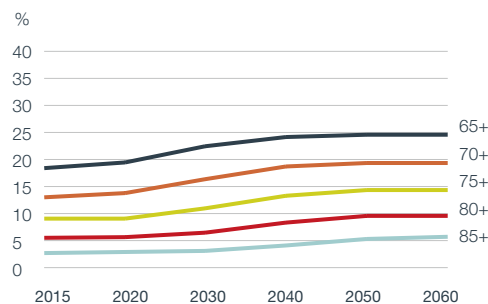


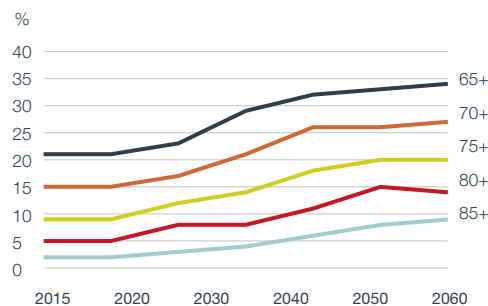
Consolidated Board of Directors' Report¹

Change in Belgian population by age group



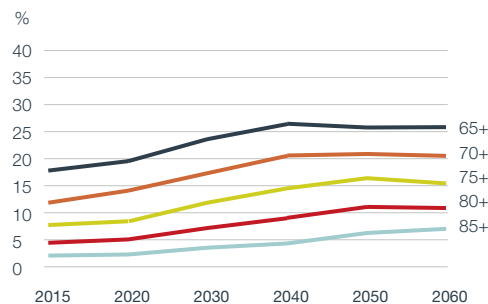
Source: "Perspectives de population 2017-2061", Belgian Federal Planning Bureau, 2017.

Change in German population by age group



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

Change in Dutch population by age group



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

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

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

1. STRATEGY

1.1. DIVERSIFICATION

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

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

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

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

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

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

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

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

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

Investments realised or announced since the March 2017 capital increase

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

1. Realisations of agreements concluded previously.

7th

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

a. Senior housing

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

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

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

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

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

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

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

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

b. Apartment buildings

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

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

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

c. Hotels and other

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

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

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

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

1.2. GROWTH STRATEGY

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

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

1.3. POSSIBLE STRATEGIC DEVELOPMENTS

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

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

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

2.1. OPERATIONS CARRIED OUT BEFORE THE 30 JUNE 2017 CLOSURE

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

2.1.1. Investments in Belgium

Acquisition of a portfolio of 8 senior housing sites

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

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

FROHNAU
GERMANY –
SENIOR HOUSING



11 sites

ACQUIRED IN BELGIUM
IN 2016/2017

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

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

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

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

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

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

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

2.1.2. Investments in Germany

Acquisition of a portfolio of 5 rest homes

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

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

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

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

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

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

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

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

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

2.1.3. Investments in The Netherlands

Acquisition of a portfolio of 3 senior housing sites

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

7 sites

ACQUIRED IN GERMANY
IN 2016/2017

12 sites

ACQUIRED IN
THE NETHERLANDS
IN 2016/2017

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

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

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

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

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

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

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

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

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

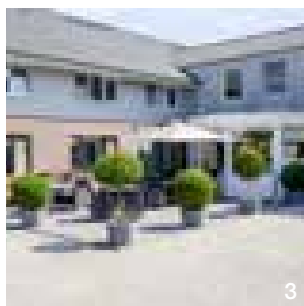
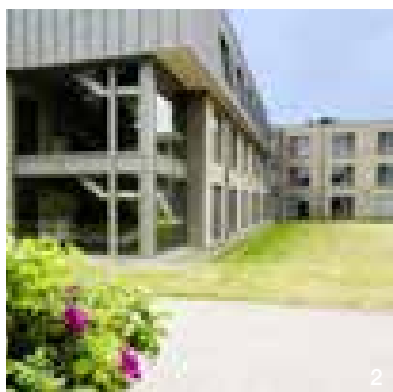
Acquisition of a care residence in Hilversum (Province of North Holland)

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

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

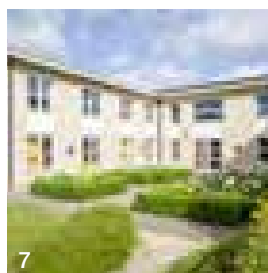
On 4 April 2017, Aedifica announced the acquisition of two senior housing sites in The Netherlands. The Het Gouden Hart care residence is a small-scale residential care facility in the middle to high-end market segment, intended for seniors requiring continuous care. The site (a protected monument which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

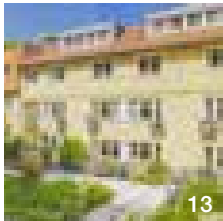
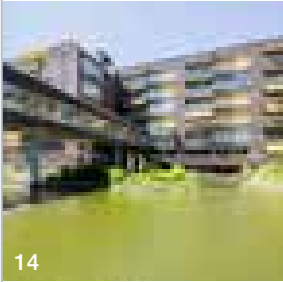
PORTFOLIO EVOLUTION DURING THE 2016/2017 FINANCIAL YEAR



ADDITIONS TO THE PORTFOLIO

1. **Oosterzonne** rest home in Zutendaal (Limburg, Belgium)
2. **De Witte Bergen** rest home in Lichtaart (Antwerp, Belgium)
3. **Seniorenhof** rest home in Tongeren (Limburg, Belgium)
4. **Beerzelhof** rest home in Beerzel (Antwerp, Belgium)
5. **Uilenspiegel** rest home in Genk (Limburg, Belgium)
6. **Coham** rest home in Ham (Limburg, Belgium)
7. **Sorgvliet** rest home in Linter (Flemish Brabant, Belgium)
8. **Ezeldijk** rest home in Diest (Flemish Brabant, Belgium)
9. **Am Kloster** rest home in Halberstadt (Saxony-Anhalt, Germany)
10. **Rosenpark** rest home in Uehlfeld (Bavaria, Germany)
11. **Patricia** rest home in Nuremberg (Bavaria, Germany)
12. **St. Anna** rest home in H6chstadt (Bavaria, Germany)
13. **Frohnau** rest home in Berlin (Berlin, Germany)
14. **Parc Imstenrade** senior housing site in Heerlen (Limburg, The Netherlands)
15. **Genderstate** senior housing site in Eindhoven (North Brabant, The Netherlands)
16. **Petruspark** senior housing site in Eindhoven (North Brabant, The Netherlands)
17. **Den Boomgaard** rest home in Glabbeek (Flemish Brabant, Belgium)
18. **Les Jardins de la M6moire** rest home in Anderlecht (Brussels, Belgium)
19. **Residenz Zehlendorf** rest home in Berlin (Berlin, Germany)







20



26



21



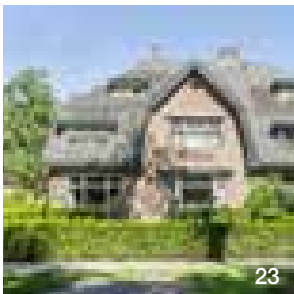
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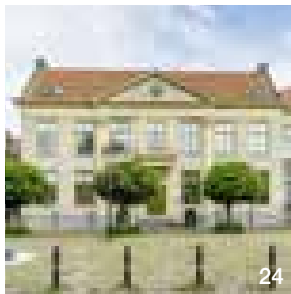
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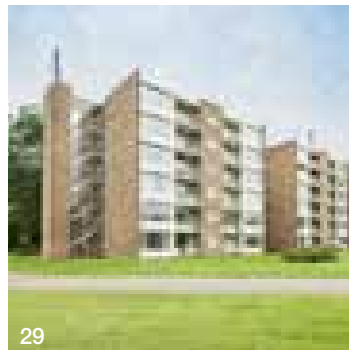
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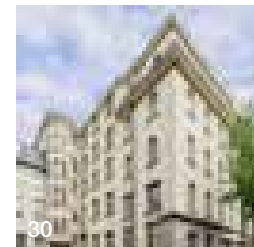
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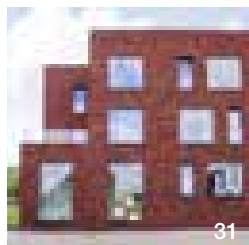
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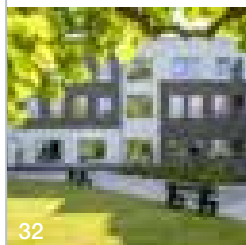
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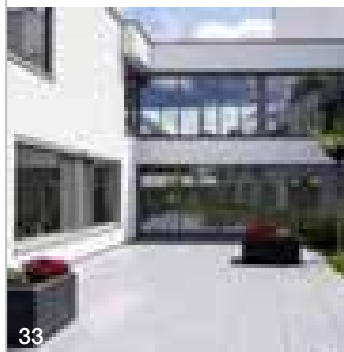


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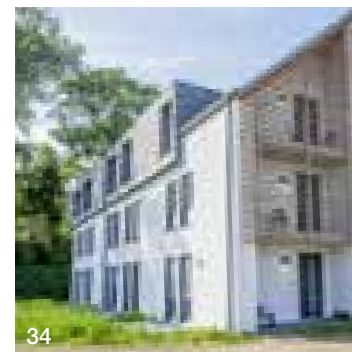
- 20. Spes Nostra** care residence in Vleuten (Utrecht, The Netherlands)
- 21. Het Dokhuis** senior housing site in Oude Pekela (Groningen, The Netherlands)
- 22. Villa Walgaerde** care residence in Hilversum (North Holland, The Netherlands)
- 23. Huize Dennehof** care residence in Driebergen-Rijsenburg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

EXTENSIONS AND RENOVATIONS

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



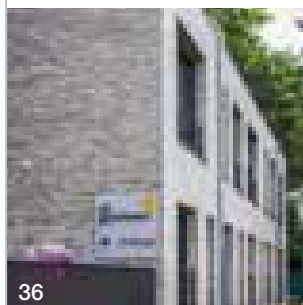
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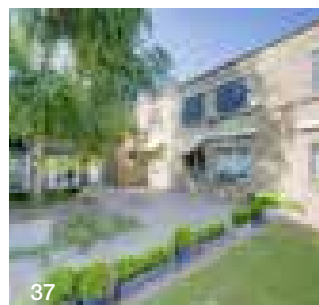
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35



36



37



38



39

82%

SHARE OF SENIOR HOUSING
IN THE PORTFOLIO

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

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

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

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

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

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

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

9

DEVELOPMENT PROJECTS
COMPLETED IN 2016/2017



AU BON VIEUX TEMPS
BELGIUM –
SENIOR HOUSING SITE

2.1.4. Sites available for use after renovation and extension works

Hasselt (Province of Limburg, Belgium)

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

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

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

Hasselt (Province of Limburg, Belgium)

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

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

Remicourt (Province of Liège, Belgium)

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

Koersel (Province of Limburg, Belgium)

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

Veerle-Laakdal (Province of Antwerp, Belgium)

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

Kortrijk (Province of West Flanders, Belgium)

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

LA FERME BLANCHE
BELGIUM -
SENIOR HOUSING



> € 195 M

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

Kapellen (Province of Antwerp, Belgium)

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

Bruges (Province of West Flanders, Belgium)

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

2.1.5. Development projects in progress

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

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

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

2.1.6. Financing

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

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

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

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

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

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

2.1.7. Other events

• Disposals

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

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

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

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

• Aedifica receives an award with regard to financial communication

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

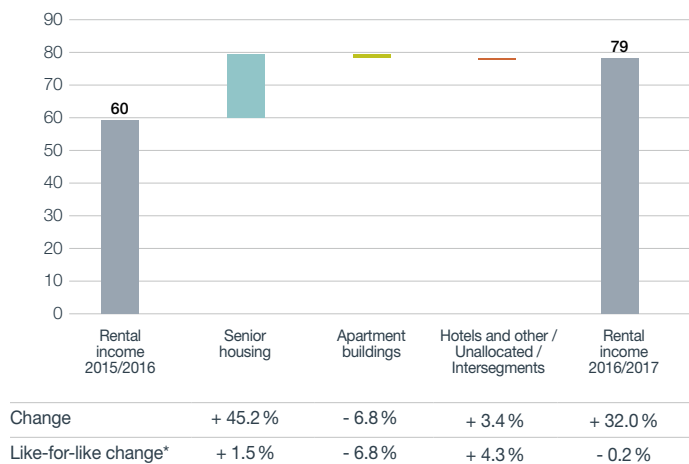
• Optional dividend 2015/2016

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

• Capital increase of €219 million

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

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



32%
INCREASE OF THE
CONSOLIDATED RENTAL INCOME

2.2. OPERATIONS AFTER THE 30 JUNE 2017 CLOSURE

2.2.1. Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

83%

EBIT MARGIN *
AS OF 30 JUNE 2017

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

3. ANALYSIS OF THE 30 JUNE 2017 CONSOLIDATED FINANCIAL STATEMENTS

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

3.1 PORTFOLIO AS OF 30 JUNE 2017

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

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

€ 219 M

CAPITAL INCREASE
OF 28 MARCH 2017

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

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

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

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

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

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

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

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

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

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

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

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

3.2 CONSOLIDATED INCOME STATEMENT

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

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

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

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

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

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

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

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

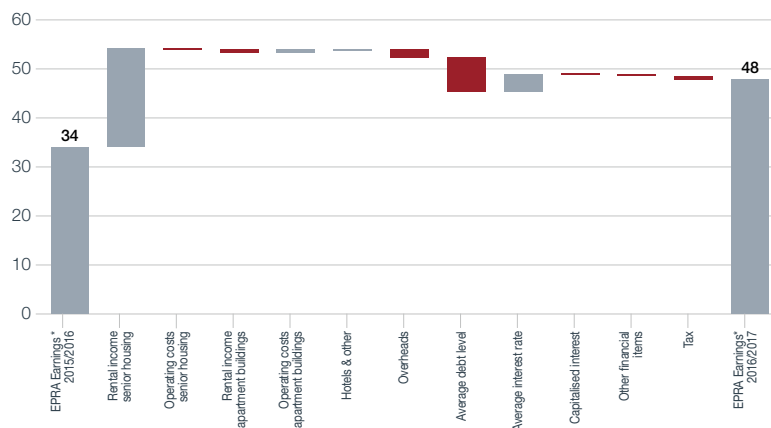
After deducting **rental-related charges**, the **net rental income** for the year ended 30 June 2017 amounts to €78.9 million (+32% as compared to 30 June 2016).

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

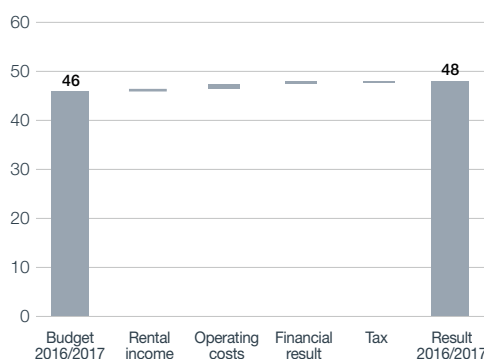
After deducting overheads of €8.5 million (30 June 2016: €6.7 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 38% to reach €65.8 million (30 June 2016: €47.6 million). This result represents an EBIT margin* (see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

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

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



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



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

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



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

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

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

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

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

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

3.3 CONSOLIDATED BALANCE SHEET

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

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

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

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

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

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

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

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

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

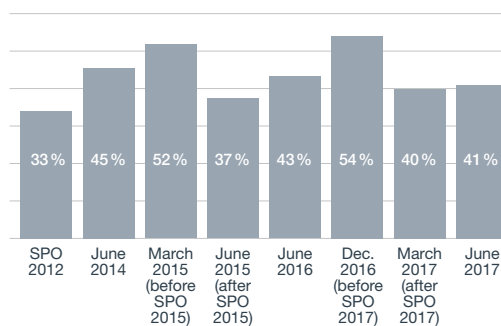
Consolidated balance sheet (x €1,000)

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

Net asset value per share (in €)

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

Debt-to-assets ratio (%)



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

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

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3.4 CONSOLIDATED CASH FLOW STATEMENT

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

3.5 SEGMENT INFORMATION

3.5.1. Senior housing

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

3.5.2. Apartment buildings

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

3.5.3. Hotels and other

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

4. APPROPRIATION OF THE RESULTS

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

€ 2.25/share

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

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

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

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

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

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

Proposed appropriation (x €1,000)

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

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

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

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

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

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

6. USE OF FINANCIAL INSTRUMENTS

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

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

7. RELATED PARTY TRANSACTIONS

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

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

8. SUBSIDIARIES

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

• Belgium

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

• Luxemburg

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

• Germany

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

• **The Netherlands**

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

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

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

9. RESEARCH AND DEVELOPMENT

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

10. TREASURY SHARES

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

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

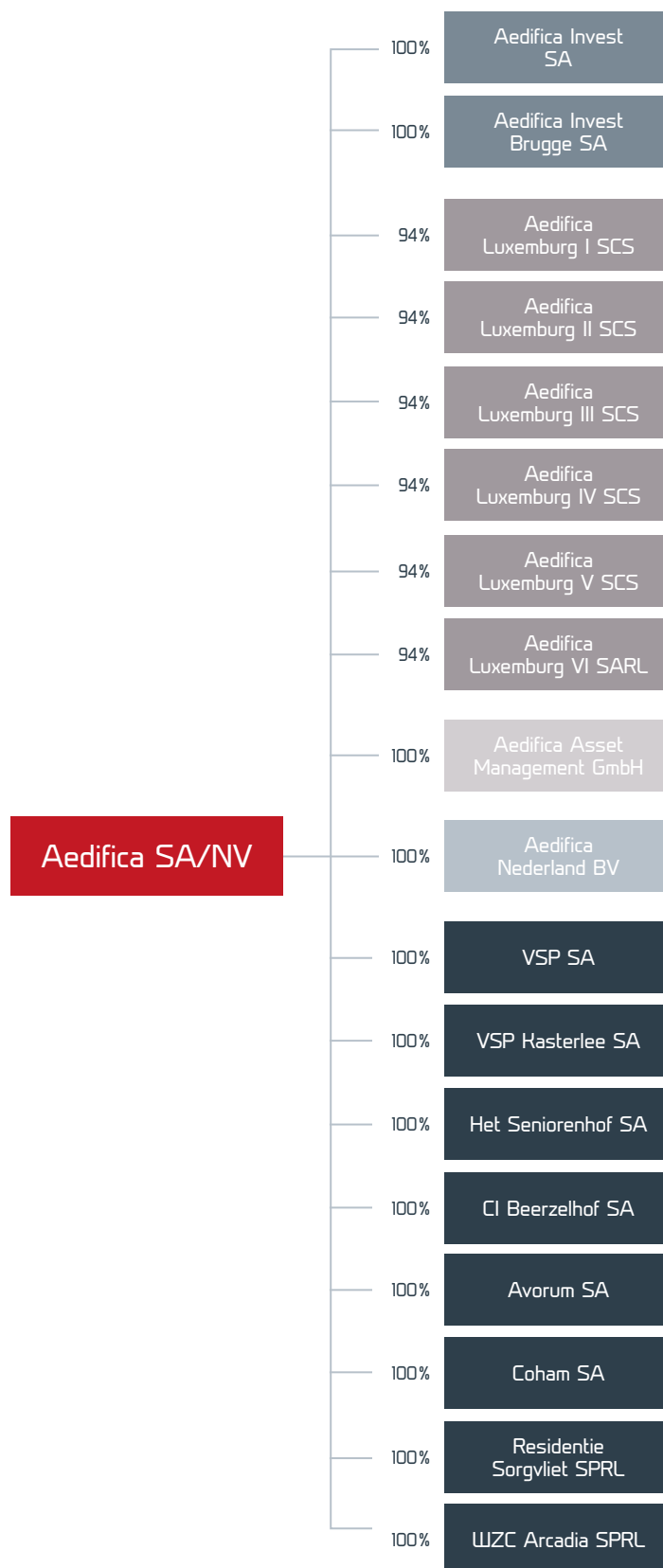
11. OUTLOOK FOR 2017/2018

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

11.1. ASSUMPTIONS

11.1.1. External factors

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



11.1.2. Internal factors

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

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

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

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

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

e) Financial assumptions:

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

11.2. FINANCIAL PROJECTIONS

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

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

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

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

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

11.3 IMPORTANT REMARK CONCERNING PROJECTED FINANCIAL INFORMATION

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

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

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

Board of Director's responsibility

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion:

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

Brussels, 4 September 2017

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

RESIDENZ ZEHLENDORF
GERMANY –
SENIOR HOUSING



1. Acting on behalf of a SPRL.

PRINSENHOF
BELGIUM –
SENIOR HOUSING



12. CONFLICTS OF INTEREST

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. ENVIRONMENTAL, ETHICAL, AND SOCIAL MATTERS

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

14.1 ENVIRONMENTAL MATTERS

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

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

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

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



VILLA TEMPORIS
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SENIOR HOUSING

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

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

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

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

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

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

14.2 SOCIAL MATTERS

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

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

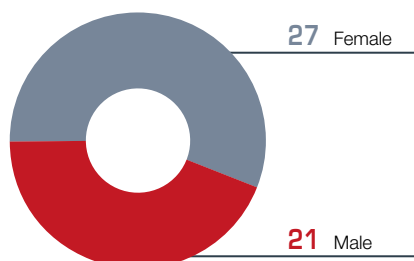
Aedifica functions in the framework of Joint Committees 100 (labourers) and 200 (staff). The remuneration proposed by Aedifica remains positioned with reference to market remuneration for similar functions. For the 2016/2017 financial year remuneration includes a plan for non-recurring benefits linked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

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

14.3 ETHICAL AND SOCIETAL MATTERS

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

Gender balance at Aedifica



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

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

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

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

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

46.5

FULL-TIME EQUIVALENT
POSITIONS

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

15. IN THE EVENT OF A TAKEOVER BID

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

15.1 STRUCTURE OF THE SHARE CAPITAL

15.1.1 Share capital

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

15.1.2 Rights and obligations attached to the shares

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

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

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

There are no legal or statutory limits for share transfers.

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

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

15.3 SPECIFIC CONTROL RIGHTS

There are no shareholders benefitting from specific control rights.

15.4 CONTROL MECHANISMS IN FAVOUR OF PERSONNEL

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

15.5 LEGAL OR STATUTORY LIMITS TO VOTING RIGHTS

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

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

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

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

15.7.1 Nomination and replacement of members of the Board of Directors

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

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

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

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

15.7.2 Change of the Articles of Association

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

17. CORPORATE GOVERNANCE STATEMENT

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

Brussels, 4 September 2017