1. Consolidated Financial Statements

1.1 Consolidated Income Statement

(x €1,000)		Notes	2019	2018
I.	Rental income	4	118,413	91,677
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges	5	-41	-80
Net rental income			**118,372**	**91,597**
IV.	Recovery of property charges	6	59	84
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	7	2,751	2,469
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	8	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	9	-2,751	-2,469
VIII.	Other rental-related income and charges	10	-820	-985
Property result			**117,611**	**90,696**
IX.	Technical costs	11	-1,077	-1,379
X.	Commercial costs	12	-317	-552
XI.	Charges and taxes on unlet properties	13	-58	-136
XII.	Property management costs	14	-2,763	-1,273
XIII.	Other property charges	15	-1,470	-1,281
Property charges			**-5,685**	**-4,621**
Property operating result			**111,926**	**86,075**
XIV.	Overheads	16	-14,692	-10,963
XV.	Other operating income and charges	17	-92	2,163
Operating result before result on portfolio			**97,142**	**77,275**
XVI.	Gains and losses on disposals of investment properties	18	7,321	789
XVII.	Gains and losses on disposals of other non-financial assets	19	0	0
XVIII.	Changes in fair value of investment properties	20	63,317	15,018
XIX.	Other result on portfolio	20	0	-344
Operating result			**167,780**	**92,738**
XX.	Financial income	21	154	554
XXI.	Net interest charges	22	-17,193	-14,321
XXII.	Other financial charges	23	-3,129	-1,552
XXIII.	Changes in fair value of financial assets and liabilities	47	-7,304	-2,157
Net finance costs			**-27,472**	**-17,476**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method	59	1,134	0
Profit before tax (loss)			**141,442**	**75,262**
XXV.	Corporate tax	24	-10,136	-6,066
XXVI.	Exit tax	25	-578	2,659
Tax expense			**-10,714**	**-3,407**
Profit (loss)			**130,728**	**71,855**
Attributable to:				
	Non-controlling interests		7,231	0
	Owners of the parent		**123,497**	**71,855**
Basic earnings per share (€)		26	6.41	3.99
Diluted earnings per share (€)		26	6.41	3.99

1.2 Consolidated Statement of Comprehensive Income

(x €1,000)	2019	2018
I. Profit (loss)	130,728	71,855
II. Other comprehensive income recyclable under the income statement		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	0
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-9,620	-871
D. Currency translation differences linked to conversion of foreign activities	-4,093	
H. Other comprehensive income, net of taxes	-3,466	831
Comprehensive income	**113,549**	**71,815**
Attributable to:		
Non-controlling interests	7,231	0
Owners of the parent	**106,318**	**71,815**

1.3 Consolidated Balance Sheet

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

EQUITY AND LIABILITIES (x €1,000)	Notes	2019	2018
EQUITY	38		
I. Issued capital and reserves attributable to owners of the parent			
A. Capital		624,713	465,126
B. Share premium account		565,068	297,569
C. Reserves		116,271	107,097
a. Legal reserve		*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties		*171,274*	*153,582*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		*-40,977*	*-37,953*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		*-24,960*	*-16,436*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS		*-18,991*	*-17,659*
f. Reserve of exchange differences relating to foreign curency monetary items		*-4,573*	*0*
g. Foreign currency translation reserves		*-4,093*	*0*
h. Reserve for treasury shares		*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad		*-3,824*	*-1,311*
m. Other reserves		*796*	*-1,957*
n. Result brought forward from previous years		*41,619*	*28,831*
D. Profit (loss) of the year		123,497	71,855
Equity attributable to owners of the parent		**1,429,549**	**941,647**
II. Non-controlling interests		**103**	**0**
TOTAL EQUITY		**1,429,652**	**941,647**
LIABILITIES			
I. Non-current liabilities			
A. Provisions	39	0	0
B. Non-current financial debts	40	584,193	716,927
a. Borrowings		569,226	716,927
c. Other		14,967	0
C. Other non-current financial liabilities	32	52,774	37,599
a. Authorised hedges		48,170	33,210
b. Other		4,604	4,389
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred tax liabilities	54	11,848	6,211
Non-current liabilities		**648,815**	**760,737**
II. Current liabilities			
A. Provisions	39	0	0
B. Current financial debts	40	272,317	22,830
a. Borrowings		172,317	22,830
c. Other		100,000	0
C. Other current financial liabilities		0	0
D. Trade debts and other current debts	41	27,044	37,303
a. Exit tax		3,106	8,818
b. Other		23,938	28,485
E. Other current liabilities		0	0
F. Accrued charges and deferred income	42	8,299	4,126
Total current liabilities		**307,660**	**64,259**
TOTAL LIABILITIES		**956,475**	**824,996**
TOTAL EQUITY AND LIABILITIES		**2,386,127**	**1,766,643**

1.4 Consolidated Cash Flow Statement

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

° Some types of capital increases (contributions in kind, partial demergers) do not result in any cash flow.

1.5 Consolidated Statement of Changes in Equity

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

(x €1,000)	2018	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and roundings	2019
Capital	465,126	153,002	6,585	0	0	0	0	624,713
Share premium account	297,569	255,796	11,702	0	0	0	1	565,068
Reserves	107,097	0	0	0	-17,179	26,354	-1	116,271
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	0	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*153,582*	*0*	*0*	*0*	*0*	*22,255*	*-4,563*	*171,274*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-37,953*	*0*	*0*	*0*	*0*	*-6,792*	*3,768*	*-40,977*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,436*	*0*	*0*	*0*	*-8,513*	*-11*	*0*	*-24,960*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-17,659*	*0*	*0*	*0*	*0*	*-1,332*	*0*	*-18,991*
f. Reserve of exchange differences relating to foreign curency monetary items	*0*	*0*	*0*	*0*	*-4,573*	*0*	*0*	*-4,573*
g. Foreign currency translation reserves	*0*	*0*	*0*	*0*	*-4,093*	*0*	*0*	*-4,093*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*-1,311*	*0*	*0*	*0*	*0*	*-2,513*	*0*	*-3,824*
m. Other reserves	*-1,957*	*0*	*0*	*0*	*0*	*1,957*	*796*	*796*
n. Result brought forward from previous years	*28,831*	*0*	*0*	*0*	*0*	*12,790*	*-2*	*41,619*
Profit (loss)	71,855	0	0	0	*123,497*	*-71,855*	0	123,497
Equity attributable to owners of the parent	**941,647**	**408,798**	**18,287**	**0**	**106,318**	**-45,501**	**0**	**1,429,549**
Non-controlling interests	0	0	0	0	103	0	0	103
TOTAL EQUITY	**941,647**	**408,798**	**18,287**	**0**	**106,421**	**-45,501**	**0**	**1,429,652**

1.6 Notes to the Consolidated Financial Statements

Note 1: General information

Aedifica NV/SA (referred to in the financial statements as 'the Company' or 'the Parent') is a limited liability company having opted for public Regulated Real Estate Company (RREC) status under Belgian law. The Company is entered in the Brussels Registry of Legal Entities (R.L.E., or 'R.P.M.' in French / 'R.P.R.' in Dutch) under No. 0877.248.501. Its primary shareholders are listed in Note 38. The address of its registered office is the following:
Rue Belliard 40, B-1040 Brussels (telephone: +32 (0)2 626 07 70).

The Aedifica Group (referred to in the financial statements as 'the Group') is composed of the parent-company and its subsidiaries. The subsidiaries of the Aedifica group are listed in Note 51.

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

Aedifica's shares have been listed on Euronext Brussels (regulated market) since October 2006.

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

Note 2: Accounting policies

Note 2.1: Basis of preparation

The Consolidated Financial Statements cover the 12-month period ending 30 June 2019. They have been prepared in conformity with 'International Financial Reporting Standards' ('IFRS') and the interpretations of the 'International Financial Reporting Interpretations Committee' ('IFRIC'), issued as of 30 June 2019 and approved by the European Union ('EU').

These are fully in line with the standards and interpretations published by the 'International Accounting Standards Board' ('IASB') applicable as of 30 June 2019. The Consolidated Financial Statements have also been prepared in accordance with the spirit and provisions of the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

The Consolidated Financial Statements are prepared in Euros, and presented in thousands of euro.

The Consolidated Financial Statements have been prepared with application of the historical cost convention, except for the following assets and liabilities, which are measured at fair value: investment properties, investment properties held for sale, financial assets and liabilities held for hedging purposes or not (mainly derivatives), put options granted to non-controlling shareholders and equity-accounted investments.

The Consolidated Financial Statements have been prepared in accordance with accrual accounting principles on a going concern basis.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires significant judgment in the application of accounting policies (including the classification of lease contracts, identification of business combinations, and calculation of deferred taxes) and the use of certain accounting estimates (such as impairment tests involving goodwill). Underlying assumptions are based on prior experience, input from third parties (notably real estate experts), and on other relevant factors. Actual results may vary on the basis of these estimations. Consequently, the assumptions and estimates are regularly revisited and modified as necessary.

The new and amended standards and interpretations listed below are obligatory and have been applied by the Group since 1 July 2018 and have no impact on the Consolidated Financial Statements presented for the 2018/2019 financial year:

- IFRIC 22 (new) – Foreign Currency Transactions and Advance Consideration;
- IAS 40 (amended) – Transfers of Investment Property;
- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions;
- IFRS 4 (amended) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- IFRS 15 (amended) – Revenue from Contracts with Customers;
- IAS 1 (amended) – Disclosure Initiative;
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 16 and IAS 41 (amended) – Bearer Plants;
- IAS 27 (amended) – Equity Method in Separate Financial Statements;
- IFRS 10, IFRS 12 and IAS 28 (amended) – Investment Entities: Applying the Consolidation Exception;

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

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

- IFRS 9 – Financial Instruments:
  IFRS 9 was published by IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 contains the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and the general hedge accounting. IFRS 9 will replace most parts of IAS 39 – Financial Instruments: Recognition and Measurement.
  Based on an analysis of Aedifica's situation as of 30 June 2019, IFRS 9 did not have a material impact on the statutory or consolidated financial statements. With respect to the impairment of financial assets measured at amortised cost, including trade receivables, the initial application of the expected credit loss model under IFRS 9 resulted in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade receivables combined with the low associated credit risk, there was no material impact on the statutory or consolidated financial statements.
- IAS 40 (amended) – Transfers of Investment Property;
- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions;
- IFRS 4 (amended) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- IFRS 15 (clarification) – Revenue from Contracts with Customers;
- Annual improvements to IFRS Standards 2014-2016 Cycle, issued in December 2016;
- IFRIC 22 (new) – Foreign Currency Transactions and Advance Consideration.

Several new standards, as well as amendments and interpretations related to existing standards have been issued and will become mandatory for application in financial years beginning on or after 1 July 2019. These changes, which the Aedifica group has not adopted anticipatively, include the following (as of 16 July 2019):

- IFRS 16 – Leases (effective 1 January 2019 and applied by the Group as from 1 July 2019):
  IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It superseded IAS 17 – Leases and related interpretations upon its effective date. Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.
  As Aedifica is almost exclusively acting as lessor, IFRS 16 did not have a material impact on the consolidated financial statements. In the limited cases where Aedifica is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions (e.g. lease of cars, property used by the Group, etc.), a right-of-use asset and related liability will be recognised on the consolidated balance sheet. The total capitalized amount resulting from the application of IFRS 16 will correspond to the net present value of the company cars and the building used as an office by the Group. The impact on the consolidated balance sheet as of 30 June 2019 would amount to €2.2 million. This value will be amortised on a straight-line basis over the term of the contracts. A liability corresponding to the net present value will be recognised in return. The debt will be amortised according to the 'effective interest rate method'.

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

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

Note 2.2: Summary of significant accounting policies

The main significant accounting policies applied during the preparation of the Consolidated Financial Statements are presented below. These methods were applied consistently to all previous financial years.

The numbering of the paragraphs below refers to the lines presented on the balance sheet and income statement.

Consolidation principles – Subsidiaries

All entities for which Aedifica (directly or indirectly) holds more than half of the voting rights or has the power to control operations are considered subsidiaries and included in the scope of comprehensive consolidation. The comprehensive consolidation consists of incorporating all assets and liabilities of subsidiaries, as well as income and expenses. Minority interests are included in a separate line of the balance sheet and the income statement. In accordance with IFRS 10, subsidiaries are fully consolidated as from the date on which control is transferred to the Group; they are de-consolidated as from the date that control ceases. All intercompany transactions, balances, and unrealised gains and losses on transactions between the Group's companies are eliminated.

Consolidation principles – Associates and joint-ventures

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

Foreign currency

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

Consolidation of foreign entities

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

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

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

I.A. Goodwill

Business combinations are recognized using the purchase method in accordance with IFRS 3. The excess of the acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition is recognized as goodwill (an asset). In the event that this value is negative, it is recognized immediately in profit. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

I.B. Intangible Assets

Intangible assets are capitalised as assets at their acquisition cost and are amortised using the straight-line method at annual rates between 14.29 % (7 years) and 33 % (3 years).

I.C. Investment Properties

1. Initial recognition

1.1. Acquisition value

If the acquisition of a building takes place by cash payment, through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issuance of new shares, by merger through takeover of a property, or by a partial de-merger, the deed costs, audit and consultancy costs, reinvestment bank fees, costs of lifting security on the financing of the absorbed company, and other costs relating to the merger are also considered part of the acquisition cost and capitalised in the asset accounts on the balance sheet.

1.2. Fair value

Properties in the Group's portfolio or which enter into its portfolio, either with payment in cash or in kind, are valued by independent experts at their fair value.

The fair value of investment properties located in Belgium is calculated as follows:

- buildings with an investment value greater than €2.5 million: Fair value = investment value / (1+ the average transaction cost defined by the BE-REIT Association);
- buildings with an investment value less than €2.5 million:
  1) where the expert considers that the building can be divided and sold in separate units (notably individual apartments), the fair value is defined as the lower of the separated investment value / (1 + % transfer tax levied in the region where the building is located) and the investment value / (1+ the average transaction cost defined by the BE-REIT Association);
  2) where the expert considers that the building cannot be divided and sold in separate units, the fair value is the investment value / (1 + % transfer tax levied in the region where the building is located).

The average transaction cost defined by the BE-REIT Association is revised annually and adjusted as necessary in increments of 0.5 %. Experts attest to the percentage deducted and retained in regular reports to shareholders; it currently amounts to 2.5 %.

The fair value of investment properties located abroad take into account locally applicable legal costs.

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

1.3. Treatment of differences at the time of acquisition

If, for acquisitions such as those defined in section IC 1.1 ('Acquisition value') above, the fair value determined by the independent expert is different than the acquisition value defined in section I.C.1.1, the difference is booked in the income statement under line 'XVIII. Changes in fair value of investment properties'.

2. Accounting for works projects (subsequent expenditures)

Costs incurred by Aedifica for works carried out on investment properties are accounted for using one of two distinct methods, depending on the nature of the costs. The cost of repairs and maintenance, which neither add new functionality nor constitute a significant enhancement or upgrade to the building, are recognised as expenses as incurred and, thus, deducted from profit for the year. Subsequent expenditures related to two types of works projects are capitalised as assets on the Company's balance sheet:

a) major renovations and extensions: these usually take place every 25 to 35 years and represent an almost complete renovation of the building, often reusing parts of the original building and applying the most up-to-date building techniques. Upon completion of these major renovation projects, the buildings are considered as new and are presented as such in the real estate portfolio.

b) upgrades: these consist of occasional works that add new functionality, increase capacity, or significantly enhance or upgrade the building, making it possible to raise rents, and thus increasing the building's estimated rental income.

The appreciation in building values as a result of these projects is generally recognised by experts, which validates the probability that future benefits will flow to the Group as a result of the investment. Thus, all costs directly attributable to these types of works projects are capitalised in assets on the balance sheet. Attributable costs include but are not limited to: direct materials, contractor fees, technical studies, and architectural fees (up to 30 June 2006, only the cost of external architects were deemed eligible; since that time, the cost of both internal and external architects is included). Any excess of these costs over fair value is recognised as an expense in the income statement.

Borrowing costs are capitalised for all qualifying works projects with duration of more than one year.

3. Recurring remeasurement and remeasurement in the event of share transactions

3.1. Depreciation

In accordance with IAS 40, Aedifica applies the fair value model and does not recognise depreciation on its properties, the rights in rem on properties, or on properties rented to the Company under finance leases.

3.2. Share transactions

Real estate properties held by Aedifica and by the subsidiaries under its control are valued by experts each time the Company proceeds to issue new shares, list shares on the stock exchange, or repurchase shares other than through the stock exchange. While Aedifica is not bound by this valuation, any issue or repurchase price set below this level must be justified (in the form of a special report).

A new valuation is not required when a share issuance falls within four months of the last valuation of the property concerned, so long as the experts confirm that neither the economic situation nor the physical state of the property make a new valuation necessary.

3.3. Quarterly revaluations

Real estate experts perform a calculation of fair value at the end of the first three quarters of the financial year based on the conditions of the properties and on fluctuations observed in the real estate market. This valuation is carried out on a building-by-building basis and covers Aedifica's entire real estate portfolio, including properties held by its subsidiaries.

3.4. Annual revaluation

At the end of each financial year, an expert conducts a precise valuation of the following items:

- real estate properties, properties by destination, and property rights in rem held by Aedifica and by its subsidiaries;
- options on properties held by Aedifica and its subsidiaries, as well as the properties to which these options relate;
- rights arising from contracts through which one or multiple properties are held by Aedifica (or its subsidiaries) under finance lease, as well as the underlying properties.

These valuations are binding for Aedifica and must be reflected in the accounts. Thus, the carrying amount of the properties in the accounts corresponds to the fair value at which they are assessed by Aedifica's independent experts.

3.5. Accounting for changes in fair value

Changes in the fair value of real estate properties, as determined by independent experts, arise each time the value is assessed. They are accounted for in the income statement.

4. Asset disposals

Upon disposal of an investment property, the gain or loss on disposal is recognised in the income statement, in line 'XVI. Gains and losses on disposals of investment properties'.

5. Owner-occupied investment property

Any investment property occupied by Aedifica is transferred to the line 'other tangible assets' of the balance sheet. Its fair value at the time of the transfer becomes its deemed acquisition cost. If the Company only occupies a small part of the building, the whole building is recognised as 'investment property' in the balance sheet and continues to be carried at fair value.

6. Development projects

Buildings under construction, renovation, or extension, which are considered development projects are recognised on the balance sheet at historical cost, including transfer taxes, non-recoverable VAT and indirect expenses (capitalised interest, insurance, legal fees, architectural fees, consulting fees, etc.). If the historical cost deviates from the fair value appraised by the independent expert, the deviation is recognised in the income statement in order to bring the carrying amount in line with the fair value. Costs incurred in the preliminary phase of development projects are recognised at their historical value.

I.D. Other tangible assets

Tangible assets with definite useful lives, which fall outside the scope of investment property, are initially recognised at their acquisition cost. The components approach is not applied (based on materiality criteria). Depreciation is charged on a linear basis using the pro rata temporis method. As residual values are considered marginal, accumulated depreciation is expected to cover the total acquisition cost of each item included in other tangible assets.

The following depreciation rates are applied:

- plant, machinery and equipment: 20 %;
- furniture for furnished apartments: 10 % to 20 %;
- other furniture and vehicles: 25 %;
- IT: 33 %.

I.E. Non-current financial assets

1. Hedging instruments

When a derivative provides cash flow hedges to cover a specific risk arising from a financial asset or a firm commitment or a highly probable transaction liability and meets the criteria for hedge accounting under IFRS 9, the effective portion of the income or expense is recognised directly in equity (line 'I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS'). The ineffective portion is recognised in the income statement.

When a derivative does not meet the criteria for hedge accounting under IFRS 9, it is recognised on the balance sheet at its fair value, and changes in fair value are recognised in the income statement as they occur.

2. Other financial and non-current assets

Financial assets available for sale are valued at fair value (market value if available, otherwise acquisition value). Changes in fair value are recognised in equity (under 'I.C.i. Reserve for the balance of changes in fair value of financial assets available for sale'). Receivables are valued at amortised cost.

I.H. Deferred tax assets

When a building is acquired outside of Belgium, the net income generated is subject to a foreign income tax. Deferred taxes are recognised on the balance sheet in relation to any unrealised gains (temporary difference between the fair value and the assessed value used for tax purposes of the building in question).

I.H. Participations in associates and joint-ventures

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

II.A. Assets held for sale

Properties that are considered non-strategic and which are intended to be sold are included in line II.A. They are recognised at fair value, in accordance with IFRS 5.

II.C/D/E. Receivables

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

II.G. Deferred charges and accrued income

Costs incurred during the year, which relate partially or in full to the following year, are recognised on a proportional basis as deferred charges. Revenues and portions of revenues earned over the course of one or several subsequent financial years, but which are also related to the current year, are recognised in income for the amount earned in the current year.

I.A. et II.A. Provisions
A provision is recognized on the balance sheet when the Group has an implicit or explicit legal obligation as a result of a past event, and for which it is very probable the resources will be used to extinguish this obligation. Provisions are measured by calculating the present value of expected cash flows using a market interest rate. They are reflected as a liability on the balance sheet.

I.C.b. Other non-current financial liabilities – Other
The Company can commit itself to acquire the non-controlling shareholdings owned by third parties in subsidiaries, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the balance sheet on line 'I.C.b. Other non-current financial liabilities – Other'.

I.F. Deferred tax liabilities
When a building is acquired outside of Belgium, the net income generated is subject to a foreign income tax. Deferred taxes are recognised on the balance sheet in relation to any unrealised gains (temporary difference between the fair value and the assessed value used for tax purposes of the building in question).

II.B/D/E. Current debts
Debts are recognized at amortised cost at the year-end date. Debts denominated in foreign currencies are converted into Euros using the spot rate on the year-end date. Foreign exchange gains or losses arising from the revaluation of foreign currency borrowings are recognised in the income statement, except for foreign exchange gains and losses relating to the hedging of a foreign net investment, which are recognised directly in other comprehensive income.

II.F. Accrued charges and deferred income
Damages and interests paid by a lessee for breach of contract are recognised in the income statement at the time of receipt.

I. to XV. Operating result before result on portfolio
The objective of lines I through XV is to reflect the operating profit generated by the Company's rental property portfolio, including general operating costs.

All of Aedifica's leases are classified as operating leases for which Aedifica is the lessor. Lease income is recognised on a straight-line basis over the lease term, in accordance with IAS 17.

XVI. to XVIII. Operating result
The objective of lines XVI through XVIII is to reflect in the income statement all transactions and accounting adjustments related to the value of the Company's portfolio:
- realised capital gains and losses: capital gains and losses are included in the line 'Gains and losses on disposals of investment properties';
- unrealised gains and losses (carried at fair value): changes in the portfolio's fair value are included in the income statement under 'changes in fair value of investment properties';
- commissions paid to real estate agents and other transaction costs: commissions related to the sale of buildings are deducted from the sale price in determining the gain or loss on disposal which is recognised in the operating result. Fees paid to real estate and technical experts are recognised as current expenses.

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

Generally, transfer taxes are to be paid by the person buying the building. However, in the case of 'acte en main' disposals, the transfer taxes are to be paid by the seller and are thus deducted from the sale price and the gain effectively realised.

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

Commitments and contingencies
The Board of Directors values commitments and contingencies at the nominal value of the legal obligation as stated in the contract; in the absence of a nominal value or in exceptional cases, these values are disclosed for information purposes.

Group insurance
Aedifica's insurance contracts are considered defined contribution plans. These contracts are analysed in Note 39.

Note 3: Operating segments

Note 3.1: Presented segments

The following operating segments have been identified with application of IFRS 8:

- healthcare real estate: consists mainly of rest homes and assisted-living complexes, rented to operators often under triple net long leases (which are reflected in the low operating expenses accounted for in the segment income statement);
- apartment buildings: consists of residential apartment buildings located in Belgian cities. When let, the apartments generate rental income. This segment also includes rental income from commercial ground floors and/or office space included in these buildings;
- hotels: consists of hotels rented to operators under triple net long leases.

These three operating segments are consistent with the internal reports provided to the Group's chief operating decision-makers, as required under IFRS 8. The accounting policies presented in Note 2 are used for internal reporting purposes, including segment reporting.

All revenues are earned from external clients located all over Europe, including Belgium (€66,186 k), Germany (€21,354 k), the Netherlands (€15,800 k) and the United Kingdom (€15,073 k), and all non-current assets are located all over Europe, including Belgium (€1,033,748 k), Germany (€406,160 k), the Netherlands (€354,080 k) and the United Kingdom (€526,960 k). In 2017/2018, all revenues are earned from external clients located all over Europe, including Belgium (€65,968 k), Germany (€15,593 k) and the Netherlands (€10,298 k), and all non-current assets are located all over Europe, including Belgium (€1,089,751 k), Germany (€285,398 k) and the Netherlands (€243,050 k).

Each group of entities that falls under common control is considered as a single customer under IFRS 8. Revenues generated through transactions with a single customer representing more than 10 % of the Company's total revenues must be disclosed. This requirement applies to:

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

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

Note 3.2: Segment information

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

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

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

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

Note 4: Rental income

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

The Group rents its buildings exclusively under operating leases.

The increase in rents earned is linked to the portfolio's growth during the 2018/2019 financial year.

The schedule of future minimum lease payments to be collected under non-cancellable operating leases required by IAS 17 is based on the following assumptions, which are extremely conservative:

- commercial and office leases: termination of leases after one and a half years on average.
- long-term leases (senior housing): no inflation.

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

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

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

Note 5: Rental-related charges

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

Note 6: Recovery of property charges

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

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

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

Note 8: Costs payable by the tenant and borne by the landlord on rental damage and repair of lease

Aedifica has not paid any amounts justifying particular mention in relation to costs payable by tenants and borne by the landlord on rental damage and/or repairs at the end of the lease term.

Note 9: Rental charges and taxes normally paid by tenants on let properties

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

Note 10: Other rental-related income and charges

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

Note 11: Technical costs

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

Note 12: Commercial costs

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

Note 13: Charges and taxes on unlet properties

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

Note 14: Property management costs

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

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

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

Note 15: Other property charges

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

Note 16: Overheads

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

Note 17: Other operating income and charges

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

In 2018, other operating income and charges include a non-recurrent income of €2.0 million. This income results from an agreement with an operator regarding the disposal of its operational activities to another operator.

Note 18: Gains and losses on disposals of investment properties

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

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

Note 19: Gains and losses on disposals of other non-financial assets

Over the course of the current and previous financial years, Aedifica has not recognised any gains or losses from the sale of other non-financial assets.

Note 20: Changes in fair value of investment properties and other result on portfolio

Changes in fair value of investment properties:

(x €1,000)	2019	2018
Positive changes	110,366	35,900
Negative changes	-47,049	-20,882
TOTAL	**63,317**	**15,018**
of which: marketable investment properties	76,382	25,226
development projects	-13,065	-10,208

Other result on portfolio:

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

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

Note 21: Financial income

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

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

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

Note 22: Net interest charges

(x €1,000)	2019	2018
Nominal interest on borrowings	-11,180	-9,209
Charges arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-1,925	-2,362
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-5,103	-3,229
Subtotal	-7,028	-5,591
Income arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	0	0
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	0	0
Subtotal	0	0
Capitalised borrowings costs	1,083	483
Other interest charges	-68	-4
TOTAL	**-17,193**	**-14,321**

Charges and income arising from hedging instruments represents Aedifica's cash interest receipts or payments related to derivatives presented in Note 32 and detailed in Note 33. Changes in the fair value of these derivatives are listed in Note 47 and recognised in the income statement.

Note 23: Other financial charges

(x €1,000)	2019	2018
Bank charges and other commissions	-2,511	-1,478
Other	-618	-74
TOTAL	**-3,129**	**-1,552**

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

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

Note 24: Corporate tax

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

The corporate taxes are composed of current taxes and deferred taxes.

Current taxes consist primarily of Belgian tax on Aedifica's non-deductible expenditures (since Belgian REITs benefit from a specific tax regime, leading to the taxation of only non-deductible costs, such as regional taxes, car costs, representation costs, social costs, donations, etc.), tax generated abroad and tax on the result of the consolidated subsidiaries.

Deferred taxes arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. This deferred tax (with no monetary impact, that is to say, non-cash) is thus excluded from the EPRA Earnings* (see Note 54).

In 2018, the exit tax' positive change is attributed to the reduced tax rate on capital gain (from 16.995 % to 12.75 %).

Note 25: Exit tax

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

Note 26: Earnings per share

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

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

Aedifica uses EPRA Earnings* to comply with the EPRA's recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS (see Note 57). In Aedifica's case, it represents the profit (attributable to owners of the Parent) after removing changes in fair value of investment properties (attributable to owners of the Parent) (and the movements of deferred taxes related to these), hedging instruments and the result of the sale of investment properties.

Profit excluding changes in fair value is calculated as follows:

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

The calculation in accordance with the model recommended by EPRA is included in the EPRA chapter of the Annual Financial Report.

Note 27 : Goodwill

(x €1,000)	2019	2018
Gross value at the beginning of the year	2,191	1,856
Cumulative impairment losses at the beginning of the year	-335	0
Carrying amount at the beginning of the year	**1,856**	**1,856**
Additions / Transfer	-1,856	335
Impairment losses	0	-335
CARRYING AMOUNT AT THE END OF THE YEAR	**0**	**1,856**
of which: gross value	335	2,191
cumulative impairment losses	-335	-335

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

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

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

Note 28: Intangible assets

All intangible assets (consisting mainly of computer software) have a fixed useful life. Amortisation is recognised in income under the line ‘overheads’.

(x €1,000)	2019	2018
Gross value at the beginning of the year	833	645
Depreciation and cumulative impairment losses at the beginning of the year	-532	-424
Carrying amount at the beginning of the year	**301**	**221**
Entries: items acquired separately	228	188
Disposals	-1	0
Amortisations	-122	-108
CARRYING AMOUNT AT THE END OF THE YEAR	**407**	**301**
of which: gross value	1,061	833
amortisations and cumulative impairment losses	-654	-532

Note 29: Investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS OF 1/07/2017	**1,523,235**	**17,174**	**1,540,409**
Acquisitions	127,250	0	127,250
Disposals	-14,728	0	-14,728
Capitalised interest charges	0	482	482
Capitalised employee benefits	0	85	85
Other capitalised expenses	3,677	63,900	67,577
Transfers due to completion	36,250	-36,250	0
Changes in fair value (see Note 20)	25,226	-10,208	15,018
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	370	0	370
CARRYING AMOUNT AS OF 30/06/2018	**1,701,280**	**35,183**	**1,736,463**
CARRYING AMOUNT AS OF 1/07/2018	**1,701,280**	**35,183**	**1,736,463**
Acquisitions	698,727	13,424	712,151
Disposals	-291,407	0	-291,407
Capitalised interest charges	0	1,083	1,083
Capitalised employee benefits	0	92	92
Other capitalised expenses	6,413	101,191	107,604
Transfers due to completion	86,441	-86,441	0
Changes in fair value (see Note 20)	76,382	-13,065	63,317
Other expenses booked in the income statement	0	0	0
Transfers to equity	-12,162	-262	-12,424
Assets classified as held for sale	-1,170	0	-1,170
CARRYING AMOUNT AS OF 30/06/2019	**2,264,504**	**51,205**	**2,315,709**

Determination of fair values depends on market factors and is based on valuations provided by valuation experts who hold relevant and recognised professional qualifications and recent experience in the geographic areas and property types included in the Group’s portfolio. All investment properties are located in Belgium, the United Kingdom, Germany and the Netherlands.

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

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

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

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

All investment properties are considered to be at 'level 3' on the fair value scale defined under IFRS 13. This scale includes three levels: Level 1: observable listed prices in active markets; Level 2: observable data other than the listed prices included in level 1; Level 3: unobservable data. During the 2018/2019 financial year, there were no transfers between level 1, level 2 and level 3.

The valuation methodologies (approach under which a capitalisation rate is applied to the estimated rental value and another based on the present value of future cash flows) are described in section 1.11 of the standing documents of the 2018/2019 Annual Financial Report.

The quantitative information presented below in relation to the determination of the fair value of investment properties based on unobservable data (level 3) is taken from various reports produced by the valuation experts:

Type of asset	Fair value as of 30 June 2019 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Healthcare real estate	**2,269,744**	**DCF & Capitalisation**	ERV / m²	39	543	143
			m²	353	57,181	6,548
			Inflation	1.5%	2.0%	1.7%
			Discount rate	4.3%	7.8%	5.8%
			Capitalisation rate	4.2%	10.0%	6.0%
			Residual maturity (year)	2	33	21
Development projects	**51,205**	**DCF & Capitalisation**	ERV / m²	85	229	161
			m²	1,289	17,742	5,471
			Inflation	1.5%	2.0%	1.9%
			Discount rate	4.9%	7.1%	5.9%
			Capitalisation rate	4.6%	7.5%	5.7%
			Residual maturity (year)	12	32	24
Total	**2,320,949**					

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

Type of asset	Fair value as of 30 June 2018 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Healthcare real estate	**1,430,806**	**DCF**	ERV / m²	45	309	134
			m²	353	57,181	7,892
			Inflation	1.5%	2.0%	1.7%
			Discount rate	4.6%	7.6%	5.8%
			Residual maturity (year)	2	30	22
Apartment buildings	**206,938**	**Capitalisation**	ERV / m²	71	163	118
			m²	275	13,880	5,579
			Capitalisation rate	4.3%	6.2%	4.9%
Hotels	**67,606**	**DCF**	ERV / m²	51	156	130
			m²	320	11,369	8,010
			Inflation	1.5%	1.5%	1.5%
			Discount rate	6.7%	8.6%	6.9%
			Residual maturity (year)	2	30	25
		Capitalisation	ERV / m²	0	0	0
			Capitalisation rate	0.0%	0.0%	0.0%
Development projects	**35,183**	**DCF**	ERV / m²	81	242	174
			m²	1,466	7,310	3,807
			Inflation	1.5%	2.0%	1.6%
			Discount rate	5.4%	6.9%	6.3%
			Residual maturity (year)	13	28	21
Total	**1,740,533**					

In accordance with legal provisions, properties are revalued four times per year based on valuation reports prepared by the six valuation experts appointed by the Company. These valuations are based on:

- information provided by the Company such as contractual rents, rental contracts, investment budgets, etc. These data are extracted from the Company's information system and are thus subject to the Company's internal control environment.
- assumptions and valuation models used by the valuation experts, based on their professional judgment and market knowledge.

Reports provided by the valuation experts are reviewed by the Company's Senior Valuation & Asset Manager, the Group Controller and the Executive Managers. This includes a review of the changes in fair value over the period. When the Executive Managers consider that the valuation reports of the valuation experts are coherent, the valuation report is submitted to the Audit Committee. Following a favourable opinion of the Audit Committee, these reports are submitted to the Board of Directors.

The sensitivity of the fair value measurement to a change of the abovementioned unobservable data is generally as follows (all else being equal):

Unobservable inputs	Effect on the fair value	
	in case of decrease of the unobservable input value	in case of increase of the unobservable input value
ERV / m²	negative	positive
Capitalisation rate	positive	negative
Inflation	negative	positive
Discount rate	positive	negative
Residual maturity (year)	negative	positive

Interrelations between unobservable data are possible, as they are determined in part by market conditions.

Note 30: Development projects

This Note became redundant with the introduction of the revised IAS 40 'Investment Property' on 1 July 2009. Changes in development projects are now covered in Note 29. Development projects are also described in detail in section 4.2. of the Property Report included in the 2018/2019 Annual Financial Report.

Note 31: Other tangible assets

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

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

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

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

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

Assets and liabilities recognised at fair value through profit or loss consist principally of hedging instruments for which hedge accounting in the sense of IFRS 9 is not applied. However, they serve to hedge against interest rate risks. Cash flows generated by all hedges, and/or changes in the fair value recognised in income are covered in Notes 22 and 47.

The other liabilities recognised at fair value through profit or loss (€4,604 k; 30 June 2018: €4,389 k) include the put options granted to non-controlling shareholders (see Notes 47 and 56).

Note 33: Hedges

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

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

1. Framework

1.1 Management of interest rate risk

All hedges ('interest rate swaps' or 'IRS', caps and collars) are related to existing or highly probable risks. Aedifica applies hedge accounting to previously negotiated derivatives that meet the criteria to allow hedge accounting. In accordance with market practices, Aedifica has chosen not to apply hedge accounting to recently negotiated derivatives, even if they meet those strict criteria. Neither does the Group apply hedge accounting to previously negotiated derivatives that do not meet those criteria. Nevertheless, all derivatives provide economic hedging against interest rate risk, regardless of their accounting method. All hedges are provided in the framework of the hedging policy set out in Note 44. The fair value of hedges is computed by banks based on the present value of expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk ('DVA' or 'Debit Valuation Adjustment') and the counterparty credit risk ('CVA' or 'Credit Valuation Adjustment'). The table below lists the hedging instruments.

INSTRUMENT Analysis as at 30 June 2018	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	Hedge accounting (yes/no)	Interest rate (in %)	Fair value (x €1,000)
IRS°	9,789	1/04/2011	3	32	Yes	4.89	-5,081
IRS°	24,829	31/07/2014	3	29	No	4.39	-9,619
IRS	15,000	1/07/2018	3	7	No	3.28	-2,980
IRS	12,000	1/07/2018	3	7	No	3.25	-2,358
IRS	8,000	1/07/2018	3	7	No	3.35	-1,626
IRS	25,000	3/04/2017	3	8	No	1.99	-2,566
IRS	25,000	2/11/2016	3	6	Yes	1.30	-1,278
IRS	25,000	2/11/2016	3	6	Yes	1.68	-1,672
Cap	50,000	1/10/2015	3	3	No	0.50	0
Cap	50,000	1/10/2015	3	4	No	0.35	3
IRS	25,000	2/11/2016	3	6	Yes	1.87	-1,875
IRS	25,000	3/10/2016	3	5	No	2.88	-2,728
Cap	50,000	1/07/2016	3	4	No	0.50	2
Cap	100,000	1/11/2017	3	2	No	0.50	2
Cap	50,000	1/07/2017	3	4	No	0.50	39
Cap	50,000	1/11/2016	3	5	No	0.50	203
Cap	50,000	1/01/2019	3	2	No	0.35	52
Cap	50,000	1/11/2019	3	2	No	0.50	202
Cap	50,000	1/11/2017	3	4	No	0.25	277
IRS	75,000	2/01/2020	3	2	Yes	0.33	-243
IRS	50,000	1/01/2021	3	3	Yes	0.80	-266
IRS	50,000	1/01/2021	3	2	Yes	0.64	-155
IRS	50,000	1/11/2019	3	3	Yes	0.39	-176
IRS	50,000	1/11/2019	3	5	Yes	0.78	-578
IRS	50,000	3/01/2022	3	1	Yes	0.65	-8
IRS	50,000	3/01/2022	3	2	Yes	0.73	31
CAP	50,000	1/11/2017	3	2	No	0.00	25
CAP	50,000	1/11/2017	3	2	No	0.00	25
CAP	100,000	1/04/2019	3	2	No	0.25	192
CAP	100,000	1/01/2019	3	2	No	0.00	216
CAP	100,000	1/01/2019	3	3	No	0.00	423
TOTAL	**1,469,618**						**-31,518**

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

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

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

The total notional amount of €1,472 million presented in the table above is broken down as follows:
- operational and active instruments: €172 million;
- operational instruments which became out of the money (caps): €450 million;
- instruments with forward start: €850 million.

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

1.2 Management of foreign exchange risk

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

2. Derivatives for which hedge accounting is applied

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

The amounts recorded in equity will be transferred to net finance costs, in line with the payment of interest on the hedged financial debt, between 1 July 2019 and 31 July 2043.

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

3. Derivatives for which hedge accounting is not applied

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

4. Sensitivity analysis

The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain a part of the change in the fair value of hedging instruments between 1 July 2018 and 30 June 2019, which led to the recognition of a loss of €6,581 k in the income statement and a loss of €8,513 k directly in equity.

A change in the interest rate curve would impact the fair value of instruments for which hedge accounting is applied (in accordance with IFRS 9), and recognised in equity (line 'I.C.d. Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS'). All else being equal, a positive change of 10 bps in the interest rate curve at the balance sheet date would have had a positive impact on equity in the amount of €2,832 k (30 June 2018: €1,389 k). A negative change of 10 bps in the interest rate curve at the balance sheet date would have had a negative impact on equity in the same amount (approximatively). The impact of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IFRS 9 is not applied, cannot be determined as precisely, since options can be embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the 'mark-to-market' value of these instruments to an increase of 10 bps in the interest rate curve is estimated at approx. +€1,220 k (30 June 2018: +€517 k) in the income statement. A decrease of 10 bps in the interest rate curve would have a negative impact on the income statement in the same range.

Note 34: Trade receivables

(x €1,000)	2019	2018
TRADE RECEIVABLES - NET VALUE	**11,216**	**7,518**

It is anticipated that the carrying amount of trade receivables will be recovered within twelve months. This carrying amount represents an estimate of the fair value of assets which do not generate interest.

The credit risk associated with trade receivables is limited thanks to the diversity of the client base and rental guarantees (2019: €31.0 million; 2018: €33.6 million) received from tenants to cover their commitments. In the UK, collateral on the companies is used as a guarantee. The carrying amount on the balance sheet is presented net of the provision for doubtful debts. Thus, the risk of exposure to credit risk is reflected in the carrying amount of receivables recognised on the balance sheet.

Trade receivables are analysed as follows:

(x €1,000)	2019	2018
under 90 days	2,741	787
over 90 days	389	326
Subtotal	3,130	1,113
Not due	8,127	6,515
Write-downs	-41	-110
CARRYING AMOUNT	**11,216**	**7,518**

Write-downs have evolved as follows:

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

Note 35: Tax receivables and other current assets

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

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

Note 36: Cash and cash equivalents

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

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

Note 37: Deferred charges and accrued income

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

Note 38 : Equity

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

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

The capital has thus evolved as follows:

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	17,975,820	474,342
Capital increase of 7 June 2018	225,009	5,937
Situation at the end of the previous year	**18,200,829**	**480,280**
Capital increase of 20 November 2018	240,597	6,349
Capital increase of 7 May 2019	6,147,142	162,209
Capital increase of 20 June 2019	12,590	332
Situation at the end of the year	**24,601,158**	**649,170**

Equity is presented above before subtracting the costs of raising capital; the equity value presented on the balance sheet in accordance with IFRS is shown net of these costs.

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

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

Capital increases are detailed in the 'Standing Documents' included in the 2018/2019 Annual Financial Report. All subscribed shares are fully paid-up, with no par value. The shares are registered, bearer, or dematerialised shares and grant one vote.

Aedifica NV/SA holds no treasury shares.

The Board of Directors is authorised to raise share capital through one or a series of issuances up to a maximum amount of:

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

it being understood that the share capital can never be increased within the framework of the authorised capital in excess of €374,000,000 on the dates and following the procedures established by the Board, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted to the Board of Directors for a period of 5 years from the publication date in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 28 October 2016. Each time new shares are issued, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares (unless such decisions are made by shareholders at the Annual General Meeting). Increases in share capital decided upon by the Board of Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases can equally be realised through the issuance of convertible debt securities or subscription rights.

As of 30 June 2019, the remaining balance of the authorised capital amounts to:

- 1) €116,922,135.53 if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right;
- 2) €60,441,140.21 for any other type of capital increase.

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

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

Calculated in accordance with Article 617 of the Belgian Companies Code and given the Royal Decree of 13 July 2014, reserves available for distribution (statutory) amount to €34,221 k as of 30 June 2019, after taking into account the dividend proposed above (2018: €24,226 k). Detailed calculations are provided in the notes to the attached Abridged Statutory Accounts.

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

Note 39: Provisions

Aedifica contributes to a number of defined contribution plans in Belgium, which are open to new beneficiaries. These include funded pension schemes for all beneficiaries, i.e. staff members, Management and members of the Management Committee (Executive Managers). These schemes are managed through private insurances plans with a guaranteed return. No personal contributions from the beneficiaries are required.

On 23 October 2015, the Belgian government formally approved the 'Group of 10' proposal regarding the guaranteed return on defined contributions plans; the new law of 18 December 2015 was published on 24 December 2015. For classic 'branch 21' insurance contracts, the new guaranteed return applies to future contributions (from the employer and from the employee) paid as from 1 January 2016, but the old guarantee (3.25% on the contributions paid by the employer and 3.75% on the contributions paid by the employee) remains to be granted on the built up minimum reserve at 31 December 2015. The new guaranteed return is based on Belgian government bonds with a duration of 10 years (OLO10) with a minimum of 1.75% and a maximum of 3.75%. At this moment (since 1 January 2016), a minimum return of 1.75% applies. This could generate a liability in the balance sheet of the employer. This guarantee is not applicable to the scheme applicable for the members of the Management Committee that are self-employed.

Under these schemes, Aedifica had externalised assets amounting to €449 k as of 30 June 2019. During the 2019/2020 financial year, the expected contribution for the schemes will amount to €142 k.

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

Given that the interest rates that are guaranteed by the insurers have decreased below the level of 3.25 % since 2013 and below the level of 1.75 % since June 2015, there is a risk for future underfunding, however this risk is limited in view of the externalised assets.

The amounts recognised as an expense for the long-term benefits granted the members of the Management Committee are detailed in the Remuneration Report included in the 2018/2019 Annual Financial Report.

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

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

Note 40: Borrowings

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

As of 30 June 2019, Aedifica benefits from committed credit facilities (financial liabilities carried at amortised cost according to IFRS 9 and presented as current and non-current financial debts on the balance sheet) issued by sixteen credit providers, of which thirteen banks (ABN AMRO Bank, Bank für Sozialwirtschaft, Bank Degroof Petercam, Banque Européenne du Crédit Mutuel, Belfius Bank, BNP Paribas Deutschland, BNP Paribas Fortis, Caisse d'Epargne et de Prévoyance Nord France Europe, Deutsche Postbank, ING Belgium, J.P. Morgan Securities, KBC Bank and Triodos Bank), an insurance company (Argenta Assuranties), a savings bank (Argenta Spaarbank) and a syndicated banking group, totalling €1,404 million:

- Aedifica can use up €1,155 million depending on its needs, so long as the debt-to-assets ratio does not exceed 60 % and other covenants (in line with market practice) are met. Each withdrawal is made in Euros for a period of up to twelve months, at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- In order to finance the acquisition of the healthcare portfolio in the United Kingdom, Aedifica established a bridge facility in December 2018, which was used on 31 January 2019. This bridge facility has a maturity of 12 months and comprises two tranches of €180 million and £150 million, indexed on the basis of Euribor and LIBOR, respectively. On 8 May 2019, the tranche in Euro was repaid with the proceeds of the capital increase. The tranche in Brittish pound was included in the current financial debts for an amount of €167 million.
- Aedifica also benefits from amortising facilities amounting to €45 million at fixed rates between 1.1 % and 6.0 % and €37 million at variable rate.

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

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

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

As of 30 June 2019, the Group has neither pledged any Belgian, Dutch or Brittish buildings as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 11 of the 49 buildings in Germany are linked to a mortgage, respecting the requirements laid down in Article 43 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies.

The classification between current financial debts and non-current financial debts is made based on the maturity dates of the underlying credit facilities on which the drawings are made, rather than on the maturity date of the individual drawings.

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

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

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

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

Note 41: Trade payables and other current debts

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

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

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

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

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

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

Note 42: Accrued charges and deferred income

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

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

Note 43: Employee benefits expense

Total employee benefits (excluding Executive Managers and Directors presented in Note 16) are broken down in the income statement as follows:

(x €1,000)	2019	2018
Cleaning costs (see Note 10)	-137	-186
Technical costs (see Note 11)	-486	-583
Commercial costs	-59	-83
Overheads (see Note 16)	-2,934	-2,418
Property management costs (see Note 14)	-1,562	-1,127
Capitalised costs	-92	-85
TOTAL	**-5,270**	**-4,482**

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

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

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

Note 44: Financial risk management

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

1. Debt structure

Aedifica's debt-to-assets ratio (as defined in the Royal Decree of 13 July 2014 on Belgian RRECs) is included in section 3.3 of the Management Report included in this Annual Financial Report. As of 30 June 2019, it amounts to 36.7 % on statutory level and to 37.2 % on consolidated level. This section also discloses the maximum ratio permitted before the Company reaches the maximum debt-to-assets ratio permitted for Belgian REITs (65 % of total assets) or arising due to bank covenants (60 % of total assets). The debt-to-assets ratio is monitored on a quarterly basis and its evolution is estimated during the approval process of each major investment project. When the debt-to-assets threshold of 50 % is exceeded, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the maximum permissible threshold of 65 % (Article 24 of the Royal Decree of 13 July 2014). In April 2019, Aedifica submitted such a financial plan to the FSMA after the consolidated debt-to-assets ratio had exceeded the 50 % threshold. With regard to this financial plan, the statutory auditor issued a special report in which he confirmed that he verified the preparation of the plan (in particular in terms of its economic basis) and that the figures of this plan correspond to those in Aedifica's accounts. The main objective of this financial plan was to reduce the consolidated debt-to-assets ratio by way of a public offer to subscribe for new shares in the context of a capital increase in cash. This capital increase was successfully completed on 7 May 2019 (see section 2.1.4 of the Management report), reducing the consolidated debt-to-assets ratio to 37.2 % (on 30 June 2019), well below the 50 % threshold. The Company has stated in each of its last five Securities Notes (2010, 2012, 2015, 2017 and 2019) that it intends to maintain an appropriate long-term debt-to-assets ratio of approx. 50 % to 55 %.

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

As of 30 June 2019, Aedifica has neither pledged any Belgian, Dutch or British building as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 11 out of 49 buildings in Germany are linked to a mortgage as of 30 June 2019, respecting the requirements laid down in Article 43 of the Belgian Law of 12 May 2014 (the total amount that is linked to a mortgage cannot exceed 50 % of the total fair value and no mortgage linked to a certain building can exceed 75 % of that building's value). In the context of supplementary financing, it is possible that additional mortgages will be obtained.

2. Liquidity risk

Aedifica enjoys a strong and stable relationship with its financial institutions, which form a diversified pool, comprising an annually increasing number of European institutions. Details of Aedifica's credit facilities are disclosed in Note 40.

As of 30 June 2019, Aedifica has drawn €744 million (2018: €742 million) from the total amount of €1,404 million in available confirmed financing arrangements. The remaining headroom of €660 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2019/2020 financial year. The financial plan for 2019/2020 includes total net investments of approx. €535 million. These are mainly payments related to the pipeline of development projects (approx. €260 million), payments related to the acquisitions announced since 1 July 2019 (€60 million) and other potential investments for an amount of €215 million.

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

Given the regulatory status of Belgian REITs/RRECs, and the type of property in which Aedifica invests, the risk of non-renewal of mature credit facilities is remote even in the context of a credit crunch, except in the event of unforeseen and extreme circumstances. However, there is a risk that credit margins may increase after the maturity date of these credit lines.

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

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

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

As at 30 June 2019 (x €1,000)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-2,432	-14,092	-3,844	-20,369
Derivatives for which hedge accounting is not applied	-3,456	-14,710	-9,091	-27,257

As at 30 June 2018 (x €1,000)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-3,359	-10,986	-3,414	-17,760
Derivatives for which hedge accounting is not applied	-2,121	-8,008	-7,372	-17,501

3. Interest rate risk

Almost all of Aedifica's financial debts are floating-rate borrowings. This allows Aedifica to benefit from low interest rates on the non-hedged part of its borrowings. To mitigate the risk of increasing interest rates, Aedifica follows a policy aimed at securing for a period of several years the interest rates related to at least 60 % of its current or highly probable indebtedness. It should be noted that the Company assumed certain fixed-rate debts which came from pre-existing investment credits tied to real estate companies which were acquired or absorbed by the Company. As of 30 June 2019, 98 % (30 June 2018: 95 %) of the amounts drawn in euro on variable-rate credit lines were hedged by hedging instruments (swaps and caps). Including the credit lines in British pounds, the hedging rate is 78 %.

This policy is supported by the fact that an increase in nominal interest rates, when not coupled with a simultaneous increase in inflation, implies an increase in real interest rates that cannot be offset by increasing rental incomes through indexation alone. Moreover, in case of accelerating inflation, there is a delay between the timing of the increase of the nominal interest rates and the timing of the indexation of rental incomes.

For example: assuming that the structure and level of financial debts remain unchanged, and assuming that no hedges have been entered into, simulations show that a 100 bps positive deviation (increase) in the 2018/2019 interest rates over the forecast rates would lead to an approx. additional €5.8 million interest expense for the year ended 30 June 2020. Taking into account the hedging instruments at present, the interest expense would amount to just €1.7 million.

In order to manage the interest rate risk, Aedifica has put in place hedges (interest rate swaps and caps). All hedges are entered into with leading banks and relate to existing or highly probable risks. An analysis of the Group's hedges is provided in the Management Report and in Note 33. The hedges can be entered into for long periods; however, hedge agreements include provisions (in line with market practice) that could lead the issuing banks to terminate the hedges early or initiate margin calls (in cash for example) in their own favour in certain circumstances.

Changes in the interest rate curve have a limited impact on the future interest expense, since at least 60 % of the financial debts are hedged by IRS or caps. Each change in the interest rate curve has an impact on the fair value of hedging instruments against income statement and/or equity (balance line 'I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS'). A sensitivity analysis is provided in Note 33.

Certain external developments could cause an increase of the credit spreads at the Group's expense, in accordance with the 'increased cost' clauses included in the banking agreements. Such clauses allow the lending banks to increase the cost price of the granted credit, among other things, in case these banks are subjected by their supervisory authority to more severe solvability, liquidity or other capital requirements. However, it should be noted that during the crises which have hit the financial markets since 2007, no bank has ever invoked one of these clauses towards the Group. However, this cannot be seen as a safeguard for the future.

4. Banking counterparty risk

Signing a credit facility or hedging instrument with a bank generates a counterparty risk in the event of counterparty default. In order to mitigate this risk, Aedifica trades with several leading national and European banks to diversify its funding and hedging sources, while remaining cautious about the balance between cost and quality of the services provided, it being understood that the counterparty risk cannot be excluded and the failure by one or more of Aedifica's financing or hedging counterparties could have a negative impact on the Group's assets, operations, financial position and prospects.

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

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

5. GBP/EUR exchange rate risk

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

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

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

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

6. Budgeting and financial planning risk

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

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

Note 45: Contingencies and commitments

1. Commitments

The acquisition values mentioned below respect the requirements laid down in Article 49 § 1 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies (at the time of the signing of the agreements which generated the commitment).

1.1 Renovation of the Plantijn rest home in Kappelen (Belgium)

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

1.2 Extension of the Aux Deux Parcs rest home in Jette (Belgium)

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

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

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

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

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

1.5 Renovation of the Frohnau rest home in Berlin (Germany)

Aedifica Luxemburg IV SCS committed to finance the renovation of the rest home for a budget of approx. €1 million. Works are being prepared.

1.6 Renovation of the Residenz Zehlendorf rest home in Berlin (Germany)

Aedifica Luxemburg VI SCS committed to finance the renovation of the rest home for a budget of approx. €6 million. Works are currently in progress.

1.7 Construction of the LTS Winschoten care residence in Winschoten (The Netherlands)

Aedifica Nederland BV committed to finance the construction of a new care residence in Winschoten (The Netherlands) for a budget of approx. €13 million. The site will be operated by Stichting Oosterlengte. Works are currently in progress.

1.8 Renovation of the Seniorenresidenz Laurentiusplatz rest home in Wuppertal-Elberfeld (Germany)

Aedifica committed to finance the extension of the rest home for a budget of approx. €1 million. Works are currently in progress.

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

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

1.10 Acquisition of a rest home in Mechelen (Belgium)

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

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

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

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

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

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

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

1.14 Construction of a senior housing site in Heerenveen (The Netherlands)

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

1.15 Cooperation agreement for the construction of 1 0 rest homes in Germany)

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

1.16 Construction of two healthcare campuses in Kaltenkirchen and Schwerin (Germany)

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

1.17 Construction of four healthcare campuses in Wolfsburg, Heiligenhafen, Espelkamp and Beverstedt (Germany)

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

1.18 Renovation of the De Merenhoef rest home in Maarssen (The Netherlands)

Aedifica Nederland BV committed to finance the renovation of a rest home for a budget of approx. €1 million. The site will be operated by Stichting Leger des Heils Welzijns- en Gezondheidszorg. Works are currently in progress.

1.19 Acquisition of the Seniorenzentrum Weimar rest home in Weimar (Germany)

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

1.20 Construction of the Sorghuys Tilburg care residence in Berkel-Enschot (The Netherlands)

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

1.21 Construction of the Verpleegcentrum Scheemda rest home in Scheemda (The Netherlands)

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

1.22 Extension of the Résidence de la Paix rest home in Evere (Belgium)

Aedifica committed to finance the extension of the rest home in Evere for a budget of approx. €2 million. Works are currently being prepared.

1.23 Completion of the De Statenhof healthcare site in Leiden (The Netherlands)

Aedifica Nederland BV committed to finance the completion of the healthcare site in Leiden for a budget of approx. €2 million. Works are currently being prepared.

1.24 Renovation of the Residentie Sibelius healthcare site in Oss (The Netherlands)

Aedifica Nederland BV committed to finance the renovation of the healthcare site in Oss for a budget of approx. €9 million. Works are currently being prepared.

1.25 Renovation of the Residentie Boldershof healthcare site in Amersfoort (The Netherlands)

Aedifica Nederland BV committed to finance the renovation of the healthcare site in Amersfoort for a budget of approx. €1 million. Works are currently being prepared.

1.26 Construction of the Het Gouden Hart Harderwijk healthcare site in Harderwijk (The Netherlands)

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

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

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

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

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

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

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

1.30 Construction of a healthcare site in Plauen (Germany)

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

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

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

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

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

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

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

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

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

1.35 Earn-outs

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

2. Contingent liabilities

2.1 Credit facilities

Security has been pledged in relation to the Company’s credit agreements, and within the limits authorised by the regulation on the following buildings: SZ AGO Herkenrath, SZ AGO Dresden, SZ AGO Kreischa, Seniorenresidenz Mathilde, Die Rose im Kalletal, Seniorenresidenz Klosterbauerschaft, Senioreneinrichtung Haus Matthäus, Bonifatius Seniorenzentrum, Senioreneinrichtung Haus Elisabeth, Seniorenresidenz Am Stübchenbach and Seniorenresidenz Kierspe.

2.2 Acquisition of shares in property companies, mergers and de-mergers

Aedifica benefits from warranties provided by the sellers of shares in property companies acquired.

3. Contingent assets

3.1 Securities received on rental agreements

Aedifica benefits from rental guarantees (in line with market practice and applicable regulations), in the form of bank guarantees, restricted bank deposits or guarantor backings.

3.2 Securities received following acquisitions

In case of acquisitions, contributions in kind, mergers and de-mergers, Aedifica benefits from the declarations and securities in line with market practices.

4. Other

4.1 Sundry options

- Long leases on healthcare sites: in some cases, Aedifica has granted preferential rights, renewal rights or purchase options to the lessees/tenants. Aedifica also benefits from a number of preferential rights granted by rest homes lessees/tenants.
- Sale or purchase options (related to some development projects): in some cases, Aedifica has granted options to third parties, and/or benefits from options allowing it to sell buildings (e.g. when it appears that pieces of buildings will not be used for the development projects).

Note 46: Acquisitions and disposals of investment properties

The main investment property acquisitions of the financial year are the following:

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

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

° In order to determine the number of shares issued, the exchange ratio and/or the value of the acquired shares.

°° And consolidation date in the financial statements.

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

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

All these operations are detailed in the Management Report.

The main disposals of the financial year are the following:

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

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

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

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

The Line 'Other' represents the changes in fair value of the put options granted to non-controlling shareholders (see Notes 32 and 56).

Note 48: Related party transactions

Related party transactions (as defined under IAS 24 and the Belgian Companies Code) relate exclusively to the remuneration of the members of the Board of Directors and the Management Committee (€3,327 k in 2018/2019; €2,933 k in 2017/2018).

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

Note 49: Subsequent events

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

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

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

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

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

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

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

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

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

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

(x €1,000)	2019	2018
Profit (loss)	90,689	63,357
Depreciation	507	798
Write-downs	24	55
Other non-cash items	-1,390	4,702
Gains and losses on disposals of investment properties	-10,584	-790
Changes in fair value of investment properties	-15,117	-12,696
Roundings	0	-1
Corrected profit	64,129	55,425
Denominator° (in shares)	19,365,386	18,200,829
CORRECTED PROFIT PER SHARE° (in € per share)	**3.31**	**3.05**

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

Note 51: List of subsidiaries, associates and joint ventures

The table below presents a full list of the companies covered by Articles 114 and 165 of the Royal Decree of 30 January 2001 pertaining to the execution of the Belgian Companies Code. For the subsidiaries already present in the prior year (Aedifica Invest SA, Aedifica Invest Brugge SA, Aedifica Asset Management GmbH, Aedifica Project Management GmbH, Schloss Bensberg Management GmbH, Aedifica Residenzen Nord GmbH, Aedifica Luxemburg I SCS, Aedifica Luxemburg II SCS, Aedifica Luxemburg III SCS, Aedifica Luxemburg IV SCS, Aedifica Luxemburg V SCS, Aedifica Luxemburg VI SCS and Aedifica Nederland BV), the percentage of equity held by Aedifica is unchanged as compared to 30 June 2018, with the exception of Immobe NV/SA (in which the participation has been reduced from 100 % to 25 %) and the Belgian subsidiaries which have been integrated into Aedifica NV/SA (VSP NV/SA, VSP Kasterlee NV/SA, Het Seniorenhof NV/SA, Compagnie Immobilière Beerzelhof NV/SA, Avorum NV/SA, Coham NV/SA, Residentie Sorgvliet BVBA/SPRL, WZC Arcadia BVBA/SPRL and Dujofin BVBA/SPRL).

NAME	Country	Category	Register of corporations	Capital held (in %)
Aedifica Invest NV/SA°	Belgium	Subsidiary	0879.109.317	100
Aedifica Invest Brugge NV/SA°	Belgium	Subsidiary	0899.665.397	100
Immobe NV/SA °°°°°°°°°	Belgium	Associate	0697.566.095	25
Aedifica Asset Management GmbH°°	Germany	Subsidiary	HRB100562	100
Aedifica Project Management GmbH°°	Germany	Subsidiary	HRB111389	100
Schloss Bensberg Management GmbH°°°°°	Germany	Subsidiary	HRB47122	100
Aedifica Residenzen Nord GmbH°°	Germany	Subsidiary	HRB110850	94
Aedifica Residenzen 1 GmbH °°	Germany	Subsidiary	HRB112641	94
Aedifica Residenzen 2 GmbH °°	Germany	Subsidiary	HRB115795	94
Aedifica Luxemburg I SCS°°°	Luxembourg	Subsidiary	B128048	94
Aedifica Luxemburg II SCS°°°	Luxembourg	Subsidiary	B139725	94
Aedifica Luxemburg III SCS°°°	Luxembourg	Subsidiary	B143704	94
Aedifica Luxemburg IV SCS°°°	Luxembourg	Subsidiary	B117441	94
Aedifica Luxemburg V SCS°°°	Luxembourg	Subsidiary	B117445	94
Aedifica Luxemburg VI SCS°°°	Luxembourg	Subsidiary	B132154	94
Aedifica Nederland BV°°°°	Netherlands	Subsidiary	65422082	100
Aedifica Nederland 2 BV °°°°	Netherlands	Subsidiary	75102099	100
Residentie Verlien BVBA/SPRL °	Belgium	Subsidiary	0835.346.380	100
Résidence de la Paix NV/SA °	Belgium	Subsidiary	0437.639.056	100
Buitenheide BVBA/SPRL °	Belgium	Subsidiary	0821.165.673	100
Bremdael Invest CVOA °	Belgium	Subsidiary	0860.743.653	100
Hof van Bremdael NV/SA °	Belgium	Subsidiary	0446.5132.69	100
CHAPP Acquisition Ltd °°°°°°	Jersey	Subsidiary	124667	100
CHAPP Holdings Ltd °°°°°°	Jersey	Subsidiary	109055	100
CHAPP GP Ltd °°°°°°	Jersey	Subsidiary	109054	100
CHAPP Ltd Partnership °°°°°°	Jersey	Subsidiary	1500	100
CHAPP Nominee Nr. 1 Ltd °°°°°°	Jersey	Subsidiary	109056	100

CHAPP Nominee Nr. 2 Ltd °°°°°°	Jersey	Subsidiary	111460	100
Patient Properties (Holdings) Ltd °°°°°°	Jersey	Subsidiary	122972	100
Patient Properties (Alexander Court) Ltd °°°°°°	Jersey	Subsidiary	123677	100
Patient Properties (Heritage) Ltd °°°°°°	Jersey	Subsidiary	123684	100
Patient Properties (Beech Court) Ltd °°°°°°	Jersey	Subsidiary	123678	100
Patient Properties (Kings Court) Ltd °°°°°°	Jersey	Subsidiary	123698	100
Patient Properties (Green Acres) Ltd °°°°°°	Jersey	Subsidiary	123696	100
Patient Properties (Springfields) Ltd °°°°°°	Jersey	Subsidiary	123687	100
Patient Properties (Ashwood) Ltd °°°°°°	Jersey	Subsidiary	123701	100
Patient Properties (Fountains) Ltd °°°°°°	Jersey	Subsidiary	123683	100
Patient Properties (Blenheim) Ltd °°°°°°	Jersey	Subsidiary	123679	100
Patient Properties (Chatsworth) Ltd °°°°°°	Jersey	Subsidiary	123697	100
Patient Properties (Coplands) Ltd °°°°°°	Jersey	Subsidiary	123681	100
Patient Properties (Moorlands) Ltd °°°°°°	Jersey	Subsidiary	123695	100
Patient Properties (Knights Court) Ltd °°°°°°	Jersey	Subsidiary	123685	100
Patient Properties (Clarendon) Ltd °°°°°°	Jersey	Subsidiary	123703	100
Patient Properties (River View) Ltd °°°°°°	Jersey	Subsidiary	123686	100
Patient Properties (Coniston) Ltd °°°°°°	Jersey	Subsidiary	123702	100
Patient Properties (Ashmead) Ltd °°°°°°	Jersey	Subsidiary	123676	100
Patient Properties (Derwent) Ltd °°°°°°	Jersey	Subsidiary	123700	100
Patient Properties (Eltandia) Ltd °°°°°°	Jersey	Subsidiary	123682	100
Patient Properties (Windmill) Ltd °°°°°°	Jersey	Subsidiary	123699	100
Patient Properties (Brook House) Ltd °°°°°°	Jersey	Subsidiary	123680	100
AED Oak Acquisitions (Jersey) Ltd °°°°°°	Jersey	Subsidiary	124286	100
AED Oak Acquisitions (Ottery) Ltd °°°°°°	Jersey	Subsidiary	125192	100
AED Oak 1 Ltd °°°°°°	Jersey	Subsidiary	122233	100
AED Oak 2 Ltd °°°°°°	Jersey	Subsidiary	122234	100
AED Maple Holdings Ltd °°°°°°°	United Kingdom	Subsidiary	10978016	100
Maple Court Nursing Home Ltd °°°°°°°	United Kingdom	Subsidiary	07295828	100
Quercus (Nursing Homes) Ltd °°°°°°°	United Kingdom	Subsidiary	03672911	100
Quercus (Nursing Homes No.2) Ltd °°°°°°°	United Kingdom	Subsidiary	03852950	100
Quercus Homes 2018 Ltd °°°°°°°	United Kingdom	Subsidiary	11278772	100
Quercus Nursing Homes 2001 (A) Ltd °°°°°°°	United Kingdom	Subsidiary	04181617	100
Quercus Nursing Homes 2001 (B) Ltd °°°°°°°	United Kingdom	Subsidiary	04181611	100
Quercus Nursing Homes 2010 (C) Ltd °°°°°°°	United Kingdom	Subsidiary	07193610	100
Quercus Nursing Homes 2010 (D) Ltd °°°°°°°	United Kingdom	Subsidiary	07193618	100

° Located Rue Belliard 40 in 1040 Brussels (Belgium).
°° Located Mainzer Landstrasse 46 in 60325 Frankfurt am Main (Germany).
°°° Located rue Guillaume J. Kroll 7 in 1882 Luxembourg (Luxembourg).
°°°° Located Herengracht 466 in 1017 CA Amsterdam (The Netherlands).
°°°°° Located Im Schloßpark 10 in 51429 Bergisch-Gladbach (Germany).
°°°°°° Located 44 Esplanade in St. Helier, JE4 9WG (Jersey).
°°°°°°° Located 35 Great St. Helen's in London, EC3A 6 AP (United Kingdom)
°°°°°°°° Located Avenue Louise 331 in 1050 Brussels (Belgium).

Note 52: Belgian RREC status

(x €1,000)	2019	2018
Consolidated debt-to-assets ratio (max. 65%)		
Total liabilities	956,475	824,996
Corrections	-68,317	-43,547
Total liabilities according to the Royal Decree of 13 July 2014	888,158	781,449
Total assets	2,386,127	1,766,643
Corrections	-117	-1,692
Total assets according to the Royal Decree of 13 July 2014	2,386,010	1,764,951
Debt-to-assets ratio (in %)	**37.2%**	**44.3%**
STATUTORY PAY-OUT RATIO		
Statutory corrected profit	64,129	55,425
Proposed dividend	54,223	45,502
PAY-OUT RATIO (MIN. 80%)	**85%**	**82%**

Prohibition to invest more than 20 % of assets in real estate assets that form a single property
See section 1.4 of the 'Risk Factors' chapter of the 2018/2019 Annual Financial Report.

Valuation of investment properties by a valuation expert
Aedifica's properties are valued quarterly by the following independent valuation experts: Cushman & Wakefield Belgium NV/SA, Deloitte Consulting & Advisory CVBA/SCRL, CBRE GmbH, DTZ Zadelhoff VOF, Savills Consultancy BV and Cushman & Wakefield Debenham Tie Leung Ltd.

Note 53: Audit fees

(x €1,000)	2019	2018
Statutory (audit Aedifica SA)	39	38
Statutory audit (subsidiaries)	419	191
Opinion reports foreseen in the Belgian Companies Code (Aedifica SA)	61	15
Other opinion reports (comfort letter, etc.) (Aedifica SA)	0	26
Tax advice missions	0	7
Other missions unconnected with the statutory audit	252	0
TOTAL	**771**	**277**

Note 54: Deferred taxes

Deferred taxes recognised on the balance sheet arise from the acquisition of investment properties located outside of Belgium.

They arise from the temporal difference between the buildings' fair value and the assessed value used for tax purposes.

Changes in deferred taxes are presented as follows (see also Note 24):

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

(x €1,000)	Assets	Liabilities
CARRYING AMOUNT AS OF 1/07/2018	**0**	**-6,211**
Originations	0	2,118
Reversals	0	-7,756
Scope changes	0	1
CARRYING AMOUNT AS OF 30/06/2019	**0**	**-11,848**

Note 55: Fair value

In accordance with IFRS 13, balance sheet elements for which the fair value can be computed are presented below and broken down according to the levels defined by IFRS 13:

(x €1,000)				2019		2018
	Category	Level	Book value	Fair value	Book value	Fair value
Non-current assets						
Non-current financial assets			307	307	1,888	1,888
a. Hedges	C	2	117	117	1,692	1,692
b. Other	A	2	191	191	196	196
Equity-accounted investments	C	2	33,931	33,931	0	0
Current assets						
Trade receivables	A	2	11,216	11,216	7,518	7,518
Tax receivables and other current assets	A	2	1,257	1,257	446	446
Cash and cash equivalents	A	1	15,405	15,405	10,589	10,589
Non-current liabilities						
Non-current financial debts	A	2	-584,193	-591,522	-716,927	-723,793
Other non-current financial liabilities						
a. Authorised hedges	C	2	-48,170	-48,170	-33,210	-33,210
b. Other	A	2	-4,604	-4,604	-4,389	-4,389
Current liabilities						
Current financial debts	A	2	-272,317	-272,317	-22,830	-22,830
Trade debts and other current debts	A	2	-23,938	-23,938	-28,485	-28,485

These categories follow the classification specified by IFRS 9:
- category A: financial assets or liabilities (including accounts receivable and loans) carried at amortised cost;
- category B: assets or liabilities recognised at fair value through net income;
- category C: assets or liabilities that must be measured at fair value through the net income.

Authorised hedging instruments belong to category C, except for hedging instruments that meet the requirements of hedge accounting (see IFRS 9), where changes in fair value are recognised in equity.

Note 56: Put options granted to non-controlling shareholders

The Company has committed to acquire the non-controlling shareholdings (6 % of the share capital) owned by third parties in Aedifica Luxemburg I SCS, Aedifica Luxemburg II SCS, Aedifica Luxemburg III SCS, Aedifica Luxemburg IV SCS, Aedifica Luxemburg V SCS, Aedifica Luxemburg VI SCS and Aedifica Residenzen Nord GmbH, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the liability side of balance sheet on line 'I.C.b. Other non-current financial liabilities – Other' (see Notes 32 and 47).

Note 57: Alternative Performance Measures (APM)

For many years, Aedifica has been using Alternative Performance Measures in its financial communications based on ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. Some of these APM are recommended by the European Public Real Estate Association (EPRA) while others have been defined by the industry or by Aedifica; the aim is to provide readers with a better understanding of the Company's results and performance. The APM used in this annual financial report are identified with an asterisk (*). Performance measures defined by IFRS standards or by Law are not considered APM, nor are those measures that are not based on the consolidated income statement or the balance sheet. In this appendix, the APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements.

Note 57.1: Investment properties

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

(x €1,000)	2019	2018
Marketable investment properties	2,264,504	1,701,280
+ Development projects	51,205	35,183
Investment properties	**2,315,709**	**1,736,463**
+ Assets classified as held for sale	5,240	4,070
Investment properties including assets classified as held for sale*, or real estate portfolio*	**2,320,949**	**1,740,533**
- Development projects	-51,205	-35,183
Marketable investment properties including assets classified as held for sale*, or investment properties portfolio	**2,269,744**	**1,705,350**

Note 57.2: Rental income on a like-for-like basis*

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

(x €1,000)	2019	2018
Rental income	118,413	91,677
- Scope changes	-45,944	-20,173
= Rental income on a like-for-like basis*	**72,469**	**71,504**

Note 57.3: Operating charges, operating margin* and EBIT margin*

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

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

30 June 2019

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items°	TOTAL
SEGMENT RESULT						
Rental income (a)	106,545	7,822	4,058	0	-12	118,413
Net rental income (b)	106,520	7,836	4,028	0	-12	118,372
Property result (c)	106,365	7,213	4,045	0	-12	117,611
Property operating result (d)	103,276	4,642	4,020	0	-12	111,926
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	**103,049**	**4,693**	**4,010**	**-14,610**	**0**	**97,142**
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						82%
Operating charges* (e)-(b)						21,230

30 June 2018

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

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

Note 57.4: Financial result excl. changes in fair value of financial instruments*

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

(x €1,000)	2019	2018
XX. Financial income	154	554
XXI. Net interest charges	-17,193	-14,321
XXII. Other financial charges	-3,129	-1,552
Financial result excl. changes in fair value of financial instruments*	**-20,168**	**-15,319**

Note 57.5: Interest rate

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

(x €1,000)	2019	2018
XXI. Net interest charges	-17,193	-14,321
Capitalised interests	1,083	482
Annualised net interest charges (a)	-16,957	-14,125
Net interest charges before annualised capitalised interests (b)	-18,026	-14,600
Weighted average financial debts (c)	981,467	697,832
Average effective interest rate* (a)/(c)	**1.7%**	**2.0%**
Average effective interest rate before capitalised interests* (b)/(c)	**1.8%**	**2.1%**

In 2019, the average effective interest rate* (a)/(c) including commitment fees would be 1.9 % (2018: 2.2 %).

In 2019, the average effective interest rate before capitalised interests* (b)/(c) including commitment fees would be 2.0 % (2018: 2.2 %).

Note 57.6: Equity and net asset value per share

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

(x €1,000)	2019	2018
Equity attributable to owners of the parent	1,429,549	941,647
- Effect of the distribution of the dividend 2017/2018	0	-45,502
Sub-total excl. effect of the distribution of the dividend 2017/2018	**1,429,549**	**896,145**
- Effect of the changes in fair value of hedging instruments	50,533	35,439
Equity excl. changes in fair value of hedging instruments*	**1,480,082**	**931,584**

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

Note 57.7: Key performance indicators according to the EPRA principles

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

- Aedifica uses EPRA Earnings* to comply with the EPRA's recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS. It represents the profit (attributable to owners of the Parent) after corrections recommended by the EPRA. In Aedifica's case, the EPRA Earnings* corresponds perfectly to the result excl. changes in fair value, which has previously been used in Aedifica's financial communication. The EPRA Earnings* is calculated in Note 26 (in accordance with the Aedifica model) and in the EPRA chapter of the Annual Financial Report (in accordance with the model recommended by EPRA).
- Aedifica uses EPRA NAV* to comply with the EPRA's recommendations; however, this performance measure is not defined under IFRS. It represents the line 'equity attributable to owners of the parent' after corrections recommended by the EPRA. It is calculated in the EPRA chapter of the Annual Financial Report.
- Aedifica uses EPRA NNNAV* to comply with the EPRA's recommendations; however, this performance measure is not defined under IFRS. It represents the line 'equity attributable to owners of the parent' after corrections recommended by the EPRA. It is calculated in the EPRA chapter of the Annual Financial Report.
- Aedifica uses EPRA Cost Ratio (including direct vacancy costs)* and EPRA Cost Ratio (excluding direct vacancy costs)* to comply with the EPRA's recommendations; however, these performance measures are not defined under IFRS. They represent aggregate operational costs as recommended by the EPRA. The EPRA Cost Ratios* are calculated in the EPRA chapter of the Annual Financial Report.

Note 58: Business combinations

During the period, the Group carried out the following branch of activities' transfer:

- transfer of 100% of the assets and liabilities related to the 'apartments' branch of activities to a subsidiary (Immobe NV/SA), initially 100% owned by Aedifica NV/SA.

On 27 March 2019, Immobe NV/SA was deconsolidated following the sale (in two phases) of 75 % of the shares of Immobe to Primonial European Residential Fund. This removal from the scope of consolidation resulted in the following consolidated balance sheet movements:

(x €1,000)	27 March 2019
Goodwill	-1,856
Investment properties	-221,627
Trade receivables	-589
Tax receivables and other current assets	-262
Deferred charges and accrued income	-330
Cash and cash equivalents	-257
Non-current financial debts	89,802
Trade debts and other current debts	2,326
Accrued charges and deferred income	1,440
Net asset sold	**-131,353**

Note 59: Share in the profit or loss of associates and joint ventures

On 1 July 2018, Aedifica transferred the 'apartments' branch of activities to a separate company (Immobe NV/SA), which was initially wholly controlled by Aedifica NV/SA.

Aedifica NV/SA gradually sold its shares in Immobe NV/SA (in 2 phases) to Primonial European Residential Fund:

- phase 1: sale of 50 % (minus one share) during the second quarter of the 2018/2019 financial year (see press release of 31 October 2018 for more information);
- phase 2: sale of an additional 25 % (plus two shares) during the third quarter of the 2018/2019 financial year (see press release of 27 March 2019 for more information).

Following the sale of the second phase, Immobe NV/SA is no longer a perimeter company and is consolidated using the equity method.

(x €1,000)	2019	2018
Carrying amount at the beginning of the year	**0**	**0**
Acquisition of shares of associates and joint ventures accounted for using the equity method	0	0
Disposal of shares of a subsidiary resulting in their equity method accounting (formerly under full consolidation)	32,797	0
Share in the profit or loss of associates and joint ventures accounted for using the equity method	1,330	0
Impact of dividends received on equity	-196	0
Other	0	0
Carrying amount at the end of the year	**33,931**	**0**

Building a better working world

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Independent auditor's report to the general meeting of Aedifica sa for the year ended 30 juni 2019

As required by law and the Company's by-laws, we report to you as statutory auditor of Aedifica sa (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 30 June 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 30 June 2019 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 27 October 2017, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 30 June 2020. We performed the audit of the Consolidated Financial Statements of the Group during 8 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Aedifica sa, which consists of the consolidated balance sheet as at 30 June 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 30 June 2019 and the disclosures, which show a consolidated balance sheet total of € 2.386.127 thousand and of which the consolidated income statement shows a profit for the year of € 130.728 thousand.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 30 June 2019, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of the investment properties

- Description of the matter and audit risk:

Investment property amounts to a significant part (97%) of the assets of the Group.

In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement. The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being based on unobservable data (discount rate, future occupancy rate, ...).

- Summary of audit procedures performed

The Group uses external experts to make an estimate of the fair value of its buildings. We have assessed the valuation reports of the external experts (with the support of our internal experts). More precisely, we have:

  - assessed the objectivity, the independence and the competence of the external appraisers,
  - tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations,
  - reviewed the models, assumptions and parameters used in their reports (discount rates, future occupancy rates, ...).

Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 29 of the Consolidated Financial Statements.

Valuation of financial instruments

- Description of the matter and audit risk:

The Group uses interest rate swaps (IRS) and options (CAPs) to hedge its interest rate risk on its variable rate debts and has concluded forward exchange rate contracts during the financial year to hedge the risk of exchange rate fluctuations. The measurement of the derivatives at fair value is an important source of volatility of the result and/or the shareholders' equity. As a matter of fact, in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements except for some IRS for which the Group applies hedge accounting ("cash-flow hedging"), which allows to record most of the changes in fair value in the caption of the shareholders' equity ("Reserve for the balance of changes in fair value of authorized hedging instruments qualifying for hedge accounting as defined under IFRS"). The audit risk appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting.

- Summary of audit procedures performed

  - We have compared the fair values of the derivatives with the values communicated by the counterparties and the credit risk adjustments calculated by an external specialist. We have assessed the most important assumptions and the calculations performed by this external specialist.

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- Regarding the correct application of hedge accounting, we have reviewed the effectiveness tests performed by the external specialist involved by the Group and we have compared the volume of derivatives subject to hedge accounting with the volume of the variable rate debts projected on the future accounting years in order to identify any potential overhedging which could potentially jeopardize the application of hedge accounting.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in note 33 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

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- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;

- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report and other information included in the annual report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report, and to report any matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, being:

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Audit report dated 4 September 2019 on the Consolidated Financial Statements of Aedifica sa as of and for the year ended 30 June 2019 (continued)

- Analysis of the 30 June 2019 consolidated financial statements
- EPRA

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of reasonable assurance regarding the individual elements included in the annual report.

Independence matters

Our auditor's office and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 4 September 2019

Ernst & Young Bedrijfsrevisoren cvba
Statutory auditor
Represented by

Joeri Klaykens*
Partner
*Acting on behalf of a bvba/sprl

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