the share capital amounts to €648,837,816.39.
- **Contribution in kind:** on 20 June 2019, 12,590 shares were issued following the contribution in kind of a building lease in the context of the acquisition of the Bremdael care home in Herentals (Belgium).

2.1.5 Other events

- **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.
- **Aedifica receives award for its financial communication:** on 5 September 2018, Aedifica received a 5th consecutive 'EPRA Gold Award' for its Annual Financial Report (financial year 2016/2017), keeping the Company among the top of the 104 real estate companies assessed by EPRA, the European association of listed real estate companies.
- **Aedifica's CEO nominated for 'Trends Manager of the Year 2018':** for the second consecutive year, Stefaan Gielens (Aedifica's CEO) was one of the ten nominees to become 'Trends Manager of the Year 2018'. The nomination is an acknowledgement of Aedifica's international growth over the past year and its long-term strategy as a pure-play healthcare real estate investor.
- **Aedifica's acquisition in the United Kingdom won the 'Deal of the Year 2018' award:** on 15 May 2019, Trends magazine awarded Aedifica's sizeable acquisition of a portfolio of 90 healthcare sites in the United Kingdom with the 'Deal of the Year 2018' award. Aedifica was selected by a panel of professionals out of five nominated transactions. The award is an acknowledgement of Aedifica's strategic and financial leadership.
- **Aedifica is the largest healthcare real estate investor in the Netherlands in 2018:** in 2018, for the second consecutive year, Aedifica was the largest investor in Dutch healthcare real estate. According to CBRE, Aedifica accounted for no less than 13 % of all investments in Dutch healthcare real estate.
- **First sustainability report:** in May 2019, Aedifica highlighted its commitments regarding sustainability and corporate social responsibility in its very first sustainability report. Based on the Sustainable Development Goals (SDGs) of the United Nations, Aedifica developed an ambitious action plan.
- **Aedifica included in the Stoxx Europe 600 Index:** as from 23 September 2019, Aedifica will be included in the Stoxx Europe 600 Index. Aedifica's inclusion in this index anchors the Group once again as a market reference in listed European healthcare real estate.

HUIZE ERSELOO, EERSEL (NL)

2.2 Operations after the end of the financial year

2.2.1 Investments

Since the end of the 2018/2019 financial year on 30 June 2019, Aedifica has announced or carried out investments for a total amount of €77 million. The sites are listed in the table below.

	Type	Location	Date	Investment (€ million)[1]	Pipeline (€ million)[2]	Gross rental yield (approx.%)	Completion	Lease	Operator
Netherlands				**59**	**11**				
Rumah Saya	Acquisition	Apeldoorn	9/07/19	10	-	6%		15 years - NNN	Stichting Nusantara
Residentie La Tour Villa Casimir	Acquisition & redevelopment	Roermond	9/07/19	4	8	6%	2020	20 years - NNN	Ontzorgd Wonen Groep
Vinea Domini	Acquisition & redevelopment	Witmarsum	7/08/19	1	3	6%	2020	25 years - NNN	Ontzorgd Wonen Groep
Woonconcept portfolio (5 sites)	Acquisition	Hoogeveen	28/08/19	44	-	6.5%		NN leases (WAULT 26 years)	NNCZ
Germany				**-**	**7**				
Seniorenhaus Lessingstrasse	Acquisition	Wurzen	21/08/19	-	7	5.5%	Q3 2021	25 years - NN	Seniorenhaus Lessingstrasse
Total				**59**	**18**				

1. The amounts in this column include the contractual value of the plots of land and the existing buildings. These investments generate rental income (sites under construction also generate limited rental income, in particular the plots of land that have already been acquired).
2. The amounts in this column are the budgets for development projects that Aedifica will finance. These projects are all pre-let.

2.2.2 Completions after works

Since the end of the 2018/2019 financial year, the following development projects have been delivered following the completion of the construction works.

	Type	Location	Date	Investment (€ million)[3]	Gross rental yield (approx.%)	Lease	Operator
Germany				**52**			
Zur alten Linde Seniorenwohnpark Hartha	Acquisition	Rabenau Tharandt	8/07/19	18	6%	30 years - NN	EMVIA Living
Haus Steinbachhof Seniorenhaus Wiederitzsch	Acquisition	Chemnitz Leipzig	9/07/19	23	6%	19 years - NN 24 years - NN	Casa Reha Convivo
Seniorenquartier Schwerin	Development	Schwerin	15/08/19	11	5.5%	30 years - NN	EMVIA Living
United Kingdom				**3**			
Cowdray Club	Renovation	Aberdeen	23/08/19	3	7%	25 years - NNN	Renaissance
Total				**55**			

3. This amount only includes the budget for the completed works. It does not include the contractual value of the plot of land.

3. Analysis of the 30 June 2019 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 2019

During the 2018/2019 financial year (1 July 2018 – 30 June 2019), Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale*** by €564 million, from a fair value of €1,705 million to €2,270 million (€2,321 million for the investment properties including assets classified as held for sale* and development projects). This 33 % growth comes mainly from net acquisitions (see section 2.1.1 above), completion of development projects (see section 2.1.2 above) and changes in the fair value of marketable investment properties recognised in income (+€76.4 million, or +3.4 %).

As of 30 June 2019, Aedifica's healthcare real estate portfolio has 261 marketable investment properties including assets classified as held for sale*, with a capacity for more than 19,000 residents and a total surface area of approx. 1,198,000 m².

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

- 45 % in Belgium, of which:
  - 32 % in Flanders;
  - 6 % in Brussels;
  - 7 % in Wallonia;
- 23 % in the United Kingdom;
- 17 % in Germany;
- 15 % in the Netherlands.

The **overall occupancy rate**[1] of the total portfolio reached 100 % as of 30 June 2019.

The **weighted average unexpired lease term** for all buildings in the Company's portfolio is 21 years. This increase compared to the WAULT[2] as of 30 June 2018 (20 years) is explained by the acquisition of the healthcare real estate portfolio in the United Kingdom, which has a WAULT of 22 years.

3.2 Consolidated income statement

The Consolidated Financial Statements are provided as part of this Annual Financial Report. The following sections of this Management Report analyse the financial statements using an analytical framework. The consolidated income statement covers the 12-month period from 1 July 2018 to 30 June 2019. 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 at end of the period.

The consolidated turnover (**consolidated rental income**) for the year amounts to €118.4 million, an increase of 29 % as compared to the prior year.

Changes in total consolidated rental income (+€26.7 million, i.e. +29.1 % as compared to the same period of the previous financial year overall or +1.4 % on a like-for-like basis*) are presented below by segment:

- healthcare real estate: +€30.3 million, i.e. +39.3 % (or +1.4 % on a like-for-like basis*);
- apartment buildings: -€2.7 million, i.e. -25.8 %;
- hotels: -€0.9 million, i.e. -17.3 %.

Consolidated income statement - analytical format (x €1,000)	30 June 2019	30 June 2018
Rental income	118,413	91,677
Rental-related charges	-41	-80
Net rental income	118,372	91,597
Operating charges*	-21,230	-14,322
Operating result before result on portfolio	97,142	77,275
EBIT margin* (%)	82	84
Financial result excl. changes in fair value*	-20,168	-15,319
Corporate tax	-4,498	-3,553
Share in the profit or loss of associates and joint ventures accounted for using the equity method in respect of EPRA Earnings*	282	0
Non-controlling interests in respect of EPRA Earnings*	-613	0
EPRA Earnings* (owners of the parent)	**72,145**	**58,403**
Denominator (IAS 33)	19,274,471	17,990,607
EPRA Earnings* (owners of the parent) per share (€/share)	**3.74**	**3.25**
EPRA Earnings*	72,145	58,404
Changes in fair value of financial assets and liabilities	-7,304	-2,157
Changes in fair value of investment properties	63,317	15,018
Gains and losses on disposals of investment properties	7,321	789
Negative goodwill / goodwill impairment	0	-344
Deferred taxes in respect of EPRA adjustments	-6,216	146
Share in the profit or loss of associates and joint ventures accounted for using the equity method in respect of the above	853	0
Non-controlling interests in respect of the above	-6,618	0
Roundings	-1	0
Profit (owners of the parent)	**123,497**	**71,856**
Denominator (IAS 33)	19,274,471	17,990,607
Earnings per share (owners of the parent - IAS 33 - €/share)	**6.41**	**3.99**

1. Rate calculated according to the EPRA methodology.
2. Weighted average unexpired lease term.

Rental income of the apartment buildings is included in the consolidated income statement until the end of March 2019. As a result of the sale of 75 % of the participation in Immobe NV/SA, the remaining participation has been consolidated according to the equity method since 31 March 2019 and the rental income is no longer included in the consolidated income statement.

As a result of the sale of the hotel portfolio, rental income of the hotels is no longer included in Aedifica's consolidation as of 14 June 2019.

After deducting **rental-related charges**, the **net rental income** for the year ended 30 June 2019 amounts to €118.4 million (+29 % as compared to 30 June 2018).

The **property result** is €117.6 million (30 June 2018: €90.7 million). This result, less other direct costs, provides a **property operating result** of €111.9 million (30 June 2018: €86.1 million), which represents an operating margin* of 94.6 % (30 June 2018: 94 %).

After deducting overheads of €14.7 million (30 June 2018: €11.0 million) and taking into account other operating income and charges of -€0.1 million (30 June 2018: +€2.2 million), **the operating result before result on portfolio** has increased by 26 % to reach €97.1 million (30 June 2018: €77.3 million). This result represents an **EBIT margin*** (see glossary) of 82 % (30 June 2018: 84 %).

After taking into account the cash flows generated by hedging instruments, Aedifica's **net interest charges** amount to €17.2 million (30 June 2018: €14.3 million). The **average effective interest rate before capitalised interests* including commitment fees** amounts to 2.0 %, lower than in the previous financial year (2.2 %). Taking into account other income and charges of 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 €20.2 million (30 June 2018: €15.3 million).

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 €4.5 million; 30 June 2018: charge of €3.6 million) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax generated abroad by the Company and tax on the result of consolidated subsidiaries. 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.

The **share in the profit or loss of associates and joint ventures** (€1.135 million) includes the result of the participation in Immobe NV/SA, which has been consolidated using the equity method since 31 March 2019.

Non-controlling interests (€7.2 million) correspond primarily to the stake of the minority shareholders of Immobe NV/SA until 31 March 2019.

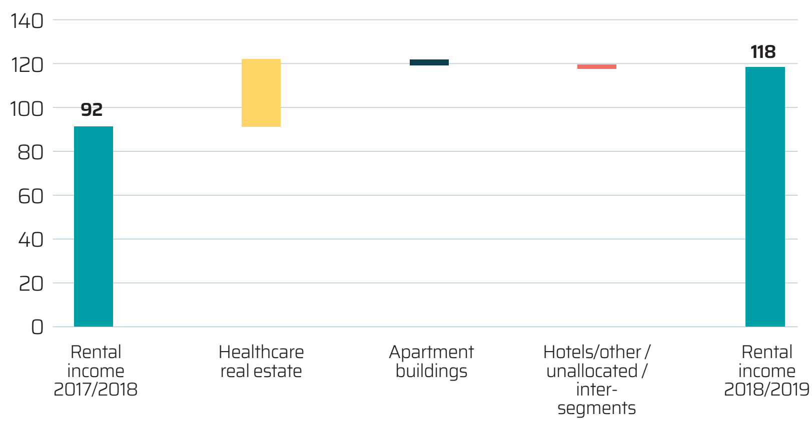
As described below, the share in the profit or loss of associates and joint ventures and the non-controlling interests are split between EPRA Earnings* on one hand, and items with no monetary impact on the other hand.

EPRA Earnings* (see Note 57.7) reached €72.1 million (30 June 2018: €58.4 million), or €3.74 per share, based on the weighted average number of shares outstanding (30 June 2018: €3.25 per share). This profit (absolute and per share) is higher than the amount that was budgeted in the prospectus of the capital increase of 7 May 2019 (€3.70) and higher than the amount that was budgeted in the 2017/2018 annual financial report (€3.45).

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):

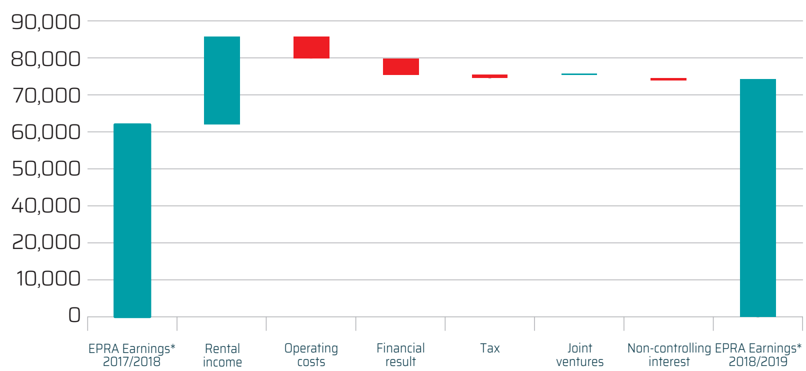
As of 30 June 2019, Aedifica's healthcare real estate portfolio has 261 marketable investment properties including assets classified as held for sale*.

Rental income (30 June 2019) (in € million)

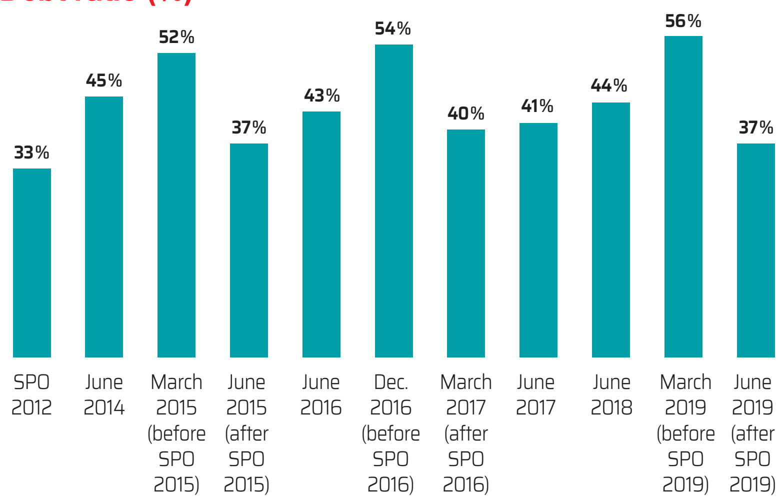


Change	+ 39.3 %	- 25.8 %	- 17.3 %	+ 29.1 %
Like-for-like change*	+ 1.4 %	-	-	+ 1.4 %

EPRA Earnings* (30 June 2019) (in € million)



Debt ratio (%)



- 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 2018 or at the time of entry of new buildings in the portfolio, and the fair value estimated by valuation experts as of 30 June 2019) taken into income amounted to +3.4 %, or +€76.4 million (30 June 2018: +1.5 %, or +€25.2 million). A change in fair value of -€13.1 million was recorded on development projects (compared to -€10.2 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €63.3 million (30 June 2018: +€15.0 million).
- in order to limit the interest rate risk stemming from the financing of its investment, Aedifica has put in place long-term hedges which 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. The use of financial instruments (which are described in the section 'Financial risks' of the chapter 'Risk factors') is described in Note 44 of the Consolidated Financial Statements. On 30 June 2019, 98 % of the drawings in euro on these variable-rate credit facilities are covered by hedging instruments (swaps and caps). In addition, forward contracts were signed in the course of the financial year to hedge the exchange rate risk of the UK portfolio. 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 2019 represent a charge of €7.3 million (30 June 2018: charge of €2.2 million).
- **capital gains on disposals** (€7.3 million; 30 June 2018: €0.8 million) are also taken into account here and mainly include the capital gains on the sale of shares in Immobe NV/SA.
- **deferred taxes** (charge of €5.6 million as of 30 June 2019 as compared to a charge of €2.5 million as of 30 June 2018) 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** (charge of €0.6 million as of 30 June 2019 as compared to an income of €2.7 million as of 30 June 2018) 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.

Given the non-monetary items described above, **the profit (attributable to owners of the parent)** amounts to €124 million (30 June 2018: €71.9 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 €6.41 (30 June 2018: €3.99).

The **adjusted statutory result** as defined in the annex to the Royal Decree of 13 July 2014 regarding RRECs, is €64.1 million (30 June 2018: €55.4 million), an increase of 16 % (as calculated in Note 50). Taking into account the dividend rights for the shares issued during the financial year, this represents an amount of €3.31 per share (30 June 2018: €3.05 per share).

MARTHA FLORA BOSCH EN DUIN, BOSCH EN DUIN (NL)

3.3 Consolidated balance sheet

As of 30 June 2019, **investment properties including assets classified as held for sale*** represent 97 % (30 June 2018: 99 %) of the **assets** recognised on Aedifica's balance sheet, valued in accordance with IAS 40 (that is to say, accounted for at their fair value as determined by valuation experts, namely Cushman & Wakefield Belgium NV/SA, Deloitte Consulting & Advisory CVBA/SCRL, CBRE GmbH, DTZ Zadelhoff VOF, Savills Consultancy BV and Cushman & Wakefield Debenham Tie Leung Limited) at a value of €2,321 million (30 June 2018: €1,741 million). This heading includes:

- **marketable investment properties including assets classified as held for sale*** (30 June 2019: €2,270 million; 30 June 2018: €1,705 million), which marked an increase of €564 million. The net growth in the fair value of marketable investment properties* is attributed primarily to €704 million from investment operations (see point 2.1.1 above), -€291 million for disinvestment operations (see point 2.1.3 above), approx. €86 million for the completion of development projects (see point 2.1.2 above),-€12 million for exchange differences and €76 million for the change in fair value of marketable investment properties.
- **development projects** (30 June 2019: €51 million; 30 June 2018: €35 million), consisting primarily of investment properties under construction or renovation. These projects are undertaken in the context of the multi-annual investment budget described in Section 4.2 of the Property Report included in this 2018/2019 Annual Financial Report.

'Other assets included in the debt-to-assets ratio', also comprises the **equity-accounted investments**. The remaining participation of 25 % in Immobe NV/SA is included in this item and accounts for €33.9 million as of 30 June 2019.

Other assets included in the debt-to-assets ratio represent 3 % of the total balance sheet (30 June 2018: 1 %).

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, March 2017 and May 2019. The capital has increased to €649 million as of 30 June 2019 (30 June 2018: €480 million). The share premium amounts to €565 million as of 30 June 2019 (30 June 2018: €298 million). Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the statutory capital reserves. **Equity** (also called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

- €1,480 million excluding the effect of the changes in fair value of hedging instruments (30 June 2018: €977 million, including the €46 million dividend distributed in November 2018);
- or €1,430 million including the effect of the changes in fair value of hedging instruments (30 June 2018: €942 million, including the €46 million dividend distributed in November 2018).

As of 30 June 2019, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 regarding RRECs) reached €888 million (30 June 2018: €781 million), of which €859 million (30 June 2018: €740 million) represent amounts drawn on the Company's credit facilities, detailed in Note 40. The **debt-to-assets ratio** amounts to 37.2 % on a consolidated level (30 June 2018: 44.3 %) and 36.7 % on a statutory level (30 June 2018: 42.5 %). The maximum ratio permitted for Belgian REITs is set at 65 % of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €663 million in constant assets (that is, excluding growth in the real estate portfolio) or €1,894 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 44 % 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 €544 million in constant assets, €1,359 million in variable assets, and -39 % in the fair value of investment properties.

Other liabilities of €68 million (30 June 2018: €44 million) represent primarily the fair value of hedging instruments (30 June 2019: €48 million; 30 June 2018: €33 million).

Consolidated balance sheet (x €1.000)	30 June 2019	30 June 2018
Investment properties including assets classified as held for sale*	2,320,949	1,740,533
Other assets included in debt-to-assets ratio	65,061	24,418
Other assets	117	1,692
Total assets	**2,386,127**	**1,766,643**
Equity		
Equity excl. changes in fair value of hedging instruments*	1,480,082	977,086
Effect of the changes in fair value of hedging instruments	-50,533	-35,439
Non-controlling interests	103	0
Equity	1,429,652	941,647
Liabilities included in debt-to-assets ratio	888,158	781,449
Other liabilities	68,317	43,547
Total equity and liabilities	**2,386,127**	**1,766,643**
Debt-to-assets ratio (%)	37.2 %	44.3 %

Net asset value per share (in €)	30 June 2019	30 June 2018
Net asset value after deduction of dividend 2017/2018, excl. changes in fair value of hedging instruments*	60.16	51.18
Effect of the changes in fair value of hedging instruments	-2.05	-1.95
Net asset value after deduction of dividend 2017/2018	58.11	49.24
Number of share outstanding (excl. treasury shares)	24,601,158	18,200,829

The table below 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 €53.68 per share as of 30 June 2018 thus included the dividend distributed in November 2018, and should be adjusted by €2.50 per share in order to compare with the value as of 30 June 2019. This amount corresponds to the amount of the total dividend (€46 million) divided by the total number of shares outstanding as of 30 June 2018 (18,200,829).

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 2017/2018 dividend in November 2018, the net asset value per share based on the fair value of investment properties is €60.16 as of 30 June 2019 (30 June 2018: €51.18 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 +€4.8 million (30 June 2018: +€2.5 million), which is made up of net cash from operating activities of +€88.8 million (30 June 2018: +€85.0 million), net cash from investing activities of -€602 million (30 June 2018: -€159.5 million), and net cash from financing activities of +€518.1 million (30 June 2018: +€76.9 million).

3.5 Segment information

3.5.1 Healthcare real estate

Rental income in this segment amounts to €106.5 million (30 June 2018: €76.5 million), or 90 % 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 €2,321 million (30 June 2018: €1,431 million), or 100 % of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

3.5.2 Apartment buildings

Rental income in this segment amounts to €7.8 million (30 June 2018: €10.5 million), or 6.6 % of Aedifica's total rental income. After deducting direct costs related to this activity, the property operating result for apartment buildings amounts to €4.6 million (30 June 2018: €6.3 million). Considering that 75 % of the participation in Immobe NV/SA (the company into which the apartment portfolio was contributed) was sold during 2018/2019, there is no fair value of investment properties attributed to this segment under IFRS 8 (30 June 2018: €207 million).

3.5.3 Hotels

Rental income in this segment amounts to €4.1 million (30 June 2018: €4.9 million), or 3.4 % of Aedifica's total rental income. After deducting direct costs related to this activity the property operating result for these buildings amounts to €4 million (30 June 2018: €4.9 million). Considering that the hotel portfolio was sold on 14 June 2019, there is no fair value of investment properties attributed to this segment under IFRS 8 (30 June 2018: €68 million).

4. Appropriation of the results

The Board of Directors proposes to the Annual General Meeting of 22 October 2019 to approve the Aedifica NV/SA Annual Accounts of 30 June 2019 (for which a summary is provided in the chapter 'Abridged Statutory Annual Accounts' on page 178) and to distribute a gross dividend of €2.80 per share. This represents a statutory pay-out ratio of 85 %.

The statutory result for the 2018/2019 financial year will be submitted as presented in the table on page 183.

The proposed dividend respects the requirements laid down in Article 13, § 1, paragraph 1 of the Royal Decree of 13 July 2014 regarding RRECs considering 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 by bank transfer as from Wednesday 30 October 2019 ('payment date' of the dividend relating to the 2018/2019 financial year). The dividend will be split between two coupons: no.21 (€2.38, detached on 24 April 2019) and no.22 (€0.42, in principle detached on 28 October 2019). The net dividend per share after deduction of 15 %[1] withholding tax will amount to €2.38, split between coupon no.21 (€2.023) and coupon no.22 (€0.357).

5. Key risks

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 Group 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 strives to manage these risks to the best of its ability.

The key risk factors with which Aedifica is confronted (which are described at length in the chapter 'Risk Factors') 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 if necessary.

6. Group structure

As of 30 June 2019, Aedifica NV/SA holds perimeter companies in five different countries: Belgium, Luxembourg, Germany, the Netherlands and the United Kingdom (including Jersey).

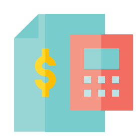
All real estate located in **Belgium** is held by Aedifica NV/SA, with the exception of the properties that are held by the Belgian subsidiaries Résidence de la Paix NV/SA, Verlien BVBA/SPRL, Buitenheide BVBA/SPRL, Bremdael Invest Comm. VA/SCA and Hof Van Bremdael NV/SA. These subsidiaries will most likely be merged with Aedifica NV/SA in the course of the 2019/2020 financial year.

The real estate located in **Germany** is held by Aedifica NV/SA, Aedifica's Luxembourg subsidiaries and by some of Aedifica's Germany subsidiaries.

All real estate located in **the Netherlands** is held by Aedifica Nederland BV.

All real estate located in **the United Kingdom** is held by Aedifica's Jersey subsidiaries, with the exception of one property that is held by Maple Court Nursing Home Limited, an English subsidiary of Aedifica. The corporate structure of the UK entities will be restructured over the 2019/2020 financial years.

The organisational chart on page p. 42-43 shows the Group's subsidiaries as well as its share in each subsidiary.



€2.80/ share

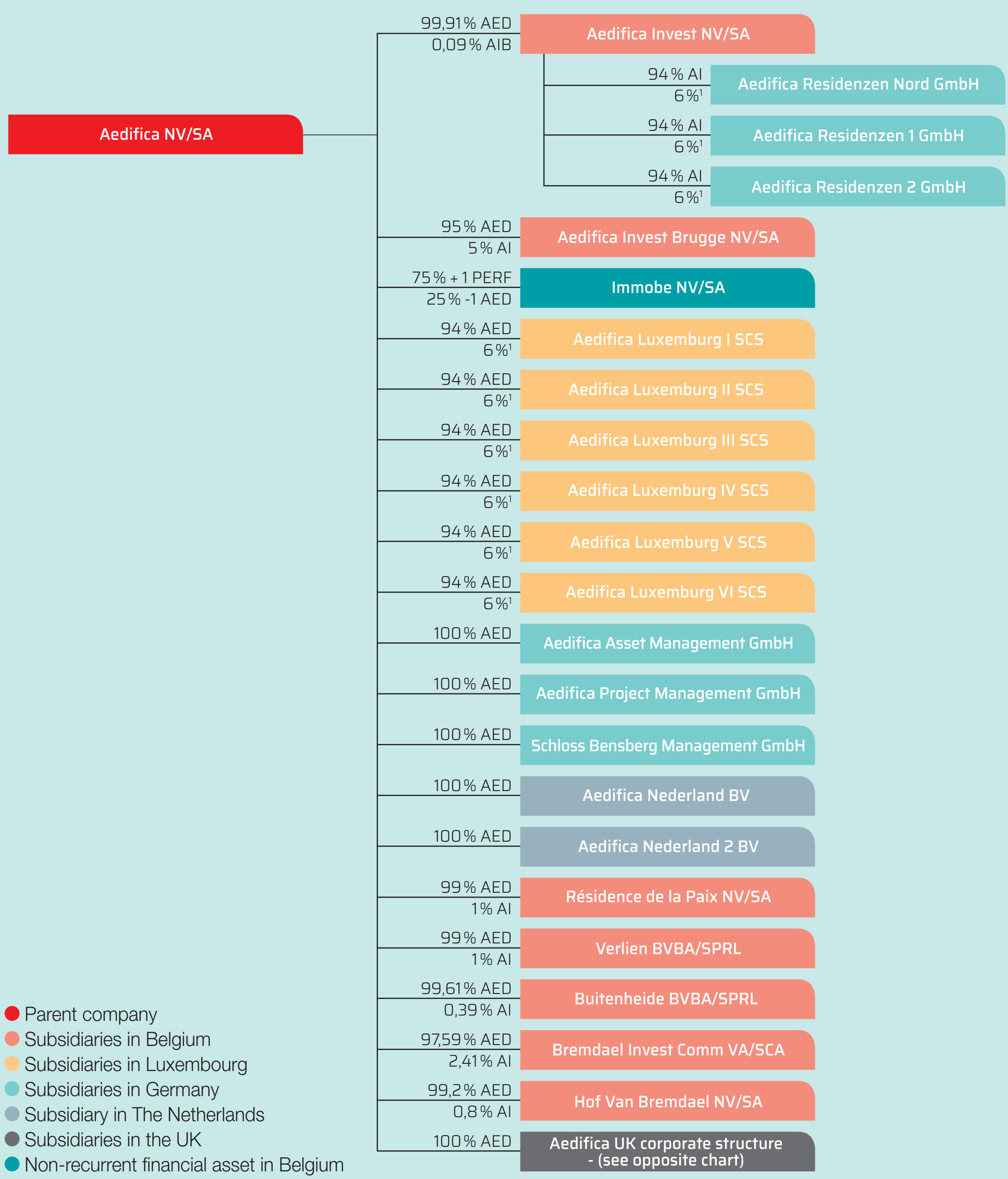
Proposed gross dividend for 2018/2019

85 %

Statutory pay-out ratio

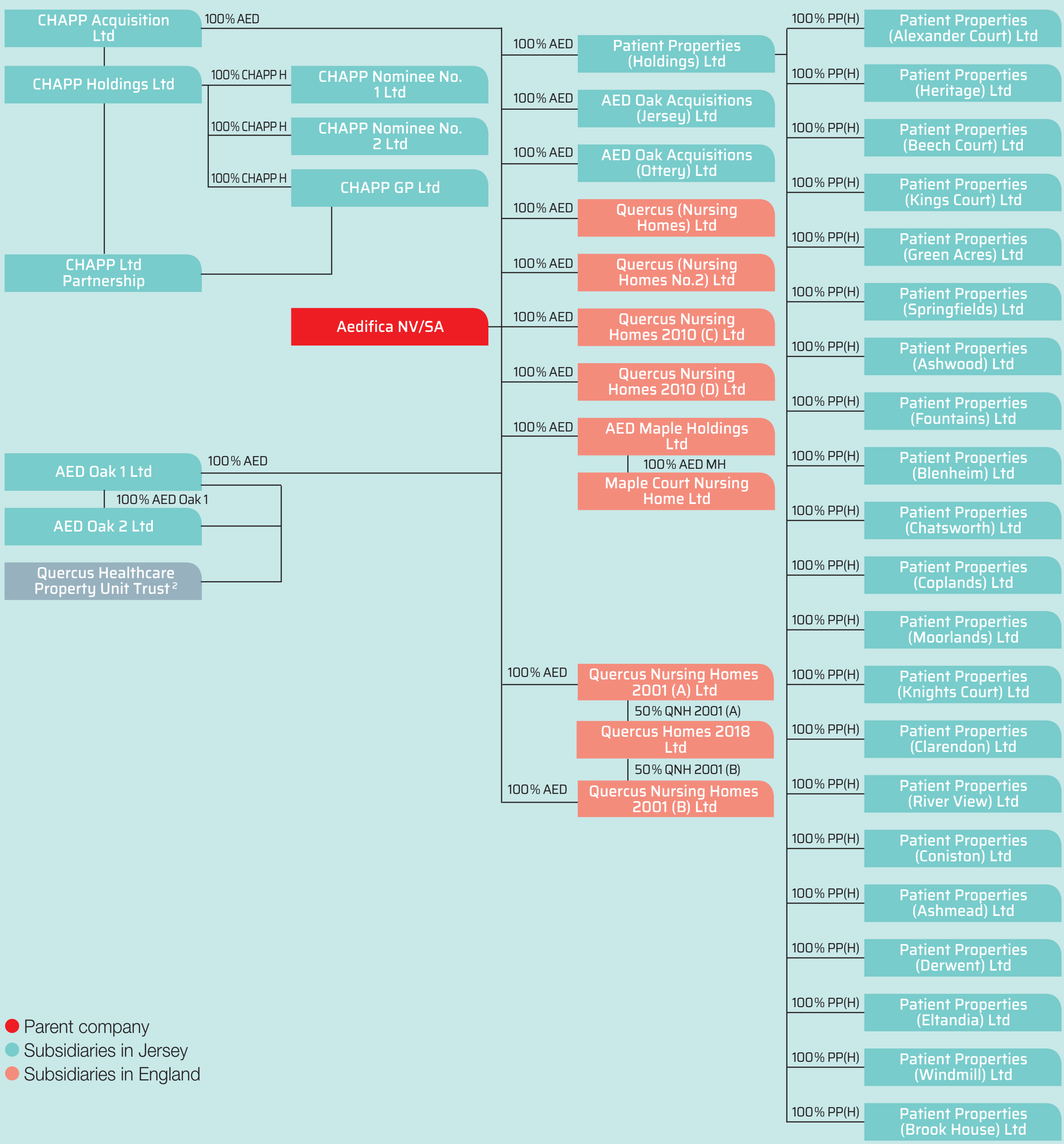
1. Since 1 January 2017, the withholding tax rate is 15 %. The reader is referred to section 5.2 of the 'Standing Documents' for more information on the tax treatment of dividends, as well as to section 4.3 of the chapter 'Risk factors'.

Aedifica NV/SA: Group structure as from 30 June 2019



1. The residual 6% is held by an investor who is unrelated to Aedifica.

Aedifica UK



2. This is not a separate legal entity but a 'Jersey Property Unit Trust', for which BNP Paribas Jersey Trust Corporation Limited acts as trustee.

7. Outlook for 2019/2020

The outlook presented below has been developed by the Board of Directors as part of the preparation of the budget for the 2019/2020 financial year on a comparable basis with the Company's historical financial information.

7.1 Assumptions

7.1.1 External factors

a) The indexation rates of rents and charges vary by country. Belgian rental income is linked to the Belgian (health) consumer price index for which an average of 1.38 % is applied to the financial year, in line with the projections released by the Belgian Federal Planning Bureau on 2 July 2019. Dutch rental income is also linked to a consumer price index, for which similar assumptions have been made as for Belgian rental income. No indexation has been taken into account for German rental income. The indexation of the UK healthcare portfolio is generally based on the retail price index, but has been limited to the contractually provided indexation floors.

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

c) Average interest rate before capitalised interests: 2.1 % based on the Euribor rate curve of 28 June 2019, bank margins, and hedges currently in place.

d) Foreign exchange: future fluctuations in the exchange rate may affect the value of the investment properties in the United Kingdom, the rental income and the net result of Aedifica, which are all expressed in euro. In the forward-looking statements presented below, an exchange rate GBP/EUR of 1.00 has been applied.

Thanks to its investments in healthcare real estate, Aedifica benefits from indexed long-term rental incomes, which generate high net yields.

7.1.2 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. The projected rental income 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, etc.), repair and maintenance costs, general taxes and property tax, and insurance.

c) Operating charges and overheads: this forecast includes, among other things, employee benefits, IT, office, consultancy services, administrative and accounting fees, and fees directly associated with the listing of shares in the Company. The operating charges also include the estimated costs related to the restructuring of the UK portfolio.

d) Investment budget: the projected investments for the next financial year amount to approx. €535 million and will be paid in cash. They mainly consist of (i) cash outflows related to the pipeline of development projects, (ii) cash outflows related to the acquisitions announced since 1 July 2019, and (iii) additional investments – for which there are no agreements at this date – which are assumed to be carried out during the 2019/2020 financial year, amounting to €215 million, paid in cash, and generating rental incomes in line with today's market practice.

e) Financial assumptions:

- average cash balance of €15 million;
- the model permits controlling the debt-to-assets ratio;
- 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.

7.2 Financial projections

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

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

- Aedifica's strategic focus on healthcare real estate and its expansion in Europe allow the Group to adapt to shifting market opportunities and economic conditions, in the context of an ageing population. The geographical spread of the portfolio over four countries (Belgium, Germany, the Netherlands and the United Kingdom) leads to additional risks (e.g. exchange rate risks) which, in the opinion of the Board of Directors, do not outweigh the benefits gained in terms of risk diversification.
- thanks to its investments in healthcare real estate, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The weighted average unexpired lease term on the total of its leases (21 years) provides a very good view toward the majority of its future income streams over the long term.
- the low debt-to-assets ratio and confirmed credit lines will provide for the financing of the real estate portfolio (including commitments for development projects) and its future growth. Drawings on the credit facilities are largely covered by hedging instruments.

Considering the Group's strengths and the assumptions listed above (see section 7.1), the Board of Directors projects to generate rental income of €144 million for the 2019/2020 financial year, leading to an EPRA Earnings* of €87 million or €3.55 per share, and permitting a gross dividend of €3.00 per share (an increase of 7 % compared to the dividend proposed by the Board of Directors for the 2018/2019 financial year) to be distributed to shareholders (taking into account the increased number of shares following the capital increase of May 2019).

7.3 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 7 in the Management Report of its annual report, as approved by the Board of Directors of the company on 3 September 2019. The assumptions included in paragraph 7 result in the following profit forecast (excluding changes in fair value) for the year 2019-2020:

Date: 30 June 2019

EPRA Earnings: €87 million

7.3.1 Board of Directors' 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 no. 809/2004.

7.3.2 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 no. 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 NV/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.

7.3.3 Opinion

In our opinion:

(i) the forecasts have been properly compiled on the basis of the assumptions stated above; and

(ii) the basis of accounting used for these forecasts is consistent with the accounting policies applied by Aedifica NV/SA for the consolidated financial statements of 2018-2019.

Brussels, 4 September 2019

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

SARA SENIORENRESIDENZ, BITTERFELD-WOLFEN (DE)

8. Corporate governance statement

As a leading player in the listed real estate sector, Aedifica attaches great importance to transparent, ethical and sound management of the Company. This chapter provides an overview of the rules and principles on the basis of which the Company's corporate governance is organised.

8.1 Code of reference

This declaration contains the main rules adopted by Aedifica in application of corporate governance legislation and recommendations and is part of the annual report, in accordance with the article 96, § 2 and § 3 of the Companies Code.

The Company acts in accordance with the principles of the Code published by the Corporate Governance Committee on 12 March 2009 ("Governance Code 2009", available at www.corporategovernancecommittee.be).

The Corporate Governance Charter was set out by Aedifica's Board of Directors to provide information on the principles of corporate governance applied within the Company. The Company has also developed a 'whistle-blower' scheme included in the Corporate Governance Charter. The Charter was last amended on 18 December 2018 and can consulted on the Company's website (www.aedifica.eu).

8.2 Internal control and risk management

Aedifica has implemented a high-performance internal control and risk management system, as required by the RREC legislation and corporate governance rules.

The development of this internal control and risk management system is the responsibility of Aedifica's management committee. The board of directors is responsible for determining and evaluating the risks that the Company may face and for monitoring the effectiveness of the internal control system.

In accordance with the RREC legislation, Aedifica has appointed managers in the areas of risk management, compliance and internal audit.

8.2.1 Risk management

Ms. Ingrid Daerden (CFO, Executive Manager and member of the Management Committee) was appointed as risk manager. She ensures the implementation of measures and procedures to identify, monitor and avoid the risks that the Company may face. When risks effectively occur, she takes measures to limit the impact of those risks and to estimate and monitor their consequences as much as possible.

8.2.2 Compliance

Mr. Sven Bogaerts (CM&AO, Executive Manager and member of the Management Committee) has been appointed as compliance officer. He ensures that the Company, Directors, Executive Managers, employees and proxy holders comply with the legal rules relating to the integrity of the Company.

8.2.3 Internal audit

The person in charge of the Internal Audit function permanently and independently judges the Company's activities and examines the efficiency of the existing internal control procedures and methods.

The internal audit function is performed by an external consultant, BDO Risk Advisory BVBA/SPRL, represented by Mr. Christophe Quiévreux, under the supervision and responsibility of Mr. Eric Hohl (non-executive Director).

Aedifica has based the risk management procedures and an internal control system on the internal control model called COSO (Committee of Sponsoring Organisations of the Treadway Commission - www.coso.org). This model (version 2013) defines the requirements of an effective internal control system; it covers seventeen principles, divided into five components:

- internal control environment;
- risk analysis;
- control activities;
- information and communication;
- surveillance and monitoring.

8.2.4 Internal control environment

Principle 1: the organisation demonstrates a commitment to integrity and ethical values.

- Regarding ethics, Aedifica developed a Charter of Ethics (Code of Conduct) attached to the Corporate Governance Charter, which formalises matters such as conflicts of interests, confidentiality, dealing codes, misappropriation of corporate assets, business gifts, and respect for others, among others.
- Regarding integrity, Aedifica complies with all legal provisions regarding conflicts of interests (see below).

HUIZE ERESLOO, EERSEL (NL)

HUIZE ERESLOO, EERSEL (NL)

Principle 2: the Board of Directors is independent from management and exercises oversight of the development and performance of internal control.

Aedifica's 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. The 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.

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 the RREC legislation, the members of the Management Committee (who are all Executive Managers) are in charge of the daily management of the Company which they report to the Board of Directors. The Executive Managers are responsible for an effective internal control environment and risk management practices.

Principle 4: the organisation is committed to attracting, developing, and retaining competent individuals within the organisation.

The Company's recruitment processes ensure the qualification of the Management Committee and personnel through appropriate training programme and defined profiles. Aedifica supports the personal development of its staff by offering them a comfortable and motivating working environment that is adapted to their needs. Succession plans are elaborated that reflect career plans and the chance of personnel leaving temporarily (maternity leave, parental leave) or permanently (retirement).

Principle 5: the organisation holds individuals accountable for their internal control responsibilities.

Each staff member has at least one performance review per year with his or her responsible based on a framework that considers the relationships between the Company and the employee in a very broad way.

8.2.5 Risk analysis

Principle 6: the organisation specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Aedifica's objectives are clearly described in this Annual Financial Report in section 1 ('Strategy') of the Management Report. With regard to the risk culture, the Company acts with due care.

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.

The Board of Directors regularly identifies and evaluates Aedifica's main risks and disclosed its findings in the Annual and Half-Year Financial Reports, as well as in interim statements. The risks analysis leads to taking mitigating actions as and when required. More information on the risks can be found in the section "Risks Factors" of the Annual Financial Report.

Principle 8: the organisation shall pay attention the potential risk of fraud when assessing risks that could jeopardise to the achievement of objectives.

Any attempted fraud is properly analysed to limit the impact on the Company and to avoid any new attempt.

Principle 9: the organisation identifies and assesses changes that could significantly impact the internal control system.

Significant changes are continuously identified and analysed, both at the level of Management Committee and the Board of Directors. This analysis is included in the section 'Risk Factors' of the Annual Financial Report.

The organisation selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.

8.2.6 Control activities

Principle 10: the organisation selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

- Before a real estate transaction is completed, it is subject to a conformity check with the Company's Articles of Association and with applicable regulations. Each transaction can be checked based on notarial deeds or private deeds.
- Deviations between actual figures and budgeted amounts are monthly checked by the Management Committee and quarterly by the Audit Committee and by the Board of Directors.
- Key indicators such as trade receivables and cash balances are monitored daily.
- The four-eye principle is applied for contract signature, invoice approval and their payment. A specific delegation of power is organised for treasury operations.
- Moreover, the Company has put in place control measures to mitigate its main financial risks such as the hedges entered into with leading banks, several leading banks are called upon to ensure a certain diversification of bank financing, etc.

Principle 11: the organisation selects and develops general control activities over technology to support the achievement of objectives.

Technologies employed the Company are chosen using a 'best of breed' approach. Every technological application is under the responsibility of an employee, while the management of the infrastructure (hardware and network) and the data security and durability are ensured by an (internal) IT-manager and an (external) service provider, working with Aedifica on the basis of a service-level agreement ('SLA').

Principle 12: the organisation shall develop control activities through policies that establish what is expected and in procedures that put policies into action.

Internal processes are constantly improved by taking into account the balance between the level of formalisation and the size of the Company.

8.2.7 Information and communication

Principle 13: the organisation uses relevant and quality information to support the functioning of internal controls.

The Company's information 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 objectives and responsibilities for internal control.

Internal information regarding internal controls is disseminated in a transparent manner within the Company so as to make the Company's policies, the procedures, the objectives, and the 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.

Principle 15: the organisation communicates with external parties regarding matters affecting the functioning of internal control.

External communication (aimed at the shareholders and 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. It is revised by the Audit Committee and approved by the Board of Directors.

8.2.8 Monitoring activities

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 an internal audit function to review the Company's main processes. The internal audit is organised over a multi-year 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 RREC legislation (Mr. Eric Hohl, non-executive Director – see above) and the internal audit service provider (see above).

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Given the independence requirements and taking the principle of proportionality into consideration, Aedifica has chosen to outsource the internal audit to a specialised consultant, but remains under the supervision and responsibility of the head of internal audit.

Principle 17: the organisation evaluates and communicates internal control deficiencies in a timely manner to the parties responsible for taking corrective action (the Management Committee and the Board of Directors).

The recommendations developed by the internal audit are communicated to the Audit Committee that ensures that the Management Committee put in place the corrective actions.

8.3. Shareholding structure

On 30 June 2019, there were no Aedifica shareholders holding more than 5% of the capital. The free float is therefore 100% (situation as of 30 June 2019, based on the number of shares held by the shareholders concerned as of 28 June 2019). The notifications in the context of the transparency legislation and the control chains are available on the website.

Following the closing of the 2018/2019 financial year, Aedifica received a transparency notification on 5 July 2019 following the crossing of the threshold of 5% of the voting rights in Aedifica NV/SA by BlackRock, Inc., which now holds 5.00% of the voting rights. At the closing date of this report, Aedifica did not receive any transparency notice that would change the situation as of 5 July 2019. According to the Euronext definition, the free float is 100%.

8.4. Board of Directors and Committees

8.4.1 Current composition of the Board of Directors

On 30 June 2019, Aedifica's Board of Directors consisted of nine members, including six independent Directors within the meaning of article 526ter of the Companies Code and Appendix A of the 2009 Code. The Directors are listed on page 50. 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 23 October 2018, the following Directors were appointed for a 3-year term ending after the Annual General Meeting of 2021:

- Mr. Serge Wibaut, non-executive independent Director;
- Mr. Stefaan Gielens, executive Director;
- Ms. Katrien Kesteloot, non-executive independent Director;
- Ms. Elisabeth May-Roberti, non-executive independent Director.

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.

1. Mr. Serge Wibaut

Chairman - Independent Director
- Belgian – 18.08.1957
- Avenue des Abeilles 4 – 1000 Brussels
- Beginning of 1st office as Director: 23 October 2015
- Term of office: October 2021
- Other offices as Director or current positions: Securex, Securex Assurance, Cigna Life Insurance Company of Europe NV/SA, Reacfin NV/SA, Eurinvest Partners NV/SA and Scottish Widows Europe.
- Offices as Director in the past 5 years and professional career: BNP Paribas Fortis, Belfius Banque, Gambit Financial Solutions, ADE, Alpha Assurances; former CEO at Axa Bank. Professor of Finance.

2. Mr. Stefaan Gielens, mrics

Chief Executive Officer - Executive Manager
- Belgian – 21.10.1965
- Rue Belliard 40 – 1040 Brussels
- Beginning of 1st office as Director: 1 January 2006
- Term of office: October 2021
- Other offices as Director or current positions: Chairman of Aedifica's Management Committee; Director of Résidence de la Paix NV/SA and manager of Verlien BVBA/SPRL and Buitenheide BVBA/SPRL; permanent representative of Aedifica NV/SA in Résidence de la Paix NV/SA, Hof Van Bremdael NV/SA, Verlien BVBA/SPRL, Buitenheide BVBA/SPRL and Bremdael Invest Comm. VA/SCA.; Director of Happy Affairs BVBA/SPRL and manager of Happy Affairs BVBA/SPRL in Forum Estates NV/SA.
- Offices as Director in the past 5 years and professional career: various positions and offices within the Aedifica group, the KBC group and the Almafin group; member of the Brussels Bar.

3. Mr. Jean Franken

Independent Director
- Belgian – 2.10.1948
- Avenue du Joli Mai 30– 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: Immobe NV/SA.

4. Mr. Eric Hohl

Director, responsible for internal audit
- Belgian – 6.05.1962
- Avenue des Violettes 7 – 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 NV/SA.
- Offices as Director in the past 5 years and professional career: TWC-Tapernoux NV/SA.

5. Ms. Katrien Kesteloot

Independent Director
- Belgian – 28.07.1962
- Hoveniersdreef 47– 3001 Leuven
- Beginning of 1st office as Director: 23 October 2015
- Term of office: October 2021
- Other offices as Director or current positions: CFO University Hospitals Leuven, Director of Hospex NV/SA, VZW/ASBL Faculty Club KU Leuven and Rondom VZW/ASBL; Chairman of the Board of Directors and member of the Audit Committee of Emmaüs VZW/ASBL; Expert advisor in hospital financing of the Minister of social affairs and public health; Professor KU Leuven.
- Offices as Director in the past 5 years and professional career: PhD in Economics and academic career at KU Leuven, member of various advisory bodies at the Flemish and Federal authorities.

6. Ms. Elisabeth May-Roberti

Independent Director
- Belgian – 17.11.1963
- Avenue Maurice 22 – 1050 Brussels
- Beginning of 1st office as Director: 23 October 2015
- Term of office: October 2021
- Other offices as Director or current positions: Several positions and offices at the Interparking Group; Director of Servipark NV/SA, Servipark International NV/SA, Uniparc-Belgique NV/SA, Belgian Parking Federation VZW/ASBL, Beheerscentrale NV/SA, Centre 85 Parkgaragen und Immobilien GmbH, Contipark International Parking GmbH, Contipark Parkgaragen GmbH, DB Bahnpark GmbH, Aparcament Parc Sanitari SL.
- Offices as Director in the past 5 years and professional career: SIS Srl, Uniparc Nederland BV; various offices held within the Interparking group.

7. Mr. Luc Plasman

Independent Director
- Belgian – 15.10.1953
- Puydt 20 – 1547 Bever
- Beginning of 1st office as Director: 27 October 2017
- Term of office: October 2020
- Other offices as Director or current positions: Director of Vana Real Estate NV/SA; Manager of Elpee BVBA/SPRL and Secretary-General of BLSC.
- Offices as Director in the past 5 years and professional career: various offices within Wereldhave Group; Managing Director of Immo Guwy NV/SA and Chairman of BLSC.

8. Ms. Adeline Simont

Director
- Belgian – 16.01.1960
- Ancien Dieweg 36 – 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 NV/SA. Director of Andel NV/SA (Group Martin's Hotels), Collines de Wavre NV/SA, Atlantic Certificates NV/SA, Picardie Invest NV/SA, Stockel Residence Certificates NV/SA, Stockel Residence Investment NV/SA, ReKoDe NV/SA.
- Offices as Director in the past 5 years and professional career: Galeries Royales Saint Hubert, Inclusio, Axxes Certificates, Bassem Certificates; several positions within Banque Degroof (Corporate Finance & Investment Banking, Credit).

9. Ms. Marleen Willekens

Independent Director
- Belgian – 19.10.1965
- Edouard Remyvest 46/01.01 – 3000 Leuven
- Beginning of 1st office as Director: 27 October 2017
- Term of office: October 2020
- Other offices as Director or current positions: Professor KU Leuven, part-time research Professor at BI Norwegian Business School; independent Director and Chairman of the Audit Committee Intervest NV/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 at Warwick Business School; academic career as professor at KU Leuven and BI Norwegian Business School.


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8.4.2 Members expiring at the Annual General Meeting

The term of Mr. Jean Franken as member of the Board of Directors will expire at the upcoming Annual General Meeting of 22 October 2019. At that Annual General Meeting, the renewal of the office of Mr. Jean Franken will be proposed.

In case of re-election at the General Meeting and after approval by the market authority (FSMA), he will act as independent Director for terms ending at the Annual General Meeting in October 2022.

8.4.3 Activity report of the Board of Directors

During the 2018/2019 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 mergers or contributions in kind;
- completion of the abovementioned mergers and contributions in kind;
- implementation and follow-up of relevant new legislation.

8.4.4 Committees of the Board of Directors

Within the Board of Directors, three specialised committees have been established: the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee. They are meant to assist and provide guidance to the Board of Directors in their respective domains. These committees have no decision power and are hence consultative bodies only. They report to the Board of Directors, which takes the decisions.

Audit Committee

As of 30 June 2019, the Audit Committee consists of three independent Directors: Ms. **Marleen Willekens** (Chairman of the Audit Committee), Ms. **Katrien Kesteloot** and Mr. **Serge Wibaut**. Although the CEO and CFO are not part of the Audit Committee, they attend the meetings.

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 and financial 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 2009 Code. In addition, all members of the Audit Committee have the necessary accounting and audit skills, both because of their level of education and their experience in this field.

During the 2018/2019 financial year, the audit committee met five times. The statutory auditor attended committee meetings on two occasions.

The Audit Committee's mission consists of ensuring 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. During the 2018/2019 financial year, the following items were covered:

- 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.

Nomination and Remuneration Committee

As of 30 June 2019, the Nomination and Remuneration Committee consists of three independent Directors: Ms. **Elisabeth May-Roberti** (Chairman of the Nomination and Remuneration Committee), Mr. **Jean Franken** and Mr. **Luc Plasman**. Although Mr. Serge Wibaut (Chairman of the Board of Directors) and Mr. Stefaan Gielens (CEO) are not part of this committee, both are invited to partially participate in certain meetings of the committee, depending on the topics being discussed.

The current composition of the Nomination and Remuneration Committee, as well as the tasks entrusted to it, meet the criteria set out in the Belgian Law of 6 April 2010. 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 regards to remuneration policy.

During the 2018/2019 financial year, the Committee met eight 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 2018/2019 financial year and the granting of one-off additional gross remuneration (as mentioned below);
- definition of criteria for the variable remuneration of the members of the Management Committee for the 2018/2019 and 2019/2020 Financial Year;
- preparation of the remuneration report;
- organisation of the Company.

Investment Committee

As of 30 June 2019, the Investment Committee consists of three independent Directors and the Executive Director: Mr. **Jean Franken** (Chairman of the Committee), Mr. **Serge Wibaut**, Mr. **Luc Plasman**, and Mr. **Stefaan Gielens**.

During the 2018/2019 financial year, the Investment Committee met seven times to assess the numerous investment opportunities. In addition, a number of communications were organised (by phone or by electronic means) when formal meetings were deemed unnecessary.

8.4.5 Attendance of the directors and remuneration of the non-executive Directors

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	11	-	11/12	-	7/8	7/7	25,000	23,600	48,600
Jean Franken IMMOBE[2]	4		4/4				6,000	4,000	10,000
Stefaan Gielens	12	-	12/12	-	-	7/7	0	0	0
Eric Hohl	11	-	11/12	-	-	-	15,000	11,000	26,000
Katrien Kesteloot	9	-	9/12	5/5	-	-	15,000	12,600	27,600
Elisabeth May-Roberti	12	-	12/12	-	8/8	-	25,000	19,200	44,200
Marleen Willekens	9	-	9/12	5/5	-	-	25,000	12,600	37,600
Luc Plasman	11	-	11/12	-	8/8	7/7	15,000	24,500	39,500
Adeline Simont	11	-	11/12	-	-	-	15,000	11,000	26,000
Serge Wibaut	11	-	11/12	5/5	-	5/7	50,000	19,100	69,100
Total							**191,000**	**137,600**	**328,600**

1. Attendance fees are not granted for meetings in which the Directors participate by proxy.
2. The attendances and remunerations mentioned here take into account the office of director in Immobe NV/SA that Mr Jean Franken has exercised as independent Director of the Company in accordance with Article 73 of the RREC legislation from 31 October 2018 up to and including 27 March 2019. In that capacity, Mr. Jean Franken attended four meetings of the Board of Directors of Immobe NV/SA. This mandate was remunerated by the Company in accordance with the principles described under title 8.8.1 of the Corporate Governance Statement, i.e.: € 6,000 fixed remuneration and € 4,000 attendance fees.

MANAGEMENT COMMITTEE (FROM LEFT TO RIGHT) — CHARLES-ANTOINE VAN AELST, LAURENCE GACOIN, STEFAAN GIELENS, INGRID DAERDEN, SVEN BOGAERTS

8.4.6 Management Committee and Executive Managers

Composition

The Board of Directors decided in May 2015 to set up a Management Committee as defined by Article 524bis of the Belgian Companies Code. 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)
Charles-Antoine van Aelst	Chief Investment Officer (CIO)
Sven Bogaerts	Chief Mergers & Acquisitions Officer (CM&AO)

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

Mr. Stefaan Gielens, mrics

Managing Director

Chief Executive Officer - Executive Manager

- Belgian – 21.10.1965
- Rue Belliard 40 – 1040 Brussels
- Other offices as Director or current positions: Chairman of Aedifica's Management Committee. Director of Résidence de la Paix NV/SA and manager of Verlien BVBA/SPRL and Buitenheide BVBA/SPRL. Permanent representative of Aedifica NV/SA in Résidence de la Paix NV/SA, Hof Van Bremdael NV/SA, Verlien BVBA/SPRL, Buitenheide BVBA/SPRL and Bremdael Invest Comm. VA/SCA; Director of Happy Affairs BVBA/SPRL and manager of Happy Affairs BVBA/SPRL in Forum Estates NV/SA.

- Offices as Director in the past 5 years and professional career: various positions and offices within the Aedifica group, the KBC group and the Almafin group; member of the Brussels Bar.

Ms. **Ingrid Daerden** is Chief Financial Officer for the Company since 1 September 2018. She is an Executive Manager and a member of the Management Committee. Her office is of indefinite duration.

Ms. Ingrid Daerden

Chief Financial Officer – Executive Manager

- Belgian – 12.01.1974

Rue Belliard 40 – 1040 Brussels

Start of her office as CFO: 1 September 2018

Other offices as Director or current positions: Member of Aedifica's Management Committee and Risk Manager. Director of Aedifica Invest NV/SA, Résidence de la Paix NV/SA and Hof Van Bremdael NV/SA, and Manager of Verlien BVBA/SPRL and Buitenheide BVBA/SPRL.; Director and Manager JIND BVBA/SPRL.

Offices as Director in the past 5 years and professional career: various positions and offices within Cofinimmo group and OTN Systems Group, KaiserStone NV/SA, WellnesStone NV/SA.

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

Ms. Laurence Gacoin

Chief Operating Officer – Executive Manager

- French – 26.01.1977
- Rue Belliard 40 – 1040 Brussels
- Other offices as Director or current positions: member of Aedifica's Management Committee; Director of Aedifica Invest NV/SA, Aedifica Invest Brugge NV/SA, Immobe NV/SA, Residenzen 1 GmbH, Aedifica Residenzen 2 GmbH, Résidence de la Paix NV/SA and Hof Van Bremdael NV/SA, Manager of Verlien BVBA/SPRL and Buitenheide BVBA/SPRL; Director and Manager of NOVA Laga BVBA/SPRL.
- Offices as Director in the past 5 years and professional career: several positions and offices within the Aedifica group; Director of FIDES Capman BVBA/SPRL and APERIO NV/SA; Managing partner of FIDES Capital Group.

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

Mr. Charles-Antoine van Aelst

Chief Investment Officer – Executive Manager

- Belgian – 11.02.1986
- Rue Belliard 40 – 1040 Brussels
- Other offices as Director or current positions: Member of Aedifica's Management Committee. Director of Aedifica Invest NV/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, Aedifica Residenzen 1 GmbH, Aedifica Residenzen 2 GmbH, Résidence de la Paix NV/SA and Hof Van Bremdael NV/SA; Manager of Verlien BVBA/SPRL and Buitenheide BVBA/SPRL; Director of Davidis NV/SA.
- Offices as Director in the past 5 years and professional career: several positions and offices within the Aedifica group; Corporate Analyst, Investment Manager and Investment Officer at Aedifica.

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

Mr. Sven Bogaerts

Chief Mergers & Acquisitions Officer – Executive Manager

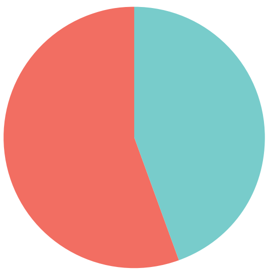
- Belgian – 16.12.1977
- Rue Belliard 40 – 1040 Brussels
- Other offices as Director or current positions: Member of Aedifica's Management Committee. Director of Aedifica Invest NV/SA, Aedifica Luxemburg IV SCS, Aedifica Luxemburg V SCS, Aedifica Luxemburg VI SCS, Aedifica Residenzen Nord GmbH, Aedifica Residenzen 1 GmbH, Aedifica Residenzen 2 GmbH, Résidence de la Paix NV/SA and Hof Van Bremdael NV/SA, and Manager of Verlien BVBA/SPRL and Buitenheide BVBA/SPRL and Managing Director of Hof Van Bremdael NV/SA.
- Offices as Director in the past 5 years and professional career: several positions and offices within the Aedifica group; associated partner at Eubelius and assistant Jan Ronse Institute of Company Law at KU Leuven; International M&A Manager at Aedifica.

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 Aedifica's website (www.aedifica.eu).

Remuneration

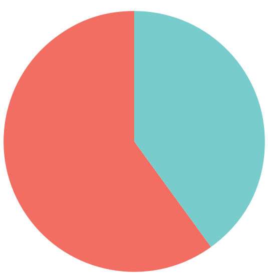
Please refer to the Remuneration Report presented in section 8 below for more information about the remuneration of Management Committee's members.

Mixed gender ratio within the Board of Directors



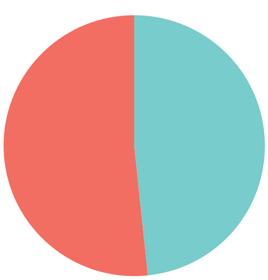
- 4 women
- 5 men

Mixed gender ratio within the Management Committee



- 2 women
- 3 men

Mixed gender ratio among employees



- 29 women
- 31 men

8.5. 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 the 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 two women and three men (a gender diversity ratio of 40 %; see chart). Gender is not the only aspect of diversity considered by Aedifica, however. 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 8.4.1 and 8.4.6 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 its 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. For more information about Aedifica's employees, see chapter on the 'Corporate Social Responsibility' on page 110.

8.6. Assessment process

Under the scrutiny of the Chairman, the Board of Directors regularly performs a self-assessment of its size, composition, way of functioning (as well as those of the committees), and interaction with the Management Committee.

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 of Directors and its committees remains adequate.

In this evaluation process, the Board of Directors is supported by the Nomination and Remuneration Committee, and, if needed, by external experts.

The input of each director is regularly evaluated, so that, if necessary, the composition of the Board can be adapted as needed to any changes in circumstances. In the event of a reappointment, the director's input and effectiveness are 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 of Directors (for both executive and non-executive directors).

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.

8.7. 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), was approved at the 23 October 2018 Annual General Meeting. The members of the Management Committee received additional gross remunerations for €175,000 (CEO) and

€300,000 for all Management Committee's members (CFO, COO, CLO, CIO and CM&AO) in aggregate. After deducting withholding taxes, they were able to purchase shares at a unit price equal to 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. In execution of this 'long-term incentive plan', the CEO has acquired 1.288 shares and the Management Committee's members in aggregate have acquired 2.216 shares. The members of the Management Committee are irrevocably committed to hold these shares for a period of two years. The shares sold by Aedifica were part of the treasury shares held by the Company that were acquired on the stock exchange.

As a result of the Company's achievement of its long-term strategy to become a pure-play investor in European healthcare real estate (taking into account, among other things, the divestment of the apartment and hotel portfolio and the acquisition of a significant healthcare portfolio over the last few years, such as in Belgium, the Netherlands, Germany, as well as recently in the United Kingdom), which will enable the Company - thanks to the successful capital increase of May 2019 - to further strengthen its role as a leader in the European listed health care real estate sector, the Board of Directors of the Company of 14 May 2019 decided to grant the members of the Management Committee, within the framework of the aforementioned 'long-term incentive plan', a one-off additional gross remuneration of €250.000 for the CEO and €400,000 for the other members of the Management Committee (CFO, COO, CIO and CM&AO) in aggregate. After deduction of the withholding tax, the recipients must use the available net amounts to acquire Aedifica shares at a unit price equal to the last known closing price on the stock exchange, multiplied by a factor of 100/120th in accordance with comment 36/16 of the Belgian Income Tax Code. The implementation of this 'long-term incentive plan' is spread over the financial years 2018/2019 and 2019/2020. At the date of this remuneration report, the CEO has acquired 1,173 shares and the other members of the Management Committee together 2,348 shares. The members of the Management Committee have irrevocably undertaken to keep these shares for a period of three years. These shares sold by Aedifica were previously the Company's own shares acquired on the stock exchange.

For the upcoming 2019/2020 financial year, the Board of Directors will propose to the general meeting to approve a 'long-term incentive plan' for the members of the Management Committee (namely the CEO, CFO, COO, CIO and CM&AO) under the same form previously used, with a gross value of €234,000 (CEO) and €509,000 (for the other members of the Management Committee in aggregate), in accordance with principle 7.13 of the 2009 Code and in accordance with Article 520ter of the Company Code. The members of the Management Committee have irrevocably committed themselves to keep these shares for a period of two years. This lock-up obligation will lapse, among other things, in the event of a public offer and a change of control over Aedifica. In addition, a contractual 'claw back' arrangement will be included in the addenda to the management agreements whereby a (partial) return obligation of the shares obtained in execution of the 'long-term incentive plan' 2019/2020 is provided for in the event of termination of the management agreement in certain cases and within certain periods.

8.8. Remuneration report

The remuneration policy for the members of the Board of Directors and the members of the Management Committee is based on current legislation, the Corporate Governance Code and market practices and trends.

The remuneration policy provides for remuneration that is sufficient to attract, retain and motivate Directors and Executive Managers who meet the profile set by the Board of Directors. In doing so, care is taken to ensure that the cost of the various remunerations remains under control. The Nomination and Remuneration Committee regularly conducts a comparative study (benchmark of other comparable companies) of both the remuneration of non-executive and executive Directors and that of Executive Managers, in order to ensure that the remuneration is still appropriate and in line with market practices, taking into account the size, growth and internationalisation of the company, its financial situation, its position within the economic environment and the level of responsibilities borne by the Directors and Executive Managers.

The last review of the remuneration policy for members of the Board of Directors and members of the Management Committee took place in June 2019 with the assistance of the independent specialist consultant Willis Towers Watson.

Total remuneration for the year 2018/2019 (in €)	Stefaan Gielens - CEO	Other	Total
Fixed remuneration (management agreements)	433,903	838,087	1,271,990
Fixed remuneration ('long-term incentive plan')	300,000	500,000	800,000
Variable remuneration	216,900	409,303	626,203
Pension scheme	70,979	109,555	180,534
Insurance premiums	6,847	15,277	22,124
Benefits in kind	4,630	15,194	19,824
Total	**1,033,259**	**1,887,416**	**2,920,676**

8.8.1 Internal procedures

During the 2018/2019 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 2006 (CEO), 2014 (COO), 2015 (CLO), 2017 (CIO and CM&AO) and 2018 (CFO), have been honoured. Additional agreements were signed in order to clearly define criteria for the variable remuneration (see section 8.8.2 below), in accordance with Article 520bis of the Company Code, as well as the amount of the monthly fixed basic remuneration and the amount and terms of the 'long-term incentive plan' (see section 7 above).
  - on 31 December 2018, the management agreement with the CLO ended at the request of the CLO herself; consequently, her remuneration due will be paid on a pro rata temporis basis, in accordance with the management agreement and incorporated into this report.

The remuneration of the non-executive Directors and Executive Managers was determined as follows:

- **Non-executive Directors:** in accordance with the decisions taken by the shareholders during the Annual General Meeting of 28 October 2016, the actual remuneration of the non-executive directors amounted to:
  1. fixed annual remuneration:
     i. a fixed annual remuneration of €50,000 for the Chairman of the Board of Directors;
     ii. a fixed annual remuneration of €25,000 for the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee and the Chairman of the Investment Committee;
     iii. a fixed annual remuneration of €15,000 for the other non-executive directors.
  2. attendance fees:
     i. an attendance fee of €1,000 per director and per meeting of the Board of Directors;
     ii. an attendance fee of €900 per director and per meeting of the Audit Committee, of the Nomination and Remuneration Committee and of the Investment Committee.

  For the 2018/2019 financial year, the Board of Directors will collectively receive €328,600.

- **Executive Managers:** the remuneration of Management Committee's members was determined based on the management agreements signed in 2006 (CEO), 2014 (COO), 2017 (CIO and CM&AO) and 2018 (CFO), and on the additional abovementioned agreements, in accordance with the criteria for the variable remuneration for the variable remunerations described in section 8.9.1 of the corporate governance statement.

8.8.2 Executive Managers' remuneration

The remuneration package of the Executive Managers consists of: fixed remuneration (arising from the management agreements), variable remuneration (for which no claw-back in favour of the Company is applicable), post-retirement benefits (defined contribution plan and associated benefits), and other components of the remuneration (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' for which a no claw-back in favour of the Company is proposed as from the financial year 2019/2020 (see section 7 above). The amounts involved are listed in the table on page 57.

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 2018/2019 financial year is a (gross) amount which does not exceed 50 % of the annual remuneration excluding sundry benefits, post-retirement benefits and 'long-term incentive plan'. The effective amount was determined by the Board of Directors, based on quantitative and qualitative criteria listed in the 2017/2018 Annual Financial Report as well as in the aforementioned 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 (65 %), consolidated EBIT margin* (operating result before result on portfolio divided by net rental income) (10 %) and others (25 %). The Board of Directors concluded on 3 September 2019 that the Executive Managers met the objectives and decided to grant as variable remuneration €216,900 to the CEO and €409,303 to the other members of the Management Committee (CFO, COO, CIO and CM&AO) in aggregate.
- with respect to the 2019/2020 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, post-retirement benefits and 'long-term term incentive plan'. 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 %).
- with respect to the 2020/2021 financial year, the maximum variable remuneration will be kept to 50 % of the annual remuneration excluding sundry benefits, post-retirement benefits and the 'long-term incentive plan', 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. The details of that plan are included in section 7 of the Corporate Governance Statement above.

For information purposes, note that the ratio between the total remuneration of the CEO for 2018/2019 and the average remuneration of personnel amounts to 11 times.

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Each Executive Manager benefits from a company car as from the time of entering the Company. In 2018/2019, the cost to the Company (rental charge and petrol) was €25,000 excl. VAT for the CEO and a combined total of €59,000 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.

For the 2019/2020 financial year, the Board of Directors decided at its meeting of 20 June 2019 to provide the members of the Management Committee, based on the proposal of the Nomination and Remuneration Committee to adapt the executive remuneration with an adequate and motivating remuneration in line with market practice as follows (effective 1 July 2019):

- a fixed annual remuneration for the CEO of €500,000; to which €234,000 should be added (in accordance with the 'long-term incentive plan') for the 2019/2020 financial year, and a maximum variable remuneration €250,000 for the 2019/2020 financial year, based on and to the extent that the abovementioned criteria have been met;
- with respect to the other members of the Management Committee (CFO, COO, CIO and CM&AO in aggregate):
  - a fixed remuneration of €1.100,000;
  - a maximum variable remuneration of €550,000 for the 2019/2020 financial year, based on and to the extent that the abovementioned criteria have been met;
  - participation in the 'long-term incentive plan' for €509,000.

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 8.9.6 of the Corporate Governance Charter.

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, only 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 in line with market practice. In accordance with article 554 of the Companies Code, this indemnity payment does not require approval by the general meeting.

8.8.3 Remuneration of the Board of Directors

The Board of Directors will propose to the shareholders' meeting the following changes to the remuneration policy of its non-executive members relating to the annual fixed remuneration of the Chairman and the members of the Audit Committee:

- increase of the annual fixed remuneration to €30,000 for the Chairman of the Audit Committee;
- granting of a fixed annual fee of €5,000 for each other member of the Audit Committee, non-executive Director.

The Company decided to grant Mr. Eric Hohl, non-executive Director of the Company, a fixed annual remuneration of €5,000 as remuneration for his special assignment as final responsible for the internal audit (in accordance with Article 17 of the RREC legislation).

8.9. Preventing conflicts of interest

8.9.1 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. Articles 523 and 524 of the Belgian Companies Code are always applicable, as is Article 37 of the above mentioned law.

During the course of the 2018/2019 financial year, there were no conflict of interest on real estate transactions. The three conflicts of interest that occurred in the course of the financial year concerned the remuneration of the members of the Management Committee and are explained below.

Board of Directors of 4 September 2018: variable remuneration of the Management Committee

"Pursuant to Article 523 of the Belgian Companies Code and Article 37 of the RREC legislation, the executive Director (Mr. Stefaan Gielens) announced that he had interests of a patrimonial nature contrary to those of the company about which he will inform the statutory auditor. The other the Management Committee's members (Ms. Laurence Gacoin, Ms. Ingrid Daerden, Mr. Charles-Antoine van Aelst and Mr. Sven Bogaerts), who are not Board of Directors' members (and thus do not have a conflict of interest within the meaning of Article 523 of the Belgian Companies Code), declared that they have interests contrary to those of the Company within the meaning of Article 37 of the RREC Legislation. All Management Committee's members leave the meeting.

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

(i) the variable remuneration for the 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 aforementioned additional agreements signed on 4 September 2017. Recall that the variable remuneration can only be paid if the actual EPRA Earnings* per share is at least 90 % of the budgeted amount. Also recall 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 quantitative objectives. Taking into account the (possible partial) achievement of the other objectives, the dates of entry into force of the CIO and CM&AO agreements and the end of Mr. Jean Kotarakos' agreement on 31 May 2018, the Committee proposes to grant as variable remuneration: €207,500 to the CEO, and €387,900 to the previous CFO (Jean Kotarakos), COO, CIO, CLO and CM&AO in aggregate.

(ii) for the 2018/2019 financial year, the Committee proposed that the maximum amount of the variable remuneration should not exceed 50 % of the fixed annual gross remuneration, excluding sundry benefits and the post-retirement benefits. The actual amount granted will be determined based on consolidated quantitative and qualitative targets set and evaluated by the Board of Directors. The Committee proposes that these objectives be set on the basis of criteria that are weighted according to their importance. The criteria for awarding the variable remuneration are as follows:

- 65 %: consolidated result excluding changes in fair value per share (EPS as per EPRA) (final budget 2018/2019: EPRA Earnings*: €3.45 per share; excluding capital increase); in case of the realisation of an EPS equal to the budget, 65 % of the maximum amount of the variable remuneration is acquired.

  In the event of the realisation of an EPS higher or lower than this budget, this part of the maximum amount of the variable remuneration will be adjusted upwards or downwards within a range of between 50 % and 150 % in proportion to the difference between the budget and the EPS values of 10 % lower and 10 % higher than the budget respectively. In concrete terms, this means that a realised EPS of less than 90 % of the budget will not result in any variable remuneration other than the one that lay be obtained in relation to the EBIT margin* and/or individual targets.

Conversely, if an EPS of 110 % or more of the budget is achieved, this will result in a maximum tranche of 150 % of the tranche due in case an EPS is achieved equal to the budget, in addition to any variable tranches obtained through the operating margin and/or individual targets.

- 10 %: the minimum consolidated EBIT margin* equal to the budget

  (2018/2019 budget: operating result before portfolio result divided by net rental income: 82.1 %).

- 25 %: others (specific and individual objectives for each member of the management committee).

(iii) with respect to the 2019/2020 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.

The Chairman of the Nomination and Remuneration Committee 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:

a. the fixed annual remuneration (unchanged, except for indexation): €433,590;

b. the maximum variable remuneration: €216,795 (before indexation), based on the abovementioned criteria;

c. participation in the 'long-term incentive plan' for an amount of €175,000 for the financial year 2018/2019.

(ii) with respect to the other Management Committee members (CFO, COO, CLO, CIO and CM&AO in aggregate):

a. the fixed annual remuneration (including the remuneration of the new CFO on an annual basis and when applicable, increased) of €1,018,502 (without indexation);

b. the maximum variable remuneration (theoretical maximum on an annual basis) €509,251 (without indexation);

c. participation in the 'long-term incentive plan' for €300,000 for the 2018/2019 financial year.

The Board approved the Nomination and Remuneration Committee's proposals."

Board of Directors of 14 May 2019: variable remuneration of the Management Committee

"Pursuant to Article 523 of the Belgian Companies Code and Article 37 of the RREC legislation, the executive Director (Mr. Stefaan Gielens) announced that he had interests of a patrimonial nature contrary to those of the company about which he will inform the statutory auditor. The other management committee's members (Ms. Laurence Gacoin, Ms. Ingrid Daerden, Mr. Charles-Antoine Van Aelst and Mr. Sven Bogaerts), who are not members of the Board of Directors' (and thus do not have a conflict of interest within the meaning of Article 523 of the Belgian Companies Code), declared that they too have interests contrary to those of the Company within the meaning of Article 37 of the RREC Legislation. All members of the Management Committee then left the meeting.

The Chairman of the Nomination and Remuneration Committee reports on the meeting of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee notes that Aedifica has been able to achieve its long-term strategy of becoming a pure-play investor in European healthcare real estate (taking into account, among other things, the divestment of the apartment and hotel portfolios and the acquisition of a significant healthcare portfolio over the last few years, including acquisitions in Belgium, the Netherlands, Germany, as well as the recent acquisition in the United Kingdom). The committee also notes that, thanks to the successful capital increase of May 2019, Aedifica is ready to further strengthen its role as a leader in the European listed healthcare real estate sector.

In this context, the Nomination and Remuneration Committee proposes that a one-time payment in the form of a participation in the 'long-term incentive plan' should be granted to the members of the Management Committee. This amounts to €250,000 (gross) for the CEO, and €400,000 (gross) for the other Management Committee's members in aggregate (€100,000 each (gross)).

The Executive Director and the other Management Committee's members re-entered the meeting."

Board of Directors of 20 June 2019: fixed remuneration of the Management Committee

"Pursuant to Article 523 of the Belgian Companies Code and Article 37 of the RREC legislation, the executive Director (Mr. Stefaan Gielens) announced that he had interests of a patrimonial nature contrary to those of the company about which he will inform the statutory auditor. The other the management committee's members (Ms. Laurence Gacoin, Ms. Ingrid Daerden, Mr. Charles-Antoine Van Aelst and Mr. Sven Bogaerts), who are not members of the Board of Directors (and thus do not have a conflict of interest within the meaning of Article 523 of the Belgian Companies Code), declared that they have interests contrary to those of the Company within the meaning of Article 37 of the RREC Legislation. All management committee's members leave the meeting.

The Chairman of the Nomination and Remuneration Committee reports on the meeting of the Nomination and Remuneration Committee, which – based on a comparative market survey of the Directors and members of the Management Committee's remuneration carried out by the independent specialist consultant Willis Towers Watson – proposes to increase the fixed annual remuneration of all Management Committee's members.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors decides to increase the fixed annual remuneration of the Management Committee's members to €500,000 for the CEO and €1,100,000 for the Management Committee's other members as from the 2019/2020 financial year.

The Chairman of the Nomination and Remuneration Committee will communicate the details to the CEO who will inform the members of the Management Committee individually.

The Chairman of the Nomination and Remuneration Committee also commented on the advice of the Nomination and Remuneration Committee:

(i) the criteria that could be used for the allocation of the variable remuneration of the members of the Management Committee for the 2019/2020 financial year; and

(ii) the participation of the members of the Management Committee in the 'long term incentive plan' for the 2019/2020 financial year.

The members of the Management Committee re-enter the meeting and take note of the decision of the Board of Directors."

8.9.2 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. Mr. Sven Bogaerts, CM&AO, acts as the Company's Compliance Officer. In this regard, he 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.

Monitoring of the transactions carried out on Aedifica' shares

The compliance officer updates the list of persons having access to privileged information. He ensures that the persons on this list are aware of what this implies.

Furthermore, he 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:

- the 30 calendar days prior to the date of publication of the annual and half-year results;
- the 15 calendar days preceding the date of publication of the quarterly results;
- any period when privileged information is known;
- any other period that the Compliance Officer considers to be a sensitive period, taking into account the developments that occur within the Company at that time.

Limits to insider dealings for Directors and Management Committee's members

Directors, Management Committee's members, or persons closely related to them must give notice to the Compliance Officer at least 48 hours in advance of any planned transaction on equity instruments or derivative instruments linked to Aedifica. If the Compliance Officer himself intends to carry out such transactions, he must give notice to the Chairman of the Board of Directors at least 48 hours in advance of the execution of 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 and a written confirmation of receipt of any notification.

The 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).

8.9.3 Notification of irregularities

Aedifica has an internal procedure for reporting potential or actual breaches of the applicable legal rules, its Corporate Governance Charter and its code of conduct. This procedure for reporting irregularities is an appendix to the Corporate Governance Charter.

8.9.4 Research and development

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

8.9.5 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 the capital increases decided by the Board of Directors during the financial year, and the conditions and the effective impacts of the capital increases for which the Board of Directors limited or cancelled preferential rights (when applicable).

In execution of the decision of the Board of Directors of 23 October 2018 to increase the capital within the framework of the authorised capital, by way of contribution in kind in the context of the optional dividend (see section 2.1.4 of the Management Report), the capital was increased on 20 November 2018 by €6,348,821.62 (from €480,279,540.67 to €486,628,362.29). 240,597 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 2018/2019 financial year as of 1 July 2018.

Following a decision of the Board of Directors of 23 April 2019 to increase the capital within the framework of the authorised capital by a contribution in cash with irreducible allocation rights, the capital (see section 2.1.4 of the Management Report) was increased on 7 May 2019 by €162,209,454.10 to bring it from €486,628,362.29 to €648,837,816.39. 6,147,142 new shares, without nominal value, were issued. These new shares will participate pro rata temporis in the Company's profits as from 7 May 2019 for the 2018/2019 financial year.

Within the framework of an authorized capital (see section 2.1.4 of the Management Report), by decision of the Board of Directors of 20 June 2019, the capital was increased by €332,222.20 to bring it from €648,837,816.39 to €649,170,038.59 through a contribution in kind. 12,590 new shares, without nominal value, were issued. They are of the same type and enjoy the same rights and benefits as the existing shares. These new shares will participate pro rata temporis in the Company's profits as from 7 May 2019 for the financial year 2018/2019.

An appropriate explanation with regards to the conditions and the actual consequences of the capital increase of 7 May 2019, by which the preferential right of the shareholders was cancelled and by which a priority allocation right was granted, is given in the special report of the Board of Directors drawn up in accordance with Article 596 of the Companies Code of 23 April 2019. In the event of a capital increase by contribution in kind, the shareholders do not have preferential rights and no special report is drawn up in accordance with Article 596 of the Companies Code.

8.9.6 In the event of a takeover bid

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

Structure of the share capital

- **Share capital:** there is one single category of shares without par value: all shares are fully paid-up. As of 30 June 2019, the share capital amounts to €649,170,038.59, consisting of 24,601,158 shares, each representing 1/24,601,158th of the share capital.
- **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, and the Royal Decree of 13 July 2014 on Regulated Real Estate Companies. Moreover, attention should be paid to the Company's Articles of Association (see section 4 of the chapter 'Standing Documents' in the Annual Financial Report).

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 requires that the shares of Belgian REITs are listed on a regulated stock exchange. The totality of the 24,601,158 Aedifica shares are listed on Euronext Brussels (regulated market).

Specific control rights

There are no shareholders benefitting from specific control rights.

Control mechanisms in favour of personnel

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

Legal or statutory limits to voting rights

As of 30 June 2019, Aedifica holds no treasury shares.

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.

THE FOUNTAINS, RAINHAM (UK)

Rules for the nomination and replacement of members of the Board of Directors, and for any change of the Articles of Association

- **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.

- **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).

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 realised 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.

This authorisation is granted for a renewable period of 5 years, starting from the publication in the annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the extraordinary general meeting of 28 October 2016.

As of 30 June 2019, the remaining balance of the authorised capital as of 30 June 2019 amounts to 1) €116,922,135.53 if the capital increase to be realised provides the possibility to exercise a preferential subscription right or a priority allocation right by the shareholders, or 2) €60,441,140.21 for any other type of capital increase. Of the maximum amount of the authorized capital (€374,000,000), €102,563,275.74 is still available to increase the Company's share capital.

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 2019, Aedifica has pledged 2,508 treasury shares.

Major agreements which are initiated, changed or terminated in the event of a takeover bid

It is common practice for credit agreements to contain so-called "change of control" clauses that allow the lender to demand immediate repayment of the outstanding loans, interest and other outstanding amounts in the event of a change of control over the Company.

The following credit agreements contain such a change of control clause:

- the credit facilities with BNP Paribas Fortis concluded on 15 June 2016, 24 February 2017 and 14 November 2017;
- the credit facilities issued by KBC on 28 June 2016;
- the credit facility issued by Caisse d'Epargne Hauts De France on 7 June 2016;
- the credit facility issued by Caisse d'Epargne Hauts De France on 4 January 2018;
- the credit facilities issued by Banque Européenne du Crédit Mutuel on 25 May 2018 and 21 December 2018;
- the credit facilities issued by Belfius Banque on 27 November 2014, 27 June 2016, 14 May 2018 and 21 December 2018;
- the credit facilities issued by ING Belgium on 19 February 2016, 20 September 2016, 14 February 2017 and 15 May 2018;
- the credit facilities issued by BNP Paribas SA Niederlassung Deutschland on 24 October 2016;
- the credit facilities issued by Banque Triodos on 3 February 2017 and 15 May 2018
- the credit facility issued by the Argenta Spaarbank savings bank and the Argenta Assuranties insurance company on 20 December 2017;
- the syndicated credit facility 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) on 29 June 2018 ;
- the credit facilities issued by JP Morgan Securities and ING Belgium on 21 December 2018;
- the credit facilities issued by ABN Amro on 29 March 2019.

In addition, commercial papers issued on 17 December 2018 under the long-term commercial papers programme contain a similar change of control clause.

Each of these clauses relating to a change of control has been approved by the general meeting (see minutes of previous general meetings), with the exception of the clauses included in the aforementioned treasury bills programme and in the credit agreements concluded during the past financial year, for which the approval of the change of control clause will be requested from the general meeting on 22 October 2019.

Agreements with directors or personnel which provide for indemnities in the event of a takeover bid the directors resign, or are made redundant without valid reason, or the employees' employment is terminated

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 or Aedifica staff members.

Brussels, 3 September 2019

ZUR ALTEN LINDE, RABENAU (DE)

I EPRA

0 %
EPRA Vacancy rate

+24 %
EPRA Earnings*
as compared to 30 June 2018

€3.74/ share
EPRA Earnings*

EPRA

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.

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.

In 2014, Aedifica was rewarded the 'EPRA Silver Award' and the 'EPRA Most Improved Award' for its 2012/2013 Annual Financial Report.

In 2015, 2016, 2017, 2018, and 2019, Aedifica's annual financial report was awarded five consecutive times the 'EPRA Gold Award' for Financial Reporting, keeping the company at the top of the real estate companies assessed by EPRA.

In 2018, Aedifica was rewarded the 'EPRA Silver Award' and the 'EPRA Most Improved Award' for its 2018 Sustainability Report.

2014

2014

2015 - 2016

2017 - 2018 - 2019

SENIORENWOHNPARK HARTHA, THARRANDT (DE)

2019

2019

“Aedifica’s inclusion in the EPRA index witnesses its commitment to best practice, and provides an opportunity for global investors to play a part in the Company’s continued success.”

Stefaan Gielens, CEO

Key performance indicators according to the EPRA principles

		30 June 2019	30 June 2018
EPRA Earnings*	x €1,000	72,145	58,403
Earnings from operational activities	€ / share	3.74	3.25
EPRA NAV*	x €1,000	1,491,930	937,795
Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model	€ / share	60.64	51.52
EPRA NNNAV*	x €1,000	1,422,220	889,279
EPRA NAV* adjusted to include the fair values of financial instruments, debt and deferred taxes	€ / share	57.81	48.86
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	%	5.5	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	%	5.5	5.2
EPRA Vacancy Rate Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	%	0	1
EPRA Cost Ratio (including direct vacancy costs)* Administrative & operating costs (including costs of direct vacancy) divided by gross rental income	%	18	16
EPRA Cost Ratio (excluding direct vacancy costs)* Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income	%	18	16

The data in this chapter 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 are calculated according to the definitions included in the EPRA Best Practice 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.

EPRA Earnings* (x €1,000)

	30 June 2019	30 June 2018
Earnings (owners of the parent) per IFRS income statement	**123,497**	**71,855**
Adjustments to calculate EPRA Earnings*, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	-63,317	-15,018
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-7,251	-789
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-70	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	0	344
(vi) Changes in fair value of financial instruments and associated close-out costs	7,304	2,157
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred taxes in respect of EPRA adjustments	6,216	-146
(ix) Adjustments (i) to (viii) above in respect of joint ventures	-853	0
(x) Non-controlling interests in respect of the above	6,618	0
Roundings	1	0
EPRA Earnings* (owners of the parent)	**72,145**	**58,403**
Number of shares (Denominator IAS 33)	19,274,471	17,990,607
EPRA Earnings* per Share (EPRA EPS* - in €/share)	**3.74**	**3.25**

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

	30 June 2019	30 June 2018
NAV per the financial statements (owners of the parent)	**1,429,549**	**896,145**
NAV per the financial statements (in €/share) (owners of the parent)	**58,11**	**49,24**
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	**1,429,549**	**896,145**
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	50,533	35,439
(v.a) Deferred taxes	11,848	6,211
(v.b) Goodwill as a result of deferred taxes	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV* (owners of the parent)	**1,491,930**	**937,795**
Number of shares	24,601,158	18,200,829
EPRA NAV* (in €/share) (owners of the parent)	**60.64**	**51.52**

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

	30 June 2019	30 June 2018
EPRA NAV* (owners of the parent)	**1,491,930**	**937,795**
Include:		
(i) Fair value of financial instruments	-50,533	-35,439
(ii) Fair value of debt	-7,329	-6,866
(iii) Deferred taxes	-11,848	-6,211
EPRA NNNAV* (owners of the parent)	**1,422,220**	**889,279**
Number of shares	24,601,158	18,200,829
EPRA NNNAV* (in €/share) (owners of the parent)	**57.81**	**48.86**

EPRA Net Initial Yield (NIY) and EPRA Topped-up NIY (x €1.000)

	30 June 2019					
	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Intersegment items	Total
Investment properties - wholly owned	2,315 709	0	0	0	0	2,315,709
Investment properties - share of Joint Ventures/Funds	0	0	0	0	0	0
Trading properties (including share of Joint Ventures)	5,240	0	0	0	-	5,240
Less: developments	-51,205	-	-	-	-	-51,205
Completed property portfolio	**2,269,744**	**0**	**0**	**0**	**0**	**2,269,744**
Allowance for estimated purchasers' costs	101,443	0	0	0	0	101,443
Gross up completed property portfolio valuation	**2,371,187**	**0**	**0**	**0**	**0**	**2,371,187**
Annualised cash passing rental income	133,739	0	0	0	0	133,739
Property outgoings[1]	-4,036	0	0	0	0	-4,036
Annualised net rents	**129,703**	**0**	**0**	**0**	**0**	**129,703**
Add: notional rent expiration of rent free periods or other lease incentives	0	0	0	0	0	0
Topped-up net annualised rent	**129,703**	**0**	**0**	**0**	**0**	**129,703**
EPRA NIY (in %)	**5.5**	**0.0**	**0.0**	**0.0**	**-**	**5.5**
EPRA Topped-up NIY (in %)	**5.5**	**0.0**	**0.0**	**0.0**	**-**	**5.5**

	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**

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 2019						
	Gross rental income[1]	Net rental income[2]	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	106,387	103,143	1,168,116	133,739	0	136,703	0
Apartment buildings[4]	0	0	0	0	0	0	0
Hotels[5]	0	0	0	0	0	0	0
Non-allocated	0	0					
Intersegment items	0	0					
Total marketable investment properties	**106,387**	**103,143**	**1,168,116**	**133,739**	**0**	**136,703**	**0**
Reconciliation to income statement IFRS							
Properties sold during the 2018/2019 financial year	11,864	8,650					
Properties held for sale	133	133					
Other Ajustments	0	0					
Total marketable investment properties	**118,372**	**111,926**					

	30 June 2018						
	Gross rental income[1]	Net rental income[2]	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 to income statement IFRS							
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**	**86,075**					

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 2018 or 30 June 2019.
4. Sale of the 'apartment buildings' branch of activities on 27 March 2019.
5. Sale of the hotels on 14 June 2019.

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

	30 June 2019					30 June 2018	
	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	71,245	27,620	0	4,411	103,276	69,895	2 %
Apartment buildings[3]	0	0	4,642	0	4,462	0	-
Hotels[4]	0	0	4,020	0	4,020	0	-
Non-allocated	0	0	0	0	0	0	-
Intersegment items	0	0	-12	0	-12	0	-
Total marketable investment properties	**71,245**	**27,620**	**8,650**	**4,411**	**111,926**	**69,895**	**2 %**
Reconciliation to income statement IFRS							
Properties sold during the 2018/2019 financial year					0		
Properties held for sale					0		
Other Ajustments					0		
Total marketable investment properties					**111,926**		

1. Marketable investment properties owned throughout the 2 financial years.
2. The total ‘net rental income’ defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the ‘property operating result’ of the consolidated IFRS accounts.
3. Sale of the ‘apartment buildings’ branch of activities on 27 March 2019.
4. Sale of the hotels on 14 June 2019.

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

	30 June 2019			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate (in %)[1]
Segment				
Healthcare real estate	2,269,744	63,791	5.5	2
Apartment buildings[2]	0	13,491	0	
Hotels[3]	0	-900	0	
Total marketable investment properties including assets as held for sale*	**2,269,744**	**76,382**	**5.5**	**2**
Reconciliation to the consolidated IFRS balance sheet				
Development projects	51,205	-13,065		
Total investment properties including assets classified as held for sale*	**2,320,949**	**63,317**		

	30 June 2018			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate (in %)[1]
Segment				
Healthcare real estate	1,430,806	22,475	5.4	5
Apartment buildings	206,938	2,474	3.3	-8
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 investment properties including assets classified as held for sale*	**1.740.533**	**15.018**		

1. This reversion rate does not take into account a furnished occupancy for some apartments.
2. Sale of the 'apartment buildings' branch of activities on 27 March 2019.
3. Sale of the hotels on 14 June 2019.

Investment properties - Lease data

	30 June 2019				
		Current rent of leases expiring (x €1,000)			
	Average remaining maturity[1] (in years)	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	21	0	38	558	133,142
Apartment buildings[2]	0	0	0	0	0
Hotels[3]	0	0	0	0	0
Total marketable investment properties including assets as held for sale*	**21**	**0**	**38**	**558**	**133,142**

1. Termination at following possible break.
2. Sale of the 'apartment buildings' branch of activities on 27 March 2019.
3. Sale of the hotels on 14 June 2019.

Properties being constructed or developed (in € million)

	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
	30 June 2019							
Total	52	372	4	428	2021/2022	± 110,000	100	23.2

	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
	30 June 2018							
Total	37	417	5	459	2021/2022	± 118,000	100	25.4

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

EPRA Cost ratios* (x €1,000)

	30 June 2019	30 June 2018
Administrative/operating expense line per IFRS statement	**-21,271**	**-14,402**
Rental-related charges	-41	-80
Recovery of property charges	59	84
Rental charges and taxes normally paid by tenants on let properties	-820	-985
Technical costs	-1,077	-1,379
Commercial costs	-317	-552
Charges and taxes on unlet properties	-58	-136
Property management costs	-2,763	-1,273
Other property charges	-1,470	-1,281
Overheads	-14,692	-10,963
Other operating income and charges	-92	2,163
EPRA Costs (including direct vacancy costs)* (A)	**-21,271**	**-14,402**
Charges and taxes on unlet properties	58	136
EPRA Costs (excluding direct vacancy costs)* (B)	**-21,213**	**-14,266**
Gross Rental Income (C)	**118,413**	**91,677**
EPRA Cost Ratio (including direct vacancy costs)* (A/C)	**18 %**	**16 %**
EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)	**18 %**	**16 %**
Overhead and operating expenses capitalised (including share of joint ventures)	92	85

Aedifica capitalises some project management costs.

EPRA Capex (x €1,000)

	30 June 2019	30 June 2018
Property related capex		
(1) Acquisitions	712,151	127,250
(2) Development	101,191	63,900
(3) Like-for-like portfolio	6,413	3,677
(4) Other (capitalised interests and project management)	1,175	567
Capital expenditure	**820,930**	**195,394**

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

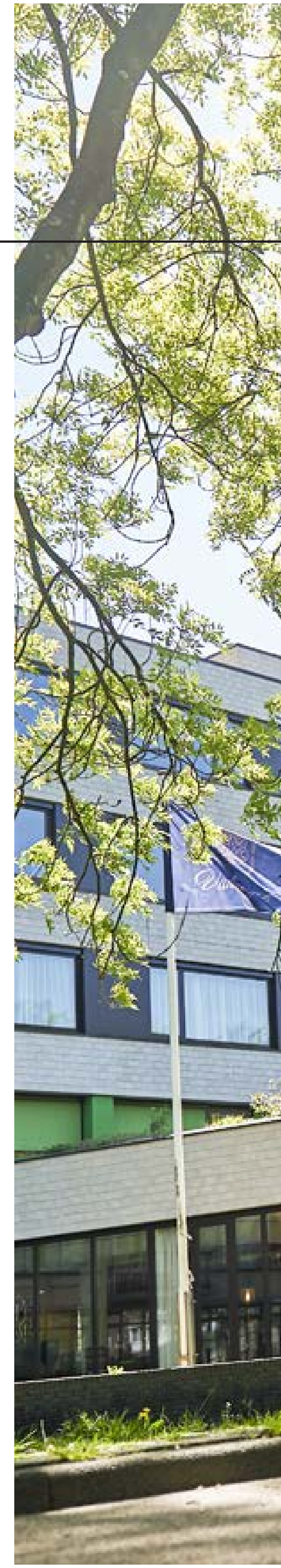
261
Healthcare real estate sites

€2.3 billion
Fair value of investment properties

21 years
Weighted average unexpired lease term of current contracts

100 %
Occupancy rate

5.9 %
Average gross rental yield in terms of fair value



Property Report

Property Report

1. The senior housing market

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 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 %. In Brussels, the number of beds managed by the private sector exceeds 60 %. Given the increasing trend toward professionalisation, private operators are urged to consolidate and to improve their organisation. At present, the three main private operators (Colisée through Armonea, Orpea and Korian through Senior Living Group) manage more than 23,000 beds – approx. 17 % of all beds in Belgium.

RESIDENTIE SPORENPARK, BERINGEN (BE)

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 around the age of 86 (in average); their average stay remains stable at 580 to 590 days. Nevertheless, the length of stay in residential care homes seems to be decreasing slightly. For newcomers, the average length of stay is currently around 370 days.

Moreover, the 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.

1. Written in French on 8 July 2019 by Cushman & Wakefield NV/SA, and reproduced with permission in this Annual Financial Report.

Ageing 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.

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 net 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 elements for investors are the operator's solvency and the future sustainability of subsidies.

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). In 2017 and 2018, the investment volume was around €150 million each time, but due to a lack of transparency in the communication of transactions, it can be assumed that the effective volumes are around €200 million. In 2019, the investment volume in Belgian healthcare real estate will probably reach a record high. 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, at the end of 2018, below the 5% threshold. The most recent transactions in 2019 indicate that the initial net return has fallen even further to 4.5%, the lowest level to date. In this context, the quality, versatility and overall sustainability of investment properties are becoming even more important.

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 is ensured, given the benefits arising from their profound knowledge of the sector. In the coming months, yields are not expected to experience further compression.

RESIDENTIE KARTUIZERHOF, LIERDE (BE)

According to various market studies, the capacity of care homes needs to increase by approx. 340,000 units by 2030.

Germany[1]

General trends

The German healthcare market is a growth market. According to the German Statistical Office, more than 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 2017, Germany had approx. 82.8 million inhabitants, of which around 17.7 million aged over 65 and a total of 3.4 million people in need of care. Of these 3.4 million, 2.59 million (76 %) were cared for at home (68 % by caregiving relatives and 32 % by out-patient care services). 818,000 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-aged and older employed women. Population ageing will be further amplified by the generation of babyboomers, born between 1956 and 1965, who have already reached 60 years of age or who will turn 60 in the coming years. Consequently, the need for senior housing will increase over the next decades.

At the end of 2018, there are approx. 952,000 beds in more than 14,400 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 %).

According to various market studies, the capacity of care homes needs to 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

In the first half of 2019, the German investment market for healthcare properties generated a volume to approx. €840 million. Care homes (e.g. nursing homes and retirement homes) remain the most important asset class amongst the healthcare market: Almost €610 million was invested in this asset class, which is a share of 73 %.

Compared to the previous half year, domestic investors increased their transaction volume by 46 % to approx. €398 million, whereas the transaction volume of the German investment market for healthcare by international investors decreased significantly by almost 70 % to an amount of approx. €442 million. Market participants from the European countries appeared to be especially active, accounting for 91 % of the total transaction volume, with Germany at 47 %, followed by buyers from France at 17 %, and Luxembourg at 12 %.

At the end of the second quarter 2019, the prime yield for nursing homes remained steady at 4.75 %. Healthcare properties are still seen as a sustainable and common asset class, where occasional transactions below the five-percent-mark have already been 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 continues to decline.

In the following months, the German market for care facilities is likely to develop somewhat more cautiously. The reason for this is the continuing product shortage in the market. Furthermore, the lack of construction sites and caregivers will contribute to the continued scarcity of beds on offer. However, there are still favourable conditions as well as a high need for investment resources (for the construction of new buildings and the renovation of existing sites). The demographic change is a crucial element for the high demand for care spaces and therefore also healthcare properties.

ADVITA HAUS ZUR ALTEN BERUFSSCHULE, ZSCHOPAU (DE)

1. Written in English on 9 July 2019 by CBRE GmbH, and reproduced with permission in this Annual Financial Report.

HUIZE DE COMPAGNIE, EDE (NL)

The Netherlands[2]

The Netherlands currently has a population of approx. 17.3 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, Het Gouden Hart, 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 20 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. The different private residential care facilities are operated by approx. 85 operators. What stands out is that the number of private care providers with more than 15 facilities has strongly increased over the latest years.

It is foreseen that dozens more residential care facilities will open their doors by 2025 in the Netherlands.

2. Written in Dutch on 26 June 2019, by DTZ Zadelhoff VOF, and reproduced with permission in this Annual Financial Report.

United Kingdom[1]

The United Kingdom is one of the largest markets in Europe with attractive fundamentals supporting healthcare real estate. The elderly population in the UK is expected to grow significantly. In particular, the number of people over 80 years old is expected to more than double by 2050. An increasingly ageing population requiring greater care and nursing needs is expected to continue to drive significant demand for healthcare real estate in the foreseeable future and support a positive outlook for occupancy levels. The UK care home market is still very fragmented and features approx. 5,500 operators, of which a very high portion are independent private players running operations in small and outdated assets. The top four largest care home operators account for 15 % of the total bed capacity, while the top 30 represents 30 %.

Care home operators in the UK are regulated and must be approved by the regulator before and during operations. Care homes in the UK are frequently inspected by the sector regulator, with reports made publicly available.

The funding of the senior housing market in the UK is based on a mixture of public financing (Local Authorities and National Health Services) and private financing (self-payers). The self-pay market has experienced the fastest growth of all funding sources and represents 45 % of the overall market. Local Authorities provide social care after an assessment of a person's eligibility for care and their financial position. The portion of residents funded by Local Authorities in care homes represents on average 46 %. The National Health Services fund residents who have been assessed as having a primary health need, representing 9 % of the market.

Reported transactional volumes for 2018 stood at approx. £1.49 billion, some 13 % ahead of 2017 and suggesting resilience within the sector from the uncertainties of Brexit. Yield spread remains broad with prime assets falling below 4 % whilst mid-market and beyond stock sees 7 % and above. Despite the fragmented makeup of the market and prevalence of owner operators, by volume the most acquisitive buyer type remains REITS and quoted property companies.

The United Kingdom is one of the largest markets in Europe with attractive fundamentals supporting healthcare real estate. The number of people over 80 years old is expected to more than double by 2050.

ALEXANDER COURT, DAGENHAM (UK)

1. Written in English on 30 June 2019 by Tom Robinson BA MSc., and reproduced with permission in this Annual Financial Report.

KING'S MANOR, OTTERY ST. MARY (UK)

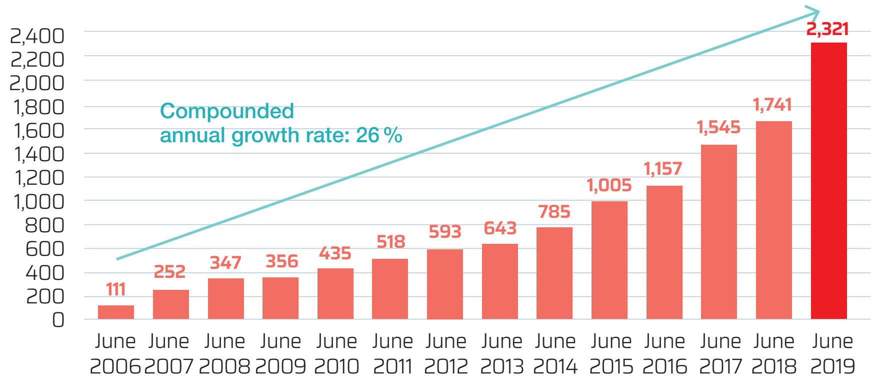
2. Growth of the consolidated property portfolio as of 30 June 2019

(x €1,000)	30 June 2019	31 March 2019	31 Dec. 2018	30 Sept. 2018	30 June 2018
Investment properties in fair value					
Healthcare real estate[2]	2,269,744	2,205,706	1,624,647	1,504,999	1,430,806
Apartment buildings	-	-	215,439	207,100	206,938
Hotels	-	66,205	66,710	66,729	67,606
Total of marketable investment properties in fair value	2,269,744	2,271,911	1,906,795	1,778,828	1,705,350
Development projects	51,206	59,373	57,333	45,263	35,183
Total of investments properties in fair value	2,320,949	2,331,284	1,964,129	1,824,091	1,740,533
Contractual rents[3]	133,739	134,800	106,390	100,941	96,525
Contractual rents + ERV on empty spaces	133,739	134,800	107,345	101,944	97,464
Valeur locative estimée (ERV)[3]	136,703	137,792	111,330	105,084	101,186
Occupancy rate[2] of the investment properties (in %)					
Total portfolio (excl. furnished apartments)	100.0%	100.0%	99.1%	99.0%	99.0%
Furnished apartments	-	-	83.2%	82.6%	84.1%

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

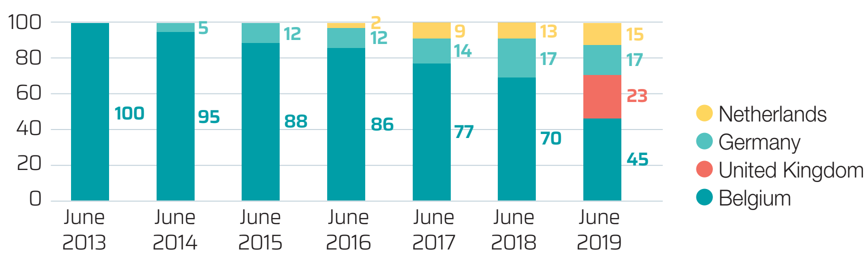
3. Portfolio analysis as of 30 June 2019

3.1. Investment properties in fair value (in € million)

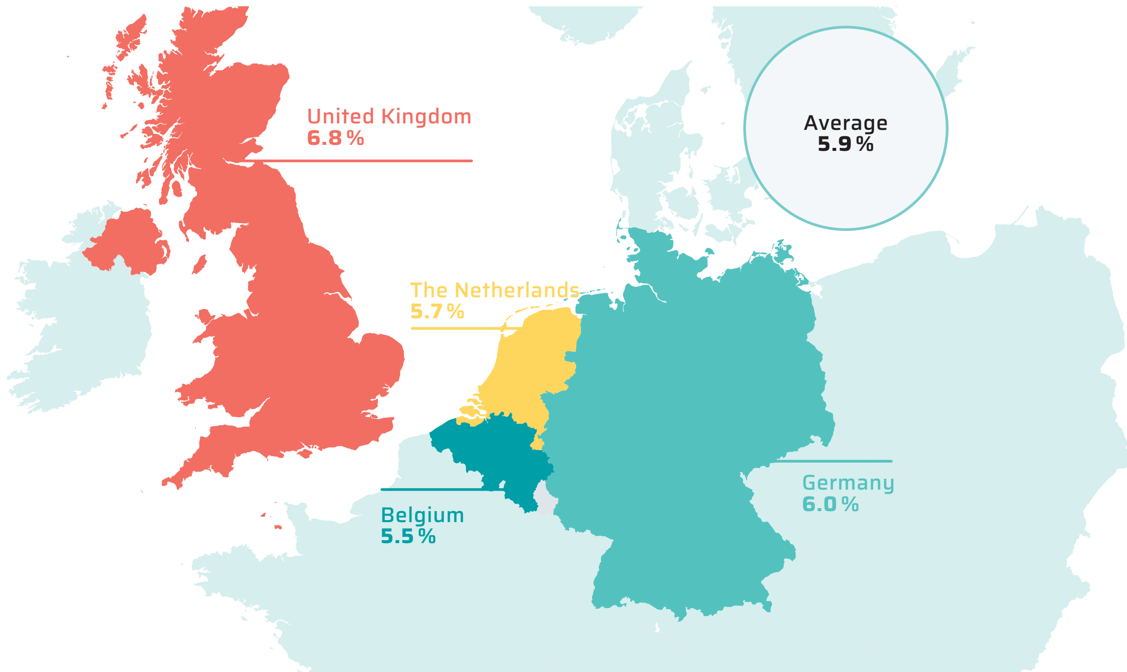


The fair value of investment properties including assets classified as held for sale* averaged a compounded annual growth rate of 26 % over the last thirteen years.

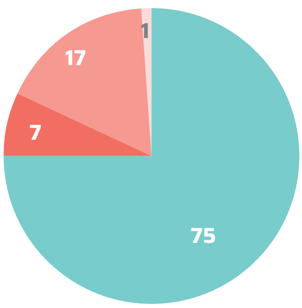
3.2. Geographical breakdown in fair value (%)



3.3. Gross yield by country (%)

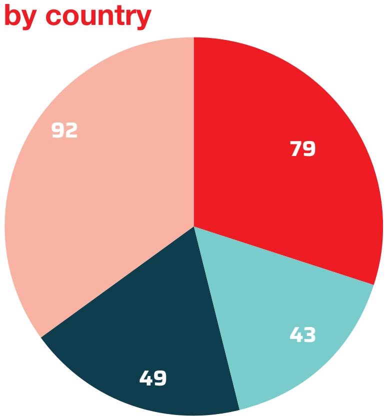


3.4 Breakdown by healthcare segment in fair value (%)



- Healthcare buildings for care-dependent seniors
- Healthcare buildings for independent seniors with on-demand services
- Mixed-use healthcare buildings
- Healthcare buildings for target groups other than seniors

3.5. Number of buildings by country

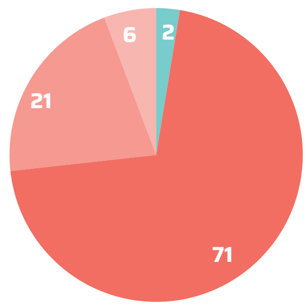


- Belgium
- Netherlands
- Germany
- United Kingdom

3.6 Breakdown by building (in fair value)

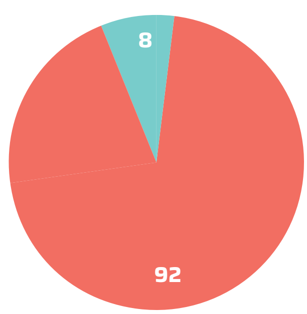
None of the buildings represents more than 3 % of total consolidated assets.

3.7 Age of buildings (based on fair value) (%)



- Project
- 0 - 10 years
- 10 - 20 years
- > 20 years

3.8 Unexpired lease term (%)



- < 15 years
- ≥ 15 years

The weighted average unexpired lease term (WAULT) is 21 years.

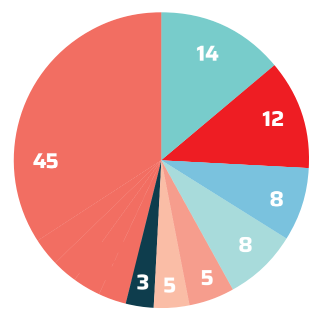
3.9 Occupancy rates (%)

Overall occupancy rate for the year ended 30 June 2019 is 100 %.

3.10 Property portfolio in value insured

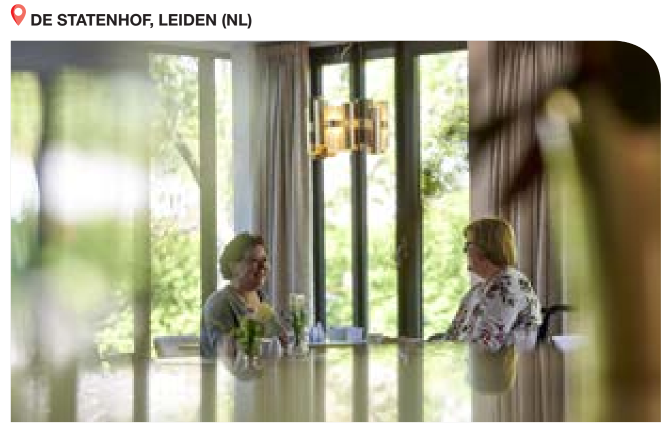
Aedifica's investment properties are insured for a total value of €2,104 million.

3.11 Breakdown of contractual rents by operating group (%)



- Senior Living Group
- Armonea
- Orpea
- Vulpia
- Burlington
- Maria Mallaband
- Care UK
- Other < 3 %

DE STATENHOF, LEIDEN (NL)



3.12 Breakdown of contractual rent by group controlling the legal entities in contractual relation with Aedifica (30 June 2019)

Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	30/06/2019	30/06/2018
Senior housing			**261**	**100%**	**85%**
Belgium			**73**	**42%**	**54%**
	Senior Living Group[1]		28	14%	19%
		Ennea Rustoord VZW/ASBL	1	0%	0%
		FDL Group Comm. VA/SCA	1	1%	1%
		Foyer De Lork VZW/ASBL	6	3%	4%
		Helianthus VZW/ASBL	1	0%	0%
		Heydeveld Woon- en Zorgcentrum VZW/ASBL	1	0%	1%
		Home Residence du Plateau BVBA/SPRL	1	1%	1%
		Les Jardins de la Mémoire VZW/ASBL	1	1%	1%
		Prodinvest BVBA/SPRL	1	0%	0%
		Résidence Au Bon Vieux Temps NV/SA	1	1%	1%
		Résidence Les Cheveux d'Argent NV/SA	1	0%	0%
		Residentie Kasteelhof GCV/SCS	1	0%	0%
		Residentie Sporenpark BVBA/SPRL	1	1%	1%
		Rustoord 't Hoge VZW/ASBL	1	0%	1%
		Senior Living Group NV/SA	8	4%	5%
		Seniorie de Maretak NV/SA	1	0%	1%
		Wielant-Futuro GCV/SCS	1	0%	1%
	Armonea[2]		20	12%	15%
		Armonea NV/SA	8	5%	7%
		Citadelle Mosane BVBA/SPRL	1	1%	1%
		Eyckenborgh VZW/ASBL	2	2%	2%
		Gravenkasteel VZW/ASBL	1	0%	0%
		Happy Old People BVBA/SPRL	1	0%	1%
		Huize Lieve Moenssens VZW/ASBL	5	3%	3%
		LDC De Wimilingen VZW/ASBL	1	0%	0%
		Restel Flats BVBA/SPRL	1	1%	1%
	Vulpia		12	8%	9%
		Oase VZW/ASBL	3	2%	3%
		Vulpia Brussel VZW/ASBL	1	1%	0%
		Vulpia Vlaanderen VZW/ASBL	7	5%	6%
		Vulpia Wallonie VZW/ASBL	1	0%	1%
	Orpea		9	5%	7%
		Château Chenois Gestion BVBA/SPRL	3	2%	2%
		New Philip NV/SA	3	1%	2%
		Parc Palace NV/SA	1	1%	1%
		Progestimmob NV/SA	1	1%	1%
		Résidence du Golf NV/SA	1	1%	1%
	Other		8	3%	2%
		Bremdael VZW/ASBL	1	0%	0%
		Buitenhof VZW/ASBL	1	0%	1%
		Hof van Schoten BVBA/SPRL	1	1%	0%
		Le Château de Tintagel BVBA/SPRL	1	0%	0%
		Other	1	0%	0%
		Résidence Bois de la Pierre NV/SA	1	0%	0%
		Résidence de La Houssière NV/SA	1	0%	1%
		WZC Prinsenhof VZW/ASBL	1	0%	1%
	Dorian groep		1	0%	1%
		Fipromat BVBA/SPRL	1	0%	1%
	Time for Quality		1	0%	1%
		Service Flat Residenties VZW/ASBL	1	0%	1%

1. Korian group.
2. Colisée group.

Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	30/06/2019	30/06/2018
Germany			49	17%	18%
	Vitanas		5	3%	4%
		Vitanas GmbH & Co. KGaA	5	3%	4%
	Orpea		5	2%	3%
		Bonifatius Seniorendienste GmbH	1	0%	1%
		Senioren Wohnpark Weser GmbH	3	1%	2%
		Seniorenresidenz Kierspe GmbH	1	0%	1%
	Residenz Management		6	2%	3%
		Ambulanter Pflegedienst Weser GmbH	3	1%	1%
		Katholische Hospitalgesellschaft Südwestfalen gGmbH Olpe	2	1%	1%
		Medeor Senioren-Residenz GmbH	1	1%	1%
	Alloheim		4	2%	2%
		AGO Dresden Betriebsgesellschaft für Sozialeinrichtungen mbH	1	0%	1%
		AGO Herkenrath Betriebsgesellschaft für Sozialeinrichtungen mbH	1	0%	1%
		AGO Weisseritz Betriebsgesellschaft für Sozialeinrichtungen mbH	1	0%	0%
		Senator Senioren- und Pflegeeinrichtungen GmbH	1	1%	1%
	EMVIA		8	1%	1%
		EMVIA	7	1%	0%
		Residenz Zehlendorf Kranken- und Pflegeheim GmbH	1	0%	1%
	Argentum		5	1%	0%
		Seniorenheim J.J. Kaendler GmbH	1	0%	0%
		Tannenhof Fachpflegeheime GmbH	4	1%	0%
	Azurit Rohr		4	1%	0%
		Azurit Rohr GmbH	4	1%	0%
	Other		2	1%	1%
		Schloss Bensberg Management GmbH	1	1%	1%
		Seniorenresidenz Laurentiusplatz GmbH	1	0%	0%
	Convivo		2	1%	1%
		Parkresidenz Pflege & Betreuung GmbH	1	0%	1%
		Seniorencentrum Haus am Jungfernstieg GmbH	1	0%	0%
	Cosiq		2	0%	1%
		Cosiq GmbH	1	0%	0%
		Pflegetema Odenwald GmbH	1	0%	0%
	SARA		1	0%	0%
		SARA Seniorenresidenzen GmbH	1	0%	0%
	Deutsche Pflege und Wohnstift[2]		1	0%	1%
		Deutsche Pflege und Wohnstift GmbH	1	0%	1%
	DRK Kreisverband Nordfriesland e. V.		1	0%	1%
		DRK Pflegedienste Nordfriesland gGmbH	1	0%	1%
	Advita		1	0%	0%
		Zusammen Zuhause GmbH	1	0%	0%
	Volkssolidarität		1	0%	0%
		Volkssolidarität Südthüringen e. V	1	0%	0%
	Aspida		1	0%	0%
		Aspida GmbH	1	0%	0%

Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	30/06/2019	30/06/2018
Netherlands			43	14%	13%
	Vitalis		3	3%	4%
		Stichting Vitalis Residentiële Woonvormen	3	3%	4%
	Ontzorgd Wonen Groep		8	3%	1%
		Boeijend Huys Ouderenzorg BV	1	0%	0%
		European Care Residence Hotels and Resorts BV	4	1%	0%
		Ontzorg Wonen Nederland BV	1	0%	0%
		Residentie Mariëndaal Facilitair BV	1	1%	1%
		Zorghuis Smakt Facilitair BV	1	0%	0%
	Compartijn		6	2%	1%
		Compartijn Exploitatie BV	6	2%	1%
	Martha Flora		6	2%	2%
		Bronovo Martha Flora BV	1	0%	1%
		Martha Flora BV	2	0%	0%
		Martha Flora Bosch en Duin BV	1	0%	0%
		Martha Flora Hilversum BV	1	0%	1%
		Martha Flora Lochem BV	1	0%	0%
	Domus Magnus		4	2%	2%
		DM Benvenuta BV	1	0%	0%
		DM Molenenk BV	1	1%	1%
		DM Walgaerde BV	1	0%	0%
		Panta Rhei V BV	1	1%	1%
	Stepping Stones Home & Care[1]		4	1%	1%
		Poort van Sachsen Weimar BV	1	0%	1%
		Stepping Stones Leusden BV	1	0%	0%
		Stepping Stones Zwolle BV	1	0%	0%
		Villa Spes Nostra BV	1	0%	0%
	Het Gouden Hart		4	1%	1%
		Het Gouden Hart Driebergen BV	1	0%	0%
		Het Gouden Hart Kampen Holding BV	1	0%	1%
		Het Gouden Hart van Leersum BV	1	0%	0%
		HGH Wonen I BV	1	0%	0%
	Other		1	1%	1%
		Stichting Zorggroep Noorderboog	1	1%	1%
	Stichting Oosterlengte		3	0%	0%
		Multi tenant	2	0%	0%
		Stichting Oosterlengte	1	0%	0%
	Stichting Leger des Heils Welzijns- en Gezondheidszorg		1	0%	0%
		Stichting Leger des Heils Welzijns- en Gezondheidszorg	1	0%	0%
	Orpea		1	0%	0%
		September Nijverdal BV	1	0%	0%
	Omega		1	0%	0%
		Omega	1	0%	0%
	Stichting Rendant		1	0%	0%
		Stichting Rendant	1	0%	0%

1. Korian group.

Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	30/06/2019	30/06/2018
United Kingdom			**90**	**27%**	0%
	Burlington		19	5%	0%
		Burlington Care (Yorkshire) Ltd	7	2%	0%
		Burlington Care Ltd	12	3%	0%
	Maria Mallaband		12	5%	0%
		Belvoir Vale Care Homes Ltd	1	1%	0%
		Countrywide Care	1	0%	0%
		MMCG (2) Ltd	9	3%	0%
		MMCG (3) Ltd	1	1%	0%
	Care UK		12	3%	0%
		Care UK Community Partnership Ltd	12	3%	0%
	Bondcare Group		12	3%	0%
		Bondcare (London) Ltd	9	2%	0%
		Ultima Care Centres (No 1) Ltd	3	1%	0%
	Other		4	2%	0%
		Amore Elderly Care (Wednesfield) Ltd	1	0%	0%
		Athorpe Health Care Ltd	1	0%	0%
		Autism Care (UK) Ltd	1	1%	0%
		Burgess Care Ltd	1	1%	0%
	Renaissance		8	2%	0%
		Renaissance Care (No 1) Ltd	8	2%	0%
	Four Seasons		6	2%	0%
		Four Seasons (Beechcare) Ltd	1	0%	0%
		Four Seasons (DFK) Ltd	2	1%	0%
		Four Seasons (FJBK) Ltd	1	0%	0%
		Laurels Lodge Ltd	1	0%	0%
		Tamaris Management Services Ltd	1	0%	0%
	Brighterkind		3	1%	0%
		Brighterkind (Quercus) Ltd	2	1%	0%
		Highfields Care Home Ltd	1	0%	0%
	Caring Homes		4	1%	0%
		Brooklyn House Ltd	1	0%	0%
		Guysfield House Ltd	1	0%	0%
		Sanford House Ltd	1	0%	0%
		Stour Sudbury Ltd	1	0%	0%
	Harbour Healthcare		4	1%	0%
		Harbour Healthcare 2 Ltd	4	1%	0%
	Majesticare		3	1%	0%
		Majesticare (Lashbook) Ltd	1	0%	0%
		Majesticare (Oak Lodge) Ltd	1	0%	0%
		Majesticare (The Mount) Ltd	1	0%	0%
	Select Healthcare		3	1%	0%
		DRB Healthcare Ltd	3	1%	0%
Hotels			**0**	**0%**	**4%**
Other tenants			**0**	**0%**	**11%**
Total			**261**	**100%**	**100%**

4. Summary table of investment properties as of 30 June 2019

4.1 Marketable investment properties

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Investment properties	1.105.647	19.020	132.671.658	136.702.685		
Belgium	**460.095**	**7.929**	**56.184.344**	**58.923.089**		
Senior Living Group	**156.981**	**2.690**	**18.734.629**	**19.497.555**		
Au Bon Vieux Temps	7.868	104	859.775	835.800	2016	1435 Mont-Saint-Guibert, Rue de Corbais 14
Beerzelhof	5.025	61	333.715	488.000	2007	2580 Beerzel, Mechelbaan 53
Coham	6.956	120	899.382	842.000	2007	3945 Ham, Meulenven 16
De Edelweis	6.914	122	794.389	943.000	2014	3130 Begijnendijk, Liersesteenweg 165-171
De Witte Bergen	8.262	119	1.028.933	955.150	2006	2460 Lichtaart, Diestweg 1
Ennea	1.848	34	203.519	154.700	1998	9100 Sint-Niklaas, Lepelhoekstraat 19
Ezeldijk	7.101	105	733.979	882.000	2016	3290 Diest, Bogaardenstraat 13
Helianthus	4.799	67	492.564	506.000	2014	9090 Melle, Brusselsesteenweg 332
Heydeveld	6.167	110	645.000	712.200	2017	1745 Opwijk, Ringlaan 28-30
Kasteelhof	3.500	81	368.093	443.070	2005	9200 Dendermonde, Steenweg van Aalst 110
Les Jardins de la Mémoire	6.852	110	735.944	791.999	2018	1070 Anderlecht, Route de Lennik 792
Oosterzonne	4.948	82	739.065	648.725	2016	3690 Zutendaal, Nieuwstraat 2-6
Op Haanven	6.587	111	706.238	784.000	2016	2431 Veerle-Laakdal, Oude Geelsebaan 33
Résidence Aux Deux Parcs	1.618	53	332.793	304.000	project	1090 Jette, Rue Duysburgh 21
Residentie Boneput	2.993	78	477.350	457.900	2003	3960 Bree, Boneputstraat 5
Résidence du Plateau	8.069	143	1.336.263	1.263.000	2007	1300 Wavre, Chaussée d'Ottenbourg 221
Résidence Exclusiv	4.253	104	746.947	711.000	2013	1140 Evere, Rue Jean-Baptiste Desmeth 50
Résidence l'Air du Temps	7.197	137	918.109	1.020.000	2016	4032 Chênée, Rue des Haisses 60
Résidence Les Cheveux d'Argent	4.996	99	429.824	555.000	2016	4845 Jalhay, Avenue Fernand Jérôme 38
Residentie Sporenpark	9.261	127	1.116.251	1.121.000	2013	3582 Beringen, Stationsstraat 20
Seniorenhof	3.116	52	323.106	224.941	1997	3700 Tongeren, Bilzersteenweg 306
De Maretak	5.684	122	556.452	797.000	2006	1500 Halle, Ziekenhuis 10
De Mélopée	2.967	70	518.120	489.000	1993	1080 Molenbeek-Saint-Jean, Rue de la Mélopée 50
Sorgvliet	4.517	83	552.891	533.520	2007	3350 Linter, Helen-Bosstraat 60
't Hoge	4.632	81	585.358	650.000	2018	8500 Kortrijk, 't Hoge 55-57
Uilenspiegel	6.863	97	746.553	683.550	2007	3600 Genk, Socialestraat 4
Villa Vinkenbosch	9.153	114	988.687	1.057.000	2018	3510 Hasselt, Lindekensveldstraat 56
Wielant	4.834	104	565.330	644.000	2001	8570 Anzegem/Ingooigem, Schellebellestraat 8
Armonea	**123.762**	**2.054**	**15.665.432**	**16.091.540**		
De Notelaar	8.651	94	1.019.896	1.117.000	2011	2550 Olen, Notelaar 1
De Stichel	8.429	153	911.832	1.116.440	2018	1800 Vilvoorde, Romeinsesteenweg 145

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Eyckenborch	8.771	141	1.151.437	990.000	2015	1755 Gooik, Bronnenweg 2
Gaerveld	6.994	115	832.855	874.000	2008	3500 Hasselt, Runkstersteenweg 212
Hestia	12.682	222	1.419.400	1.776.000	2018	1780 Wemmel, Zijp 20
Huize Lieve Moenssens	4.597	78	574.622	561.600	2017	3650 Dilsen-Stokkem, Lieve Moenssenlaan 3
Koning Albert I	7.775	110	968.346	977.000	2012	1700 Dilbeek, Keperenberg 36
Larenshof	6.988	117	1.067.339	1.028.000	2014	9270 Laarne, Schoolstraat 11-13-15
Les Charmes en Famenne	3.165	96	311.468	417.600	2012	5560 Houyet, Rue du Tchaurnia 32
Marie-Louise	1.959	30	389.087	199.500	2014	1780 Wemmel, Zijp 157
Overbeke	6.917	113	836.692	881.400	2012	9230 Wetteren, Bovenboekakker 6-8
Plantijn	7.310	110	996.471	825.000	2018	2950 Kapellen, Koningin Astridlaan 5
Pont d'Amour	8.984	150	1.029.868	1.022.000	2015	5500 Dinant, Rue Pont d'Amour 58
Residentie Gaerveld	1.504	20	177.780	170.000	2008	3500 Hasselt, Kramerslaan 7
Rietdijk	2.155	60	369.523	415.000	2012	1800 Vilvoorde, Bolwerkstraat 7
Salve	6.730	117	1.128.073	1.058.000	2014	2930 Brasschaat, Rustoordlei 77
Senior Flandria	7.501	108	648.042	752.000	1989	8310 Brugge, Baron Ruzettelaan 58
La Pairelle	6.016	118	803.462	840.000	2015	5100 Wépion, Chaussée de Dinant 708-710
Ter Venne	6.634	102	1.029.238	1.071.000	2012	9830 Sint-Martens-Latem, Vennelaan 21
Vulpia	**91.625**	**1.327**	**10.192.250**	**10.626.590**		
Blaret	9.578	107	1.110.881	934.650	2016	1640 Sint-Genesius-Rode, Zoomlaan 1
Demerhof	10.657	120	979.224	1.020.000	2013	3200 Aarschot, Wissenstraat 20
Halmolen	9.200	140	1.077.444	1.088.000	2013	2980 Halle-Zoersel, Halmolenweg 68
La Ferme Blanche	4.240	90	568.991	605.200	2016	4350 Remicourt, Rue Modeste Rigo 10
Leopoldspark	10.888	153	1.272.667	1.277.460	2016	3970 Leopoldsburg, Koningsstraat 39
Résidence de la Paix	3.793	107	730.000	881.000	2017	1140 Evere, rue François Léon 40
Residentie Den Boomgaard	6.274	90	700.311	702.000	2016	3380 Glabbeek, Stationstraat 2A
Residentie Kartuizerhof	10.845	128	658.905	1.016.480	2018	9572 Sint-Martens-Lierde, Tempel 20A
Residentie Poortvelden	5.307	60	473.187	462.000	2014	3200 Aarschot, Jan Hammeneckerlaan 4-4A
't Spelthof	4.076	100	800.839	707.000	project	3211 Binkom, Kerkstraat 5
Twee Poorten	8.413	129	1.018.132	1.057.800	2014	3300 Tienen, Raeymaeckersvest 30
Villa Temporis	8.354	103	801.668	875.000	2017	3500 Hasselt, Excelsiorlaan 6

1. See glossary.

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Orpea	**47.985**	**1.159**	**7.026.515**	**7.405.100**		
Bel Air	5.350	161	750.442	855.000	project	1030 Schaerbeek, Boulevard Lambermont 227
Château Chenois	6.354	115	916.935	1.074.000	2007	1410 Waterloo, Chemin des Postes 260
Jardins de Provence	2.280	72	412.743	416.000	1996	1070 Anderlecht, Boulevard Sylvain Dupuis 94-96
New Philip	3.914	111	502.796	520.000	1999	1190 Forest, Avenue Monte-Carlo 178
Résidence Augustin	4.832	94	558.365	672.100	2006	1190 Forest, Chaussée d'Alsemberg 305
Résidence du Golf	6.424	194	812.010	997.000	1989	1070 Anderlecht, Rue du Sillon 119-121
Résidence Grange des Champs	3.396	75	444.042	512.000	1994	1420 Braine-l'Alleud, Rue Grange des Champs 140
Résidence Parc Palace	6.719	162	1.296.075	1.170.000	1978	1180 Uccle, Avenue Frans Lyceum 2
Résidence Service	8.716	175	1.333.106	1.189.000	2007	1180 Uccle, Avenue Frans Lyceum 6
Hof van Schoten BVBA/SPRL	**8.313**	**101**	**840.000**	**1.079.000**		
Hof van Schoten	8.313	101	840.000	1.079.000	2014	2900 Schoten, Botermelkdijk 282-286
Time for Quality	**5.824**	**58**	**446.800**	**667.000**		
Klein Veldeken	5.824	58	446.800	667.000	2014	1730 Asse, Klein Veldeken 12A
Résidence de La Houssière NV/SA	**4.484**	**94**	**601.951**	**545.200**		
Résidence La Houssière	4.484	94	601.951	545.200	2006	7090 Braine-le-Comte, Avenue de la Houssière 207
Buitenhof VZW/ASBL	**4.386**	**80**	**576.882**	**739.000**		
Buitenhof	4.386	80	576.882	739.000	2007	2930 Brasschaat, Papestraat 24
Dorian groep	**4.827**	**104**	**561.666**	**550.357**		
De Duinpieper	4.827	104	561.666	550.357	2018	8400 Oostende, De Rudderstraat 2
Silver Care Homes	**4.526**	**91**	**591.994**	**545.200**		
Prinsenhof	4.526	91	591.994	545.200	2016	3582 Koersel, Heerbaan 375
Bremdael VZW/ASBL	**3.500**	**66**	**350.000**	**518.862**		
Bremdael	3.500	66	350.000	518.862	2012	2200 Herentals, Ernest Claesstraat 62-64
Pierre Invest NV/SA	**2.272**	**65**	**466.596**	**476.000**		
Bois de la Pierre	2.272	65	466.596	476.000	2018	1300 Wavre, Venelle du Bois de la Pierre 20
Le Carrosse	**1.290**	**36**	**97.653**	**148.000**		
La Boule de Cristal	1.290	36	97.653	148.000	1998	5564 Wanlin, Rue du Château 47
Other	**320**	**4**	**31.975**	**33.685**		
Villa Bois de la Pierre	320	4	31.975	33.685	2000	1300 Wavre, Venelle du Bois de la Pierre 20
Germany	**189.483**	**3.650**	**22.278.424**	**22.129.765**		
Vitanas	**29.662**	**657**	**3.791.796**	**3.507.603**		
Am Kloster	5.895	136	752.007	689.764	2002	38820 Halberstadt, Roderhöfer Strasse 7
Frohnau	4.101	107	590.817	516.745	2018	13465 Berlin, Welfenallee 37

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Patricia	7.556	174	1.050.324	1.156.070	2010	90429 Nürnberg, Bärenschanzstrasse 44
Rosenpark	4.934	79	470.018	370.021	2001	91486 Uehlfeld, Am kleinen Zeckernberg 1
St. Anna	7.176	161	928.629	775.004	2001	91315 Höchstadt, Am Brauhaus 1
Residenz Management	**18.814**	**362**	**2.946.768**	**2.937.118**		
Bremerhaven I	6.077	85	911.415	911.490	2016	27570 Bremerhaven, Grashoffstrasse 1
Bremerhaven II	2.129	42	297.129	293.806	2003	27570 Bremerhaven, Grashoffstrasse 36-38
Cuxhaven	810	9	103.684	102.127	2010	27472 Cuxhaven, Segelckestrasse 28
Die Rose im Kalletal	4.027	96	682.962	685.892	2009	32689 Kalletal, Rosenweg 10
Senioreneinrichtung Haus Elisabeth	3.380	80	585.587	577.980	2010	57482 Wenden-Rothemühle, Kölner Strasse 3
Senioreneinrichtung Haus Matthäus	2.391	50	365.992	365.823	2009	57462 Olpe-Rüblinghausen, Biggestrasse 65
Orpea	**20.507**	**444**	**3.173.267**	**3.169.914**		
Bonifatius Seniorenzentrum	3.967	80	617.833	606.951	2009	53359 Rheinbach, Schweitzerstrasse 2
Seniorenresidenz Am Stübchenbach	5.874	130	807.926	828.234	2010	38667 Bad Harzburg, Stübchentalstrasse 10
Seniorenresidenz Kierspe	3.721	79	565.907	546.987	2011	58566 Kierspe, Montigny Allee 6
Seniorenresidenz Klosterbauerschaft	3.497	80	609.193	608.478	2010	32278 Kirchlengern, Heenfeld 5
Seniorenresidenz Mathilde	3.448	75	572.408	579.264	2010	32130 Enger, Brandstrasse 14
Alloheim	**18.695**	**378**	**2.317.172**	**2.410.359**		
AGO Dresden	5.098	116	583.234	670.950	2012	1159 Dresden, Wernerstrasse 37
AGO Herkenrath	4.000	80	577.423	613.273	2010	51429 Bergisch Gladbach, Kirchgasse 1
AGO Kreischa	3.670	84	416.516	414.896	2011	1731 Kreischa, Dresdner Strasse 4-6
Bonn	5.927	98	740.000	711.240	2018	53129 Bonn, Hinter Hoben 179
Argentum	**16.086**	**294**	**1.623.000**	**1.479.982**		
Haus Alaba	2.560	64	225.000	238.061	1975	37441 Bad Sachsa, Gartenstrasse 2
Haus Arche	531	13	75.000	31.832	1900	37441 Bad Sachsa, Roonstrasse 15
Haus Concolor	5.715	74	510.000	411.480	2008	37441 Bad Sachsa, Kyffhäuserstasse 23
Haus Nobilis	3.186	70	525.000	516.122	2015	37441 Bad Sachsa, Bismarckstrasse 28
Seniorenheim J.J. Kaendler	4.094	73	288.000	282.486	2010	1662 Meissen, Ossietzkystrasse 39A
Azurit Rohr	**22.253**	**321**	**1.483.734**	**1.586.098**		
Azurit Seniorenresidenz Sonneberg	4.876	101	583.416	614.402	2011	96515 Sonneberg, Cuno-Hoffmeister-Strasse 4
Azurit Seniorenresidenz Cordula 1	4.970	75	312.051	357.824	2016	64760 Oberzent-Rothenberg, Waldstrasse 30

1. See glossary.

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Azurit Seniorenresidenz Cordula 2	1.204	39	162.267	176.954	1993	64760 Oberzent-Rothenberg, Odenwälder Landstrasse 48
Hansa Pflege-und Betreuungszentrum Dornum	11.203	106	426.000	436.917	2016	26553 Dornum, Lütje Loog 1
EMVIA	**8.780**	**260**	**1.176.276**	**1.127.320**		
Lübbecke	4.240	80	576.276	572.400	2019	32312 Lübbecke, Osnabrücker Strasse 27
Residenz Zehlendorf	4.540	180	600.000	554.920	2002	14165 Berlin, Claszeile 40-48
Convivo	**8.570**	**139**	**1.003.309**	**1.058.061**		
Haus am Jungfernstieg	2.457	60	363.309	361.179	2010	24534 Neumünster, Boostedter Strasse 11-13
Park Residenz	6.113	79	640.000	696.882	2001	24534 Neumünster, Goebenstrasse 1
Schloss Bensberg Management GmbH	**8.215**	**87**	**997.227**	**1.159.496**		
Service-Residenz Schloss Bensberg	8.215	87	997.227	1.159.496	2002	51429 Bergisch Gladbach, Im Schlosspark 10
SARA	**7.900**	**126**	**640.000**	**616.177**		
SARA Seniorenresidenz	7.900	126	640.000	616.177	2017	6766 Bitterfeld-Wolfen, Strasse der Republik 4
Cosiq GmbH	**5.534**	**120**	**667.698**	**639.441**		
Pflegeteam Odenwald	1.202	32	222.218	223.563	2012	69483 Wald-Michelbach, Lotzenweg 38
Seniorenresidenz an den Kienfichten	4.332	88	445.480	415.879	2017	6846 Dessau-Rosslau, Oechelhaeuserstrasse 62
Deutsche Pflege und Wohnstift GmbH	**4.310**	**126**	**638.136**	**724.060**		
Seniorenheim am Dom	4.310	126	638.136	724.060	2008	38820 Halberstadt, Domplatz 37
Advita Pflegedienst	**6.422**	**91**	**470.811**	**462.384**		
Advita Haus Zur Alten Berufsschule	6.422	91	470.811	462.384	2016	9405 Zschopau, Moritz-Nietzel-Strasse 12
Deutsches Rotes Kreuz Kreisverband Nordfriesland e. V.	**4.088**	**83**	**522.000**	**490.560**		
DRK Käthe-Bernhardt-Haus	4.088	83	522.000	490.560	2008	25813 Husum, Ferdinand-Tönnies-Strasse 1
Seniorenresidenz Laurentiusplatz GmbH	**5.506**	**79**	**424.989**	**363.661**		
Laurentiusplatz	5.506	79	424.989	363.661	2018	42103 Wuppertal, Auer Schulstrasse 12
Volkssolidarität	**4.141**	**83**	**402.240**	**397.531**		
Goldene Au	4.141	83	402.240	397.531	2010	96515 Sonneberg, Bettelhecker Strasse 1
Netherlands	**218.161**	**1.728**	**18.706.761**	**21.330.289**		
Stichting Vitalis Residentiële Woonvormen	**90.981**	**446**	**3.891.815**	**4.735.000**		
Genderstate	8.813	44	508.734	590.000	1991	5616 Eindhoven, Maria Van Bourgondiëlaan 8
Parc Imstenrade	57.181	263	2.060.373	2.580.000	2006	6418 Heerlen, Parc Imstenrade 66
Petruspark	24.987	139	1.322.708	1.565.000	2018	5623 Eindhoven, Monseigneur Swinkelsstraat 2

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Ontzorgd Wonen Groep	**51.069**	**412**	**3.428.619**	**3.677.365**		
De Statenhof	6.468	54	428.400	428.400	2017	2324 Leyde, Bachstraat 590
De Statenhof Hoogbouw[2]	6.457	54	267.750	267.750	1967	2324 Leyde, Bachstraat 590
Franeker	10.750	70	630.000	738.900	2016	8802 Franeker, Kening State 1
Residentie Boldershof	2.261	33	321.300	321.300	1974	3811 Amersfoort, Bolderhof 2
Residentie Sibelius	14.294	96	811.015	811.015	2017	5343 Oss, Sibeliuspark 136
Zorghuis Smakt	2.111	30	202.031	230.000	2010	5817 Smakt, Sint Jozeflaan 56
Zorgresidentie Mariëndaal	8.728	75	768.123	880.000	2011	5363 Velp, Tolschestraat 20
Compartijn	**15.606**	**173**	**2.683.686**	**2.930.000**		
Huize de Compagnie	3.471	42	580.000	635.000	2019	6711 Ede, Nieuwe Kazernelaan 10
Huize Eresloo	2.350	28	421.875	455.000	2019	5525 Duizel, De Hendrick Robinetlaan 3
Huize Groot Waardijn	1.918	26	421.875	455.000	2019	5025 Tilburg, Ringbaan West 324
Huize Roosdael	2.950	26	421.875	470.000	2019	4701 Roosendaal, Laan van Henegouwen 16
Huize Ter Beegden	1.983	19	305.000	335.000	2019	6099 Beegden, Heerstraat Zuid 20
Kerckebosch	2.934	32	533.061	580.000	2017	3708 Zeist, Hoog Kanje 274
Martha Flora	**12.788**	**140**	**2.368.622**	**2.595.000**		
Martha Flora Bosch en Duin	2.241	27	455.000	490.000	2018	3735 Bosch en Duin, Dennenweg 2
Martha Flora Den Haag	2.259	28	559.577	605.000	2018	2597 Den Haag, Badhuisweg 165-167
Martha Flora Hilversum	4.055	31	567.231	630.000	2017	1217 Hilversum, Melkpad 24
Martha Flora Hoorn	780	12	81.683	95.000	2012	1624 Hoorn, Koepoortweg 73
Martha Flora Lochem	1.012	13	169.130	185.000	2013	7241 Lochem, Zuthenseweg 91
Martha Flora Rotterdam	2.441	29	536.000	590.000	2019	3055 Rotterdam, Mozartlaan 25
Domus Magnus	**8.072**	**99**	**2.091.297**	**2.280.000**		
Benvenuta	924	10	220.360	240.000	2009	1217 Hilversum, Bussumergrintweg 40
Holland	2.897	34	849.960	915.000	2013	3743 Baarn, Javalaan 1-3
Molenenk	2.811	40	708.112	775.000	2017	7425 Deventer, Laan van Borgele 7
Villa Walgaerde	1.440	15	312.864	350.000	2017	1217 Hilversum, Sweelincklaan 16
Stepping Stones Home & Care	**6.400**	**93**	**1.242.387**	**1.380.000**		
Saksen Weimar	2.291	42	531.448	600.000	2015	6822 Arnhem, Compagnieplaats 22
Spes Nostra	2.454	30	460.239	505.000	2016	3451 Vleuten, Hindersteinlaan 30
Villa Nova	1.655	21	250.700	275.000	2019	3834 Leusden, Clarenburg 1
Het Gouden Hart	**6.243**	**72**	**1.010.683**	**1.110.000**		
HGH Driebergen	353	9	79.493	85.000	1925	3971 Driebergen, Diederichslaan 21
HGH Kampen	3.610	37	510.370	570.000	2017	8261 Kampen, Koornmarkt 1
HGH Leersum	2.280	26	420.820	455.000	2018	3965 Leersum, Rijksstraatweg 46
Stichting Zorggroep Noorderboog	**13.555**	**140**	**811.153**	**1.300.000**		
Oeverlanden	13.555	140	811.153	1.300.000	2017	7944 Meppel, Reestlaan 2

1. See glossary.
2. Recognised in the balance sheet as assets classified as held for sale.

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Stichting Leger des Heils Welzijns- en Gezondheidszorg	**6.014**	**75**	**321.960**	**321.960**		
De Merenhoef	6.014	75	321.960	321.960	2019	3600 Maarssen, Merenhoef 1
Stichting Oosterlengte	**4.380**	**32**	**401.852**	**490.000**		
Het Dokhuis	4.380	32	401.852	490.000	2017	9665 Oude Pekela, Raadhuislaan 41-47
Orpea	**1.466**	**20**	**248.000**	**275.000**		
September Nijverdal	1.466	20	248.000	275.000	2019	7442 Nijverdal, Salomonsonstraat 51
Omega	**1.587**	**26**	**206.688**	**235.964**		
Meldestraat	1.587	26	206.688	235.964	2019	8302 Emmeloord, Meldestraat 16
United Kingdom	**237.909**	**5.713**	**31.829.056**	**30.768.821**		
Maria Mallaband	**38.302**	**908**	**5.492.520**	**6.055.000**		
Ashmead	4.557	110	628.092	725.000	2004	Putney SW15 3AY, 201 Cortis Road
Belvoir Vale	2.158	56	1.067.027	535.000	2016	Widmerpool NG12 5QL, Old Melton Road
Blenheim	2.288	64	239.466	325.000	2015	Ruislip HA4 7DP, Ickenham Road
Coplands	3.445	79	482.041	630.000	2016	Wembley HAO 2EN, Copland Avenue 1
Eltandia Hall	3.531	83	354.731	505.000	1999	Norbury SW16 4HA, Middle Way
Glennie House	2.279	52	120.000	190.000	2014	Auchinleck KA18 2HH, William McComb Court
Heritage	2.972	72	584.410	780.000	2015	Tooting SW17 6D, 30 Gearing Close
Kings Court (MM)	2.329	60	209.834	280.000	2016	Swindon SN1 3N, Kent Road
Knights Court	3.100	80	280.668	425.000	2017	Edgware HA8 7DB, 107 High Street
Ottery	3.513	62	685.000	685.000	2019	Ottery St Mary EX11 1FQ, Pavey Run
River View	5.798	137	657.604	775.000	2001	Reading RG30 7TP, Rodway Road
The Windmill	2.332	53	183.648	200.000	2015	Slough SL1 3SY, 104 Bath Road
Burlington	**46.518**	**1.158**	**6.589.897**	**5.740.000**		
Bessingby Hall	2.471	65	465.688	425.000	2014	Bessingby YO16 4UH, Bridlington
Cherry Trees	3.178	81	241.186	235.000	2017	Barnsley S71 5QU, Cherry's Road
Crystal Court	2.879	60	500.000	485.000	2012	Harrogate HG3 1LH, Pannal Grange
Figham House	2.131	63	512.745	435.000	2017	Beverley HU17 0PH, Figham Road
Foresters Lodge	2.241	69	302.763	380.000	2017	Bridlington YO16 4NL, 46 St John's Avenue
Highfield Care Centre	3.260	88	450.000	350.000	2015	Castleford WF10 2DY, 1 Leeds Road
Maple Court	3.045	64	485.000	455.000	2018	Scarborough YO12 6EY, 182 Barrowcliff Road
Maple Lodge	1.673	55	187.589	195.000	2017	Scotton DL9 4LJ, Low Hall Lane
Priestley	1.520	40	250.000	250.000	2016	Birstall WF17 9EN, Market Street
Randolph House	2.433	60	214.388	180.000	2015	Scunthorpe DN15 8EA, Ferry Road West
Southlands	1.812	48	371.530	200.000	2015	Driffield YO25 9PE, 15 Hobman Lane
The Elms	1.280	37	288.395	150.000	1995	Sutton HU7 4US, Lowgate
The Elms & Oakwood	5.361	80	375.179	355.000	2016	Louth LN11 0DG, Elm Drive
The Grange	2.919	73	266.450	265.000	2015	Darlington DL1 3PT, Whinbush Way

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
The Hawthornes	1.512	40	250.000	225.000	2017	Birkenshaw BD11 2AP, Mill Lane
The Lawns	2.459	62	198.763	210.000	2017	Darlington DL1 4EG, Ridsdale Street
The Limes	3.414	97	755.220	585.000	2017	Driffield YO25 5DT, Scarborough Road
The Sycamores	1.627	40	250.000	235.000	2016	Wakefield WF1 3PB, Norton Road
York House	1.302	36	225.000	125.000	2016	Dewsbury WF12 7AH, Old Bank Road
Care UK	**32.368**	**740**	**3.614.504**	**3.455.000**		
Armstrong House	2.799	71	301.553	325.000	2016	Gateshead NE8 4YG, 101 Lobley Hill Road
Cheviot Court	2.978	73	512.227	500.000	2016	South Shields NE34 6RF, 63 Horsley Hill Square
Church View	1.653	42	129.089	170.000	2015	Seaham SR7 9PG, Church Lane
Collingwood Court	2.525	63	464.722	440.000	2016	North Shields NE29 0LD, Front Street
Elwick Grange	2.493	60	286.062	250.000	2002	Hartlepool TS26 9LX, Ewick Road
Grangewood Care Centre	2.317	50	299.487	245.000	2016	Houghton Le Spring DH4 4RB, Shiney Row
Hadrian House	2.487	55	285.029	280.000	2016	Blaydon NE21 4AG, Garden Street
Hadrian Park	2.892	73	233.394	215.000	2004	Billingham TS23 3DF, Marsh House Ave
Ponteland Manor	2.160	52	165.234	165.000	2016	Ponteland NE20 9PZ, Thornhill Road
Stanley Park	3.240	71	400.694	420.000	2015	Stanley DH9 6AH, Wear Road
The Terrace	2.190	40	227.197	185.000	2016	Richmond DL10 7AX, Maison Dieu
Ventress Hall	4.635	90	309.815	260.000	2017	Darlington DL3 7AZ, 22-28 Trinity Road
Bondcare Group	**33.879**	**831**	**3.406.822**	**3.835.000**		
Alexander Court	3.347	82	443.003	450.000	2002	Dagenham RM10 7UU, 320 Rainham Road
Ashwood	2.722	70	280.000	300.000	2017	Hayes UB4 8DR, 1A Derwent Drive
Beech Court	2.135	51	262.729	270.000	1999	Romford, RM1 2AJ, 298-304 South Street
Brook House	3.155	74	296.000	350.000	2017	Thamesmead SE28 8GA, 20 Meadowford Close
Chatsworth Grange	2.558	66	250.000	290.000	2017	Sheffield S12 2BX, 2 Hollybank Road
Clarendon	2.132	51	168.074	215.000	2017	Croydon CR7 8RR, 7A Zion Place
Coniston Lodge	3.733	92	368.000	400.000	2003	Feltham TW14 9BD, Fern Grove
Derwent Lodge	2.612	62	248.000	250.000	2000	Feltham TW14 9AY, Fern Grove
Green Acres	2.352	62	250.000	250.000	2017	Leeds LS9 7PY, Rigton Drive
Moorland Gardens	3.472	79	400.000	420.000	2004	Luton LU2 7NX, Old Bedford Road
Springfield	3.153	80	194.242	280.000	2000	Ilford IG2 6PS, 20 Springfield Drive
The Fountains	2.510	62	246.775	360.000	2000	Rainham RM13 7TU, 12 Theydon Gardens
Renaissance	**19.936**	**452**	**2.084.003**	**2.278.821**		
Beech Manor	2.507	46	202.274	225.000	2017	Blairgowrie PH10 6LJ, Golf Course Road
Jesmond	2.922	65	429.664	420.000	2015	Aberdeen AB22 8UR, Jesmond Drive

1. See glossary.

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Letham Park	2.954	70	362.289	360.000	2017	Edinburgh EH6 4NN, 205-207 Ferry Road
Meadowlark	2.005	57	165.039	210.000	2015	Forres IV36 2JT, Mannachie Road
Persley Castle	1.550	40	220.337	215.000	2017	Aberdeen AB21 9XU, Mugiemoss Road
The Cowdray Club	2.581	35	50.014	143.821	2016	Aberdeen AB11 6UD, 1-5 Fonthill Road
Torry	3.028	81	324.385	370.000	2016	Aberdeen AB11 8HR, 36 Balnagask Road
Whitecraigs	2.389	58	330.000	335.000	2001	Glasgow G46 7UZ, 24 Stewarton Road
Four Seasons	**15.781**	**387**	**1.961.653**	**2.120.000**		
Beechcare	2.739	65	594.825	700.000	2017	Darenth DA2 7QT, Darenth Road South
Grosvenor Park	2.312	61	225.300	290.000	2016	Darlington DL1 4SU, Burnside Road
Hilltop Manor	2.809	80	367.716	320.000	2015	Tunstal ST6 6JN, High Lane
Meadowbrook	3.334	69	349.066	300.000	2015	Gobowen SY10 7HD, Tympath Lane
Riverside View	2.362	59	225.300	310.000	2016	Darlington DL1 2TP, Hutton Avenue
The Lodge	2.226	53	199.446	200.000	2016	South Shields NE34 0JR, 14 Farnham Road
Lifeways	**3.880**	**67**	**1.887.358**	**1.275.000**		
Heath Farm	2.832	47	1.191.554	765.000	2009	Scopwick LN4 3JD, Heath Road,
Sharmers Fields House	1.048	20	695.804	510.000	2010	Leamington Spa CV31 1XH, Fosse Way
Brighterkind	**6.177**	**156**	**1.461.270**	**1.430.000**		
Ashurst Park	2.145	47	580.809	470.000	2016	Tunbridge Wells TN3 0RD, Fordcombe Road
Highfields (Notts)	1.554	49	445.742	415.000	2016	Edingley NG22 8BX, Station Road
Kingsmills	2.478	60	434.718	545.000	2010	Inverness IV2 3RE, 10 Kingsmills Park
Caring Homes	**8.898**	**221**	**1.439.340**	**1.115.000**		
Brooklyn House	1.616	38	328.985	245.000	2016	Attleborough NR17 2AG, Queens Road
Guysfield	2.052	51	385.820	185.000	2015	Letchworth SG6 2AB, Willian Road
Hillside House and Mellish House	3.629	92	471.295	410.000	2016	Sudbury, CO10 0EH, 20 Kings Hill
Sanford House	1.601	40	253.240	275.000	2016	East Dereham NR19 2SD, Swanton Road
Harbour Healthcare	**11.582**	**293**	**1.111.170**	**1.040.000**		
Bentley Rosedale Manor	2.896	78	369.819	320.000	2017	Crewe CW1 4LB, Sherbourne Road
Devonshire House & Lodge	3.167	77	232.179	225.000	2017	Plymouth PL6 7JW, Woolwell Road
Elburton Heights	3.076	69	241.186	245.000	2017	Plymouth PL9 8EJ, 33 Springfield Road
Tree Tops Court	2.442	69	267.985	250.000	2015	Leek ST13 8XP, Park Road
Majesticare	**4.669**	**126**	**966.241**	**940.000**		
Lashbrook House	1.741	46	350.000	345.000	2016	Lower Shiplake RG9 3LP, Mill Road
Oak Lodge	1.699	45	325.525	265.000	2018	Chard TA20 2HN, Lordsleaze Lane
The Mount	1.229	35	290.716	330.000	2015	Wargrave RG10 8DY, School Hill
Select Healthcare	**7.462**	**195**	**778.365**	**715.000**		
Cromwell Court	2.896	67	221.450	275.000	1995	Warrington, WA1 2TH, 76 Church Street

	Total surface (m²)	Number of residential units	Contractual rents[1]	Estimated rental value (ERV)[1]	Year of construction/ renovation	Address
Delves Court	2.246	62	216.300	210.000	2017	Walsall WS5 4NZ, 2 Walstead Road
Plas Rhosnesni	2.320	66	340.615	230.000	2017	Wrexham LL13 9NH, Cefn Road
Priory Group	**3.755**	**77**	**534.690**	**350.000**		
Bentley Court	3.755	77	534.690	350.000	2016	Wednesfield WV11 1PX, 29 Nordley Road
Conniston Care	**4.702**	**102**	**501.223**	**420.000**		
Athorpe Lodge & The Glades	4.702	102	501.223	420.000	2017	Dinnington S25 2NY, Falcon Way
Projecten in ontwikkeling[2]	**92.601**	**1.205**	**1.067.019**			
Belgium	**8.027**	**100**	**153.966**			
Armonea	**8.027**	**100**	**153.966**			
Rembertus	8.027	100	153.966		project	2600 Mechelen, Brusselsesteenweg 245
Germany	**56.811**	**768**	**545.959**			
EMVIA	**51.716**	**648**	**471.335**			
Beverstedt	5.475	80	29.214		project	27616 Beverstedt, Adolf-Butenandt-Strasse 1
Espelkamp	9.458	113	71.411		project	32339 Espelkamp, Frotheimer Weg 118
Heiligenhafen	7.391	104	59.130		project	23774 Heiligenhafen, Lütjenburger Weg 71
Kaltenkirchen	6.650	123	117.180		project	24568 Kaltenkirchen, Am Bahnhof 2
Schwerin	5.000	87	37.800		project	19057 Schwerin, Dohlenweg 2
Wolfsburg	17.742	141	156.600		Project	38446 Wolfsburg, Planstrasse, C/E
Aspida	**5.095**	**120**	**74.624**			
Pflegecampus Plauen	5.095	120	74.624		project	8523 Plauen, Heinrichstrasse-Bergstrasse
The Netherlands	**27.763**	**337**	**367.095**			
Stichting Oosterlengte	**7.360**	**120**	**110.250**			
LTS Winschoten	4.560	84	72.000		project	9671 Winschoten, Poststraat 2
Verpleegcentrum Scheemda	2.800	36	38.250		project	9679 Scheemda, Trekweg 13
Het Gouden Hart	**4.202**	**45**	**109.737**			
HGH Harderwijk	4.202	45	109.737		project	3843 Harderwijk, Veldkamp 1
Stichting Rendant	**13.142**	**126**	**52.715**			
Nieuw Heerenhage	13.142	126	52.715		project	8446 Heerenveen, Heerenhage 1
Ontzorgd Wonen Groep	**1.289**	**22**	**43.513**			
Sorghuys Tilburg	1.289	22	43.513		project	5056 Berkel-Enschot, Bosschweg 33
Stepping Stones Home & Care	**1.770**	**24**	**50.880**			
Stepping Stones Zwolle	1.770	24	50.880		project	8024 Zwolle, Kranenburgweg 8
Totaal vastgoedbeleggingen in exploitatie	**1.182.712**	**20.225**	**133.738.677**	**136.702.685**		

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

4.2 Ongoing projects and renovations (in € million)

Projects and renovations (in € million)[1]		Location	Invest-ment	Inv. as of 30/06/2019	Future inv.	Comment
I. Projects in progress			**197**	**50**	**148**	
Completion 2019/2020			**87**	**43**	**45**	
BE	Plantijn III	Kapellen	1	0	1	Extension and renovation of a rest home
BE	't Hoge III	Kortrijk	2	1	1	Extension of a rest home
BE	De Duinpieper	Oostende	2	1	1	Extension and renovation of a rest home
BE	Kasteelhof	Dendermonde	3	0	3	Extension of a rest home
DE	Schwerin[3]	Schwerin	11	7	4	Construction of a care campus
DE	Laurentiusplatz	Wuppertal	1	0	1	Renovation of a rest home
DE	Kaltenkirchen[3]	Kaltenkirchen	15	8	7	Construction of a care campus
DE	Residenz Zehlendorf	Berlin	6	4	2	Renovation of a rest home
DE	Beverstedt[3]	Beverstedt	10	2	8	Construction of a care campus
NL	Sorghuys Tilburg[2]	Berkel-Enschot	3	2	1	Construction of a care residence
NL	LTS Winschoten[2]	Winschoten	13	10	3	Construction of a care residence
NL	De Merenhoef	Maarssen	1	0	1	Extension and renovation of a rest home
NL	De Statenhof	Leiden	2	0	1	Extension and renovation of a rest home
NL	Residentie Boldershof	Amersfoort	1	0	1	Renovation of a rest home
NL	Verpleegcentrum Scheemda[2]	Scheemda	4	0	4	Construction of a rest home
NL	Het Gouden Hart Harderwijk[2]	Harderwijk	7	2	4	Construction of a senior housing site
UK	Cowdray Club	Aberdeen	3	3	0	Renovation of a rest home
UK	MMCG projecten	England/Scotland	1	0	1	Renovation of a rest home
UK	Bessingby Hall	Ruislip	1	0	1	Renovation of a rest home
Completion 2020/2021			**110**	**7**	**103**	
BE	Résidence Aux Deux Parcs	Jette	3	1	2	Extension of a rest home
BE	Residentie 't Spelthof	Binkom	6	0	6	Extension of a rest home
NL	Nieuw Heerenhage[2]	Heerenveen	20	3	18	Construction of a senior housing site
NL	Residentie Sibelius	Oss	9	0	9	Renovation of a senior housing site
NL	Stepping Stones Zwolle[2]	Zwolle	5	0	5	Construction of a care residence
DE	Pflegecampus Plauen[2]	Plauen	11	1	10	Construction of a rest home
DE	Espelkamp[3]	Espelkamp	15	1	14	Construction of a care campus
DE	Heiligenhafen[3]	Heiligenhafen	13	0	13	Construction of a care campus
DE	Wolfsburg[3]	Wolfsburg	28	1	27	Construction of a care campus
II. Land reserve						
BE	Terrain Bois de la Pierre	Wavre	2	2	0	-
III. Acquisitions subject to outstanding conditions			**41**	**0**	**41**	
Completion 2019/2020			**41**	**0**	**41**	
DE	Haus Steinbachhof	Chemnitz	16	0	16	Acquisition of a rest home
DE	Seniorenhaus Wiederitzsch	Leipzig	7	0	7	Acquisition of a rest home
DE	Zur alten Linde	Rabenau	6	0	6	Acquisition of a rest home
DE	Seniorenwohnpark Hartha	Hartha	12	0	12	Acquisition of a rest home

Projects and renovations (in € million)[1]		Location	Invest-ment	Inv. as of 30/06/2019	Future inv.	Comment
IV. Projects subject to outstanding conditions			**188**	**0**	**188**	
Completion 2019/2020			**16**	**0**	**16**	
DE	Azurit Weimar	Weimar	16	0	16	Acquisition of a new rest home
Completion 2020/2021			**117**	**0**	**117**	
BE	Uilenspiegel	Genk	2	0	2	Extension of a rest home
BE	Sorgvliet	Linter	5	0	5	Extension of a rest home
NL	Rendant Aldlânstate	Leeuwarden	20	0	20	Construction of a senior housing site
BE	Résidence de la Paix	Evere	2	0	2	Extension of a rest home
BE	Rembertus	Mechelen	12	0	12	Construction of a rest home
DE	Specht Gruppe (2020/2021)	Germany	76	0	76	Construction & acquisition of care campuses
Completion 2021/2022			**54**	**0**	**54**	
DE	Specht Gruppe (2021/2022)	Germany	54	0	54	Construction & acquisition of care campuses
Total pipeline			**428**	**52**	**376**	
Changes in fair value			-	2		
Roundings			-	-2	-	
On balance sheet				**51**		

These projects are already pre-let in addition to the total investment budget, €18 million need to be added to the tal investment budget given the acquisitions carried out on 9 July (€8 million), 7 August (€3 million) and 21 August (€7 million) (see section 2.2.1 of the Management Report). Of the above investment budget, €55 million has already been realised through the completion of the acquisition of four healthcare real estate sites in Germany on 8 and 9 July 2019, the completion of a care campus in Schwerin on 15 August 2019 and the completion of renovation works in Aberdeen on 23 August 2019 (see section 2.2.2 of the Management Report).

1. Amounts in GBP were converted into EUR based on the exchange rate of 28 June 2019 (1.1154 €/£).
2. Although still under construction, these sites already generate limited rental incomes. This explains why they were included in this table and why the number of units and/or the estimated rental value are not mentioned.
3. Part of the cooperation agreement with Specht Gruppe.

SENIORENHAUS WIEDERITZSCH, LEIPZIG (DE)

5. 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 2019.

Aedifica assigned to each of the six 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 six assessments, the consolidated fair value of the portfolio amounted to €2,320,949,118[3] as of 30 June 2019, including €2,269,743,524 for marketable investment properties[4]. The portfolio is currently fully let and therefore 100 % occupied. Contractual rents amounted to €133,738,677 which corresponds to an initial rental yield of 5.89 % compared to the fair value of marketable investment properties.

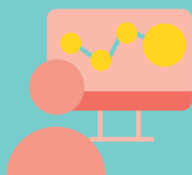
The amounts above include the fair values and contractual rents of the investment properties in the United Kingdom in sterling that are converted into euros using the exchange rate of 28 June 2019 (1.1154 €/£; exchange rate on the last working day of the financial year).

On 30 June 2019:

- the consolidated fair value of investment properties in Belgium amounted to €1,033,748,427, of which €1,028,213,061 was for marketable investment properties in operation. The contractual rents amount to €56,338,309, corresponding to an initial rental yield of 5.48 % compared to the fair value of the properties in operation.
- the consolidated fair value of investment properties in Germany amounted to €406,160,000, of which €380,790,000 was for marketable investment properties in operation. The contractual rents amount to €22,824,383, corresponding to an initial rental yield of 5.99 % compared to the fair value of the properties in operation.
- the consolidated fair value of investment properties in the Netherlands amounted to €354,080,000, of which €336,440,000 was for marketable investment properties in operation. The contractual rents amount to €19,073,856, corresponding to an initial rental yield of 5.67 % compared to the fair value of the properties in operation.
- the consolidated fair value of investment properties in Germany amounted to £472,441,000, of which £470,056,000 was for marketable investment properties in operation. The contractual rents amount to £31,829,056, corresponding to an initial rental yield of 6.77 % compared to the fair value of the properties in operation.

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.

1. The expert report was reproduced with the agreement of Cushman & Wakefield Belgium NV/SA, Deloitte Consulting & Advisory CVBA/SCRL, CBRE GmbH, DTZ Zadelhoff VOF, Savills Consultancy BV and Cushman & Wakefield Debenham Tie Leung Ltd. The sum of all elements of the portfolio individually assessed by the six 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.



DTZ Zadelhoff VOF opinion[5]
The fair value of the part of Aedifica's portfolio valued by DTZ Zadelhoff VOF is estimated as of 30 June 2019 at €296,380,000 and the investment value (before deduction of the transfer costs[10]) is estimated at €308,820,000.

Paul Smolenaers and Fabian Pauwelse
26 July 2019

Cushman & Wakefield Belgium SA[5] opinion
The fair value of the part of Aedifica's portfolio valued by Cushman & Wakefield Belgium SA is estimated as of 30 June 2019 at €520,585,000 and the investment value (before deduction of the transfer costs[6]) is estimated at €533,909,000.

Christophe Ackermans[7]
26 July 2019

Deloitte Consulting & Advisory SCRL[5] opinion
The fair value of the part of Aedifica's portfolio valued by Deloitte Consulting & Advisory SCRL is estimated as of 30 June 2019 at €513,162,927 and the investment value (before deduction of the transfer costs[8]) is estimated at €525,992,000.

Frédéric Sohet and Patricia Lanoije
26 July 2019

CBRE GmbH opinion[5]
The fair value of the part of Aedifica's portfolio valued by CBRE GmbH is estimated as of 30 June 2019 at €406,160,000 and the investment value (before deduction of the transfer costs[9]) is estimated at €434,789,655.

Sandro Höselbarth and Tim Schulte
26 July 2019

Savills Consultancy BV[5] opinion
The fair value of the part of Aedifica's portfolio valued by Savills Consultancy BV is estimated as of 30 June 2019 at €57,700,000 and the investment value (before deduction of the transfer costs[10]) is estimated at €60,390,000.

Martijn Onderstal en Jochem van der Grinten
26 July 2019

Cushman & Wakefield Debenham Tie Leung Ltd[5] opinion
The fair value of the part of Aedifica's portfolio valued by Cushman & Wakefield Debenham Tie Leung Ltd is estimated as of 30 June 2019 at £471,441,000 (€526,960,691 based on the exchange rate of 1.1154 €/£ of 28 June 2019 on the last day of the financial year) and the investment value (before deduction of the transfer costs[11]) is estimated at £503,631,851 (€60,390,000 based on the exchange rate of 1.1154 €/£ of 28 June 2019 on the last day of the financial year).

Tom Robinson en Martin Robb
26 July 2019

5. The valuation expert only valued a portion of Aedifica's portfolio and therefore takes no responsibility for the valuation of the entire portfolio. The valuation expert only certifies the accuracy of the figures of the objects he values. No further liability will be accepted for other valuation experts.
6. 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.
7. BVBA/SPRL.
8. See footnote 6 above.
9. Assets located in Germany are not concerned by the comments in footnote 6. In the assessment of their investment value, the usual German transfer costs are taken into account.
10. Assets located in the Netherlands are not concerned by the comments in footnote 6. In the assessment of their investment value, the usual Dutch transfer costs are taken into account.
11. Assets located in the United Kingdom are not concerned by the comments in footnote 6. In the assessment of their investment value, the usual UK transfer costs are taken into account. The investment value corresponds to the gross value before deduction of the SDLT (Stamp Duty Land Tax) and business expenses.

Aedifica on the stock market

3.3 %
Gross dividend yield
as of 30 June 2019

24,601,158
Total number of shares listed
as of 30 June 2019

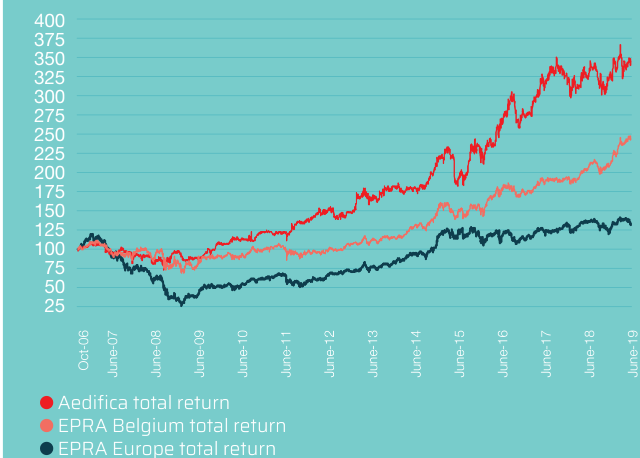
€83.90
Share price as of 30 June 2019

€2.1 billion
Market capitalisation as of 30 June 2019

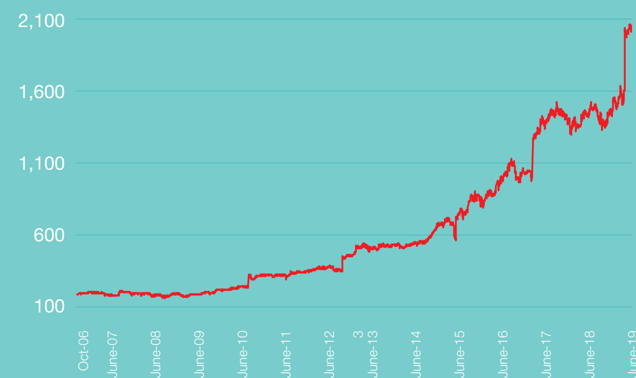
Aedifica on the stock market

Aedifica offers investors an alternative to direct real estate investments, combining all the benefits of optimal real estate income with a limited risk profile. Aedifica has an investment strategy that can offer its shareholders attractive returns, a recurring dividend and opportunities for growth and capital appreciation at the same time.

Comparison – indices in total return From 23 October 2006 (IPO) to 30 June 2019

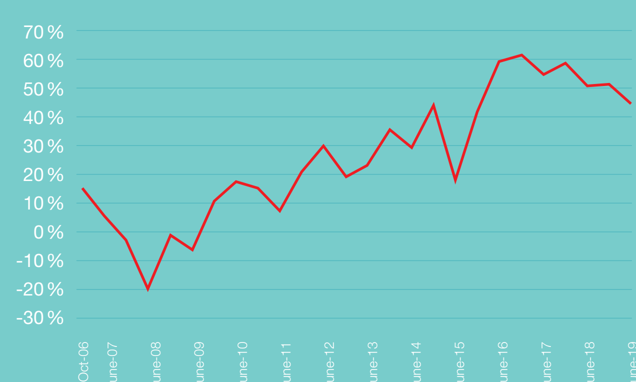


Market capitalisation from 23 October 2006 (IPO) to 30 June 2019 (in € million)



Value creation (in € million)

Premium and discount of share price in relation to the net asset value per share from 23 October 2006 (IPO) to 30 June 2019



HAUS ZUR ALTEN BERUFSSCHULE, ZSCHOPAU (DE)

Aedifica shares (AED) have been quoted on Euronext Brussels since 2006. Since then, Aedifica has completed five capital increases in cash and with preferential rights or priority allocation rights:

- 15 October 2010: issuance of 2,013,334 new shares at €33.45 to raise a total gross amount of €67 million;
- 7 December 2012: issuance of 2,697,777 new shares at €37.00 to raise a total gross amount of €99.8 million;
- 29 June 2015: issuance of 3,121,318 new shares at €49.00 to raise a total gross amount of €153 million;
- 28 March 2017: issuance of 3,595,164 new shares at €61.00 to raise a total gross amount of €219 million;
- 7 May 2019: issuance of 6,147,142 new shares at €68.00 to raise a total gross amount of €418 million.

Aedifica is included in the Bel Mid Index with a weighting of approximately 8.4 % (30 June 2019). In addition, Aedifica shares are also included in the EPRA, MSCI, and Stoxx Europe 600 indices.

24,601,158
Total number of shares listed as of 30 June 2019

Action Aedifica

	30 June 2019	30 June 2018
Share price at closing (in €)	83.90	78.10
Net asset value per share excl. changes in fair value of hedging instruments* (in €)	60.16	51.18
Premium (+) / Discount (-) excl. changes in fair value of hedging instruments*	39.5 %	52.6 %
Net asset value per share* (in €)	58.11	49.24
Premium (+) / Discount (-)	44.4 %	58.6 %
Market capitalisation	2,064,037,156	1,421,484,745
Free float[1]	100.0 %	100.0 %
Total number of shares listed	24,601,158	18,200,829
Denominator for the calculation of the net asset value per share	24,601,158	18,200,829
Average daily volume	24,982	18,711
Velocity[2]	32.5 %	26.4 %
Gross dividend per share (in €)[3]	2.80	2.50
Dividend gross yield[4]	3.3 %	3.2 %

1. Percentage of the capital of a company held by the market, according to the definition of Euronext. See press release of 3 July 2019 and section 3 below.
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. 2018/2019: proposed dividend to the Annual General Meeting.
4. Gross dividend per share divided by the closing share price.

Number of shares

	30 June 2019	30 June 2018
Number of shares outstanding	24,601,158	18,200,829
Total number of shares	24,601,158	18,200,829
Total number of shares on the stock market[5]	24,601,158	18,200,829
Weighted average number of shares outstanding (IAS 33)	19,274,471	17,990,607
Number of dividend rights[6]	19,365,386	18,200,829

5. 240,597 shares were traded on 20 November 2018, 6,147,142 on 7 May 2019 and 12,590 on 20 June 2019.
6. Taking into account the dividend rights for the shares issued during the financial year. The number of dividend rights amounts to 18,441,426 for coupon no.21 and 24,601,158 for coupon no.22.

FOLLOWING THE COMPLETION OF THE €418 MILLION CAPITAL INCREASE, AEDIFICA TEAM WAS INVITED ON 7 MAY 2019 TO THE BRUSSELS STOCK EXCHANGE, WHERE THE CEO, STEFAAN GIELENS, RANG THE OPENING BELL.

1. Stock price and volume

Aedifica's share price fluctuated between €69.50 and €84.51 over the course of the financial year and closed the financial year at €83.90, an increase of more than 7 % compared with 30 June 2018 (€78.10).

Based on the stock price on 30 June 2019, Aedifica share shows a premium of:

- 39.5 % as compared to the net asset value per share excluding changes in fair value of hedging instruments*;
- 44.4 % as compared to the net asset value per share.

This premium to the net asset value is a sign of confidence in Aedifica's track record and reflects Aedifica's pure-play focus on healthcare real estate, the future growth of the Group, the stable nature of the generated long-term profits and the attractive dividend. The graph on page 106 shows the evolution of the premium of Aedifica's share price compared to the net asset value per share.

Between Aedifica's IPO (after deduction of the coupons which represented the preferential or priority allocation rights issued as part of the abovementioned capital increases) and 30 June 2019, Aedifica's stock price increased by 130.6 %. This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by 43.5 %, and when compared to the EPRA Europe index, which fell by 20.5 %, over the same period.

The liquidity of Aedifica's share also increased during the financial year. The average daily volume was approximately €2,011,000 or approximately 25,000 shares, which increased the velocity to 32.5 %. Aedifica continues its efforts to further broaden its investor base by regularly taking part in roadshows and events for both institutional and private investors.

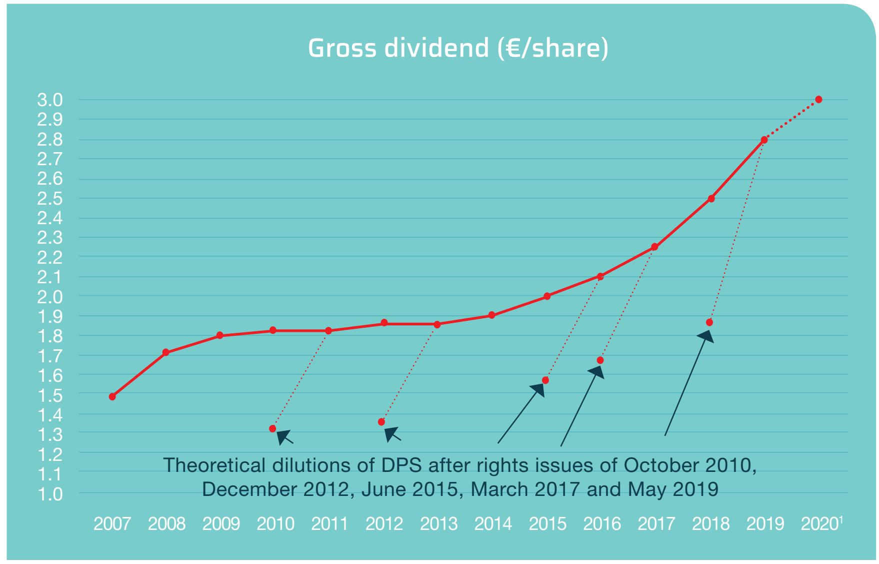
2. Dividend

For the 2018/2019 financial year, Aedifica proposes a gross dividend of €2.80 per share, an increase of 12 % compared to the dividend paid for the 2017/2018 financial year (€2.50). After approval by the ordinary general meeting of 22 October 2019, this amount will be allocated pro rata temporis to coupon no.21 (€2.38 for the period from 1 July 2018 to 6 May 2019) and coupon no.22 (€0.42 for the period from 7 May 2019 to 30 June 2019). Coupon no.21 was already detached on 24 April 2019 following a capital increase in cash. The dividend relating to the 2018/2019 financial year will in principle be paid as from 30 October 2019.

As a RREC investing more than 60 % of its portfolio in European healthcare property, the withholding tax on dividend for Aedifica's investors amounts to 15 % only. The net dividend per share after deduction of the withholding tax of 15 % will amount to €2.38 divided between coupon no.21 (€2.023) and coupon no.22 (€0.357).

100 %
Free Float

€2.80
Dividend for the financial year 2018/2019



3. Shareholding structure

As of 30 June 2019, there were no Aedifica shareholders holding more than 5 % of the capital. The free float amounted therefore to 100 % (as of 30 June 2019, based on the number of shares held by the shareholders concerned as of 28 June 2019). Declarations of transparency and control strings are available on Aedifica's website.

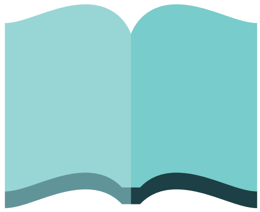
Following the closing of the 2018/2019 financial year, Aedifica received a transparency notification on 5 July 2019 following the crossing of the threshold of 5 % of the voting rights in Aedifica NV/SA by BlackRock, Inc., which now holds 5.00 % of the voting rights. At the closing date of this report, Aedifica did not receive any transparency notice that would change the situation on 5 July 2019. According to the definition of Euronext, the free float is 100 %.

4. Shareholders' calendar[2]

Annual General Meeting 2019	22/10/2019
Dividend payment date for the period from 01/07/2018 till 06/05/2019	
Coupon	21
Ex-date	24/04/2019
Record date	25/04/2019
Payment date	As from 30/10/2019
Dividend payment date for the period from 07/05/2019 till 30/06/2019	
Coupon	22
Ex-date	28/10/2019
Record date	29/10/2019
Payment date	As from 30/10/2019
Interim Statement 30/09/2019	13/11/2019
Half-Year Financial Report 31/12/2019	19/02/2020
Interim statement 31/03/2020	13/05/2020
Annual press release 30/06/2020	02/09/2020
Annual Financial Report 2019/2020	September 2020
Annual General Meeting 2020	27/10/2020
Dividend – Coupon related to the 2019/2020 financial year	As from 04/11/2020

Financial service responsible for the dividend payment: Degroof Bank Petercam (main paying agent) or any other financial institutions.

1. Outlook (see section 11 of the Management Report in this Annual Financial Report).
2. These dates are subject to change.



First sustainability report
published in May 2019

Ambitious action plan
for 2025

CO_2-neutral headquarters
Label obtained for 2018/2019

Corporate social responsibility

Aedifica's first CSR report reflects the Group's commitment to its motto ('housing with care') and the responsibility on the long term that Aedifica assumes.

1. Corporate social responsibility

Aedifica strives for quality in all its activities and is aware of its role in society. Corporate social responsibility is therefore an integral part of Aedifica's strategy and day-to-day management.

In May 2019, Aedifica published its first Corporate Social Responsibility Report, relating to the calendar year 2018. The report reflects the Group's commitment in its motto ('housing with care') and the responsibility that Aedifica assumes in the development and management of its real estate portfolio towards all stakeholders and society in general.

All information about Aedifica's efforts in the field of corporate social responsibility can be found in the Sustainability Report 2018, which is available on the website (https://www.aedifica.be/en/sustainability-report).

2. Action plan towards 2025

The sustainability report describes the ambitious action plan that Aedifica intends to implement by 2025. The baseline for quantitative targets is 2017. Based on the United Nations' Social Development Goals (SDGs), the action plan sets out the long-term objectives that Aedifica intends to achieve in the areas of sustainability, corporate responsibility and social responsibility. The 2025 action plan is further elaborated on the opposite page.

RESIDENTIE SPORENPARK, BERINGEN (BE)

Aedifica's corporate social responsibility action plan

Social Impact

Portfolio

- Encourage integrated healthcare solutions adapted to changing demographics and needs
- Focus 100 % on healthcare real estate by FY 2019/2020, to service a European demographic boom

Corporate

- Maintain strong position in gender diversity among Belgian listed companies
- Focus on employee wellbeing
- Deliver meaningful trainings to employees

SDGs impacted

- **Housing operators' satisfaction, service quality**
- **Employee wellbeing**
- **Talent development**
- **Diversity**

Environmental Impact

Portfolio

- Measure 80 % of buildings' environmental impact by 2025
- Reduce CO_2 and energy consumption by at least 10 % per m² by 2025
- Introduce life-cycle assessment for each new project
- Introduce systematic dialogue on energy efficiency with operators on an annual basis

Corporate

- Carbon neutral operations
- Launch and manage responsible mobility programme as of 2019

SDGs impacted

- **Energy management; Climate change adaptation; Mobility**
- **Lifecycle impacts of new developments; Innovation in buildings**

Progressive Governance

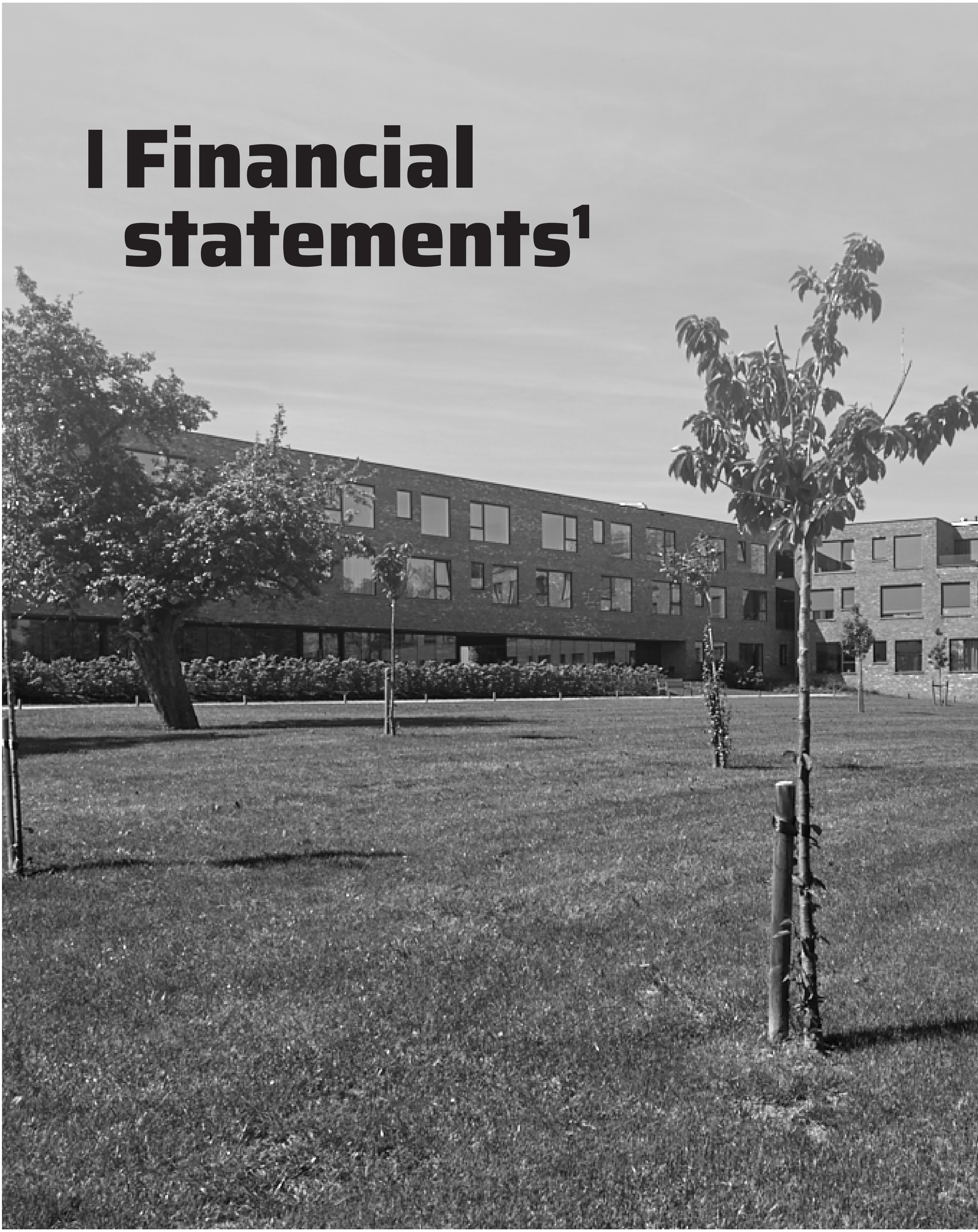
Group Operations

- Maintain agile and diverse governance model

SDG impacted

- **Ethics, compliance and integrity**
- **Stakeholder relations; Risk management**

I Financial statements[1]



1. The annual financial reports, the Management Reports and the statutory auditor's reports related to financial years 2015/2016, 2016/2017 and 2017/2018, and the experts' reports, interim statements and semi-annual reports (including the statutory auditor's reports) are available on the Company's website (www.aedifica.eu) or on request at its headquarters.

Financial statements

1. Consolidated Financial Statements

1.1 Consolidated Income Statement

(x €1,000)		Notes	2019	2018
I.	Rental income	4	118,413	91,677
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges	5	-41	-80
Net rental income			**118,372**	**91,597**
IV.	Recovery of property charges	6	59	84
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	7	2,751	2,469
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	-2,751	-2,469
VIII.	Other rental-related income and charges	10	-820	-985
Property result			**117,611**	**90,696**
IX.	Technical costs	11	-1,077	-1,379
X.	Commercial costs	12	-317	-552
XI.	Charges and taxes on unlet properties	13	-58	-136
XII.	Property management costs	14	-2,763	-1,273
XIII.	Other property charges	15	-1,470	-1,281
Property charges			**-5,685**	**-4,621**
Property operating result			**111,926**	**86,075**
XIV.	Overheads	16	-14,692	-10,963
XV.	Other operating income and charges	17	-92	2,163
Operating result before result on portfolio			**97,142**	**77,275**
XVI.	Gains and losses on disposals of investment properties	18	7,321	789
XVII.	Gains and losses on disposals of other non-financial assets	19	0	0
XVIII.	Changes in fair value of investment properties	20	63,317	15,018
XIX.	Other result on portfolio	20	0	-344
Operating result			**167,780**	**92,738**
XX.	Financial income	21	154	554
XXI.	Net interest charges	22	-17,193	-14,321
XXII.	Other financial charges	23	-3,129	-1,552
XXIII.	Changes in fair value of financial assets and liabilities	47	-7,304	-2,157
Net finance costs			**-27,472**	**-17,476**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method	59	1,134	0
Profit before tax (loss)			**141,442**	**75,262**
XXV.	Corporate tax	24	-10,136	-6,066
XXVI.	Exit tax	25	-578	2,659
Tax expense			**-10,714**	**-3,407**
Profit (loss)			**130,728**	**71,855**
Attributable to:				
	Non-controlling interests		7,231	0
	Owners of the parent		**123,497**	**71,855**
Basic earnings per share (€)		26	6.41	3.99
Diluted earnings per share (€)		26	6.41	3.99

1.2 Consolidated Statement of Comprehensive Income

(x €1,000)	2019	2018
I. Profit (loss)	130,728	71,855
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	-9,620	-871
D. Currency translation differences linked to conversion of foreign activities	-4,093	
H. Other comprehensive income, net of taxes	-3,466	831
Comprehensive income	**113,549**	**71,815**
Attributable to:		
Non-controlling interests	7,231	0
Owners of the parent	**106,318**	**71,815**

1.3 Consolidated Balance Sheet

ASSETS (x €1,000)	Notes	2019	2018
I. Non-current assets			
A. Goodwill	27	0	1,856
B. Intangible assets	28	407	301
C. Investment properties	29	2,315,709	1,736,463
D. Other tangible assets	31	1,326	2,569
E. Non-current financial assets	32	307	1,888
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets	54	0	0
I. Equity-accounted investments	59	33,931	0
Total non-current assets		**2,351,680**	**1,743,077**
II. Current assets			
A. Assets classified as held for sale	29	5,240	4,070
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables	34	11,216	7,518
E. Tax receivables and other current assets	35	1,257	446
F. Cash and cash equivalents	36	15,405	10,589
G. Deferred charges and accrued income	37	1,329	943
Total current assets		**34,447**	**23,566**
TOTAL ASSETS		**2,386,127**	**1,766,643**

EQUITY AND LIABILITIES (x €1,000)	Notes	2019	2018
EQUITY	38		
I. Issued capital and reserves attributable to owners of the parent			
A. Capital		624,713	465,126
B. Share premium account		565,068	297,569
C. Reserves		116,271	107,097
a. Legal reserve		*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties		*171,274*	*153,582*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		*-40,977*	*-37,953*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		*-24,960*	*-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		*-18,991*	*-17,659*
f. Reserve of exchange differences relating to foreign curency monetary items		*-4,573*	*0*
g. Foreign currency translation reserves		*-4,093*	*0*
h. Reserve for treasury shares		*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad		*-3,824*	*-1,311*
m. Other reserves		*796*	*-1,957*
n. Result brought forward from previous years		*41,619*	*28,831*
D. Profit (loss) of the year		123,497	71,855
Equity attributable to owners of the parent		**1,429,549**	**941,647**
II. Non-controlling interests		**103**	**0**
TOTAL EQUITY		**1,429,652**	**941,647**
LIABILITIES			
I. Non-current liabilities			
A. Provisions	39	0	0
B. Non-current financial debts	40	584,193	716,927
a. Borrowings		569,226	716,927
c. Other		14,967	0
C. Other non-current financial liabilities	32	52,774	37,599
a. Authorised hedges		48,170	33,210
b. Other		4,604	4,389
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred tax liabilities	54	11,848	6,211
Non-current liabilities		**648,815**	**760,737**
II. Current liabilities			
A. Provisions	39	0	0
B. Current financial debts	40	272,317	22,830
a. Borrowings		172,317	22,830
c. Other		100,000	0
C. Other current financial liabilities		0	0
D. Trade debts and other current debts	41	27,044	37,303
a. Exit tax		3,106	8,818
b. Other		23,938	28,485
E. Other current liabilities		0	0
F. Accrued charges and deferred income	42	8,299	4,126
Total current liabilities		**307,660**	**64,259**
TOTAL LIABILITIES		**956,475**	**824,996**
TOTAL EQUITY AND LIABILITIES		**2,386,127**	**1,766,643**

1.4 Consolidated Cash Flow Statement

(x €1,000)	Notes	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		123,497	71,855
Non-controlling interests		7,231	0
Tax expense	24	10,134	6,066
Amortisation and depreciation		651	804
Write-downs	5	10	57
Change in fair value of investment properties (+/-)	20	-63,317	-15,018
Gains and losses on disposals of investment properties	18	-7,322	-789
Net finance costs		27,472	17,475
Goodwill impairment		0	335
Change in fair value of investments in entities consolidated through equity method	59	-1,134	0
Changes in trade receivables (+/-)		-4,297	-856
Changes in tax receivables and other current assets (+/-)		-1,073	1,233
Changes in deferred charges and accrued income (+/-)		-717	-58
Changes in trade payables and other current debts (excl. exit tax) (+/-)		-7,095	5,955
Changes in accrued charges and deferred income (+/-)		5,612	-792
Cash generated from operations		**89,652**	**86,267**
Taxes paid		-894	-1,275
Net cash from operating activities		**88,758**	**84,992**
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-62	-201
Purchase of real estate companies and marketable investment properties		-654,405	-115,911
Purchase of tangible assets		549	-1,591
Purchase of development projects		-109,508	-57,349
Disposals of investment properties		65,297	15,517
Net changes in non-current receivables		-247	56
Net investments in other assets		96,325	0
Net cash from investing activities		**-602,051**	**-159,479**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs°		408,702	0
Disposals of treasury shares		0	0
Dividend for previous fiscal year		-28,119	-34,478
Net changes in borrowings	40	106,555	125,795
Net changes in other non-current financial liabilities		99,493	-1,092
Net financial items received (+) / paid (-)		-18,474	-16,264
Repayment of financial debts of acquired or merged companies		-21,579	-18,350
Repayment of working capital of acquired or merged companies		-28,469	21,330
Net cash from financing activities		**518,109**	**76,941**
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		**4,816**	**2,454**
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		10,589	8,135
Total cash flow for the period		4,816	2,454
Cash and cash equivalents at end of period	**36**	**15,405**	**10,589**

° 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)	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**

(x €1,000)	2018	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and roundings	2019
Capital	465,126	153,002	6,585	0	0	0	0	624,713
Share premium account	297,569	255,796	11,702	0	0	0	1	565,068
Reserves	107,097	0	0	0	-17,179	26,354	-1	116,271
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	0	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*153,582*	*0*	*0*	*0*	*0*	*22,255*	*-4,563*	*171,274*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-37,953*	*0*	*0*	*0*	*0*	*-6,792*	*3,768*	*-40,977*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,436*	*0*	*0*	*0*	*-8,513*	*-11*	*0*	*-24,960*
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*	*0*	*0*	*0*	*0*	*-1,332*	*0*	*-18,991*
f. Reserve of exchange differences relating to foreign curency monetary items	*0*	*0*	*0*	*0*	*-4,573*	*0*	*0*	*-4,573*
g. Foreign currency translation reserves	*0*	*0*	*0*	*0*	*-4,093*	*0*	*0*	*-4,093*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*-1,311*	*0*	*0*	*0*	*0*	*-2,513*	*0*	*-3,824*
m. Other reserves	*-1,957*	*0*	*0*	*0*	*0*	*1,957*	*796*	*796*
n. Result brought forward from previous years	*28,831*	*0*	*0*	*0*	*0*	*12,790*	*-2*	*41,619*
Profit (loss)	71,855	0	0	0	*123,497*	*-71,855*	0	123,497
Equity attributable to owners of the parent	**941,647**	**408,798**	**18,287**	**0**	**106,318**	**-45,501**	**0**	**1,429,549**
Non-controlling interests	0	0	0	0	103	0	0	103
TOTAL EQUITY	**941,647**	**408,798**	**18,287**	**0**	**106,421**	**-45,501**	**0**	**1,429,652**

1.6 Notes to the Consolidated Financial Statements

Note 1: General information

Aedifica NV/SA (referred to in the financial statements as 'the Company' or 'the Parent') is a limited liability company having opted for public Regulated Real Estate Company (RREC) status under Belgian law. 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. 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. The subsidiaries of the Aedifica group are listed in Note 51.

Aedifica is a Belgian listed company that specialises in investments in European healthcare real estate, in particular housing for seniors with care needs. Aedifica has established itself in recent years as a leader in the European listed real estate sector and has the ambition to further expand this position in the coming years. By investing in quality buildings that generate recurring and indexed rental income and offer potential for capital gains, Aedifica aims to offer its shareholders a reliable and sustainable real estate investment with an attractive yield.

Aedifica'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 3 September 2019. Aedifica's shareholders have the power to amend the Consolidated Financial Statements after issue at the Annual General Meeting, to be held on 22 October 2019.

Note 2: Accounting policies

Note 2.1: Basis of preparation

The Consolidated Financial Statements cover the 12-month period ending 30 June 2019. 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 2019 and approved by the European Union ('EU').

These are fully in line with the standards and interpretations published by the 'International Accounting Standards Board' ('IASB') applicable as of 30 June 2019. 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 euro.

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 purposes or not (mainly derivatives), put options granted to non-controlling shareholders and equity-accounted investments.

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 2018 and have no impact on the Consolidated Financial Statements presented for the 2018/2019 financial year:
- IFRIC 22 (new) – Foreign Currency Transactions and Advance Consideration;
- IAS 40 (amended) – Transfers of Investment Property;
- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions;
- IFRS 4 (amended) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- IFRS 15 (amended) – Revenue from Contracts with Customers;
- IAS 1 (amended) – Disclosure Initiative;
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 16 and IAS 41 (amended) – Bearer Plants;
- IAS 27 (amended) – Equity Method in Separate Financial Statements;
- IFRS 10, IFRS 12 and IAS 28 (amended) – Investment Entities: Applying the Consolidation Exception;

- IFRS 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations;
- Annual improvements to IFRS 2012-2014 Cycle, issued in September 2014;
- IFRS 15 – Revenue from Contracts with Customers:
  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 replaced IAS 18 (which covers revenue arising from the sale of goods and the rendering of services) and IAS 11 (which covers construction contracts and the related interpretations).
  IFRS 15 did not have a material impact on the statutory or consolidated financial statements of Aedifica, as lease contracts are excluded from the scope of the standard and represent the main source of income for Aedifica. The principles of IFRS 15 are still applicable to the non-lease components that may be contained in lease contracts or in separate agreements, such as maintenance related services charged to the lessee. Considering however that such non-lease components are relatively limited in amount and mostly represent services recognised over time under both IFRS 15 and IAS 18, there was no material impact on the consolidated and statutory financial statements.

The following new standards, as well as amendments and interpretations related to existing standards, are mandatory for application by the Group since 1 July 2018, but had no significant impact on the 2018/2019 consolidated financial statements:

- IFRS 9 – Financial Instruments:
  IFRS 9 was 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 of 30 June 2019, IFRS 9 did not 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 resulted 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, there was no material impact on the statutory or consolidated financial statements.
- IAS 40 (amended) – Transfers of Investment Property;
- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions;
- IFRS 4 (amended) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- IFRS 15 (clarification) – Revenue from Contracts with Customers;
- Annual improvements to IFRS Standards 2014-2016 Cycle, issued in December 2016;
- IFRIC 22 (new) – Foreign Currency Transactions and Advance Consideration.

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 2019. These changes, which the Aedifica group has not adopted anticipatively, include the following (as of 16 July 2019):

- IFRS 16 – Leases (effective 1 January 2019 and applied by the Group as from 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 superseded 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 in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.
  As Aedifica is almost exclusively acting as lessor, IFRS 16 did not have a material impact on the consolidated financial statements. In the limited cases where Aedifica is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions (e.g. lease of cars, property used by the Group, etc.), a right-of-use asset and related liability will be recognised on the consolidated balance sheet. The total capitalized amount resulting from the application of IFRS 16 will correspond to the net present value of the company cars and the building used as an office by the Group. The impact on the consolidated balance sheet as of 30 June 2019 would amount to €2.2 million. This value will be amortised on a straight-line basis over the term of the contracts. A liability corresponding to the net present value will be recognised in return. The debt will be amortised according to the 'effective interest rate method'.

- IFRS 14 (new) – Regulatory Deferral Accounts (the EU has decided not to launch the endorsement process of this interim standard and to wait for the final standard);
- Annual improvements to IFRS Standards 2015-2017 Cycle, issued in December 2017 (effective 1 July 2019);
- IAS 19 (amended) – Plan Amendment, Curtailment or Settlement (effective 1 July 2019);
- IAS 28 (amended) – Long-term Interests in Associates and Joint-Ventures (effective 1 July 2019);
- IFRIC 23 (new) – Uncertainty over Income Tax Treatments (effective 1 July 2019);
- IFRS 17 (new) – Insurance Contracts (effective 1 July 2021, pending EU approval);
- IFRS 9 (amended) – Prepayment Features with Negative Compensation (effective 1 July 2019);
- Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018 (effective 1 July 2020, pending EU approval);
- IFRS 3 (amended) – Business Combinations (effective 1 July 2020, pending EU approval);
- IAS 1 and 8 (amended) – Definition of 'Material' (effective 1 July 2020, pending EU approval).

The Group is currently evaluating the impacts of the above-listed changes.

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 comprehensive consolidation. The comprehensive consolidation consists of incorporating all assets and liabilities of subsidiaries, as well as income and expenses. Minority interests are included in a separate line of the balance sheet and the income statement. 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.

Consolidation principles – Associates and joint-ventures

All entities for which Aedifica (directly or indirectly) does not hold more than half of the voting rights or does not have the power to control operations, but over which Aedifica has joint control or significant influence, are considered associates or joint-ventures and are consolidated using the equity method. The participation is initially recognised at cost and is subsequently adjusted to take account of changes after the acquisition of the investor's share of the net assets of the concerned entity.

Foreign currency

Aedifica primarily operates in the euro zone. Euro is the functional currency of the Group and the consolidated financial statements. The functional currency of the UK subsidiaries is GBP. Foreign currency transactions are translated to the respective functional currency of the Group entities at the fore exchange rate ruling on transaction date. Foreign exchange gains and losses resulting from settling these, or from retranslating monetary assets and liabilities held in foreign currencies, are booked in the Income Statement. The exceptions are for foreign currency loans that hedge investments in foreign subsidiaries and for intra-group borrowing that meets the definition of a net investment in a foreign operation. In those cases, exchange differences are booked in a separate component of shareholders' equity until the disposal of the investment.

Consolidation of foreign entities

Assets and liabilities of the foreign entities are translated into euro at exchange rates ruling at the balance sheet date. The income statement is translated at the average rate for the period or at spot rate for significant items. Resulting exchange differences are booked in other comprehensive income and recognized in the Group income statement when the operation is sold.

The principal exchange rates used to translate foreign currency denominated amounts in book year 2018/2019 are:

- balance sheet: 1 € = 0.89655 £
- income statement: 1 € = 0.87098 £

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 14.29 % (7 years) and 33 % (3 years).

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 the BE-REIT Association);
- 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 the BE-REIT Association);
  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

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. 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 IFRS 9, 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 IFRS 9, 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.

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).

I.H. Participations in associates and joint-ventures

Participations in associates and joint-ventures are the Group's participating interests in companies over which the Group has no or only joint control. These shares in associates and joint-ventures are recognised at fair value in the income statement and are consolidated using the equity method. They only relate to Immobe NV/SA.

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. Impairment losses are recognised using the simplified expected credit loss (ECL) method in accordance with IFRS 9.

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 very 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.F. 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. Foreign exchange gains or losses arising from the revaluation of foreign currency borrowings are recognised in the income statement, except for foreign exchange gains and losses relating to the hedging of a foreign net investment, which are recognised directly in other comprehensive income.

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 person buying the building. However, in the case of 'acte en main' disposals, the transfer taxes are to be paid by the seller and are thus deducted from the sale price and 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 all over Europe, including Belgium (€66,186 k), Germany (€21,354 k), the Netherlands (€15,800 k) and the United Kingdom (€15,073 k), and all non-current assets are located all over Europe, including Belgium (€1,033,748 k), Germany (€406,160 k), the Netherlands (€354,080 k) and the United Kingdom (€526,960 k). In 2017/2018, all revenues are earned from external clients located all over Europe, including Belgium (€65,968 k), Germany (€15,593 k) and the Netherlands (€10,298 k), and all non-current assets are located all over Europe, including Belgium (€1,089,751 k), Germany (€285,398 k) and the Netherlands (€243,050 k).

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 28 buildings (in the healthcare real estate segment) rented out to legal entities controlled by Senior Living Group (a subsidiary of the Korian group), for which rents represent 15 % of the Company's total 2018/2019 rental income (18 % in the prior financial year);
- the 20 buildings (in the healthcare real estate segment) rented out to legal entities controlled by the Armonea group, for which rents represent 13 % of the Company's total 2018/2019 rental income (16 % in the prior financial year).

Rents mentioned here represent the turnover realised by the Company over the duration of the financial year, which differ from the contractual rents (representing the agreements in place at the time of the year-end closure) on which the analyses included in the Property Report of this Annual Financial Report are based.

Note 3.2: Segment information

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.

Year ending on 30 June (x €1,000)	2019					
	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items°	TOTAL
SEGMENT RESULT						
I. Rental income	106,545	7,822	4,058	0	-12	118,413
II. Writeback of lease payments sold and discounted	0	0	0	0	0	0
III. Rental-related charges	-25	14	-30	0	0	-41
Net rental income	**106,520**	**7,836**	**4,028**	**0**	**-12**	**118,372**
IV. Recovery of property charges	0	59	0	0	0	59
V. Recovery of rental charges and taxes normally paid by tenants on let properties	1,883	868	0	0	0	2,751
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	-1,883	-868	0	0	0	-2,751
VIII. Other rental-related income and charges	-155	-682	17	0	0	-820
Property result	**106,365**	**7,213**	**4,045**	**0**	**-12**	**117,611**
IX. Technical costs	-374	-685	-18	0	0	-1,077
X. Commercial costs	-31	-286	0	0	0	-317
XI. Charges and taxes on unlet properties	0	-54	-4	0	0	-58
XII. Property management costs	-2,284	-479	0	0	0	-2,763
XIII. Other property charges	-400	-1,067	-3	0	0	-1,470
Property charges	**-3,089**	**-2,571**	**-25**	**0**	**0**	**-5,685**
Property operating result	**103,276**	**4,642**	**4,020**	**0**	**-12**	**111,926**
XIV. Overheads	-180	-3	-1	-14,520	12	-14,692
XV. Other operating income and charges	-47	54	-9	-90	0	-92
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**103,049**	**4,693**	**4,010**	**-14,610**	**0**	**97,142**
SEGMENT ASSETS						
Marketable investment properties	2,264,504	-	-	-	-	2,264,504
Development projects	51,205	-	-	-	-	51,205
Investment properties						**2,315,709**
Assets classified as held for sale	5,240	-	-	-	-	5,240
Other assets	-	33,931	-	31,247	-	65,178
Total assets						**2,386,127**
SEGMENT DEPRECIATION	**-**	**-306**	**-**	**-534**	**-**	**-840**
SEGMENT INVESTMENTS						
Marketable investment properties	698,727	-	-	-	-	698,727
Development projects	13,424	-	-		-	13,424
Investment properties	**712,151**	**-**	**-**	**-**	**-**	**712,151**
INVESTMENT PROPERTIES IN ACQUISITION VALUE	**2,313,361**	**-**	**-**	**-**	**-**	**2,313,361**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	**50,726**	**13,491**	**-900**	**-**	**-**	**63,317**
VALUE INSURED	**2,103,661**	**-**	**-**	**-**	**-**	**2,103,661**
GROSS YIELD IN FAIR VALUE	**5.9%**	**0.0%**	**0.0%**	**-**	**-**	**5.9%**

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

Note 4: Rental income

(x €1,000)	2019	2018
Rents earned	118,353	91,600
Guaranteed income	0	0
Cost of rent free periods	-10	-3
Indemnities for early termination of rental contracts	70	80
TOTAL	**118,413**	**91,677**

The Group rents its buildings exclusively under operating leases.

The increase in rents earned is linked to the portfolio's growth during the 2018/2019 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:
- commercial and office leases: termination of leases after one and a half years on average.
- long-term leases (senior housing): no inflation.

Future minimum lease payments to be collected under non-cancellable operating leases are presented as follow:

(x €1,000)	2019	2018
Not later than one year	134,811	88,437
Later than one year and not later than five years	535,482	342,883
Later than five years	2,226,806	1,454,681
TOTAL	**2,897,099**	**1,886,001**

Rental income includes contingent rents amounting to €122 k (30 June 2018: €124 k).

Note 5: Rental-related charges

(x €1,000)	2019	2018
Rents payable as lessee	-5	-23
Write-downs on trade receivables	-36	-57
TOTAL	**-41**	**-80**

Note 6: Recovery of property charges

(x €1,000)	2019	2018
Indemnities on rental damage	59	84
TOTAL	**59**	**84**

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

(x €1,000)	2019	2018
Rebilling of rental charges invoiced to the landlord	1,150	1,443
Rebilling of property taxes and other taxes on let properties	1,601	1,026
TOTAL	**2,751**	**2,469**

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)	2019	2018
Rental charges invoiced to the landlord	-1,150	-1,443
Property taxes and other taxes on let properties	-1,601	-1,026
TOTAL	**-2,751**	**-2,469**

Note 10: Other rental-related income and charges

(x €1,000)	2019	2018
Cleaning	-275	-280
Energy	-233	-194
Depreciation of furniture	-304	-526
Employee benefits	-137	-186
Other	129	201
TOTAL	**-820**	**-985**

Note 11: Technical costs

(x €1,000)	2019	2018
Recurring technical costs		
Repair	-172	-282
Insurance	-90	-110
Employee benefits	-486	-583
Maintenance	-165	-185
Expert fees	-164	-219
TOTAL	**-1,077**	**-1,379**

Note 12: Commercial costs

(x €1,000)	2019	2018
Letting fees paid to real estate brokers	-137	-313
Marketing	-120	-142
Fees paid to lawyers and other legal costs	-2	-14
Other	-58	-83
TOTAL	**-317**	**-552**

Note 13: Charges and taxes on unlet properties

(x €1,000)	2019	2018
Charges	-58	-136
TOTAL	**-58**	**-136**

Note 14: Property management costs

(x €1,000)	2019	2018
Fees paid to external property managers	-1,201	-146
Internal property management expenses	-1,562	-1,127
TOTAL	**-2,763**	**-1,273**

In 2019, fees paid to external property managers increased because of the management of Aedifica’s portfolio located in the United Kingdom.

Internal property management expenses increased at the same rhythm as Aedifica’s portfolio located in Germany

Note 15: Other property charges

(x €1,000)	2019	2018
Property taxes and other taxes	-1,470	-1,281
TOTAL	**-1,470**	**-1,281**

Note 16: Overheads

(x €1,000)	2019	2018
Lawyers/notaries	-1,087	-310
Auditors	-588	-254
Real estate experts	-702	-759
IT	-208	-203
Insurance	-112	-96
Public relations, communication, marketing, publicity	-334	-405
Directors and executive management	-3,327	-2,933
Employee benefits	-2,934	-2,418
Depreciation and amortisation of other assets	-535	-279
Tax expense	-943	-890
Other	-3,922	-2,416
TOTAL	**-14,692**	**-10,963**

Note 17: Other operating income and charges

(x €1,000)	2019	2018
Recovery of damage expenses	50	7
Other	-142	2,156
TOTAL	**-92**	**2,163**

In 2018, 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 disposal of its operational activities to another operator.

Note 18: Gains and losses on disposals of investment properties

(x €1,000)	2019	2018
Net sale of properties (selling price - transaction costs)	169,003	15,517
Carrying amount of properties sold	-161,682	-14,728
TOTAL	**7,321**	**789**

In 2018/2019, net sale of properties include the sale of (i) the hotels, (ii) 75 % of the shares in Immobe NV/SA and (iii) the 22 remaining assisted-living apartments located at the Residentie Poortvelden site.

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)	2019	2018
Positive changes	110,366	35,900
Negative changes	-47,049	-20,882
TOTAL	**63,317**	**15,018**
of which: marketable investment properties	76,382	25,226
development projects	-13,065	-10,208

Other result on portfolio:

(x €1,000)	2019	2018
Goodwill impairment	0	-335
Other	0	-9
TOTAL	**0**	**-344**

During the financial year under review, the Group did not recognise a goodwill impairment.

Note 21: Financial income

(x €1,000)	2019	2018
Interests earned	28	15
Other	126	539
TOTAL	**154**	**554**

The 2018/2019 financial income included €0.1 million of realised and unrealised foreign exchange differences.

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.

Note 22: Net interest charges

(x €1,000)	2019	2018
Nominal interest on borrowings	-11,180	-9,209
Charges arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-1,925	-2,362
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-5,103	-3,229
Subtotal	-7,028	-5,591
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	1,083	483
Other interest charges	-68	-4
TOTAL	**-17,193**	**-14,321**

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)	2019	2018
Bank charges and other commissions	-2,511	-1,478
Other	-618	-74
TOTAL	**-3,129**	**-1,552**

The item 'Bank charges and other commissions' includes €1,738 k of commitment fees (2018: €995 k).

The increase recorded under 'Other' is explained by realised and unrealised foreign exchange differences (-€476 k).

Note 24: Corporate tax

(x €1,000)	2019	2018
Parent		
Profit before tax (loss)	93,665	65,288
Effect of the Belgian REIT tax regime	-93,665	-65,288
Taxable result in Belgium based on non-deductible costs	293	382
Belgian current tax at rate of 29,58%	-87	-130
Belgian current tax regularisation for the previous year	23	-58
Foreign current tax	-1,946	-1,046
Foreign deferred taxes: originations	726	350
Foreign deferred taxes: reversals	-1,662	-1,048
Subtotal	-2,946	-1,932
Subsidiaries		
Belgian current tax	-54	-625
Foreign current tax	-2,434	-1,694
Foreign deferred taxes: originations	1,392	700
Foreign deferred taxes: reversals	-6,094	-2,515
Subtotal	-7,190	-4,134
Corporate tax	-10,136	-6,066
Exit tax	-578	2,659
TOTAL TAX	**-10,714**	**-3,407**

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).

In 2018, the exit tax' positive change 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:

	2019	2018
Profit (loss) (Owners of the parent) (x €1,000)	123,497	71,855
Weighted average number of shares outstanding during the period	19,274,471	17,990,607
Basic EPS (in €)	6.41	3.99
Diluted EPS (in €)	6.41	3.99

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 changes in fair value of investment properties (attributable to owners of the Parent) (and the movements of deferred taxes related to these), hedging instruments and the result of the sale of investment properties.

Profit excluding changes in fair value is calculated as follows:

(x €1,000)	2019	2018
Profit (loss) (Owners of the parent)	123,497	71,855
Less: Changes in fair value of investment properties (see Note 20)	-63,317	-15,018
Less: Gain and losses on disposal of investment properties (see Note 18)	-7,321	-789
Less: Deferred taxes in respect of EPRA adjustments (see Note 25 and 54)	6,216	-146
Less: Changes in fair value of financial assets and liabilities (see Note 47)	7,304	2,157
Less: Negative goodwill / goodwill impairment (see Note 20)	0	344
Add : Share in the profit or loss of associates and joint ventures accounted for using the equity method in respect of EPRA corrections	-853	0
Add: Non-controlling interests in respect of the above	6,618	0
Roundings	1	0
EPRA Earnings*	**72,145**	**58,403**
Weighted average number of shares outstanding during the period	19,274,471	17,990,607
EPRA Earnings* per share (in €)	3.74	3.25

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)	2019	2018
Gross value at the beginning of the year	2,191	1,856
Cumulative impairment losses at the beginning of the year	-335	0
Carrying amount at the beginning of the year	**1,856**	**1,856**
Additions / Transfer	-1,856	335
Impairment losses	0	-335
CARRYING AMOUNT AT THE END OF THE YEAR	**0**	**1,856**
of which: gross value	335	2,191
cumulative impairment losses	-335	-335

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

The initial goodwill (€1,856 k) arose from the acquisition of Ixelinvest SA, the original owner of a residential complex that Aedifica rented out as furnished apartments on rue Souveraine in Brussels. Following the sale of 75% of the shares of Immobe NV/SA, Immobe is now consolidated using the equity method (see Note 58). This change of consolidation method explains why the goodwill disappeared from the balance sheet during the 2018/2019 financial year. The goodwill was evaluated on the day of the transfer. No impairment was recorded.

The remaining goodwill (€335 k) arose from the acquisition of Schloss Bensberg Management GmbH. This goodwill was set at zero during the 2017/2018 financial year. The value test during the 2018/2019 financial year did not lead to a revaluation.

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)	2019	2018
Gross value at the beginning of the year	833	645
Depreciation and cumulative impairment losses at the beginning of the year	-532	-424
Carrying amount at the beginning of the year	**301**	**221**
Entries: items acquired separately	228	188
Disposals	-1	0
Amortisations	-122	-108
CARRYING AMOUNT AT THE END OF THE YEAR	**407**	**301**
of which: gross value	1,061	833
amortisations and cumulative impairment losses	-654	-532

Note 29: Investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
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**
CARRYING AMOUNT AS OF 1/07/2018	**1,701,280**	**35,183**	**1,736,463**
Acquisitions	698,727	13,424	712,151
Disposals	-291,407	0	-291,407
Capitalised interest charges	0	1,083	1,083
Capitalised employee benefits	0	92	92
Other capitalised expenses	6,413	101,191	107,604
Transfers due to completion	86,441	-86,441	0
Changes in fair value (see Note 20)	76,382	-13,065	63,317
Other expenses booked in the income statement	0	0	0
Transfers to equity	-12,162	-262	-12,424
Assets classified as held for sale	-1,170	0	-1,170
CARRYING AMOUNT AS OF 30/06/2019	**2,264,504**	**51,205**	**2,315,709**

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, the United Kingdom, Germany and the Netherlands.

The fair value of the Group's portfolio of marketable investment properties assessed by valuation experts as of 30 June 2019. The average capitalisation rate applied to contractual rents is 5.89 % (in accordance with the valuation methodology – presented in the first bullet of section 1.11 of the Standing Documents included in the 2018/2019 Annual Financial Report). A positive 0.10 % change in the capitalisation rate would lead to a negative change of approx. €38 million in the portfolio's fair value.

Development projects are described in detail in the Property Report included in the 2018/2019 Annual Financial Report.

Assets classified as held for sale (line II.A. included in the assets on the balance sheet) amounts to €5.2 million as of 30 June 2019. These are residential units (healthcare real estate) located in Leiden (Province of South Holland, Netherlands) that are considered as non-strategic assets.

Acquisitions made during the year are described in detail in the Management Report included in the 2018/2019 Annual Financial Report.

All investment properties are considered to be at 'level 3' on the fair value scale defined under IFRS 13. This scale includes three levels: Level 1: observable listed prices in active markets; Level 2: observable data other than the listed prices included in level 1; Level 3: unobservable data. During the 2018/2019 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 2018/2019 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 2019 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Healthcare real estate	**2,269,744**	**DCF & Capitalisation**	ERV / m²	39	543	143
			m²	353	57,181	6,548
			Inflation	1.5%	2.0%	1.7%
			Discount rate	4.3%	7.8%	5.8%
			Capitalisation rate	4.2%	10.0%	6.0%
			Residual maturity (year)	2	33	21
Development projects	**51,205**	**DCF & Capitalisation**	ERV / m²	85	229	161
			m²	1,289	17,742	5,471
			Inflation	1.5%	2.0%	1.9%
			Discount rate	4.9%	7.1%	5.9%
			Capitalisation rate	4.6%	7.5%	5.7%
			Residual maturity (year)	12	32	24
Total	**2,320,949**					

The different parameters applied in the capitalisation method can vary depending on the location of the assets, the quality of the building, quality of the operator, lease length etc., which explains the significant differences between the minimum and maximum amounts for these unobservable inputs. The capitalisation rate is determined by the valuation expert based on economic data, benchmarking and takes into account a risk premium. The UK healthcare real estate market is less mature and has a funding structure which explains higher capitalisation rates in less affluent regions.

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
			m²	353	57,181	7,892
			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
			m²	275	13,880	5,579
			Capitalisation rate	4.3%	6.2%	4.9%
Hotels	**67,606**	**DCF**	ERV / m²	51	156	130
			m²	320	11,369	8,010
			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
			m²	1,466	7,310	3,807
			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**					

In accordance with legal provisions, properties are revalued four times per year based on valuation reports prepared by the six 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 Group Controller 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 2018/2019 Annual Financial Report.

Note 31: Other tangible assets

(x €1,000)	2019	2018
Gross value at beginning of the period	8,155	6,544
Depreciation and cumulative impairment losses at beginning of period	-5,586	-4,933
Carrying amount at beginning of period	**2,569**	**1,611**
Additions	329	1,610
Disposals	-1,191	0
Depreciation	-381	-652
CARRYING AMOUNT AT END OF PERIOD	**1,326**	**2,569**
of which: gross value	2,220	8,155
depreciations and cumulative impairment losses	-894	-5,586

Disposals consist of tangible assets used in operations (mainly furniture in the furnished apartments). Due to the reduction of the participation in Immobe NV/SA, this line amounts to €1,191 k.

Note 32: Non-current financial assets and other non-current financial liabilities

(x €1,000)	2019	2018
Receivables		
Collateral	304	0
Other non-current receivables	-114	196
Available-for-sale financial assets		
Investments in related entities (Note 51)	0	0
Assets at fair value through profit or loss		
Hedging instruments (see Note 33)	117	1,692
Other non-current financial assets		
Hedging instruments (see Note 33)	0	0
Other		
Investments in related entities (Note 51)	0	0
TOTAL NON-CURRENT FINANCIAL ASSETS	**307**	**1,888**
Liabilities at fair value through profit or loss		
Hedging instruments (see Note 33)	-27,244	-21,877
Other	-4,604	-4,389
Total non-current financial liabilities		
Hedging instruments (see Note 33)	-20,926	-11,333
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**-52,774**	**-37,599**

Other non-current receivables (included in 'amortised cost' under IFRS 9) generate interest and will be recovered or eliminated for inter-company balances over the course of subsequent fiscal years. The collateral at fair value (€304 k; 30 June 2018: €0 k) includes blocked funds in Germany

Assets and liabilities recognised at fair value through profit or loss consist principally of hedging instruments for which hedge accounting in the sense of IFRS 9 is not applied. However, they serve to hedge against interest rate risks. 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 (€4,604 k; 30 June 2018: €4,389 k) include the put options granted to non-controlling shareholders (see Notes 47 and 56).

Note 33: Hedges

Almost all of Aedifica's financial debts are floating-rate borrowings. This allows Aedifica to benefit from low interest rates. In order to limit the risk of increasing interest rates, Aedifica has put in place hedges that allow for the conversion of floating-rate debt to fixed-rate debt, or to capped-rate debt ('cash flow hedges').

Furthermore, the acquisition of the healthcare portfolio in the United Kingdom (announced in late December 2018 and completed in February 2019) has exposed the Group to foreign exchange risk. As of 31 December 2018, Aedifica has partially hedged the estimated payment of this acquisition by forward purchases of British pounds. In addition, Aedifica has partially hedged the cash flows resulting from financial income from intra-group loans with forward sales of Brittish pounds.

1. Framework

1.1 Management of interest rate risk

All hedges ('interest rate swaps' or 'IRS', caps and collars) are related to existing or highly probable risks. Aedifica applies hedge accounting to previously negotiated derivatives that meet the criteria to allow hedge accounting. In accordance with market practices, Aedifica has chosen not to apply hedge accounting to recently negotiated derivatives, even if they meet those strict criteria. Neither does the Group apply hedge accounting to previously negotiated derivatives that do not meet those criteria. Nevertheless, all derivatives provide economic hedging against interest rate risk, regardless of their accounting method. All hedges are provided in the framework of 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 2018	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	Hedge accounting (yes/no)	Interest rate (in %)	Fair value (x €1,000)
IRS°	9,789	1/04/2011	3	32	Yes	4.89	-5,081
IRS°	24,829	31/07/2014	3	29	No	4.39	-9,619
IRS	15,000	1/07/2018	3	7	No	3.28	-2,980
IRS	12,000	1/07/2018	3	7	No	3.25	-2,358
IRS	8,000	1/07/2018	3	7	No	3.35	-1,626
IRS	25,000	3/04/2017	3	8	No	1.99	-2,566
IRS	25,000	2/11/2016	3	6	Yes	1.30	-1,278
IRS	25,000	2/11/2016	3	6	Yes	1.68	-1,672
Cap	50,000	1/10/2015	3	3	No	0.50	0
Cap	50,000	1/10/2015	3	4	No	0.35	3
IRS	25,000	2/11/2016	3	6	Yes	1.87	-1,875
IRS	25,000	3/10/2016	3	5	No	2.88	-2,728
Cap	50,000	1/07/2016	3	4	No	0.50	2
Cap	100,000	1/11/2017	3	2	No	0.50	2
Cap	50,000	1/07/2017	3	4	No	0.50	39
Cap	50,000	1/11/2016	3	5	No	0.50	203
Cap	50,000	1/01/2019	3	2	No	0.35	52
Cap	50,000	1/11/2019	3	2	No	0.50	202
Cap	50,000	1/11/2017	3	4	No	0.25	277
IRS	75,000	2/01/2020	3	2	Yes	0.33	-243
IRS	50,000	1/01/2021	3	3	Yes	0.80	-266
IRS	50,000	1/01/2021	3	2	Yes	0.64	-155
IRS	50,000	1/11/2019	3	3	Yes	0.39	-176
IRS	50,000	1/11/2019	3	5	Yes	0.78	-578
IRS	50,000	3/01/2022	3	1	Yes	0.65	-8
IRS	50,000	3/01/2022	3	2	Yes	0.73	31
CAP	50,000	1/11/2017	3	2	No	0.00	25
CAP	50,000	1/11/2017	3	2	No	0.00	25
CAP	100,000	1/04/2019	3	2	No	0.25	192
CAP	100,000	1/01/2019	3	2	No	0.00	216
CAP	100,000	1/01/2019	3	3	No	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.

INSTRUMENT Analysis as at 30 June 2019	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	Hedge accounting (yes/no)	Interest rate (in %)	Fair value (x €1,000)
IRS	25,000	2/11/2016	3	6	Yes	1.30	-1,357
IRS	75,000	2/01/2020	3	2	Yes	0.33	-1,207
IRS	50,000	1/01/2021	3	3	Yes	0.80	-1,653
IRS	50,000	3/01/2022	3	2	Yes	0.73	-961
IRS	25,000	2/05/2019	3	6	Yes	1.10	-2,054
IRS	50,000	1/02/2022	3	2	No	0.34	-554
IRS	25,000	1/07/2019	3	6	No	1.69	-2,937
IRS	50,000	1/01/2021	3	2	Yes	0.64	-1,036
IRS°	9,582	1/04/2011	3	32	Yes	4.89	-6,044
IRS	25,000	2/05/2019	3	6	Yes	1.19	-2,203
IRS	15,000	1/07/2018	3	7	No	3.28	-3,237
IRS	8,000	1/07/2018	3	7	No	3.35	-1,758
IRS	12,000	1/07/2018	3	7	No	3.25	-2,568
IRS	50,000	1/02/2022	3	3	No	0.46	-871
IRS°	23,846	31/07/2014	3	29	No	4.39	-11,505
IRS	25,000	3/04/2017	3	8	No	1.99	-3,069
IRS	50,000	1/11/2019	3	5	Yes	0.78	-2,694
IRS	50,000	3/01/2022	3	1	Yes	0.65	-486
IRS	50,000	1/11/2019	3	3	Yes	0.39	-1,231
IRS°°	3,646	8/10/2018	3	13	No	3.06	-745
CAP	50,000	1/05/2020	3	2	No	0.00	38
CAP	50,000	1/10/2015	3	4	No	0.35	0
CAP	50,000	1/11/2017	3	2	No	0.00	1
CAP	50,000	1/07/2017	3	4	No	0.50	1
CAP	50,000	1/01/2019	3	2	No	0.35	2
CAP	50,000	1/11/2016	3	5	No	0.50	7
CAP	50,000	1/11/2019	3	2	No	0.50	7
CAP	50,000	1/11/2017	3	4	No	0.25	14
CAP	50,000	1/11/2017	3	2	No	0.00	1
CAP	100,000	1/04/2019	3	2	No	0.25	7
CAP	100,000	1/01/2019	3	2	No	0.00	9
CAP	100,000	1/01/2019	3	2	No	0.00	22
CAP	50,000	4/05/2020	3	1	No	0.00	8
TOTAL	**1,472,074**						**-48,053**

° Notional amount depreciable over the duration of the swap. Aedifica and the bank may liquidate in advance these contracts every 10 years.
°° Notional amount depreciable over the duration of the swap.

The total notional amount of €1,472 million presented in the table above is broken down as follows:

- operational and active instruments: €172 million;
- operational instruments which became out of the money (caps): €450 million;
- instruments with forward start: €850 million.

The total fair value of the hedging instruments presented in the table above (-48,053 k) can be broken down as follows: €117 k on line I.E. of the asset side of the consolidated balance sheet (see Note 32) and €48,170 k on line I.C.a. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps (€2,808 k), the effect of the changes in fair value of interest rate hedging instruments on equity amounts to -€50,861 k.

1.2 Management of foreign exchange risk

All hedges (forward purchase contracts of foreign currencies) are related to existing or highly probable risks. The hedging instruments are derivatives for which Aedifica will not apply hedge accounting systematically. Nevertheless, these derivatives provide economic hedging against foreign exchange risk. All hedges are provided in the framework of the hedging policy set out in Note 44. Since derivatives are contracted on a regular and time-limited basis, there were no open derivatives to hedge the foreign exchange risk as of 30 June 2019.

2. Derivatives for which hedge accounting is applied

(x €1,000)	2019	2018
Changes in fair of the derivatives		
Beginning of the year	-11,290	-16,418
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-11,611	-3,551
Transfer to the income statement of interests paid on hedging instruments	1,979	2,703
Transfer to the reserve account regarding revoked designation	0	5,976
AT YEAR-END	**-20,922**	**-11,290**

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 2019 and 31 July 2043.

The year-end equity value includes the effective part (as defined in IFRS 9) of the change in fair value (-€9,620 k) of derivatives for which hedge accounting is applied, and the ineffective portion of the 2017/2018 financial year (loss of €11 k) that was appropriated in 2017/2018 by decision of the Annual General Meeting held in October 2018. These financial instruments are 'level 2' derivatives (according to IFRS 13p81). The ineffective part (according to IAS 39) amounts to -€4 k as of 2018/2019.

3. Derivatives for which hedge accounting is not applied

The financial result includes a loss of €5,798 k (30 June 2018: a loss of €502 k), arising from the change in the fair value of derivatives for which hedge accounting is not applied (in line with IFRS 9, as listed in the aforementioned framework) (see Note 47). These financial instruments are 'level 2' derivatives (as defined in IFRS 13p81). The financial result also includes the amortisation of the premiums paid at the time of the subscription to the caps, which amounts to €1,107 k (30 June 2018: €831 k) 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 €1,375 k (30 June 2018: €821 k) and the balance of a forward contract of €328 k. The latter is recognised on line 'II. H. Other comprehensive income, net of taxes' of the consolidated comprehensive income.

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 a part of the change in the fair value of hedging instruments between 1 July 2018 and 30 June 2019, which led to the recognition of a loss of €6,581 k in the income statement and a loss of €8,513 k 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 IFRS 9), and recognised in equity (line 'I.C.d. Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS'). All else being equal, a positive change of 10 bps in the interest rate curve at the balance sheet date would have had a positive impact on equity in the amount of €2,832 k (30 June 2018: €1,389 k). 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 (approximatively). The impact of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IFRS 9 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. +€1,220 k (30 June 2018: +€517 k) 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)	2019	2018
TRADE RECEIVABLES - NET VALUE	**11,216**	**7,518**

It is anticipated that the carrying amount of trade receivables will be recovered within twelve 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 (2019: €31.0 million; 2018: €33.6 million) received from tenants to cover their commitments. In the UK, collateral on the companies is used as a guarantee. 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)	2019	2018
under 90 days	2,741	787
over 90 days	389	326
Subtotal	3,130	1,113
Not due	8,127	6,515
Write-downs	-41	-110
CARRYING AMOUNT	**11,216**	**7,518**

Write-downs have evolved as follows:

(x €1,000)	2019	2018
At beginning of period	-110	-83
Addition	-30	-76
Utilisation	0	31
Reversal	5	18
Mergers / Transfers	94	0
AT END OF PERIOD	**-41**	**-110**

Note 35: Tax receivables and other current assets

(x €1,000)	2019	2018
Tax	285	186
Other	972	260
TOTAL	**1,257**	**446**

Tax receivables are composed of tax credits. Other receivables are mainly a released escrow account.

Note 36: Cash and cash equivalents

(x €1,000)	2019	2018
Short-term deposits	0	0
Cash at bank and in hands	15,405	10,589
TOTAL	**15,405**	**10,589**

Cash and cash equivalents are assets which generate interest at varying rates. The amounts presented above were available as of 30 June 2019 and 30 June 2018. Short-term investments may be held during the year, normally for periods of one week to one month.

Note 37: Deferred charges and accrued income

(x €1,000)	2019	2018
Accrued rental income	194	93
Deferred property charges	951	818
Other	184	32
TOTAL	**1,329**	**943**

Note 38 : Equity

Aedifica has completed three capital increases during the 2018/2019 financial year:

- 20 November 2018: capital increase of approx. €17 million (including share premium) by issuing 240,597 new Aedifica shares in the context of the 2017/2018 optional dividend;
- 7 May 2019: capital increase of approx. €418 million (including share premium) by issuing 6,147,142 new Aedifica shares in the context of a capital increase in cash;
- 20 June 2019: capital increase of approx. €1 million (including share premium) by way of a contribution in kind that enabled the acquisition of Bremdael care home in Herentals (Belgium) and the building rights on the land on which the care home is located.

The capital has thus evolved as follows:

	Number of shares	Capital (x €1,000)
Situation at the beginning 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 previous year	**18,200,829**	**480,280**
Capital increase of 20 November 2018	240,597	6,349
Capital increase of 7 May 2019	6,147,142	162,209
Capital increase of 20 June 2019	12,590	332
Situation at the end of the year	**24,601,158**	**649,170**

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.

As of 30 June 2019, there were no Aedifica shareholders holding more than 5 % of the capital. The free float amounted therefore to 100 % (as of 30 June 2019, based on the number of shares held by the shareholders concerned as of 28 June 2019 – see also section 3 of the chapter 'Aedifica on the stock market'). Declarations of transparency and control strings are available on Aedifica's website. Following the closing of the 2018/2019 financial year, Aedifica received a transparency notification on 5 July 2019 following the crossing of the threshold of 5 % of the voting rights in Aedifica NV/SA by BlackRock, Inc., which now holds 5.00 % of the voting rights. At the closing date of this report, Aedifica did not receive any transparency notice that would change the situation on 5 July 2019. According to the definition of Euronext, the free float is 100 %.

The totality of the 24,601,158 shares issued as of 30 June 2019 are listed on Euronext Brussels (regulated market).

Capital increases are detailed in the 'Standing Documents' included in the 2018/2019 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 NV/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) €374,000,000 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; and
- 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 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 2019, the remaining balance of the authorised capital amounts to:

- 1) €116,922,135.53 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) €60,441,140.21 for any other type of capital increase.

Taking into account the maximum amount of the authorised capital (€374,000,000), the Company is able to raise its share capital by €102,563,275.74.

The Board of Directors has proposed a dividend distribution of €2.80 gross per share for the year ended 30 June 2019, i.e. a total dividend of €54,223 k, to be divided over two coupons (coupon nr.21: €2.38; coupon nr.22: €0.42).

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 €34,221 k as of 30 June 2019, after taking into account the dividend proposed above (2018: €24,226 k). Detailed calculations are provided in the notes to the attached Abridged Statutory Accounts.

Aedifica defines capital in accordance with of IAS 1p134 as the sum of all equity accounts. The equity level is monitored using a consolidated debt-to-assets ratio calculated in accordance with the provisions of the Royal Decree of 13 July 2014 (see Note 52), which cannot exceed 60 % and according to the credit agreements in place with the Company's banks (see Notes 40 and 44). Equity is managed so as to permit the Group to continue as a going concern and to finance its future growth.

Note 39: Provisions

Aedifica contributes to a number of defined contribution plans in Belgium, which are open to new beneficiaries. These include funded pension schemes for all beneficiaries, i.e. 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 €449 k as of 30 June 2019. During the 2019/2020 financial year, the expected contribution for the schemes will amount to €142 k.

An actuarial valuation where the liabilities (approach Traditional unit credit method - TUC) are based on the actual build up minimum reserves projected with the minimum guaranteed return and discounted with the discount rate as described by IAS 19 and where the active are set equal to individual mathematical reserves with addition of the reserves of the available financing funds leads to a total liability of less than €8 k as at 30 June 2019.

Given that the interest rates that are guaranteed by the insurers have decreased below the level of 3.25 % since 2013 and below the level of 1.75 % since June 2015, 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 2018/2019 Annual Financial Report.

In Germany, a supplementary defined contribution plan was introduced during the 2015/2016 accounting year. For this plan, no provision needs to be taken into account as, according to IAS 19, it does not concern a defined benefit plan, unlike the abovementioned defined contribution plans in Belgium.

In the Netherlands, a supplementary defined contribution plan was introduced during the 2018/2019 accounting year. For this plan, no provision needs to be taken into account as, according to IAS 19, it does not concern a defined benefit plan, unlike the abovementioned defined contribution plans in Belgium.

Note 40: Borrowings

(x €1,000)	2019	2018
Non-current financial debts	584,193	716,927
Credit institutions	569,226	716,927
Other	14,967	0
Current financial debts	272,317	22,830
Credit institutions	172,317	22,830
Other	100,000	0
TOTAL	**856,510**	**739,757**

As of 30 June 2019, Aedifica benefits from committed credit facilities (financial liabilities carried at amortised cost according to IFRS 9 and presented as current and non-current financial debts on the balance sheet) issued by sixteen credit providers, of which thirteen banks (ABN AMRO Bank, 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, ING Belgium, J.P. Morgan Securities, KBC Bank and Triodos Bank), an insurance company (Argenta Assuranties), a savings bank (Argenta Spaarbank) and a syndicated banking group, totalling €1,404 million:

- Aedifica can use up €1,155 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 twelve months, at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- In order to finance the acquisition of the healthcare portfolio in the United Kingdom, Aedifica established a bridge facility in December 2018, which was used on 31 January 2019. This bridge facility has a maturity of 12 months and comprises two tranches of €180 million and £150 million, indexed on the basis of Euribor and LIBOR, respectively. On 8 May 2019, the tranche in Euro was repaid with the proceeds of the capital increase. The tranche in Brittish pound was included in the current financial debts for an amount of €167 million.
- Aedifica also benefits from amortising facilities amounting to €45 million at fixed rates between 1.1 % and 6.0 % and €37 million at variable rate.

In addition, at the end of June 2019, the amount of the treasury notes programme, which was launched in June 2018, was increased from €150 million to €300 million. This amount includes €225 million for notes with a term of less than one year (previously €100 million) and €75 million for notes with a term of more than one year (previously €50 million).

- In late December 2018, within the framework of the multi-term treasury notes programme, Aedifica completed a private placement of €15 million with a maturity of 10 years at a fixed interest rate of 2.176 %. This amount is presented on line 'Other' of the 'Non-current financial debts'.
- As of 30 June 2019, the short-term treasury notes programme is subscribed for an amount of €100 million. This amount, which is fully hedged by the available funds on confirmed long-term credit lines, is presented on line 'Other' of the 'Current financial debts'.

Over the course of the financial year, the average interest rate* (including the spread charged by the banks and the effect of hedging instruments) was 1.7 % after deduction of capitalised interest (2.0 % in 2017/2018) and 1.8 % before deduction of capitalised interest (2.1 % in 2017/2018). Given the short duration of the withdrawals, the carrying amount of the variable-rate financial debts is an approximation for their fair value (€797 million). The interest rate hedges in place as of 30 June 2019 are detailed in Note 33. The fair value of the fixed-rate financial debts (€60 million) is estimated at €67 million.

As of 30 June 2019, the Group has neither pledged any Belgian, Dutch or Brittish 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, 11 of the 49 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.

Taking these elements into account, the maturity dates of the financial debts with Aedifica's sixteen credit providers as of 30 June 2019 are as follows:

Financial debt (in € million) [1]	Lines	Utilisation	of which treasury notes
2019/2020	267	267	100
2020/2021	58	58	
2021/2022	171	76	
2022/2023	205	75	
2023/2024	225	70	
2024/2025	371	179	
>2025/2026	220	133	15
Total as of 30 June 2019	**1,519**	**859**	**115**
Weighted average maturity (in years) [2]	**4.8**	**4.9**	

[1] Amounts in GBP were converted into EUR based on the exchange rate of 30 June 2019.
[2] Without regard to short-term treasury notes and the bridge facility.

Without regard to short-term financing (short-term treasury notes and bridge facility), the weighted average maturity of the financial debts as of 30 June 2019 is 4.9 years.

Note 41: Trade payables and other current debts

(x €1,000)	2019	2018
Exit tax	3,106	8,818
Other		
Suppliers	15,868	15,923
Tenants	641	6,772
Tax	5,836	4,489
Salaries and social charges	1,570	1,278
Dividends of previous years	23	23
TOTAL	**27,044**	**37,303**

The majority of trade payables and other current debts (recognised as 'financial liabilities at amortised cost' under IFRS 9, excluding taxes covered by IAS 12 and remuneration and contributions to social security plans covered by IAS 19). It is anticipated that these debts will be settled within 12 months. The carrying amount constitutes an approximation of their fair value.

The decrease of the 'exit tax' line was related to a refund by the tax authorities of prepayments that were already carried out in the previous financial year.

The decrease of the 'tenants' line was related to the establishment of a temporary checking account with an operator, which was reimbursed over the course of the financial year.

The increase of the 'Tax' line is related to the Group's international growth.

The Group's foreign subsidiaires are subject to the applicable common-law corporate tax.

Note 42: Accrued charges and deferred income

(x €1,000)	2019	2018
Property income received in advance	3,832	1,349
Financial charges accrued	2,666	1,990
Other accrued charges	1,801	787
TOTAL	**8,299**	**4,126**

This increase is related to the new subsidiaries in the United Kingdom.

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)	2019	2018
Cleaning costs (see Note 10)	-137	-186
Technical costs (see Note 11)	-486	-583
Commercial costs	-59	-83
Overheads (see Note 16)	-2,934	-2,418
Property management costs (see Note 14)	-1,562	-1,127
Capitalised costs	-92	-85
TOTAL	**-5,270**	**-4,482**

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

	2019	2018
Total excluding trainees and students	55	65
Trainees	0	0
Students	0	1
TOTAL	**55**	**66**

The number of employees decreased as a result of the sale of 75 % of the participation in Immobe NV/SA. Staff costs related to Immobe were booked in the income statement until the end of March 2019.

Note 44: Financial risk management

Aedifica's financial policy aims to ensure permanent access to financing, monitor the debt-to-assets-ratio and monitor and minimise the interest rate and exchange rate risks. However, the Company remains subject to financing risks; a change in interest rates or exchange rates could have a negative impact the Group's assets, operations, financial position and prospects.

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 Management Report included in this Annual Financial Report. As of 30 June 2019, it amounts to 36.7 % on statutory level and to 37.2 % 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 on a quarterly basis and its evolution is estimated during the approval process of each major investment project. When the debt-to-assets threshold of 50 % is exceeded, 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). In April 2019, Aedifica submitted such a financial plan to the FSMA after the consolidated debt-to-assets ratio had exceeded the 50 % threshold. With regard to this financial plan, the statutory auditor issued a special report in which he confirmed that he verified the preparation of the plan (in particular in terms of its economic basis) and that the figures of this plan correspond to those in Aedifica's accounts. The main objective of this financial plan was to reduce the consolidated debt-to-assets ratio by way of a public offer to subscribe for new shares in the context of a capital increase in cash. This capital increase was successfully completed on 7 May 2019 (see section 2.1.4 of the Management report), reducing the consolidated debt-to-assets ratio to 37.2 % (on 30 June 2019), well below the 50 % threshold. The Company has stated in each of its last five Securities Notes (2010, 2012, 2015, 2017 and 2019) that it intends to maintain an appropriate long-term debt-to-assets ratio of approx. 50 % to 55 %.

Aedifica's financial model relies on a structural indebtedness. As a result, cash balances are usually low, amounting to €15 million as of 30 June 2019.

As of 30 June 2019, Aedifica has neither pledged any Belgian, Dutch or British 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, 11 out of 49 buildings in Germany are linked to a mortgage as of 30 June 2019, 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, it is possible that additional mortgages will be obtained.

2. Liquidity risk

Aedifica enjoys a strong and stable relationship with its financial institutions, 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 2019, Aedifica has drawn €744 million (2018: €742 million) from the total amount of €1,404 million in available confirmed financing arrangements. The remaining headroom of €660 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2019/2020 financial year. The financial plan for 2019/2020 includes total net investments of approx. €535 million. These are mainly payments related to the pipeline of development projects (approx. €260 million), payments related to the acquisitions announced since 1 July 2019 (€60 million) and other potential investments for an amount of €215 million.

Aedifica aims to further diversify its financing sources. In this context, Aedifica launched a programme in 2018 to issue treasury notes with varying maturities. The short-term treasury notes are fully hedged by the available funds on confirmed long-term credit lines.

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. However, there is a risk that credit margins may increase after the maturity date of these credit lines.

Aedifica 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 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 % and that the EBITDA should exceed twice the net financial charges. 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.

As of 30 June 2019, the undiscounted future cash flows related to the credit facilities include €562 million maturing within 1 year, €133 million maturing within 1 to 5 years, and €163 million maturing in more than 5 years. The credit facilities also give rise to an interest expense of €5 million that is due within 1 year (2018: €500 million capital and €6 million interest within 1 year).

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

As at 30 June 2019 (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	-2,432	-14,092	-3,844	-20,369
Derivatives for which hedge accounting is not applied	-3,456	-14,710	-9,091	-27,257

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

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. As of 30 June 2019, 98 % (30 June 2018: 95 %) of the amounts drawn in euro on variable-rate credit lines were hedged by hedging instruments (swaps and caps). Including the credit lines in British pounds, the hedging rate is 78 %.

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.

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 €5.8 million interest expense for the year ended 30 June 2020. Taking into account the hedging instruments at present, the interest expense would amount to just €1.7 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 Group's hedges is provided in the Management Report and in Note 33. The hedges can be 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 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'). A sensitivity analysis is provided in Note 33.

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, 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. However, this cannot be seen as a safeguard for the future.

4. Banking 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, it being understood that the counterparty risk cannot be excluded and the failure by one or more of Aedifica's financing or hedging counterparties could have a negative impact on the Group's assets, operations, financial position and prospects.

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 Group 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. With respect to hedging, the main providers (by order of magnitude) are: ING, BNP Paribas Fortis, KBC and Banque Européenne du Crédit Mutuel.

5. GBP/EUR exchange rate risk

Aedifica generates its rental income and incurs its expenses within the euro-zone and since the purchase of the British portfolio on 1 February 2019, in British pounds.

Future fluctuations in the exchange rate may affect the value of the investment properties in the United Kingdom, the rental income and the net result of Aedifica, all expressed in euro. A variation of 0.10 of the GBP/EUR exchange rate has an impact of approx. €55.5 million of the fair value of the Group's assets located in the UK, €3.4 million of the Group's rental income and €1.8 million of the Group's net result.

The acquisition price of the healthcare portfolio in the United Kingdom was expressed in British pounds. In order to limit the foreign exchange rate risk stemming from this acquisition, Aedifica signed forward contracts in which the exchange rate of the euro against the British pound was fixated. Furthermore, Aedifica contracted part of its bridge facility agreement in British pounds. The part of the bridge facility denominated in British pounds, amounting to £150 million, forms a partial natural hedge against fluctuations on the balance sheet and limits the impact on the debt-to-assets ratio. The GBP tranche of the bridge facility, which has a maturity of 12 months as from 21 December 2018, will be refinanced through a new long-term financing agreement, which will also be denominated in GBP.

The Company applies an active hedging policy covering the GBP/EUR exchange risk impacting Aedifica's results, as deemed necessary, which takes into account, among other things, the volatility of the exchange rate observed from time to time and the cost of hedging (which itself is dependent on various elements). However, an active hedging policy cannot completely eliminate the currency exchange risk and the Company remains exposed to this risk. A change in the exchange rate that would not be covered by the Company's hedging policy may expose the Company to lower rental income and increased costs and can have a negative impact on the Company's assets, operations, financial position and prospects

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 Aedifica's control.

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 Renovation of the Plantijn rest home in Kappelen (Belgium)

Under the long lease with Armonea, Aedifica committed to finance the renovation and extension of the rest home for a budget of approx. €1 million. Works are currently in progress.

1.2 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. €3 million. Works are currently in progress.

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

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

1.4 Extension of the ’t Hoge rest home in Kortrijk (Belgium)

Under the long lease with the operator of the ’t Hoge rest home (which includes a guarantee from Senior Living Group), Aedifica committed to finance the extension of a rest home, which includes the construction of a 12-units assisted-living apartments complex, for a budget of approx. €2 million. Works are currently in progress.

1.5 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 being prepared.

1.6 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. €6 million. Works are currently in progress.

1.7 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. €13 million. The site will be operated by Stichting Oosterlengte. Works are currently in progress.

1.8 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. €1 million. Works are currently in progress.

1.9 Extension of the De Duinpieper rest home in Oostende (Belgium)

Aedifica committed to finance certain extension and renovation works for a budget of approx. €2 million. Works are currently in progress.

1.10 Acquisition of a rest home in Mechelen (Belgium)

Aedifica signed an agreement to acquire a new rest home in Mechelen (after completion of the works). The contractual value of this property will amount to approx. €15 million. The rest home in under construction.

1.11 Renovation of the Uilenspiegel rest home in Genk (Belgium)

Aedifica committed to finance the extension of the rest home, which includes the construction of an assisted-living apartments complex, for a budget of approx. €2 million. Works are being prepared.

1.12 Extension of the Sorgvliet rest home in Linter (Belgium)

Aedifica committed to finance the extension of the rest home, which includes the construction of additional rooms and an assisted-living apartments complex, for a budget of approx. €5 million. Works are being prepared.

1.13 Cooperation agreement for the construction and acquisition of a senior housing site in Leeuwarden (The Netherlands)

Aedifica Nederland BV signed a cooperation agreement (subject to outstanding conditions) for the construction and acquisition of a senior apartment building in Leeuwarden. The budget that will be financed by Aedifica amounts to approx. €40 million (including the amount for the plot of land). The site will be operated by Stichting Rendant.

1.14 Construction of a senior housing site in Heerenveen (The Netherlands)
Aedifica Nederland BV acquired a plot of land in Heerenveen and committed to finance the construction of a new senior housing site for a budget of approx. €20 million. The site will be operated by Stichting Rendant. Works are currently in progress.

1.15 Cooperation agreement for the construction of 1 0 rest homes in Germany)
Aedifica signed a cooperation agreement (subject to outstanding conditions) with Specht Gruppe for the construction and acquisitions of ten rest homes in different states in northern Germany. The total budget to be financed by Aedifica currently amounts to approx. €131 million (including plots of land).

1.16 Construction of two healthcare campuses in Kaltenkirchen and Schwerin (Germany)
By implementing the cooperation agreement with Specht Gruppe (point 1.15 above), Aedifica initially acquired plots of land in Kaltenkirchen and Schwerin through the acquisition of the company Projektgesellschaft Specht Gruppe Eins mbH (now Aedifica Residenzen 1 GmbH) (by Aedifica Invest NV/SA). On the same date, Aedifica concluded agreements with Residenz Baugesellschaft mbH (a company of Specht Gruppe) for the construction of two rest homes on the plots of land. The works will be financed by Aedifica for a budget of approx. €26 million. The buildings will be operated by the EMVIA Living Group. Works are currently in progress.

1.17 Construction of four healthcare campuses in Wolfsburg, Heiligenhafen, Espelkamp and Beverstedt (Germany)
By implementing the cooperation agreement with Specht Gruppe (point 1.15 above), Aedifica has, in a second phase, acquired land positions in Wolfsburg, Heiligenhafen, Espelkamp and Beverstedt through the takeover of control of the company Projektgesellschaft Specht Gruppe Zwei mbH (now Aedifica Residenzen 2 GmbH) (by Aedifica Invest NV/SA). On the same date, Aedifica concluded agreements with Residenz Baugesellschaft mbH (as mentioned above, a company of Specht Gruppe) for the construction of four care campuses on the four land positions. The works will be financed by Aedifica for a budget of approximately €66 million. These buildings will also be operated by the EMVIA Living group. Works are currently in progress.

1.18 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. €1 million. The site will be operated by Stichting Leger des Heils Welzijns- en Gezondheidszorg. Works are currently in progress.

1.19 Acquisition of the Seniorenzentrum Weimar rest home in Weimar (Germany)
Aedifica signed an agreement for the acquisition of a new rest home after completion of the works. The rest home will be operated by the Azurit group. The contractual value amounts to approx. €16 million. Works are currently in progress.

1.20 Construction of the Sorghuys Tilburg care residence in Berkel-Enschot (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new care residence in Berkel-Enschot for a budget of approx. €3 million. The site will be operated by Ontzorgd Wonen Groep, in partnership with Boeijend Huys Ouderenzorg. Works are currently in progress.

1.21 Construction of the Verpleegcentrum Scheemda rest home in Scheemda (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new rest home in Scheemda for a budget of approx. €4 million. The site will be operated by Stichting Oosterlengte. Works are currently in progress.

1.22 Extension of the Résidence de la Paix rest home in Evere (Belgium)
Aedifica committed to finance the extension of the rest home in Evere for a budget of approx. €2 million. Works are currently being prepared.

1.23 Completion of the De Statenhof healthcare site in Leiden (The Netherlands)
Aedifica Nederland BV committed to finance the completion of the healthcare site in Leiden for a budget of approx. €2 million. Works are currently being prepared.

1.24 Renovation of the Residentie Sibelius healthcare site in Oss (The Netherlands)
Aedifica Nederland BV committed to finance the renovation of the healthcare site in Oss for a budget of approx. €9 million. Works are currently being prepared.

1.25 Renovation of the Residentie Boldershof healthcare site in Amersfoort (The Netherlands)
Aedifica Nederland BV committed to finance the renovation of the healthcare site in Amersfoort for a budget of approx. €1 million. Works are currently being prepared.

1.26 Construction of the Het Gouden Hart Harderwijk healthcare site in Harderwijk (The Netherlands)
Aedifica Nederland BV committed to finance the construction of a new healthcare site in Harderwijk for a budget of approx. €7 million. The site will be operated by the Het Gouden Hart group. Works are being prepared.

1.27 Acquisition of two healthcare sites in Tharandt and Rabenau (Germany)

Aedifica signed an agreement for the acquisition of two healthcare sites (Seniorenwohnpark Hartha in Tharandt and Seniorenpflegezentrum Zur alten Linde in Rabenau). The sites are operated by the EMVIA Living group. The total contractual value amounts to approx. €18 million.

1.28 Construction of a care residence in Zwolle (The Netherlands)

Aedifica Nederland BV committed to finance the construction of a new care residence in Zwolle for a budget of approx. €5 million. The site will be operated by the Stepping Stones Home & Care group. Works are currently being prepared.

1.29 Acquisition of two rest homes in Chemnitz and Leipzig (Germany)

Aedifica signed an agreement for the acquisition of two operational rest homes (Haus Steinbachhof in Chemnitz, operated by Casa Reha (Korian group), and Seniorenhaus Wiederitzsch in Leipzig, operated by Convivo group). The total contractual value amounts to ca. €23 million.

1.30 Construction of a healthcare site in Plauen (Germany)

Aedifica committed to finance the construction of a new healthcare site in Plauen (Pflegecampus Plauen, that will be operated by the Aspida group) for a budget of approx. €11 million. Works in Pflegecampus Plauen are in progress.

1.31 Extension and renovation of the ’t Spelthof rest home in Binkom (Belgium)

Aedifica committed to finance specific extensions and renovation works in the rest home for a budget of approx. €6 million. Works are being prepared.

1.32 Renovation of the Cowdray Club rest home in Aberdeen (United Kingdom)

Aedifica committed to finance the redevelopment of the rest home for a budget of approx. €3 million. Works are currently in progress.

1.33 Renovation works in nine rest homes operated by MMCG group in England/Scotland (United Kingdom)

Aedifica committed to finance specific renovation works in nine rest homes operated by the Maria Mallaband Care Group (Ashmead, Blenheim, Coplands, Eltandia Hall, Heritage, Kings Court, Knights Court, River View, The Windmill) for a budget of approx. €1 million. Works are in progress.

1.34 Renovation of the Bessingby Hall rest home in Ruislip (United Kingdom)

Aedifica committed to finance specific renovation works in the rest home for a budget of approx. €1 million. Works are being prepared.

1.35 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 and Seniorenresidenz Kierspe.

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.

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 healthcare sites: 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
Aedifica Residenzen 1 GmbH	Healthcare real estate	4	HRB112641	11/07/2018	Acquisition of shares
Sorghuys Tilburg	Healthcare real estate	1	-	17/07/2018	Acquisition of a building via Aedifica Nederland BV
Azurit Seniorenzentrum Sonneberg	Healthcare real estate	9	-	29/08/2018	Acquisition of a building
Azurit Seniorenzentrum Haus Cordula I	Healthcare real estate	4	-	29/08/2018	Acquisition of a building
Azurit Seniorenzentrum Haus Cordula II	Healthcare real estate	2	-	29/08/2018	Acquisition of a building
Hansa Pflege-und Betreuungsentrum Dornum	Healthcare real estate	7	-	29/08/2018	Acquisition of a building
Nieuw Heerenhage	Healthcare real estate	2	-	26/09/2018	Acquisition of a building via Aedifica Nederland BV
Verpleegcentrum Scheemda	Healthcare real estate	1	-	27/09/2018	Acquisition of a building via Aedifica Nederland BV
Haus Nobilis	Healthcare real estate	8	-	28/09/2018	Acquisition of a building
Haus Alba	Healthcare real estate	3	-	28/09/2018	Acquisition of a building
Haus Concolor	Healthcare real estate	8	-	28/09/2018	Acquisition of a building
Haus Arche	Healthcare real estate	1	-	28/09/2018	Acquisition of a building
Leopoldspark	Healthcare real estate	1	-	1/10/2018	Acquisition of a building
De Statenhof	Healthcare real estate	8	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
De Statenhof hoogbouw	Healthcare real estate	5	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
Residentie Sibelius	Healthcare real estate	15	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
Residentie Boldershof	Healthcare real estate	6	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
Residentie Verlien BVBA/SPRL	Healthcare real estate	20	0835.346.380	08/10/2018	Acquisition of shares
Résidence de la Paix NV/SA	Healthcare real estate	14	0437.639.056	08/10/2018	Acquisition of shares
HGH Harderwijk	Healthcare real estate	3	-	26/10/2018	Acquisition of a building via Aedifica Nederland BV
Kening State	Healthcare real estate	11	-	13/12/2018	Acquisition of a building via Aedifica Nederland BV
Buitenheide BVBA/SPRL	Healthcare real estate	18	0821.165.673	14/12/2018	Acquisition of shares
Stepping Stones Zwolle	Healthcare real estate	1	-	18/12/2019	Acquisition of shares
CHAPP Nominee Ltd (Nr.1 and Nr.2) °°°	Healthcare real estate	64	109,056	1/02/2019	Acquisition of shares
Patient Properties (Alexander Court) Ltd	Healthcare real estate	7	123,677	1/02/2019	Acquisition of shares
Patient Properties (Heritage) Ltd	Healthcare real estate	14	123,684	1/02/2019	Acquisition of shares
Patient Properties (Beech Court) Ltd	Healthcare real estate	4	123,678	1/02/2019	Acquisition of shares
Patient Properties (Kings Court) Ltd	Healthcare real estate	5	123,698	1/02/2019	Acquisition of shares
Patient Properties (Green Acres) Ltd	Healthcare real estate	4	123,696	1/02/2019	Acquisition of shares
Patient Properties (Springfields) Ltd	Healthcare real estate	6	123,687	1/02/2019	Acquisition of shares
Patient Properties (Ashwood) Ltd	Healthcare real estate	5	123,701	1/02/2019	Acquisition of shares
Patient Properties (Fountains) Ltd	Healthcare real estate	6	123,683	1/02/2019	Acquisition of shares
Patient Properties (Blenheim) Ltd	Healthcare real estate	6	123,679	1/02/2019	Acquisition of shares
Patient Properties (Chatsworth) Ltd	Healthcare real estate	5	123,697	1/02/2019	Acquisition of shares
Patient Properties (Coplands) Ltd	Healthcare real estate	11	123,681	1/02/2019	Acquisition of shares
Patient Properties (Moorlands) Ltd	Healthcare real estate	6	123,695	1/02/2019	Acquisition of shares
Patient Properties (Knights Court) Ltd	Healthcare real estate	9	123,685	1/02/2019	Acquisition of shares
Patient Properties (Clarendon) Ltd	Healthcare real estate	3	123,703	1/02/2019	Acquisition of shares
Patient Properties (River View) Ltd	Healthcare real estate	12	123,686	1/02/2019	Acquisition of shares
Patient Properties (Coniston) Ltd	Healthcare real estate	7	123,702	1/02/2019	Acquisition of shares

Patient Properties (Ashmead) Ltd	Healthcare real estate	13	123,676	1/02/2019	Acquisition of shares
Patient Properties (Derwent) Ltd	Healthcare real estate	5	123,700	1/02/2019	Acquisition of shares
Patient Properties (Eltandia) Ltd	Healthcare real estate	8	123,682	1/02/2019	Acquisition of shares
Patient Properties (Windmill) Ltd	Healthcare real estate	3	123,699	1/02/2019	Acquisition of shares
Patient Properties (Brook House) Ltd	Healthcare real estate	6	123,680	1/02/2019	Acquisition of shares
AED Oak Acquisitions (Jersey) Ltd	Healthcare real estate	11	124,286	1/02/2019	Acquisition of shares
AED Oak Acquisitions (Ottery) Ltd	Healthcare real estate	1	125,192	1/02/2019	Acquisition of shares
AED Oak 1 Ltd and AED Oak 2 Ltd °°°°	Healthcare real estate	271	122,233	1/02/2019	Acquisition of shares
Maple Court Nursing Home Ltd	Healthcare real estate	8	07295828	1/02/2019	Acquisition of shares
Seniorenheim J.J. Kaendler	Healthcare real estate	4	-	1/02/2019	Acquisition of a building via Aedifica Nederland BV
Pflegecampus Plauen	Healthcare real estate	2	-	15/04/2019	Acquisition of a building
Rembertus	Healthcare real estate	4	-	15/04/2019	Acquisition of a building
SARA Seniorenresidenz	Healthcare real estate	11	-	13/05/2019	Acquisition of a building
Aedifica Residenzen 2 GmbH	Healthcare real estate	10	HRB115795	20/05/2019	Acquisition of shares
Rietdijk	Healthcare real estate	0	-	27/05/2019	Acquisition of a building
Haus am Jungfernstieg	Healthcare real estate	6	-	29/05/2019	Acquisition of a building
Hof van Bremdael NV/SA	Healthcare real estate	7	0446.5132.69	20/06/2019	Acquisition of shares
Meldestraat	Healthcare real estate	3	-	20/06/2019	Acquisition of a building via Aedifica Nederland BV
TOTAL		**699**			

° 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.

°°° CHAPP Nominee Nr.1 Ltd (incorporated in Jersey) and CHAPP Nominee Nr.2 Ltd (incorporated in Jersey) as nominees of CHAPP Ltd Partnership acting by its general partner CHAPP GP Ltd

°°°° AED Oak 1 Ltd. and AED Oak 2 Ltd. act together as unitholder of Quercus Healthcare Property Unit Trust. The legal title to the properties are owned by the Quercus Subsidiaries : Quercus (Nursing Homes) Ltd, Quercus Nursing Homes 2010 (D) Ltd, Quercus Nursing Homes 2010 (C) Ltd, Quercus (Nursing Homes Nr. 2) Ltd, Quercus Nursing Homes 2001 (B) Ltd, Quercus Nursing Homes 2001 (A) Ltd and Quercus Homes 2018 Ltd.

All these operations are detailed in the Management Report.

The main disposals of the financial year are the following:

DISPOSALS	Business segment	Selling price (in million €)	Disposal date
Assisted-living apartments located Jan Hammeneckerlaan 4-4A in 3200 Aarschot (Belgium)	Healthcare real estate	4	17/12/2018
Activity branch (Immobe) composed of 768 apartments (266 furnished et 502 non-furnished) °	Apartment buildings	99	31/03/2019
Hotel Martin's Brugge	Hotels	29	14/06/2019
Klooster Hotel	Hotels	21	14/06/2019
Eburon Hotel	Hotels	5	14/06/2019
Eurotel Hotel	Hotels	2	14/06/2019
Ecu Hotel	Hotels	3	14/06/2019
Carbon Hotel	Hotels	7	14/06/2019
TOTAL		**170**	

° The selling price related to the sale of 75 % of the shares in Immobe NV/SA (the company into which the 768 apartments were transferred) amounts to €99 million.

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

(x €1,000)	2019	2018
Authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-4	-11
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-6,577	-1,332
Subtotal	-6,581	-1,343
Other	-723	-814
TOTAL	**-7,304**	**-2,157**

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 (€3,327 k in 2018/2019; €2,933 k in 2017/2018).

(x €1,000)	2019	2018
Short-term benefits	3,096	2,700
Post-employment benefits	188	193
Other long-term benefits	0	0
Termination benfits	0	0
Share-based payments	43	40
Total	**3,327**	**2,933**

Note 49: Subsequent events

- **Acquisition of a care home in Apeldoorn (Province of Gelderland, Netherlands)**
  On 9 July 2019, Aedifica Nederland 2 BV acquired the **Rumah Saya** care home in Apeldoorn. The site accommodates 70 seniors requiring continuous care. The contractual value amounts to approx. €10 million. A new irrevocable 15-year triple net long lease has been established for this site with Stichting Nusantara Zorg. The initial gross rental yield amounts to approx. 6 %.

- **Acquisition and redevelopment of two healthcare sites in Roermond (Province of Limburg, Netherlands)**
  On 9 July 2019, Aedifica Nederland 2 BV acquired two sites in Roermond that will be redeveloped into modern residential care facilities. The works will start soon and are expected to be completed in the course of 2020. Upon completion of the works, **Residentie La Tour** will have a capacity of 30 apartments intended for seniors opting to live independently with care services available on demand, and **Villa Casimir** will have a capacity for 20 seniors requiring continuous care. Aedifica's total investment amounts to approx. €12 million (approx. €4 million for the plots of land and approx. €8 million for the works). New irrevocable 20-year triple net long leases have been established for both sites with Ontzorgd Wonen Groep. Upon completion of the works, the initial gross rental yield will amount to approx. 6 %.

- **Conditions are met for the acquisition of four healthcare sites in Germany (Land of Saxony)**
  The acquisition offour healthcare sites in the German state of Saxony that were announced on 12 December 2018 and 26 February 2019 have been completed on 8 and 9 July after all customary conditions were met. These four healthcare sites are **Haus Steinbachhof** in Chemnitz, **Seniorenhaus Wiederitzsch** in Leipzig, **Seniorenwohnpark Hartha** in Tharandt and **Zur alten Linde** in Rabenau. The contractual value of the four sites amounts to a total of approx. €40 million. The initial gross rental yield amounts to approx. 6 %.

- **Acquisition and redevelopment of a care residence in Súdwest-Fryslân (Province of Friesland, Netherlands)**
  On 7 August 2019, Aedifica Nederland 2 BV acquired a site in Súdwest-Fryslân that will be redeveloped into a modern residential care facility. The works will start soon and are expected to be completed in the course of 2020. Upon completion of the works, the **Vinea Domini** care residence will have a capacity of 27 units, of which 25 units are intended for seniors requiring continuous care and 2 units are intended for seniors opting to live independently with care services available on demand. Aedifica's total investment amounts to approx. €4 million (approx. €1 million for the plots of land and approx. €3 million for the works). A new irrevocable 25-year triple net long lease has been established for this site with Ontzorgd Wonen Groep. Upon completion of the works, the initial gross rental yield will amount to approx. 6 %.

- **Completion of a care campus in Schwerin (State of Mecklenburg-Western Pomerania, Germany)**
  On 15 August 2019, the **Seniorenquartier Schwerin** care campus in Schwerin was completed, the second completion resulting from the cooperation agreement with Specht Gruppe. This residential care facility catering to seniors requiring continuous care has a capacity of 87 units and is operated by the EMVIA Living group. Aedifica's total investment amounts to approx. €12 million (approx. €1 million for the plot of land and approx. €11 million for the works). The lease established for this site is an irrevocable 30-year double net long lease. The site also benefits from a triple net warranty of limited duration that covers the building's maintenance. The initial gross rental yield amounts to approx. 5.5 %.

- **Acquisition of a healthcare site to be constructed in Wurzen (State of Saxony, Germany)**
  On 21 August 2019, Aedifica signed an agreement for the acquisition of **Seniorenhaus Lessingstrasse**, a healthcare site to be constructed in Wurzen. The construction works have already started and are expected to be completed by the end of 2020. Upon completion, the site will have a capacity of 73 units catering to seniors requiring continuous care. Given certain specific conditions of this transaction, the site will enter Aedifica's portfolio during the third quarter of 2021. 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. €7 million. An irrevocable 25-year double net long lease contract was established for this site with Seniorenhaus Lessingstrasse GmbH. The initial gross yield will amount to approx. 5.5 %.

- **Completion of the renovation of a care home in Aberdeen (Scotland, United Kingdom)**
  On 23 August 2019, the renovation of the **Cowdray Club** care home in Aberdeen was completed. The site has a capacity of 35 units and is operated by Renaissance Care. Aedifica's investment amounts to approx. €3 million. The lease established for this site is an irrevocable 25-year triple net long lease. After completion of the works, the initial gross rental yield amounts to approx. 7 %.

- **Acquisition of a portfolio of five healthcare sites in Hoogeveen (Province of Drenthe, Netherlands)**
  On 28 August 2019, Aedifica Nederland BV acquired a portfolio of five healthcare sites in Hoogeveen (**Wolfsbos**, **De Vecht**, **De Kaap**, **Krakeel**, en **WZC Beatrix**). The five sites have a total capacity of 340 units, of which 242 units are intended for senior requiring continuous care and 98 units are intended for senior opting to live independently with care services available on demand. The contractual value amounts to approx. €44 million in total. The new leases in this portfolio that were established with Noord Nederlandse Coöperatie van Zorgorganisaties (NNCZ), are index-linked irrevocable double net long leases with a weighted average unexpired lease term (WAULT) of approx. 26 years. The initial gross rental yield is approx. 6.5 %.

Note 50: Corrected profit as defined in the Royal Decree of 13 July 2014

The corrected profit as defined in the Royal Decree of 13 July 2014 is calculated based on the Statutory Accounts as follows:

(x €1,000)	2019	2018
Profit (loss)	90,689	63,357
Depreciation	507	798
Write-downs	24	55
Other non-cash items	-1,390	4,702
Gains and losses on disposals of investment properties	-10,584	-790
Changes in fair value of investment properties	-15,117	-12,696
Roundings	0	-1
Corrected profit	64,129	55,425
Denominator° (in shares)	19,365,386	18,200,829
CORRECTED PROFIT PER SHARE° (in € per share)	**3.31**	**3.05**

° 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 Project Management GmbH, Schloss Bensberg Management GmbH, Aedifica Residenzen Nord 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 and Aedifica Nederland BV), the percentage of equity held by Aedifica is unchanged as compared to 30 June 2018, with the exception of Immobe NV/SA (in which the participation has been reduced from 100 % to 25 %) and the Belgian subsidiaries which have been integrated into Aedifica NV/SA (VSP NV/SA, VSP Kasterlee NV/SA, Het Seniorenhof NV/SA, Compagnie Immobilière Beerzelhof NV/SA, Avorum NV/SA, Coham NV/SA, Residentie Sorgvliet BVBA/SPRL, WZC Arcadia BVBA/SPRL and Dujofin BVBA/SPRL).

NAME	Country	Category	Register of corporations	Capital held (in %)
Aedifica Invest NV/SA°	Belgium	Subsidiary	0879.109.317	100
Aedifica Invest Brugge NV/SA°	Belgium	Subsidiary	0899.665.397	100
Immobe NV/SA °°°°°°°°°	Belgium	Associate	0697.566.095	25
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 Residenzen 1 GmbH °°	Germany	Subsidiary	HRB112641	94
Aedifica Residenzen 2 GmbH °°	Germany	Subsidiary	HRB115795	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°°°°	Netherlands	Subsidiary	65422082	100
Aedifica Nederland 2 BV °°°°	Netherlands	Subsidiary	75102099	100
Residentie Verlien BVBA/SPRL °	Belgium	Subsidiary	0835.346.380	100
Résidence de la Paix NV/SA °	Belgium	Subsidiary	0437.639.056	100
Buitenheide BVBA/SPRL °	Belgium	Subsidiary	0821.165.673	100
Bremdael Invest CVOA °	Belgium	Subsidiary	0860.743.653	100
Hof van Bremdael NV/SA °	Belgium	Subsidiary	0446.5132.69	100
CHAPP Acquisition Ltd °°°°°°	Jersey	Subsidiary	124667	100
CHAPP Holdings Ltd °°°°°°	Jersey	Subsidiary	109055	100
CHAPP GP Ltd °°°°°°	Jersey	Subsidiary	109054	100
CHAPP Ltd Partnership °°°°°°	Jersey	Subsidiary	1500	100
CHAPP Nominee Nr. 1 Ltd °°°°°°	Jersey	Subsidiary	109056	100

CHAPP Nominee Nr. 2 Ltd °°°°°°	Jersey	Subsidiary	111460	100
Patient Properties (Holdings) Ltd °°°°°°	Jersey	Subsidiary	122972	100
Patient Properties (Alexander Court) Ltd °°°°°°	Jersey	Subsidiary	123677	100
Patient Properties (Heritage) Ltd °°°°°°	Jersey	Subsidiary	123684	100
Patient Properties (Beech Court) Ltd °°°°°°	Jersey	Subsidiary	123678	100
Patient Properties (Kings Court) Ltd °°°°°°	Jersey	Subsidiary	123698	100
Patient Properties (Green Acres) Ltd °°°°°°	Jersey	Subsidiary	123696	100
Patient Properties (Springfields) Ltd °°°°°°	Jersey	Subsidiary	123687	100
Patient Properties (Ashwood) Ltd °°°°°°	Jersey	Subsidiary	123701	100
Patient Properties (Fountains) Ltd °°°°°°	Jersey	Subsidiary	123683	100
Patient Properties (Blenheim) Ltd °°°°°°	Jersey	Subsidiary	123679	100
Patient Properties (Chatsworth) Ltd °°°°°°	Jersey	Subsidiary	123697	100
Patient Properties (Coplands) Ltd °°°°°°	Jersey	Subsidiary	123681	100
Patient Properties (Moorlands) Ltd °°°°°°	Jersey	Subsidiary	123695	100
Patient Properties (Knights Court) Ltd °°°°°°	Jersey	Subsidiary	123685	100
Patient Properties (Clarendon) Ltd °°°°°°	Jersey	Subsidiary	123703	100
Patient Properties (River View) Ltd °°°°°°	Jersey	Subsidiary	123686	100
Patient Properties (Coniston) Ltd °°°°°°	Jersey	Subsidiary	123702	100
Patient Properties (Ashmead) Ltd °°°°°°	Jersey	Subsidiary	123676	100
Patient Properties (Derwent) Ltd °°°°°°	Jersey	Subsidiary	123700	100
Patient Properties (Eltandia) Ltd °°°°°°	Jersey	Subsidiary	123682	100
Patient Properties (Windmill) Ltd °°°°°°	Jersey	Subsidiary	123699	100
Patient Properties (Brook House) Ltd °°°°°°	Jersey	Subsidiary	123680	100
AED Oak Acquisitions (Jersey) Ltd °°°°°°	Jersey	Subsidiary	124286	100
AED Oak Acquisitions (Ottery) Ltd °°°°°°	Jersey	Subsidiary	125192	100
AED Oak 1 Ltd °°°°°°	Jersey	Subsidiary	122233	100
AED Oak 2 Ltd °°°°°°	Jersey	Subsidiary	122234	100
AED Maple Holdings Ltd °°°°°°°	United Kingdom	Subsidiary	10978016	100
Maple Court Nursing Home Ltd °°°°°°°	United Kingdom	Subsidiary	07295828	100
Quercus (Nursing Homes) Ltd °°°°°°°	United Kingdom	Subsidiary	03672911	100
Quercus (Nursing Homes No.2) Ltd °°°°°°°	United Kingdom	Subsidiary	03852950	100
Quercus Homes 2018 Ltd °°°°°°°	United Kingdom	Subsidiary	11278772	100
Quercus Nursing Homes 2001 (A) Ltd °°°°°°°	United Kingdom	Subsidiary	04181617	100
Quercus Nursing Homes 2001 (B) Ltd °°°°°°°	United Kingdom	Subsidiary	04181611	100
Quercus Nursing Homes 2010 (C) Ltd °°°°°°°	United Kingdom	Subsidiary	07193610	100
Quercus Nursing Homes 2010 (D) Ltd °°°°°°°	United Kingdom	Subsidiary	07193618	100

° Located Rue Belliard 40 in 1040 Brussels (Belgium).
°° Located Mainzer Landstrasse 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).
°°°°°° Located 44 Esplanade in St. Helier, JE4 9WG (Jersey).
°°°°°°° Located 35 Great St. Helen's in London, EC3A 6 AP (United Kingdom)
°°°°°°°° Located Avenue Louise 331 in 1050 Brussels (Belgium).

Note 52: Belgian RREC status

(x €1,000)	2019	2018
Consolidated debt-to-assets ratio (max. 65%)		
Total liabilities	956,475	824,996
Corrections	-68,317	-43,547
Total liabilities according to the Royal Decree of 13 July 2014	888,158	781,449
Total assets	2,386,127	1,766,643
Corrections	-117	-1,692
Total assets according to the Royal Decree of 13 July 2014	2,386,010	1,764,951
Debt-to-assets ratio (in %)	**37.2%**	**44.3%**
STATUTORY PAY-OUT RATIO		
Statutory corrected profit	64,129	55,425
Proposed dividend	54,223	45,502
PAY-OUT RATIO (MIN. 80%)	**85%**	**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 the 2018/2019 Annual Financial Report.

Valuation of investment properties by a valuation expert
Aedifica's properties are valued quarterly by the following independent valuation experts: Cushman & Wakefield Belgium NV/SA, Deloitte Consulting & Advisory CVBA/SCRL, CBRE GmbH, DTZ Zadelhoff VOF, Savills Consultancy BV and Cushman & Wakefield Debenham Tie Leung Ltd.

Note 53: Audit fees

(x €1,000)	2019	2018
Statutory (audit Aedifica SA)	39	38
Statutory audit (subsidiaries)	419	191
Opinion reports foreseen in the Belgian Companies Code (Aedifica SA)	61	15
Other opinion reports (comfort letter, etc.) (Aedifica SA)	0	26
Tax advice missions	0	7
Other missions unconnected with the statutory audit	252	0
TOTAL	**771**	**277**

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 1/07/2017	**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**

(x €1,000)	Assets	Liabilities
CARRYING AMOUNT AS OF 1/07/2018	**0**	**-6,211**
Originations	0	2,118
Reversals	0	-7,756
Scope changes	0	1
CARRYING AMOUNT AS OF 30/06/2019	**0**	**-11,848**

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)				2019		2018
	Category	Level	Book value	Fair value	Book value	Fair value
Non-current assets						
Non-current financial assets			307	307	1,888	1,888
a. Hedges	C	2	117	117	1,692	1,692
b. Other	A	2	191	191	196	196
Equity-accounted investments	C	2	33,931	33,931	0	0
Current assets						
Trade receivables	A	2	11,216	11,216	7,518	7,518
Tax receivables and other current assets	A	2	1,257	1,257	446	446
Cash and cash equivalents	A	1	15,405	15,405	10,589	10,589
Non-current liabilities						
Non-current financial debts	A	2	-584,193	-591,522	-716,927	-723,793
Other non-current financial liabilities						
a. Authorised hedges	C	2	-48,170	-48,170	-33,210	-33,210
b. Other	A	2	-4,604	-4,604	-4,389	-4,389
Current liabilities						
Current financial debts	A	2	-272,317	-272,317	-22,830	-22,830
Trade debts and other current debts	A	2	-23,938	-23,938	-28,485	-28,485

These categories follow the classification specified by IFRS 9:

- category A: financial assets or liabilities (including accounts receivable and loans) carried at amortised cost;
- category B: assets or liabilities recognised at fair value through net income;
- category C: assets or liabilities that must be measured at fair value through the net income.

Authorised hedging instruments belong to category C, except for hedging instruments that meet the requirements of hedge accounting (see IFRS 9), where changes in fair value are recognised in equity.

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)	2019	2018
Marketable investment properties	2,264,504	1,701,280
+ Development projects	51,205	35,183
Investment properties	**2,315,709**	**1,736,463**
+ Assets classified as held for sale	5,240	4,070
Investment properties including assets classified as held for sale*, or real estate portfolio*	**2,320,949**	**1,740,533**
- Development projects	-51,205	-35,183
Marketable investment properties including assets classified as held for sale*, or investment properties portfolio	**2,269,744**	**1,705,350**

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)	2019	2018
Rental income	118,413	91,677
- Scope changes	-45,944	-20,173
= Rental income on a like-for-like basis*	**72,469**	**71,504**

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 2019

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items°	TOTAL
SEGMENT RESULT						
Rental income (a)	106,545	7,822	4,058	0	-12	118,413
Net rental income (b)	106,520	7,836	4,028	0	-12	118,372
Property result (c)	106,365	7,213	4,045	0	-12	117,611
Property operating result (d)	103,276	4,642	4,020	0	-12	111,926
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	**103,049**	**4,693**	**4,010**	**-14,610**	**0**	**97,142**
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						82%
Operating charges* (e)-(b)						21,230

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

° 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)	2019	2018
XX. Financial income	154	554
XXI. Net interest charges	-17,193	-14,321
XXII. Other financial charges	-3,129	-1,552
Financial result excl. changes in fair value of financial instruments*	**-20,168**	**-15,319**

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)	2019	2018
XXI. Net interest charges	-17,193	-14,321
Capitalised interests	1,083	482
Annualised net interest charges (a)	-16,957	-14,125
Net interest charges before annualised capitalised interests (b)	-18,026	-14,600
Weighted average financial debts (c)	981,467	697,832
Average effective interest rate* (a)/(c)	**1.7%**	**2.0%**
Average effective interest rate before capitalised interests* (b)/(c)	**1.8%**	**2.1%**

In 2019, the average effective interest rate* (a)/(c) including commitment fees would be 1.9 % (2018: 2.2 %).

In 2019, the average effective interest rate before capitalised interests* (b)/(c) including commitment fees would be 2.0 % (2018: 2.2 %).

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)	2019	2018
Equity attributable to owners of the parent	1,429,549	941,647
- Effect of the distribution of the dividend 2017/2018	0	-45,502
Sub-total excl. effect of the distribution of the dividend 2017/2018	**1,429,549**	**896,145**
- Effect of the changes in fair value of hedging instruments	50,533	35,439
Equity excl. changes in fair value of hedging instruments*	**1,480,082**	**931,584**

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 period, the Group carried out the following branch of activities' transfer:

- transfer of 100% of the assets and liabilities related to the 'apartments' branch of activities to a subsidiary (Immobe NV/SA), initially 100% owned by Aedifica NV/SA.

On 27 March 2019, Immobe NV/SA was deconsolidated following the sale (in two phases) of 75 % of the shares of Immobe to Primonial European Residential Fund. This removal from the scope of consolidation resulted in the following consolidated balance sheet movements:

(x €1,000)	27 March 2019
Goodwill	-1,856
Investment properties	-221,627
Trade receivables	-589
Tax receivables and other current assets	-262
Deferred charges and accrued income	-330
Cash and cash equivalents	-257
Non-current financial debts	89,802
Trade debts and other current debts	2,326
Accrued charges and deferred income	1,440
Net asset sold	**-131,353**

Note 59: Share in the profit or loss of associates and joint ventures

On 1 July 2018, Aedifica transferred the 'apartments' branch of activities to a separate company (Immobe NV/SA), which was initially wholly controlled by Aedifica NV/SA.

Aedifica NV/SA gradually sold its shares in Immobe NV/SA (in 2 phases) to Primonial European Residential Fund:

- phase 1: sale of 50 % (minus one share) during the second quarter of the 2018/2019 financial year (see press release of 31 October 2018 for more information);
- phase 2: sale of an additional 25 % (plus two shares) during the third quarter of the 2018/2019 financial year (see press release of 27 March 2019 for more information).

Following the sale of the second phase, Immobe NV/SA is no longer a perimeter company and is consolidated using the equity method.

(x €1,000)	2019	2018
Carrying amount at the beginning of the year	**0**	**0**
Acquisition of shares of associates and joint ventures accounted for using the equity method	0	0
Disposal of shares of a subsidiary resulting in their equity method accounting (formerly under full consolidation)	32,797	0
Share in the profit or loss of associates and joint ventures accounted for using the equity method	1,330	0
Impact of dividends received on equity	-196	0
Other	0	0
Carrying amount at the end of the year	**33,931**	**0**

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Independent auditor's report to the general meeting of Aedifica sa for the year ended 30 juni 2019

As required by law and the Company's by-laws, we report to you as statutory auditor of Aedifica sa (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 30 June 2019, 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 2019 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 8 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 2019, 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 2019 and the disclosures, which show a consolidated balance sheet total of € 2.386.127 thousand and of which the consolidated income statement shows a profit for the year of € 130.728 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 2019, 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.

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Audit report dated 4 September 2019 on the Consolidated Financial Statements of Aedifica sa as of and for the year ended 30 June 2019 (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of the investment properties

- Description of the matter and audit risk:

Investment property amounts to a significant part (97%) 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, ...).

- Summary of audit procedures performed

The Group uses external experts to make an estimate of the fair value of its buildings. We have assessed the valuation reports of the external experts (with the support of our internal experts). 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 Financial Statements.

Valuation of financial instruments

- Description of the matter and audit risk:

The Group uses interest rate swaps (IRS) and options (CAPs) to hedge its interest rate risk on its variable rate debts and has concluded forward exchange rate contracts during the financial year to hedge the risk of exchange rate fluctuations. 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 IFRS 9 "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 of the shareholders' equity ("Reserve for the balance of changes in fair value of authorized hedging instruments qualifying for hedge accounting as defined under IFRS"). The audit risk appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting.

- Summary of audit procedures performed

  - We have compared the fair values of the derivatives with the values communicated by the counterparties and the credit risk adjustments calculated by an external specialist. We have assessed the most important assumptions and the calculations performed by this external specialist.

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Audit report dated 4 September 2019 on the Consolidated Financial Statements of Aedifica sa as of and for the year ended 30 June 2019 (continued)

- Regarding the correct application of hedge accounting, we have reviewed the effectiveness tests performed by the external specialist involved by the Group and we have compared the volume of derivatives subject to hedge accounting with the volume of the variable rate debts projected on the future accounting years in order to identify any potential overhedging which could potentially jeopardize the application of hedge accounting.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in note 33 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and 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;

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Audit report dated 4 September 2019 on the Consolidated Financial Statements of Aedifica sa as of and for the year ended 30 June 2019 (continued)

- 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;

- 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 and other information included in the annual report on the Consolidated Financial Statements.

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 and other information included in the annual report, and to report any 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:

Building a better working world

Audit report dated 4 September 2019 on the Consolidated Financial Statements of Aedifica sa as of and for the year ended 30 June 2019 (continued)

- Analysis of the 30 June 2019 consolidated financial statements
- EPRA

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 reasonable assurance regarding the individual elements included in the annual report.

Independence matters

Our auditor's office and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 4 September 2019

Ernst & Young Bedrijfsrevisoren cvba
Statutory auditor
Represented by

Joeri Klaykens*
Partner
*Acting on behalf of a bvba/sprl

20JK0039

2. Abridged Statutory Financial Statements 2018/2019

The Abridged Statutory Financial Statements of Aedifica NV/SA, prepared under IFRS, are summarised below in accordance with Article 105 of Belgian Companies Code.
The unabridged Statutory Financial Statements of AedificaNV/SA, its Management 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 NV/SA.

Abridged Statutory Income Statement

Year ending on 30 June (x €1,000)		2019	2018
I.	Rental income	66,227	65,806
II.	Writeback of lease payments sold and discounted	0	0
III.	Rental-related charges	-34	-83
Net rental income		**66,193**	**65,723**
IV.	Recovery of property charges	0	84
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	1,175	2,001
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	-1,175	-2,001
VIII.	Other rental-related income and charges	-12	-893
Property result		**66,181**	**64,914**
IX.	Technical costs	-429	-1,400
X.	Commercial costs	-1	-539
XI.	Charges and taxes on unlet properties	-8	-136
XII.	Property management costs	-622	-1,051
XIII.	Other property charges	35	-1,122
Property charges		**-1,025**	**-4,248**
Property operating result		**65,156**	**60,666**
XIV.	Overheads	-11,249	-9,560
XV.	Other operating income and charges	5,977	561
Operating result before result on portfolio		**59,884**	**51,667**
XVI.	Gains and losses on disposals of investment properties	10,584	790
XVII.	Gains and losses on disposals of other non-financial assets	0	0
XVIII.	Changes in fair value of investment properties	15,117	12,696
XIX.	Other result on portfolio	1,147	-1,056
Operating result		**86,732**	**64,097**
XX.	Financial income	30,517	17,438
XXI.	Net interest charges	-16,836	-13,453
XXII.	Other financial charges	-7,448	-1,450
XXIII.	Changes in fair value of financial assets and liabilities	-3,977	-1,344
Net finance costs		**2,256**	**1,191**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method	4,677	0
Profit before tax (loss)		**93,665**	**65,288**
XXV.	Corporate tax	-2,976	-1,931
XXVI.	Exit tax	0	0
Tax expense		**-2,976**	**-1,931**
Profit (loss)		**90,689**	**63,357**
Basic earnings per share (€)		4.71	3.52
Diluted earnings per share (€)		4.71	3.52

Abridged Statutory Statement of Comprehensive Income

Year ending on 30 June (x €1,000)	2019	2018
I. Profit (loss)	90,689	63,357
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	-9,619	-870
H. Other comprehensive income, net of taxes	1,107	831
Comprehensive income	**82,177**	**63,318**

Abridged Statutory Balance Sheet

ASSETS Year ending on 30 June (x €1,000)	2019	2018
I. Non-current assets		
A. Goodwill	0	1,856
B. Intangible assets	407	292
C. Investment properties	1,155,569	1,211,384
D. Other tangible assets	1,280	2,535
E. Non-current financial assets	1,082,810	429,305
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	**2,240,066**	**1,645,372**
II. Current assets		
A. Assets classified as held for sale	0	4,070
B. Current financial assets	0	0
C. Finance lease receivables	0	0
D. Trade receivables	7,668	4,818
E. Tax receivables and other current assets	19,889	12,619
F. Cash and cash equivalents	8,677	5,350
G. Deferred charges and accrued income	1,035	480
Total current assets	**37,269**	**27,337**
TOTAL ASSETS	**2,277,335**	**1,672,709**

EQUITY AND LIABILITIES Year ending on 30 June (x €1,000)	2019	2018
EQUITY		
A. Capital	624,713	465,126
B. Share premium account	565,068	297,569
C. Reserves	106,675	97,333
a. Legal reserve	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*147,529*	*137,099*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-21,924*	*-23,129*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-24,960*	*-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	*-18,991*	*-17,659*
h. Reserve for treasury shares	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*-1,694*	*-996*
m. Other reserves	*796*	*-1,957*
n. Result brought forward from previous years	*25,919*	*20,411*
D. Profit (loss) of the year	90,689	63,357
TOTAL EQUITY	**1,387,145**	**923,385**
LIABILITIES		
I. Non-current liabilities		
A. Provisions	0	0
B. Non-current financial debts	547,825	665,713
a. Borrowings	532,858	665,713
c. Autres	14,967	0
C. Other non-current financial liabilities	47,425	33,209
a. Authorised hedges	47,425	33,209
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	4,126	3,190
Non-current liabilities	**599,376**	**702,112**
II. Current liabilities		
A. Provisions	0	0
B. Current financial debts	271,192	20,058
a. Borrowings	171,192	20,058
c. Autres	100,000	0
C. Other current financial liabilities	0	0
D. Trade debts and other current debts	16,325	24,362
a. Exit tax	500	141
b. Other	15,825	24,221
E. Other current liabilities	0	0
F. Accrued charges and deferred income	3,297	2,792
Total current liabilities	**290,814**	**47,212**
TOTAL LIABILITIES	**890,190**	**749,324**
TOTAL EQUITY AND LIABILITIES	**2,277,335**	**1,672,709**

Abridged Statutory Statement of Changes in Equity

(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**

Year ending on 30 June (x €1,000)	2018	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and roundings	2019
Capital	465,126	153,002	6,585	0	0	0	0	624,713
Share premium account	297,569	255,796	11,702	0	0	0	1	565,068
Reserves	97,333	0	0	0	-8,513	17,855	0	106,675
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*137,099*	*0*	*0*	*0*	*0*	*14,993*	*-4,564*	*147,528*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-23,130*	*0*	*0*	*0*	*0*	*-2,563*	*3,769*	*-21,924*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,436*	*0*	*0*	*0*	*-8,513*	*-11*	*0*	*-24,960*
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*	*0*	*0*	*0*	*0*	*-1,332*	*0*	*-18,991*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*-996*	*0*	*0*	*0*	*0*	*-698*	*0*	*-1,694*
m. Other reserves	*-1,955*	*0*	*0*	*0*	*0*	*1,957*	*794*	*796*
n. Result brought forward from previous years	*20,410*	*0*	*0*	*0*	*0*	*5,509*	*1*	*25,920*
Profit (loss)	63,357	0	0	0	90,690	-63,357	-1	90,689
TOTAL EQUITY	**923,385**	**408,798**	**18,287**	**0**	**82,177**	**-45,502**	**0**	**1,387,145**

Abridged Statutory Appropriation Account

PROPOSED APPROPRIATION Year ending on 30 June (x €1,000)	2019	2018
A. Profit (loss)	90,689	63,357
B. Transfer to/from the reserves	20,381	12,345
1. Transfer to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	*21,119*	*14,203*
- previous fiscal years	*0*	*0*
- disposals of investment properties	*10,584*	*790*
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	*-4,854*	*-2,563*
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	*-4*	*-11*
- 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*	*0*
- previous years	*0*	*0*
5. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (-)		
- fiscal year	*-3,973*	*-1,332*
- 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*	*0*
- previous years	*0*	*0*
7. Transfer to/from the reserve of the balance of currency translation differences on monetary assets and liabilities (-/+)	-4,746	0
8. Transfer to the reserve of the fiscal latencies related to investment properties abroad (-/+)	-936	-698
9. Transfer to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	3,599	1,957
11. Transfer to/from the result carried forward of the previous years (-/+)	-408	0
C. Remuneration of the capital provided in article 13, § 1, para. 1	51,303	44,340
D. Remuneration of the capital - other than C	2,920	1,162
Result to be carried forward	16,085	5,509

SHAREHOLDERS' EQUITY THAT CAN NOT BE DISTRIBUTED ACCORDING TO ARTICLE 617 OF THE COMPANY CODE (x €1,000)	2019	2018
Paid-up capital or, if greater, subscribed capital (+)	624,713	465,126
Share premium account unavailable for distribution according to the Articles of Association (+)	565,068	297,569
Reserve for positive balance of changes in fair value of investment properties (+)	179,231	152,092
Reserve for the estimated transaction costs resulting from hypothetical disposal of investment properties (-)	-26,778	-25,692
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS (+/-)	-24,964	-16,447
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS (+/-)	-22,964	-18,991
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 (+)	4,395	0
Legal reserve (+)	0	0
Shareholders' equity that cannot be distributed according to Article 617 of the Company Code	**1,298,701**	**853,657**
Net asset	1,387,145	923,385
Dividend to be paid out	-54,223	-45,502
Net asset after distribution	**1,332,922**	**877,883**
Headroom after distribution	**34,221**	**24,226**

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, as amended from time to time (the 'Act') as well as the Royal Decree of 13 July 2014 on regulated real estate companies, as amended from time to time (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 cCmpany 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 six independent valuation experts, namely:
- Cushman & Wakefield 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;
- 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;
- Savills Consultancy BV, represented (within the meaning of Article 24 of the RREC Act) by Mr. Martijn Onderstal and Mr. Jochem van der Grinten, its registered office is located in Claude Debussylaan 48 in 1082 MD Amsterdam;
- Cushman & Wakefield Debenham Tie Leung Ltd, represented (within the meaning of Article 24 of the RREC Act) by Mr. Tom Robinson and Mr. Martin Robb, its registered office is located in 125 Old Broad Street in London EC2N 1AR.

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 NV/SA, located rue Guimard 18 in 1040 Brussels ('main paying agent' and share depository for the general meetings);
- KBC Bank NV/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 k for the 2018/2019 financial year (€58 k for the 2017/2018 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 Management 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 2015/2016, 2016/2017 and 2017/2018 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. €2.3 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 NV/SA, and Mr. Stefaan Gielens, CEO of Aedifica NV/SA, declare for and on behalf of Aedifica NV/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 NV/SA and the businesses included in the consolidation;
- the Management Report contains an accurate account of the development of the business, results and situation of Aedifica NV/SA and businesses included in the consolidation, and a description of the main risks and uncertainties they face.

Information from third parties

Aedifica NV/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 NV/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 NV/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 NV/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 BVBA/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 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 (10,227 shares), Ms. Ingrid Daerden (1,077 shares), Ms. Laurence Gacoin (2,439 shares), Mr. Charles-Antoine van Aelst (1,606 shares), Mr. Sven Bogaerts (1,625 shares), Ms. Adeline Simont (2,884 shares jointly-owned, bare-ownership and management contract) and Mr. Luc Plasman (349 shares);
- 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 NV/SA’	100,000.00	278
	Merger of ‘Oude Burg Company NV/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 NV/SA’	1,487,361.15	11,491
	Merger of ‘Bertimo NV/SA’	1,415,000.00	3,694
	Merger of ‘Le Manoir NV/SA’	1,630,000.00	3,474
	Merger of ‘Olphi NV/SA’	800,000.00	2,314
	Merger of ‘Services et Promotion de la Vallée (SPV) NV/SA’	65,000.00	1,028
	Merger of ‘Emmane NV/SA’	2,035,000.00	5,105
	Merger of ‘Ixelinvest NV/SA’	219.06	72
	Merger of ‘Imfina NV/SA’	1,860.95	8
	Contribution in kind of the business of ‘Immobe NV/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 NV/SA’	5,400,000.00	5,400
	Mixed demerger of ‘Château Chenois NV/SA’	123,743.15	14,377
	Merger of ‘Medimmo NV/SA’	1,000,000.00	2,301
	Merger of ‘Cledixa NV/SA’	74,417.64	199
	Merger of ‘Société de Transport et du Commerce en Afrique NV/SA’	62,000.00	1,247
	Mixed merger of ‘Hôtel Central & Café Central NV/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 NV/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 NV/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 NV/SA’	1,862,497.95	44,229
	Partial demerger of ‘Résidence du Golf NV/SA’	5,009,531.00	118,963
		103,793,817.92	**4,438,918**
30 July 2008	Partial demerger of ‘Famifamenne NV/SA’	2,215,000.00	50,387
	Partial demerger of ‘Rouimmo NV/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 NV/SA’	11,239,125.00	273,831
	Partial demerger of ‘Carlinvest NV/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 NV/SA’	24,383.89	592
		180,747,455.13	**7,090,915**
5 October 2011	Contribution in kind of the shares of ‘SIRACAM NV/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 NV/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 NV/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
		480,279,540.67	**18,200,829**
20 November 2018	Optional dividend	6,348,821.62	240,597 [2]
		486,628,362.29	**18,441,426**
7 May 2019	Capital increase through contribution in cash	162,209,454.10	6,147,142 [3]
		648,837,816.39	**24,588,568**
20 June 2019	Contribution in kind (surface rights of Bremdael)	332,222.20	12,590 [4]
		649,170,038.59	**24,601,158**

[1] Shares without par value.

[2] These shares are quoted on the stock market as from 20 November 2018 and give dividend rights for the entire 2018/2019 financial year. They enjoy the same rights and benefits as the other listed shares

[3] These shares are quoted on the stock market as from 7 May 2019 and give prorata temporis dividend rights for the 2018/2019 financial year. For the surplus, they enjoy the same rights and benefits as the other listed shares.

[4] These shares are quoted on the stock market as from 20 June 2019 and give prorata temporis (as from 7 May 2019) dividend rights for the 2018/2019 financial year. For the surplus, they enjoy the same rights and benefits as the other listed shares.

4. Extracts from the Articles of Association

4.1 Subscribed and fully paid-up capital (Article 6.1 of the Articles of Association)

The capital amounts to €649,170,038.59 (six hundred forty-nine million hundred seventy thousand thirty-eight euro and fifty-nine cents). It is represented by 24,601,158 (twenty-four million six hundred and one thousand hundred fifty-eight) shares without nominal value, which each represent 1/24,601,158th (twenty-four million six hundred and one thousand hundred fifty-eighth) 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. he 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 realised 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 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 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 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’, included in this Annual Financial Report’s Management 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 ('NV/SA') 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 ('NV/SA') or limited partnership by shares ('CommVA/ SCA');
- 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, IFRS 9 (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 40 and IFRS 9 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 – other than RRECs or specialised real estate investment funds – which were, or are, absorbed by the Company, owe an exit tax their unrealised capital gains and exempted reserves. When real estate is acquired through a merger in which the Company acquires a normally taxed real estate company, an exit tax is owed on the deferred capital gains and tax-exempt reserves of the real estate company (taxable merger) of 12.50 % for transactions (such as taxable mergers) that take place as from 1 January 2018. For transactions as from 1 January 2020, the exit tax rate will again be increased to 15 %. In addition, the additional crisis contribution (to be added to the exit tax) has also been reformed; however, the implementation is not linked to transactions from a specific date, but is related to a tax year. As from the tax year 2019, the additional crisis contribution was reduced from 3 % to 2 % (compared to a taxable period starting on 1 January 2018 at the earliest). The additional crisis contribution will be eliminated as from the 2021 tax year (with regard to a taxable period starting from 1 January 2020 at the earliest). For corporate restructurings, the tax year is equal to the calendar year in which the transaction takes place. In summary, mergers taking place in 2018 (for the 2018 tax year) were subject to an exit tax of 12.875 % (i.e. 12.50 % plus the additional crisis contribution of 3 %). Mergers that are or will be carried out in 2019 (with respect to the tax year 2019) will be subject to an exit tax of 12.75 % (12.50 % plus the additional 2 % crisis contribution). Mergers carried out in 2020 (for the 2020 tax year) will be subject to an exit tax of 15.30 % (i.e. 15 % plus the additional 2 % crisis contribution). Mergers carried out as from 1 January 2021 are subject to a tax rate of 15 % (without additional crisis contribution).

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.

Belgian RRECs (SIR/GVV) are investment instruments which can be compared to the Dutch FBI (Fiscale BeleggingsInstellingen), the French SIIC (Société d’Investissement Cotée en Immobilier) and the REIT (Real Estate Investment Trust) which exist in a number of countries, including the United States.

Glossary

1. Definitions

Acquisition value

The acquisition value is the agreed value between parties on the basis of which the transaction is performed. If the acquisition of a building takes place by cash payment, through the acquisition of shares of a real estate Company, through the non-monetary contribution of a building against the issue of new shares, by merger through takeover of a property, or by a partial de-merger, the deed costs, audit and consultancy costs, reinvestment bank fees and costs of lifting security on the financing of the absorbed Company and other costs of the merger are also considered as part of the acquisition cost and capitalised in the asset accounts on the balance sheet. Transfer taxes are included if they were paid at the acquisition of the building.

Alternative performance measures (APM)

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

Assisted-living apartment complex

One or more buildings forming a functional unit and including special housing for the elderly, allowing them to lead independent lives and with additional services available on demand.

Closed period

Period during which any officer or any person covered on the lists established by the Company in accordance with Article 6.5 of the Corporate Governance Charter, as well as any person who is closely related to them, may not carry out any trading of Aedifica shares. Closed periods are shown in the corporate governance statement.

Contractual rents

Indexed rents, including rental guarantees, but excluding cost of rent-free periods for occupied surface area.

Debt-to-assets ratio

The Royal Decree of 13 July 2014 regarding RRECs defines the debt-to-assets ratio as follows:
Total liabilities' in balance sheet
- I. Non-current liabilities – A. Provisions
- I. Non-current liabilities – C. Other non-current financial liabilities - Hedges
- I. Non-current liabilities – F. Deferred taxes liabilities
- II. Current liabilities – A. Provisions
- II. Current liabilities – C. Other current financial liabilities - Hedges
- II. Current liabilities – Accrued charges and deferred income as provided in the annexes of the Royal Decree of 13 July 2014 on RRECs.

/ Total assets less authorised hedging instruments
≤ 65 %

Double net

Type of contract under which the repair and maintenance of the roof, structure and facades of the building remain the responsibility of the owner while other costs and risks are borne by the operator. This type of contract is common for senior housing in Germany.

EBIT margin

Operating result before result on portfolio divided by net rental income.

EPRA

European Public Real Estate Association is an association, founded in 1999 in order to promote, develop and regroup listed European real estate companies. EPRA establishes standards of conduct in accounting, reporting and corporate governance matters, and harmonises these rules to different countries in order to provide quality and comparable information to investors. EPRA also organises discussion forums on issues that are shaping the future of the sector. Finally, EPRA has created indices that serve as benchmarks for the real estate sector. All this information is available on the website www.epra.com.

EPRA Earnings*

Aedifica uses EPRA Earnings* to comply with the EPRA's recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS. It represents the profit (attributable to owners of the Parent) after corrections recommended by the EPRA. In Aedifica's case, the EPRA Earnings* corresponds perfectly to the result excl. changes in fair value, which was previously used in Aedifica's financial communication. The EPRA Earnings* is calculated in Note 26 (in accordance with the Aedifica model) and in the EPRA chapter of the Annual Financial Report (in accordance with the model recommended by EPRA).

Estimated rental value (ERV)

The estimated rental value (ERV) is the rental value as determined by independent valuation experts.

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 16.75 %).

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 the BE-REIT Association)
- 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 the BE-REIT Association);
  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 the BE-REIT Association is reviewed annually and adjusted as necessary in 0.5 % increments.

The Belgian experts attest the deduction percentage retained in their periodic reports.

The fair value of investment properties located abroad take into account locally applicable legal costs.

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: (contractual rents + guaranteed income) / investment value, acquisition value or fair value of the concerned buildings.

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.

Inside information

Inside information about Aedifica is any information:

- which has not been made public;
- which is accurate, i.e. refers to an existing situation or a situation which can reasonably be expected to exist or an event which has occurred or which can reasonably be expected to occur, and which is sufficiently accurate to draw a conclusion on the possible effect of this situation or event on the price of Aedifica's financial instruments or financial derivatives;
- directly or indirectly related to Aedifica;
- and which, if made public, could affect the price of Aedifica's financial instruments or derivative financial instruments, information being considered price-sensitive for the financial instruments or derivative financial instruments if a reasonable investor could use this information as one of the reasons for his investment decision.

Interest Rate Swap (or IRS)

An interest rate exchange contract (usually short-term against long-term and floating against fixed) between two parties to exchange financial flows calculated on a fixed notional amount, frequency and maturity. Aedifica can use this instrument for hedging purposes only.

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 per share

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: (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.

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 (IFRS 9)

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
NN: Double Net
NNN: Triple Net
REIT: Real Estate Investment Trust
RREC: Regulated Real Estate Company
SARL: Société à Responsabilité Limitée
SCS: Société en Commandite Simple
WAULT: Weighted Average Unexpired Lease Term

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1. The English version of the 2018/2019 Annual Financial Report constitutes a free translation of the Dutch text, made for information purposes only. In case of inconsistency with the Dutch version or inaccuracy of the English translation, the Dutch text shall prevail.

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