

5 September 2018 – After closing of markets
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AEDIFICA

Public limited liability company
Public regulated real estate company under Belgian law
Registered office: Rue Belliard 40 (box 11), 1040 Brussels
Enterprise number: 0877.248.501 (RLE Brussels)
(the “Company”)

Annual press release: 2017/2018 annual results

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

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



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1. Summary of the activities of the 2017/2018 financial year

Aedifica's investment strategy is mainly built on the strength of the demographic trend toward population ageing in Europe. This strategy has contributed to the market's confidence in Aedifica, as demonstrated by the increasing stock price, which rose from €76.37 (30 June 2017) to €78.10 (30 June 2018). Taking the stock price on 30 June 2018 as a baseline, the Aedifica share shows a 45 % premium as compared to the net asset value per share excluding changes in fair value of hedging instruments*, or a 51 % premium as compared to the net asset value per share.

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

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

With regard to the growth in Aedifica's real estate portfolio, the fair value of marketable investment properties including assets classified as held for sale* increased by €178 million (i.e. +12 %) during the 2017/2018 financial year, reaching €1,705 million (€1,528 million at the beginning of the period). As of 30 June 2018, the total investment budget (which mainly includes investments in ongoing construction and renovation projects and acquisitions subject to outstanding conditions) reached a record level of €459 million, a €336 million increase as compared to 30 June 2017. These development projects are primarily located in The Netherlands and Germany. Given the fair value of Aedifica's investment properties and the development projects to be carried out over the next three years, the Company's total portfolio will approach the €2 billion mark in the near future.

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



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EPRA Earnings* per share, a mathematical effect of the March 2017 capital increase, was more than compensated by the Company's performance in just one financial year.

As of 30 June 2018, the consolidated debt-to-assets ratio amounts to 44.3 % (30 June 2017: 40.8 %). Establishment of a €120 million credit facility with Groupe BPCE in June 2018 demonstrates once again the strong and durable relationship Aedifica maintains with its credit providers and its ability to carry out its commitments.

Of the items that have had no effect on the size of the proposed dividend, the change in the fair value of investment properties (as valued by independent valuation experts) gave rise to unrealised capital gains (non-cash) of which approx. €15 million has been recognised in the income statement. However, fluctuations in the interest rates on the financial markets during the 2017/2018 financial year resulted in €2 million in unrealised capital losses (non-cash) on hedging instruments.

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

Given the performance and achievements described above, Aedifica's Board of Directors proposes to the Annual General Meeting to distribute a gross dividend of €2.50 per share (subject to a reduced withholding tax rate of 15 %), in line with guidance. This is an increase of 11 % compared to the prior year dividend distribution.

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

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



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2. Operations carried out before and after the 30 June 2018 closure

2.1. Operations carried out before the 30 June 2018 closure

2.1.1. Investments in Belgium

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

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

2.1.2. Investments in Germany

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

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

- 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



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of single rooms. In addition to the standard single rooms, larger rooms (suites) will be included to cater to the high-end market segment. The buildings will also house complementary services, such as day centres for seniors and, in some cases, childcare services or a pharmacy. Upon completion of all buildings, this portfolio will have a total capacity of approx. 1,500 units. The rest homes will generally be located on care campuses, which also contain buildings offering apartments for seniors opting to live independently with care services available on demand (see announcement of the expansion of the co-operation agreement on 5 June 2018 below). Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (after receipt of the development permits). After each takeover is completed, construction of the new buildings will begin. An agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, to carry out the construction of the new buildings for a fixed price. Assuming all development permits are received, Aedifica's total investment will amount to approx. €200 million. The first buildings are expected to be completed in 2019. The operation will be financed using Aedifica's credit facilities. All sites will be rented out to Residenz Management GmbH, an entity of Specht Gruppe, and will be operated by high quality operators. The sites will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration that will cover the buildings' maintenance. Upon completion of the works, gross yields will amount to approx. 5.5 %.

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

On 11 September 2017, Aedifica announced the signing of an agreement for the acquisition of a senior housing site in Germany. This agreement was subject to outstanding conditions, which were fulfilled as of 30 November 2017. The purchase price was paid and Aedifica SA/NV acquired the property and full use of the site. Seniorenresidenz an den Kienfichten is located near the centre of Dessau-Rosslau (83,000 inhabitants, State of Saxony-Anhalt) within a large private park. The site comprises a villa, which was completely renovated in 2009, and a new building that was completed early 2017. The site has a capacity of 88 units, including 62 units serving seniors requiring continuous care ("Pflegeheim", situated in the new building) and 26 units serving seniors opting to live independently, with access to care services on demand ("betreutes Wohnen", situated in the villa). The contractual value amounts to approx. €6 million. The operation was financed using Aedifica's credit facilities. The site is operated by Cosiq GmbH, a private player in the German senior care market. The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7 %.

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

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



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by Ambulanter Pflegedienst Weser, an entity of Specht Gruppe. The commercial space situated on the ground floor of Bremerhaven I is sublet by the operator to Rossmann (a drugstore chain with approx. 3,600 stores).

- Acquisition of a senior housing site in Zschopau (State of Saxony)

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

- Acquisition of a healthcare site in Wald-Michelbach (State of Hesse)

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

- Acquisition of a senior apartment complex in Neumünster (State of Schleswig-Holstein)

On 3 May 2018, Aedifica announced the signing of an agreement for the acquisition of a senior apartment complex in Germany. This agreement was subject to outstanding conditions, which were fulfilled as of 1 June 2018. The purchase price was paid and Aedifica SA/NV acquired the property and full use of the site at this time. The Park Residenz senior apartment complex is situated in a private park and benefits from an excellent location in a residential area in the centre of Neumünster (78,000 inhabitants, State of Schleswig-Holstein). The site is a former barracks (a protected monument) and was entirely redeveloped into a modern residential care facility in 2001. The site comprises four buildings, including 79 housing units (apartments) for independent living with care services available on



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demand, a day centre and a home care office. The contractual value amounts to approx. €11 million. The operation was financed using Aedifica's credit facilities. The site is operated by the Convivo group, a private player with more than twenty years of experience in the German senior care market. The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 5.5 %.

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

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

- Expansion of the co-operation agreement with Specht Gruppe in Germany

On 5 June 2018, Aedifica announced the expansion of the co-operation agreement with Specht Gruppe. The expanded agreement provides for new construction in addition to that announced in the co-operation agreement with Specht Gruppe on 17 August 2017 (see above). Specifically, seniors apartment buildings and houses for seniors will be added to 8 of the 17 sites in Germany included in the initial co-operation agreement. The seniors apartment buildings and houses for seniors will be constructed in urban and rural areas in northern Germany (Lower Saxony, Mecklenburg-Vorpommern, North Rhine-Westphalia and Schleswig-Holstein). The housing units are designed for independent living with care services available on demand and will cater to the mid- to high-end market segment. They will be located on care campuses that also feature complementary services, such as housing for seniors requiring continuous care, a day centre for seniors and, in some cases, childcare services or a pharmacy



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(Aedifica will own all buildings on these care campuses). The seniors apartment buildings and houses for seniors located on these sites will have a total capacity of approx. 220 units. With this expansion of their co-operation agreement, Aedifica and Specht Gruppe are now developing a portfolio totaling approx. 1,800 units. Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (in principle after receipt of the development permits). After each takeover, construction of the new buildings will begin. An agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, to carry out the construction of the new buildings for a fixed price. Assuming all development permits will be received, Aedifica's investment will ultimately amount to approx. €44 million. Aedifica's total investment in the entire portfolio of care campuses that is being developed with Specht Gruppe, will amount to approx. €245 million. The operation will be financed using Aedifica's credit facilities. All sites will be rented out to Residenz Management GmbH, an entity of Specht Gruppe, and will be operated by high quality operators. They will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration that will cover the buildings' maintenance. Upon completion of the works, gross yields of the seniors apartments and houses for seniors will amount to approx. 5.0 %. The gross yield of the entire portfolio that is being developed with Specht Gruppe will amount to approx. 5.5 %.

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

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

2.1.3. Investments in The Netherlands

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

On 10 July 2017, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The future Huize De Compagnie care residence is located near the centre of Ede (114,000 inhabitants, Province of Gelderland) on the site of a former barracks that will be entirely redeveloped. A portion of this site will be renovated into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed in late 2018 and will be able to welcome 42 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the plot of land (including the buildings located thereon). The contractual value amounts to approx. €2 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey



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to Aedifica. Aedifica has budgeted approx. €6 million for renovation works; the total investment (including renovation) will ultimately amount to approx. €9 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group, a private player in the Dutch senior care market. Compartijn is a subsidiary of Includio BV, owned by the Facicom Services Group. The lease established for this site is an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

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

On 19 July 2017, Aedifica announced the signing of a co-operation agreement between Aedifica, Stichting Rendant and HEVO, for the construction of new buildings on two of Stichting Rendant's sites, which will replace the existing buildings that have become obsolete. The sites are located in the cities of Leeuwarden (96,000 inhabitants, Province of Friesland) and Heerenveen (50,000 inhabitants, Province of Friesland). Both sites will comprise approx. 130 housing units oriented toward seniors opting to live independently, with access to care services on demand. Completion of the buildings is expected during the first half of 2020. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, will acquire the full property of the plots of land (including the buildings located thereon) in late 2018 or early 2019 (after receipt of the development permits). The existing buildings will be demolished and replaced by new constructions. The works will be carried out and delivered turnkey by HEVO BV. Aedifica's total investment will amount to approx. €40 million. The operation will be financed using Aedifica's credit facilities. The sites will be operated by Stichting Rendant, a not-for-profit organisation that is active in the Dutch senior care market. The leases that will be established for these sites are irrevocable 25-year triple net long leases. Upon completion of the works, gross yields will amount to approx. 5.5 %.

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

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

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

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



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

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

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

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

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

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

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

On 19 December 2017, Aedifica announced the acquisition and renovation of a rest home in The Netherlands. The De Merenhoef rest home is located in a residential area of Maarssen (13,000 inhabitants, Province of Utrecht), approx. 8 km from the city of Utrecht. The rest home will be entirely renovated into a modern residential care facility for seniors requiring continuous care, and



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

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

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

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

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



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Aedifica's credit facilities. The care residence will be operated by an entity of the Stepping Stones Home & Care group under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

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

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

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

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

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

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



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

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

- Acquisition of two healthcare sites in The Netherlands

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

2.1.4. Sites available for use after works

- Hasselt (Province of Limburg, Belgium)

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



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- Deventer (Province of Overijssel, The Netherlands)

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

- Eindhoven/Heerlen (Provinces of North Brabant and Limburg, The Netherlands)

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

- Chênée (Province of Liège, Belgium)

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

- Sart-lez-Spa (Province of Liège, Belgium)

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

- Leersum (Province of Utrecht, The Netherlands)

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



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- Hilversum (Province of North Holland, The Netherlands)

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

2.1.5. Development projects in progress

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

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



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2.1.6. Financing

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

- November 2017: a credit facility (€32 million) with BNP Paribas Fortis that was due to mature in June 2018 was refinanced and replaced with two new credit facilities (€17 million, maturing in 2025; €15 million, maturing in 2026);
- November 2017: a credit facility (€12.2 Million) with KBC Bank NV, Niederlassung Deutschland, that was due to mature in July 2018 was refinanced and replaced with two new credit facilities (€12.5 million each, maturing in 2024);
- December 2017: credit facility with Banque Degroof Petercam (€30 million) that was due to mature in July 2018 was refinanced and replaced with a new credit facility in the same amount (maturing in 2023);
- December 2017: a new bilateral credit facility was established with the Argenta Assuranties insurance company (€10 million, maturing in 2028);
- December 2017: a new bilateral credit facility was established with the Argenta Spaarbank savings bank (€50 million, maturing in 2028);
- December 2017: a credit facility (€25 million) with Caisse d'Epargne et de Prévoyance Hauts De France that was due to mature in July 2018 was refinanced and replaced by a credit facility of the same amount (maturing in 2025);
- May 2018: a credit facility (€25 million) with ING Belgium that was due to mature in November 2018 was refinanced and replaced by a credit facility of the same amount (maturing in 2025);
- May 2018: a new bilateral credit facility was established with ING Belgium (€25 million, maturing in 2025);
- May 2018: a new bilateral credit facility was established with Belfius Bank (€50 million, maturing in 2025);
- May 2018: a new bilateral credit facility was established with Triodos Bank (€20 million, maturing in 2025);
- May 2018: a new bilateral credit facility was established with BECM (€15 million, maturing in 2023);
- May 2018: a new bilateral credit facility was established with BECM (€25 million, maturing in 2023);
- June 2018: a new syndicated credit facility was established with the banks and savings banks of Groupe BPCE (€118 million, maturing in 2025).

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

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



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

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

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

2.1.7. Other events

- Disposals

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

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

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

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

- Aedifica receives an award with regard to financial communication

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

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

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



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- Aedifica acquires Schloss Bensberg Management GmbH

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

- Aedifica establishes a new subsidiary in Germany

As of 2 March 2018, Aedifica established a new German subsidiary: Aedifica Project Management GmbH¹. This subsidiary advises and supports Aedifica in the growth and management of its real estate portfolio in Germany by overseeing project management of the German construction sites (including the 17 construction projects of the co-operation agreement with Specht Gruppe²).

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

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

- Aedifica appoints a new Chief Financial Officer

On 1 June 2018, Aedifica’s Board of Directors has appointed Ms. Ingrid Daerden as Chief Financial Officer. She joined the team as of 1 September 2018. Ms. Daerden is also a member of the Management Committee and Executive Manager of Aedifica. Recall³ that Mr. Jean Kotarakos ended his mandate as Director of the Aedifica group on 28 March 2018 and his function as CFO on 31 May 2018.

- Aedifica receives an award for its investments in Germany

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

¹ Situated Mainzer Landstrasse 46 in D-60325 Frankfurt am Main, Germany.

² See press release of 17 August 2017.

³ See press release of 29 March 2018.



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2.2. Operations after the 30 June 2018 closure

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

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

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

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

- Agreement signed for the apartment buildings segment

As previously announced⁴, Aedifica is preparing to transfer its "apartment buildings" branch of activities to a new subsidiary, Immo SA/NV. Effective 1 July 2018, Immo is authorised by the FSMA as an Institutional Regulated Real Estate Company ("IRREC") under Belgian law. Aedifica anticipates that the transfer of this branch of activities could take place at the end of the third quarter of 2018. On 12 July 2018, after conducting the due diligence, Aedifica and the candidate-partner (which is an international investor represented by CODABEL) signed the final agreement, subject to usual outstanding conditions, for the sale (in two phases) of up to 75 % (minus one share) in Immo SA/NV. The first phase comprises the transfer of 50 % (minus one share) of the shares in Immo SA/NV. The completion of this phase is expected to take place during the fourth quarter of 2018.

⁴ See section 2.1.7 above.



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- Acquisition and redevelopment of a care residence in The Netherlands

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

- Acquisition of four healthcare sites in Germany

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



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3. Summary of the consolidated financial statements of 30 June 2018

3.1. Portfolio as of 30 June 2018

During the 2017/2018 financial year (1 July 2017 – 30 June 2018), Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale*** by €178 million, from a fair value of €1,528 million to €1,705 million (€1,741 million for the investment properties including assets classified as held for sale*). This 12 % growth comes mainly from net acquisitions (see sections 2.1.1, 2.1.2 and 2.1.3 above), completion of development projects (see section 2.1.4 above) and changes in the fair value of marketable investment properties recognised in income (+€25.2 million, or +1.5 %). The fair value of marketable investment properties, as assessed by independent valuation experts, is broken down as follows:

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

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

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

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

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

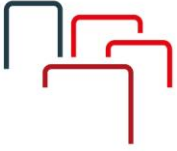
The geographical breakdown is as follows (in terms of fair value):

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

The **occupancy rate⁵ of the total unfurnished portion of the portfolio** (representing 96 % of the fair value of marketable investment properties including assets classified as held for sale*) amounts to 99.0 % as of 30 June 2018. This is an increase, even compared to the record level reached at the end of the previous financial year (30 June 2017: 98.7 %).

⁵ The occupancy rate is calculated as follows:

- For the total portfolio (excluding the furnished apartments): (contractual rents + guaranteed income) / (contractual rents + estimated rental value (ERV) on vacant areas of the property portfolio). We note that this occupancy rate includes the investment properties for which units are in renovation and hence temporarily not rentable.
- For the furnished apartments: % rented days during the financial year. This occupancy rate can thus not be compared to the one calculated on the rest of the portfolio, as the methodology is specific to this segment.



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

The **overall occupancy rate**⁶ of the total portfolio reached 99 % for the year ending 30 June 2018.

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

30 June 2017						
(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,430,806	206,938	67,606	1,705,350	35,183	1,740,533
Annual contractual rents	81,610	10,681 °	4,233	96,524	-	-
Gross yield (%) °°	5.7%	5.1%	6.3%	5.7%	-	-

30 June 2016						
(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,244,461	215,205	68,009	1,527,675	17,174	1,544,849
Annual contractual rents	71,372	10,702 °	4,451	86,525	-	-
Gross yield (%) **	5.7%	4.9%	6.5%	5.7%	-	-

° The amounts related to the furnished apartments correspond to the annualised rental income (incl. services charges and lump sum for charges such as water, gas, electricity, TV and internet, etc.) excl. VAT.

°° Based on the fair value (re-assessed every 3 months, increased with the goodwill and the furniture for the furnished apartments). In the healthcare real estate segment, the gross yield and the net yield are generally equal ("triple net" contracts), with the operating charges, the maintenance costs and the rents on empty spaces related to the operations generally being, in Belgium and (often) The Netherlands, supported by the operator (the same applies for hotel lease contracts). In Germany (and The Netherlands, in some cases), the net yield is generally lower than the gross yield, with certain charges remaining at the responsibility of the owner, such as the repair and maintenance of the roof, structure and facades of the building ("double net" contracts).

⁶ The overall occupancy rate is calculated following EPRA methodology.



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3.2. Consolidated results⁷

The following sections analyse the consolidated financial statements using an analytical framework that is aligned with the Company's internal reporting structure.

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

The consolidated turnover (**consolidated rental income**) for the year amounts to €91.7 million, an increase of 16 % as compared to the prior year. This is above budget (as derived from the annual outlook for the 2017/2018 financial year presented in 2016/2017 Annual Financial Report), owing to the timing of acquisitions in the healthcare real estate segment as compared to what was budgeted, as well as to the good performance of the apartment buildings on a like-for-like basis*.

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

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

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

⁷ The income statement covers the 12-month period from 1 July 2017 to 30 June 2018. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or at the end of the period.



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

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

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

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

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

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

The share of each segment in the operating result before result on portfolio (constituting the segment result under IFRS 8) is detailed below:

30 June 2018						
(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non- allocated	Inter- segment items [°]	TOTAL
SEGMENT RESULT						
Rental income	76,454	10,489	4,916	0	-182	91,677
Net rental income	76,446	10,429	4,904	0	-182	91,597
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	74,923	6,295	4,845	-8,788	0	77,275

30 June 2017						
(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non- allocated	Inter- segment items [°]	TOTAL
SEGMENT RESULT						
Rental income	63,939	11,021	4,220	0	-197	78,983
Net rental income	63,933	11,002	4,197	0	-197	78,935
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	63,206	6,981	4,161	-8,571	0	65,777

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



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After taking into account the cash flows generated by hedging instruments (described below), Aedifica's **net interest charges** amount to €14.3 million (30 June 2017: €15.4 million). The average effective interest rate* (2.1 % before capitalised interest on development projects) is below that reported in 2016/2017 (2.3 %) and is in line with budget (2.1 %). Taking into account other income and charges of a financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value (non-cash movements accounted for in accordance with IAS 39 are not included in the EPRA Earnings* as explained below), the **financial result excluding changes in fair value*** represents a net charge of €15.3 million (30 June 2017: €16.5 million), below budget.

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

EPRA Earnings* (see appendix 5.7.1) reached €58.4 million (30 June 2017: €48.0 million), or €3.25 per share, based on the weighted average number of shares outstanding (30 June 2017: €3.15 per share). This profit (absolute and per share) is above budget, notwithstanding the temporary dilutive effect of the capital increase of 28 March 2017.

The income statement also includes items with no monetary impact (that is to say, non-cash) that vary as a function of market parameters. These consist of (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), (3) other results on portfolio, (4) exit tax and (5) deferred taxes (arising from IAS 40):

- At the end of the financial year, **changes in the fair value of marketable investment properties** (corresponding to the sum of the positive and negative variations between that of 30 June 2017 or at the time of entry of new buildings in the portfolio, and the fair value estimated by valuation experts as of 30 June 2018) taken into income amounted to +1.5 %, or +€25.2 million (30 June 2017: +1.1 %, or +€16.1 million). A change in fair value of -€10.2 million was recorded on development projects (compared to -€5.8 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €15.0 million (30 June 2017: +€10.4 million).
- **Capital gains on disposals** (€0.8 million; 30 June 2017: €1.5 million) are also taken into account here.
- In order to limit the interest rate risk stemming from the financing of its investment, Aedifica has put in place very conservative hedges (called "cash flow hedges") which, over the long term⁸, allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. On

⁸ Long term hedges permit a notable reduction in the interest rate risk on investment financing that generates revenues over the long term, such as long leases; note once again that the weighted average lease term of Aedifica's leases is 20 years.



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30 June 2018, 95 % of the drawings on these variable-rate credit facilities are covered by hedging instruments (swaps and caps). Moreover, the financial instruments also reflect put options granted to non-controlling shareholders (in relation to the subsidiaries that are not wholly owned by the Group) which are subject to appraisal at fair value. **Changes in the fair value of financial assets and liabilities** taken into income statement as of 30 June 2018 represent a charge of €2.2 million (30 June 2017: income of €5.1 million).

- **Deferred taxes** (charge of €2.5 million as of 30 June 2018 as compared to a charge of €1.5 million as of 30 June 2017) arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are excluded from the EPRA Earnings*.
- **Exit tax**⁹ (income of €2.7 million as of 30 June 2018 as compared to a charge of €0.5 million as of 30 June 2017) corresponds to the variation between the estimated exit tax at the moment of acquisition of companies and the estimated exit tax at their anticipated merger dates. The positive change in exit tax is caused by a decrease of the applicable tax rate from 16.995 % to 12.75 %.

Given the non-monetary items described above, the **profit (attributable to owners of the parent)** amounts to €71.9 million (30 June 2017: €63.4 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €3.99 (30 June 2017: €4.16).

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

⁹ In 2017, exit tax was presented under changes in fair value of investment properties. This change of presentation had no impact on either net profit or EPRA Earnings*.



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3.3. Consolidated balance sheet

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

As of 30 June 2018, **investment properties including assets classified as held for sale*** represent 99 % (30 June 2017: 98 %) of the **assets** recognised on Aedifica's balance sheet, valued in accordance with IAS 40 (that is to say, accounted for at their fair value as determined by valuation experts, namely de Winssinger & Associés SA, Deloitte Consulting & Advisory SCRL, IP Belgium SPRL, CBRE GmbH and DTZ Zadelhoff VOF) at a value of €1,741 million (30 June 2017: €1,545 million). This heading includes:

- **Marketable investment properties including assets classified as held for sale*** (30 June 2018: €1,705 million; 30 June 2017: €1,528 million), which marked an increase of €178 million. The net growth in the fair value of marketable investment properties* is attributed primarily to €127 million from investment operations (see points 2.1.1, 2.1.2 and 2.1.3 above), - €15 million for disinvestment operations (see point 2.1.7 above), €36 million for the completion of development projects (see point 2.1.4 above), and €25 million for the change in fair value of marketable investment properties.
- **Development projects** (30 June 2018: €35 million; 30 June 2017: €17 million), consisting primarily of investment properties under construction or renovation (see point 2.1.5 above). These projects are undertaken in the context of the multi-annual investment budget described in Appendix 4.

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



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Since Aedifica's incorporation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and as a result of capital increases (in cash) in October 2010, December 2012, June 2015 and March 2017. It has increased to €480 million as of 30 June 2018 (30 June 2017: €474 million). The share premium amounts to €298 million as of 30 June 2018 (30 June 2017: €287 million). Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the statutory capital reserves. **Equity** (also called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

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

As of 30 June 2018, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 regarding RRECs) reached €781 million (30 June 2017: €639 million), of which €740 million (30 June 2017: €614 million) represent amounts drawn on the Company's credit facilities. The **debt-to-assets ratio** amounts to 44.3 % on a consolidated level (30 June 2017: 40.8 %) and 42.5 % on a statutory level (30 June 2017: 38.6 %). The maximum ratio permitted for Belgian REITs is set at 65 % of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €366 million in constant assets (that is, excluding growth in the real estate portfolio) or €1,045 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, all other things remaining equal, the Company to absorb a decrease of up to 32 % in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing bank commitments, which further limit the maximum debt-to-assets ratio to 60 %, the headroom available amounts to €278 million in constant assets, €694 million in variable assets, and 27 % in the fair value of investment properties.

Other liabilities of €44 million (30 June 2017: €43 million) represent primarily the fair value of hedging instruments (30 June 2018: €33 million; 30 June 2017: €34 million).



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3.4. Net asset value per share

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

Excluding the non-monetary effects (that is to say, non-cash) of the changes in fair value of hedging instruments¹⁰ and after accounting for the distribution of the 2016/2017 dividend in November 2017¹¹, the net asset value per share based on the fair value of investment properties is €53.68 as of 30 June 2018 (30 June 2017: €49.38 per share).

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

Number of shares	30 June 2018	30 June 2017
Number of shares outstanding [°]	18,200,829	17,975,820
Total number of shares	18,200,829	17,975,820
Total number of shares on the stock market ^{°°°}	18,200,829	17,975,820
Weighted average number of shares outstanding (IAS 33)	17,990,607	15,235,696
Number of dividend rights ^{°°}	18,200,829	15,323,388

[°] After deduction of the treasury shares.

^{°°} Based on the rights to the dividend for the shares issued during the year.

^{°°°} 225,009 shares were traded on 7 June 2018.

3.5. Key performance indicators according to the EPRA principles

	30 June 2018	30 June 2017
EPRA Earnings* (in €/share)	3.25	3.15
EPRA NAV* (in €/share)	54.02	49.55
EPRA NNNNAV* (in €/share)	51.36	47.01
EPRA Net Initial Yield (NIY) (in %)	5.2%	5.2%
EPRA Topped-up NIY (in %)	5.2%	5.2%
EPRA Vacancy Rate (in %)	1%	1%
EPRA Cost Ratio (including direct vacancy costs)* (in %)	16%	17%
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	16%	17%

¹⁰ The effect of the changes in fair value of hedging instruments of -€1.95 per share as of 30 June 2018 is the impact in equity of the fair value of hedging instruments, which is negative for €35 million, mainly booked in the liabilities on the balance sheet.

¹¹ Recall that IFRS requires the presentation of the annual accounts before appropriation. The net asset value in the amount of €51.30 per share as of 30 June 2017 thus included the dividend distributed in November 2017, and should be adjusted by €1.92 per share in order to compare with the value as of 30 June 2018. This amount corresponds to the amount of the total dividend (€34 million) divided by the total number of shares outstanding as of 30 June 2017 (17,975,820).



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4. Outlook

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

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

- Its strategic focus on healthcare real estate and its expansion in Europe, which allows the Company to adapt to shifting market opportunities and economic conditions, in the context of an ageing population.
- Thanks to its investments in healthcare real estate, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The weighted average lease term on the total of its leases (20 years) provides a very good view toward the majority of its future income streams over the long term.
- External financing of the real estate portfolio (including commitments for development projects) is assured, with credit facilities in place totalling €1,215 million and only €38 million of these reaching maturity during the 2018/2019 financial year. Drawings on these credit facilities are almost fully covered by hedging instruments.
- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 44.3 % as of 30 June 2018 (far below the maximum legal limit of 65 % imposed for Belgian REITs and the contractual maximum of 60 % imposed by way of bank covenants). This is further supported by the stable fair values that the Company's real estate portfolio has demonstrated for many years. Aedifica has a balance sheet structure that permits financing construction and renovation projects and acquisitions subject to outstanding conditions (commitments representing approximately €459 million as of 30 June 2018, of which €422 million are still to be realised within a three-year period – plus €23 million for the acquisitions announced on 12 July (€19 million) and 19 July (€4 million)) and to realise new investments.

Considering all the abovementioned factors, the Board of Directors projects to generate a rental income of €104 million for the 2018/2019 financial year, leading to an EPRA Earnings* of €63 million or €3.45 per share, and permitting a gross dividend of €2.80 per share (an increase of 12 %) to be distributed to shareholders. These projections are based on the expected perimeter of the real estate portfolio, excluding unexpected events, and stand to generate an increasing dividend as compared to that proposed by the Board of Directors for the 2017/2018 financial year.

5. Principal risks and uncertainties

The Board of Directors considers that the key risk factors summarised in pages 2 to 11 of the 2016/2017 Annual Financial Report remain relevant for the 2018/2019 financial year. The principal risk factors will of course be updated in the 2017/2018 Annual Financial Report that will be available as from 21 September 2018.



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6. Corporate governance

6.1. Outgoing Directors

The term of Ms. Sophie Maes as member of the Board of Directors expired at the Annual General Meeting of 27 October 2017. Because Ms. Maes reached the end of the second renewal of her term as independent director, her office could not be renewed.

Mr. Jean Kotarakos, former Chief Financial Officer and Director, ended his mandate as Director on 28 March 2018 and his function as CFO on 31 May 2018.

6.2. Appointments within Aedifica's Management Committee

During the 2017/2018 financial year, Aedifica's Board of Directors appointed three new Management Committee members: Mr. Charles-Antoine van Aelst, as Chief Investment Officer¹² (CIO), Mr. Sven Bogaerts, as Chief Mergers & Acquisitions Officer¹³ (CM&AO), and Ms. Ingrid Daerden, as Chief Financial Officer¹⁴ (CFO). Mr. van Aelst and Mr. Bogaerts took office on 1 October 2017, while Ms. Daerden has joined Aedifica's team effective 1 September 2018. All three are Executive Managers.

As of 1 September 2018, Aedifica's Management Committee is composed of the following members:

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

6.3. Renewal of terms of office

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

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

7. Auditor's report

The Auditor confirmed that the financial information contained in this press release requires no reservation on his part and is consistent with the consolidated financial statements for which he has released an unqualified opinion.

¹² See press release of 28 September 2017.

¹³ See press release of 28 September 2017.

¹⁴ See press release of 1 June 2018.



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The English version of this press release constitutes a free translation of the French language text and is made for information purposes only. In case of inconsistency with the French version or inaccuracy of the English translation, the French text shall prevail.

Aedifica is a Regulated Real Estate Company under Belgian law specialised in healthcare real estate, particularly in senior housing. Aedifica has developed a portfolio worth more than €1.7 billion in Belgium, Germany and in The Netherlands.

Aedifica has been quoted on Euronext Brussels (regulated market) since 2006 and is identified by the following ticker symbols: AED; AED:BB (Bloomberg); AOO.BR (Reuters).

The Company's market capitalisation was €1.5 billion as of 31 August 2018.

Aedifica is included in the EPRA indices.

Forward-looking statement

This document contains forward-looking information that involves risks and uncertainties, including statements about Aedifica's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Aedifica. Should one or more of these risks, uncertainties or contingencies materialise, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, Aedifica does not assume any responsibility for the accuracy of these forward-looking statements.

For all additional information

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Appendices

1. Consolidated income statement

Year ending on 30 June (x €1,000)	2018	2017
I. Rental income	91,677	78,983
II. Writeback of lease payments sold and discounted	0	0
III. Rental-related charges	-80	-48
Net rental income	91,597	78,935
IV. Recovery of property charges	84	40
V. Recovery of rental charges and taxes normally paid by tenants on let properties	2,469	2,588
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0
VII. Rental charges and taxes normally paid by tenants on let properties	-2,469	-2,588
VIII. Other rental-related income and charges	-985	-917
Property result	90,696	78,058
IX. Technical costs	-1,379	-1,247
X. Commercial costs	-552	-567
XI. Charges and taxes on unlet properties	-136	-165
XII. Property management costs	-1,273	-998
XIII. Other property charges	-1,281	-1,026
Property charges	-4,621	-4,003
Property operating result	86,075	74,055
XIV. Overheads	-10,963	-8,544
XV. Other operating income and charges	2,163	266
Operating result before result on portfolio	77,275	65,777
XVI. Gains and losses on disposals of investment properties	789	1,459
XVII. Gains and losses on disposals of other non-financial assets	0	0
XVIII. Changes in fair value of investment properties ^o	15,018	10,357
XIX. Other result on portfolio	-344	0
Operating result	92,738	77,593
XX. Financial income	554	155
XXI. Net interest charges	-14,321	-15,365
XXII. Other financial charges	-1,552	-1,328
XXIII. Changes in fair value of financial assets and liabilities	-2,157	5,119
Net finance costs	-17,476	-11,419
XXIV. Share in the profit or loss of associates and joint ventures accounted for using the equity method	0	0
Profit before tax (loss)	75,262	66,174
XXV. Corporate tax	-6,066	-2,816
XXVI. Exit tax ^o	2,659	0
Tax expense	-3,407	-2,816
Profit (loss)	71,855	63,358
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	71,855	63,358
Basic earnings per share (€)	3.99	4.16
Diluted earnings per share (€)	3.99	4.16

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



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2. Consolidated statement of comprehensive income

Year ending on 30 June (x €1,000)	2018	2017
I. Profit (loss)	71,855	63,358
II. Other comprehensive income recyclable under the income statement		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	0
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-871	7,276
H Other comprehensive income, net of taxes	831	0
Comprehensive income	71,815	70,634
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	71,815	70,634

3. Consolidated balance sheet

ASSETS	2018	2017
Year ending on 30 June (x €1,000)		
I. Non-current assets		
A. Goodwill	1,856	1,856
B. Intangible assets	301	221
C. Investment properties	1,736,463	1,540,409
D. Other tangible assets	2,569	1,611
E. Non-current financial assets	1,888	2,959
F. Finance lease receivables	0	0
G. Trade receivables and other non-current assets	0	0
H. Deferred tax assets	0	1,208
I. Equity-accounted investments	0	0
Total non-current assets	1,743,077	1,548,264
II. Current assets		
A. Assets classified as held for sale	4,070	4,440
B. Current financial assets	0	0
C. Finance lease receivables	0	0
D. Trade receivables and other non-current assets	7,518	6,718
E. Tax receivables and other current assets	446	1,679
F. Cash and cash equivalents	10,589	8,135
G. Deferred charges and accrued income	943	886
Total current assets	23,566	21,858
TOTAL ASSETS	1,766,643	1,570,122



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EQUITY AND LIABILITIES	2018	2017
Year ending on 30 June (x €1,000)		
EQUITY		
I. Issued capital and reserves attributable to owners of the parent		
A. Capital	465,126	459,231
B. Share premium account	297,569	287,194
C. Reserves	107,097	78,256
a. Legal reserve	0	0
b. Reserve for the balance of changes in fair value of investment properties	153,582	131,253
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-37,953	-29,397
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-16,436	-16,418
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-17,659	-23,712
h. Reserve for treasury shares	0	0
k. Reserve for deferred taxes on investment properties located abroad	-1,311	230
m. Other reserves	-1,957	0
n. Result brought forward from previous years	28,831	16,300
D. Profit (loss) of the year	71,855	63,358
Equity attributable to owners of the parent	941,647	888,039
II. Non-controlling interests	0	0
TOTAL EQUITY	941,647	888,039
LIABILITIES		
I. Non-current liabilities		
A. Provisions	0	0
B. Non-current financial debts		
a. Borrowings	716,927	579,438
C. Other non-current financial liabilities	37,599	37,933
a. Authorised hedges	33,210	33,787
b. Other	4,389	4,146
D. Trade debts and other non-current debts	0	0
E. Other non-current liabilities	0	0
F. Deferred taxes liabilities	6,211	4,306
Non-current liabilities	760,737	621,677
II. Current liabilities		
A. Provisions	0	0
B. Current financial debts		
a. Borrowings	22,830	34,524
C. Other current financial liabilities	0	0
D. Trade debts and other current debts		
a. Exit tax	8,818	717
b. Other	28,485	20,252
E. Other current liabilities	0	0
F. Accrued charges and deferred income	4,126	4,913
Total current liabilities	64,259	60,406
TOTAL LIABILITIES	824,996	682,083
TOTAL EQUITY AND LIABILITIES	1,766,643	1,570,122



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4. Projects and renovations in progress (in € million)

Projects or renovations (in € million)		Estimated inv.	Inv. as of 30/06/2018	Future inv.	Date of completion	Comments
I. Projects in progress						
Heydeveld	Opwijk (BE)	4	3	0	2018/2019	Extension of a rest home
Huize Lieve Moenssens	Dilsen-Stokkem (BE)	4	3	1	2018/2019	Extension and renovation of a rest home
Martha Flora Bosch en Duin ¹	Bosch en Duin (NL)	5	3	2	2018/2019	Construction of a care residence
Huize Ter Beegden ¹	Beegden (NL)	4	2	3	2018/2019	Construction of a care residence
Huize de Compagnie ¹	Ede (NL)	7	4	3	2018/2019	Construction of a care residence
September Nijverdal ¹	Nijverdal (NL)	3	1	1	2018/2019	Construction of a care residence
Huize Roosdael ¹	Roosendaal (NL)	5	3	3	2018/2019	Construction of a care residence
Seniorenresidenz Laurentiusplatz	Wuppertal (DE)	2	0	2	2018/2019	Renovation of a rest home
De Stichel I & II	Vilvoorde (BE)	4	2	1	2018/2019	Extension of a rest home
Plantijn II	Kapellen (BE)	4	1	3	2018/2019	Extension and renovation of a rest home
LTS Winschoten ¹	Winschoten (NL)	11	6	5	2018/2019	Construction of a care residence
Martha Flora Rotterdam ¹	Rotterdam (NL)	6	1	5	2018/2019	Construction of a care residence
Vinkenbosch II	Hasselt (BE)	2	0	2	2018/2019	Renovation of a rest home
Huize Groot Waardijn ¹	Tilburg (NL)	5	1	4	2018/2019	Construction of a care residence
Plantijn III	Kapellen (BE)	1	0	1	2018/2019	Extension and renovation of a rest home
Huize Eresloo ¹	Eersel (NL)	5	1	5	2018/2019	Construction of a care residence
Bonn	Bonn (DE)	1	0	1	2019/2020	Renovation of a rest home
De Merenhoef	Maarssen (NL)	7	0	7	2019/2020	Extension and renovation of a rest home
De Duinpieper	Ostend (BE)	2	0	2	2019/2020	Extension and renovation of a rest home
't Hoge III	Kortrijk (BE)	2	0	2	2019/2020	Extension of a rest home
Kasteelhof	Dendermonde (BE)	3	0	3	2019/2020	Extension of a rest home
Leusden ¹	Leusden (NL)	3	1	2	2019/2020	Construction of a care residence
Frohnau	Berlin (DE)	1	0	1	2019/2020	Renovation of a rest home
Residenz Zehlendorf	Berlin (DE)	5	2	3	2019/2020	Renovation of a rest home
Résidence Aux Deux Parcs	Jette (BE)	3	0	3	2019/2020	Extension of a rest home
Uilenspiegel	Genk (BE)	2	0	2	2019/2020	Extension of a rest home
Sorgvliet	Linter (BE)	5	0	5	2019/2020	Extension of a rest home
II. Projects subject to outstanding conditions						
-	-	-	-	-	-	-
III. Land reserves						
Plot of land Bois de la Pierre	Wavre (BE)	2	2	0	-	Land reserve
IV. Acquisitions subject to outstanding conditions						
Azurit Seniorenresidenz Sonneberg	Sonneberg (DE)	9	0	9	2018/2019	Acquisition of a rest home
Azurit Seniorenresidenz Cordula I	Rothenberg (DE)	4	0	4	2018/2019	Acquisition of a rest home
Azurit Seniorenresidenz Cordula II	Rothenberg (DE)	2	0	2	2018/2019	Acquisition of a rest home
Hansa Pflege- und Betreuungszentrum Dornum	Dornum (DE)	7	0	7	2018/2019	Acquisition of a rest home
SARA Seniorenresidenz	Bitterfeld-Wolfen (DE)	10	0	10	2018/2019	Acquisition of a rest home
Mechelen	Mechelen (BE)	15	0	15	2019/2020	Acquisition of a new rest home
Rendant (portfolio)	Leeuwarden (NL)/ Heerenveen (NL)	40	0	40	2019/2020	Construction of two senior housing sites
Azurit Weimar	Weimar (DE)	16	0	16	2019/2020	Acquisition of a new rest home
Specht Gruppe (phase I)	Germany	79	0	79	2019/2020	Construction of care campuses
Specht Gruppe (phase II)	Germany	101	0	101	2020/2021	Construction of care campuses
Specht Gruppe (phase III)	Germany	65	0	65	2021/2022	Construction of care campuses
Total		459	37	422		
Changes in fair value		-	-3	-		
Roundings		-	2	-		
On balance sheet			35			

¹ Although still under construction, these sites already generate limited rental incomes, in particular for the plots of land that have already been acquired. Their values are therefore no longer mentioned in the table above. This explains why the estimated investment values differ from those mentioned earlier, in particular in section 2.1.3.

Of these projects, 100 % are pre-let. It is expected that the total investment budget as of 30 June 2018 (€459 million) will be paid in cash. €23 million must to be added to the total investment budget as a result of the acquisitions announced on 12 July (€19 million) and 19 July (€4 million) (see section 2.2 above).



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5. Calculation details of the Alternative Performance Measures (APM for short)

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

5.1. Investment properties

Aedifica uses the performance measures presented below to determine the value of its investment properties; however, these measures are not defined under IFRS. They reflect alternate clustering of investment properties with the aim of providing the reader with the most relevant information. The definition of these concepts, as applied to Aedifica's financial statements, may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	2018	2017
Marketable investment properties	1,701,280	1,523,235
+ Development projects	35,183	17,174
Investment properties	1,736,463	1,540,409
+ Assets classified as held for sale	4,070	4,440
Investment properties including assets classified as held for sale*, or real estate portfolio*	1,740,533	1,544,849
- Development projects	-35,183	-17,174
Marketable investment properties including assets classified as held for sale*	1,705,350	1,527,675

5.2. Rental income on a like-for-like basis*

Aedifica uses the net rental income on a like-for-like basis* to reflect the performance of investment properties excluding the effect of scope changes; however, this performance measure is not defined under IFRS. It represents rental income excluding the effect of scope changes. The definition of this concept, as applied to Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2018	2017
Rental income	91,677	78,983
- Scope changes	-26,957	-15,763
= Rental income on a like-for-like basis*	64,720	63,220



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5.3. Operating charges*, operating margin* and EBIT margin*

Aedifica uses operating charges* to aggregate the operating charges*; however, this performance measure is not defined under IFRS. It represents items IV. to XV. of the income statement. The definition of this concept, as applied to Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as indicated in the table below.

Aedifica uses the operating margin* and the EBIT margin* to reflect the profitability of its rental activities; however, these performance measures are not defined under IFRS. They represent the property operating result divided by net rental income and the operating result before result on portfolio divided by net rental income, respectively. The definition of these concepts, as applied to Aedifica's financial statements may differ from those used in the financial statements of other companies. They are calculated as indicated in the table below.

30 June 2018

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non- allocated	Inter- segment items ^o	TOTAL
SEGMENT RESULT						
Rental income (a)	76,454	10,489	4,916	0	-182	91,677
Net rental income (b)	76,446	10,429	4,904	0	-182	91,597
Property result (c)	76,349	9,605	4,924	0	-182	90,696
Property operating result (d)	75,057	6,321	4,879	0	-182	86,075
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	74,923	6,295	4,845	-8,788	0	77,275
<hr/>						
Operating margin* (d)/(b)						94%
EBIT margin* (e)/(b)						84%
Operating charges* (e)-(b)						14,322

30 June 2017

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non- allocated	Inter- segment items ^o	TOTAL
SEGMENT RESULT						
Rental income (a)	63,939	11,021	4,220	0	-197	78,983
Net rental income (b)	63,933	11,002	4,197	0	-197	78,935
Property result (c)	63,900	10,155	4,200	0	-197	78,058
Property operating result (d)	63,062	7,029	4,161	0	-197	74,055
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	63,206	6,981	4,161	-8,571	0	65,777
<hr/>						
Operating margin* (d)/(b)						94%
EBIT margin* (e)/(b)						83%
Operating charges* (e)-(b)						13,158

^o Mainly elimination of the internal rent for the administrative offices of the Company.



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5.4. Financial result excl. changes in fair value of financial instruments*

Aedifica uses the financial result excl. changes in fair value of financial instruments* to reflect its financial result before the non-cash effect of financial instruments; however, this performance measure is not defined under IFRS. It represents the total of items XX., XXI. And XXII. of the income statement. The definition of this concept, as applied to Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2018	2017
XX. Financial income	554	155
XXI. Net interest charges	-14,321	-15,365
XXII. Other financial charges	-1,552	-1,328
Financial result excl. changes in fair value*	-15,319	-16,538

5.5. Interest rate

Aedifica uses average effective interest rate* and average effective interest rate before deduction of capitalised interests* to reflect the costs of its financial debts; however, these performance measures are not defined under IFRS. They represent annualised net interest charges (after or before capitalised interests) divided by weighted average financial debts. The definition of these concepts, as applied to Aedifica's financial statements, may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	2018	2017
XXI. Net interest charges	-14,321	-15,365
Capitalised interests	482	322
Annualised net interest charges (a)	-14,125	-15,365
Net interest charges before annualised capitalised interests (b)	-14,600	-15,687
Weighted average financial debts (c)	697,832	662,008
Average effective interest rate* (a)/(c)	2.0%	2.3%
Average effective interest rate before capitalised interests* (b)/(c)	2.1%	2.3%

5.6. Equity and net asset value per share

Aedifica uses equity excl. changes in fair value of hedging instruments* to reflect equity before non-cash effects of the revaluation of hedging instruments; however, this performance measure is not defined under IFRS. It represents the line "equity attributable to owners of the parent" without cumulated non-cash effects of the revaluation of hedging instruments. The definition of this concept, as applied to Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	2018	2017
Equity attributable to owners of the parent	941,647	888,039
- Effect of the distribution of the dividend 2016/2017	0	-34,478
Sub-total excl. effect of the distribution of the dividend 2016/2017	941,647	853,561
- Effect of the changes in fair value of hedging instruments	35,439	34,055
Equity excl. changes in fair value of hedging instruments*	977,086	887,616



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Aedifica uses net asset value per share excl. changes in fair value of hedging instruments* to reflect equity per share before the non-cash effect of the revaluation of hedging instruments; however, this performance measure is not defined under IFRS. It represents the line “equity attributable to owners of the parent” without cumulated non-cash effects of the revaluation of hedging instruments, divided by the number of shares outstanding (after deduction of treasury shares) at the closing date. The definition of this concept, as applied to Aedifica’s financial statements, may differ from that used in the financial statements of other companies. It is calculated by dividing equity excl. changes in fair value of hedging instruments* by the number of shares outstanding (after deduction of treasury shares).

5.7. Key performance indicators according to the EPRA principles

Aedifica supports reporting standardisation, which has been designed to improve the quality and comparability of information. The Company supplies its investors with most of the information recommended by EPRA. The following indicators are considered as APM:

5.7.1. EPRA Earnings*

Aedifica uses EPRA Earnings* to comply with the EPRA’s recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS. It represents the profit (attributable to owners of the Parent) after corrections recommended by the EPRA. In Aedifica’s case, the EPRA Earnings* corresponds perfectly to the result excl. changes in fair value, which has previously been used in Aedifica’s financial communication. It is calculated as follows:

EPRA Earnings*	30 June 2018	30 June 2017
<i>x €1,000</i>		
Earnings (owners of the parent) per IFRS income statement	71,855	63,358
Adjustments to calculate EPRA Earnings*, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	-15,018	-10,357
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-789	-1,459
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	344	0
(vi) Changes in fair value of financial instruments and associated close-out costs	2,157	-5,119
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred taxes in respect of EPRA adjustments	-146	1,541
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	0	0
Roundings	0	0
EPRA Earnings* (owners of the parent)	58,403	47,964
Number of shares (denominator IAS 33)	17,990,607	15,235,696
EPRA Earnings* per Share (EPRA EPS* - in €/share)	3.25	3.15



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5.7.2. EPRA NAV*

Aedifica uses EPRA NAV* to comply with the EPRA's recommendations; however, this performance measure is not defined under IFRS. It represents the line "equity attributable to owners of the parent" after corrections recommended by the EPRA. It is calculated as follows:

EPRA Net Asset Value* (NAV)	30 June 2018	30 June 2017
<i>x €1,000</i>		
NAV per the financial statements (owners of the parent)	941,647	853,561
NAV per the financial statements (in €/share) (owners of the parent)	51.74	47.48
Effect of exercise of options, convertibles and other equity interests (diluted basis)	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	941,647	853,561
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	0	0
(i.b) Revaluation of investment properties under construction (IPUC) (if IAS 40 cost option is used)	0	0
(i.c) Revaluation of other non-current investments	0	0
(ii) Revaluation of tenant leases held as finance leases	0	0
(iii) Revaluation of trading properties	0	0
Exclude:		
(iv) Fair value of financial instruments	35,439	34,055
(v.a) Deferred tax	6,211	3,098
(v.b) Goodwill as a result of deferred taxes	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV* (owners of the parent)	983,297	890,714
Number of shares	18,200,829	17,975,820
EPRA NAV* (in €/share) (owners of the parent)	54.02	49.55

The 30 June 2017 EPRA NAV* values presented in the table above in Euro (and Euro per share) reflect an adjustment of €34,478 thousand (or €1.92 per share) to the figures published in the 2016/2017 Annual Financial Report so as to achieve comparability with the 30 June 2018 values (see footnote 11 in section 3.4 above). This adjustment corresponds to the 2016/2017 gross dividend, which was distributed in November 2017 (see Appendix 5.6).



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5.7.3. EPRA NNAV*

Aedifica uses EPRA NNAV* to comply with the EPRA's recommendations; however, this performance measure is not defined under IFRS. It represents the line "equity attributable to owners of the parent" after corrections recommended by the EPRA. It is calculated as follows:

EPRA Triple Net Asset Value* (NNAV)	30 June 2018	30 June 2017
<i>x €1,000</i>		
EPRA NAV* (owners of the parent)	983,297	890,714
Include:		
(i) Fair value of financial instruments	-35,439	-34,055
(ii) Fair value of debt	-6,866	-8,523
(iii) Deferred taxes	-6,211	-3,098
EPRA NNAV* (owners of the parent)	934,781	845,038
Number of shares	18,200,829	17,975,820
EPRA NNAV* (in €/share) (owners of the parent)	51.36	47.01

The 30 June 2017 EPRA NNAV* values presented in the table above in Euro (and Euro per share) reflect an adjustment of €34,478 thousand (or €1.92 per share) to the figures published in the 2016/2017 Annual Financial Report so as to achieve comparability with the 30 June 2018 values (see footnote 11 in section 3.4 above). This adjustment corresponds to the 2016/2017 gross dividend, which was distributed in November 2017 (see Appendix 5.6).



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5.7.4. EPRA Cost Ratios*

Aedifica uses the EPRA Cost Ratio (including direct vacancy costs)* and EPRA Cost Ratio (excluding direct vacancy costs)* to comply with the EPRA's recommendations; however, these performance measures are not defined under IFRS. They represent aggregate operational costs as recommended by the EPRA. It is calculated as follows:

EPRA Cost ratios*	30 June 2018	30 June 2017
<i>x €1,000</i>		
Administrative/operating expense line per IFRS statement	-14,402	-13,206
<i>Rental-related charges</i>	-80	-48
<i>Recovery of property charges</i>	84	40
<i>Rental charges and taxes normally paid by tenants on let properties</i>	-985	-917
<i>Technical costs</i>	-1,379	-1,247
<i>Commercial costs</i>	-552	-567
<i>Charges and taxes on unlet properties</i>	-136	-165
<i>Property management costs</i>	-1,273	-998
<i>Other property charges</i>	-1,281	-1,026
<i>Overheads</i>	-10,963	-8,544
<i>Other operating income and charges</i>	2,163	266
EPRA Costs (including direct vacancy costs)* (A)	-14,402	-13,206
<i>Charges and taxes on unlet properties</i>	136	165
EPRA Costs (excluding direct vacancy costs)* (B)	-14,266	-13,041
Gross Rental Income (C)	91,677	78,983
EPRA Cost Ratio (including direct vacancy costs)* (A/C)	16%	17%
EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)	16%	17%
Overhead and operating expenses capitalised (including share of joint ventures)	85	78

Aedifica capitalises some project management costs.