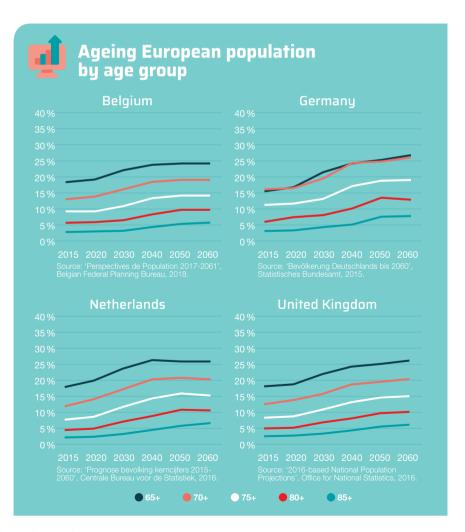
# | Management | Report<sup>1</sup>

- EPRA Earnings\* increased to €72.1 million as of 30 June 2019 (+24% compared to 30 June 2018) and EPRA Earnings\* per share to €3.74 (+15% compared to 30 June 2018).
- Confirmation of the proposed dividend of €2.80 gross per share (+12%).
- 100 % pure-play investor in European healthcare real estate following the divestment of the hotel portfolio and 75 % of the participation in Immobe NV/SA (apartment portfolio).
- Entry into the UK healthcare real estate market.
- Healthcare real estate investments of approx.
   €910 million carried out and/or announced.
- Real estate portfolio\* of €2.3 billion as of 30 June 2019 (+33% increase compared to 30 June 2018.
- 261 healthcare sites comprising more than 19,000 units in four countries:
  - €1,028 million in Belgium (79 sites);
  - €381 million in Germany (49 sites);
  - €336 million in the Netherlands (43 sites);
  - €524 million in the United Kingdom (90 sites).

- Pipeline of €428 million in acquisitions, construction and renovation projects.
- Rental income increased to €118 million as of 30 June 2019 (+29% compared to 30 June 2018).
- Weighted average unexpired lease term of 21 years and occupancy rate of 100 %.
- Capital increase of €418 million, the largest ever for a Belgian REIT.
- Debt-to-assets ratio of 37.2% as of 30 June 2019.
- Forecast for the 2019/2020 financial year: proposed gross dividend of €3.00.





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

<sup>1.</sup> This Management Report is based on the Consolidated Financial Statements. It includes, however, some data on the statutory account, but that is always specifically mentioned. Full statutory financial statements and the statutory Management Report will be registered at the National Bank of Belgium within the legal deadlines and may be obtained free of charge via the internet www.aedifica.eu) or upon request at the Company's headquarters.



O DE STATENHOF, LEIDEN (NL)



#### 1. Strategy

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

# 1.1 A sector with growth potential

The European population is increasingly ageing and, on average, living longer. In Belgium, Germany, the Netherlands and the United Kingdom – the four markets where Aedifica ope-

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



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



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

# 1.2 Specialist in healthcare real estate

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

# 1.3 A diverse portfolio in full expansion

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

#### RESIDENTIE KARTUIZERHOF, LIERDE (BE)



## Geographical breakdown in fair value (%)

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

### Breakdown of contractual rent by operator group (%)

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

### Breakdown by healthcare segment in fair value (%)

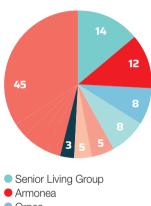
Aedifica also diversifies its portfolio by investing in healthcare real estate for different target groups. The primary focus of investments is on all types of housing for seniors with care needs, enabling the Group to meet both the expectations of the care providers and the growing demand resulting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

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

#### Geographical breakdown in fair value (%)

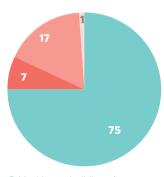


# Breakdown of contractual rent by operator group (%)



- OrpeaVulpia
- Burlington
- Maria Mallaband
- Care UK
- Other < 3 %</p>

# Breakdown by healthcare segment in fair value (%)



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

# 1.4 Corporate social responsibility

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

#### 1.5 Growth strategy

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

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

All with a view to ensure:

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

# 1.6 Possible strategic developments

Within the sphere of European healthcare real estate, senior housing is currently the most developed and therefore most relevant segment for Aedifica. Population ageing is expected to have a significant impact on the 'consumption' of care and this trend could encourage the development of other segments, which are more oriented towards 'cure' (care hotels, rehabilitation centres, hospitals, medical facilities, etc.) than 'care'. Aedifica is therefore studying the possibility of investing in new sectors of the healthcare real estate market and is continuously evaluating the needs and opportunities generated by shifting demographics. Aedifica is also studying the possibility of investing in new geographic markets within Europe, with a continued focus on healthcare real estate.

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

# 2.1 Operations during the 2018/2019 financial year

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

#### 2.1.1 Investments

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

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

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

1. The amounts in this column include the contractual value of the plots of land and the existing buildings. These investments generate rental income (sites under construction also generate limited rental income, in particular for the plots of land that have already been acquired).

2. The amounts in this column are the budgets for development projects that Aedifica will finance. These projects are all pre-let and are listed in the pipeline of projects and renovations (see section 4.2 of the Property Report on page 100).

3. Specht Gruppe phase I.

Specht Gruppe phase II.
 Co-operation agreement with Stichting Rendant and HEVO.

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



# I Acquisitions and completions

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

#### **Acquisitions**

#### Residentie Kartuizerhof (Lierde – BE)

This residential care facility in Lierde was recently completed and has a capacity for 128 seniors with a care need.



#### Haus Steinbachhof (Chemnitz - DE)

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



#### De Statenhof (Leiden - NL)

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



#### Crystal Court (Harrogate - UK)

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



#### **Completions**

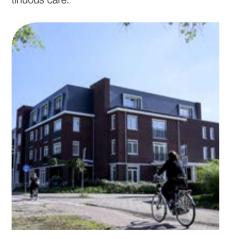
#### Seniorenquartier Lübbecke (Lübbecke – DE)

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



#### Huize Groot Waardijn (Tilburg - NL)

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



#### Martha Flora Rotterdam (Rotterdam - NL)

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



#### King's Manor (Ottery St. Mary - UK)

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





#### 2.1.2 Completions after works

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

#### 2.1.3 Disposals

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

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

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

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

#### 2.1.4 Management of financial resources **Financial debts**

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

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

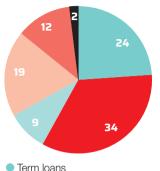
As a result, almost €550 million in financing arrangements were established or renegotiated during the 2018/2019 financial year.

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

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

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





- Term loans
- Revolving loans
- Investment credits
- GBP bridge facility
- Short-term treasury notes
- Long-term treasury notes

#### Financial debt maturity



- Treasury notes GBP bridge facility
- Drawn credit lines
- Undrawn credit lines

<sup>.</sup> See press releases of 13 July 2018, 31 October 2018 and 27 March 2019. Amounts in GBP were converted into EUR based on the exchange rate of 28 June 2019 (1.1154 €/£).

Without regard to short-term treasury notes and the bridge facility.

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

#### Equity

- Optional dividend 2017/2018: on 23 October 2018. Aedifica's Board of Directors decided to offer shareholders the possibility to contribute their 2017/2018 net dividend claim in the capital of the Company in exchange for new shares. Shareholders were given the option to subscribe for one new share at an issue price of €72.25 in exchange for 34 no. 19 coupons (valued at €2.125 net each). Aedifica's shareholders chose for approx. 45% of their shares for a contribution of their net dividend claim in exchange for new shares, instead of dividend in cash. This resulted in a capital increase of approx. €17 million (including share premium) through the issuance of 240,597 new shares.
- Capital increase of €418 million: on 24 April 2019, Aedifica launched a public offering of new shares within the framework of a capital increase in cash within the authorised capital with priority allocation rights in a gross amount of €418 million. On 7 May 2019, the Company issued 6,147,142 new shares at an issue price of €68 per share, i.e. €418,005,656 (including share premium). These new shares were issued with coupon no. 22 attached and are entitled to a pro rata temporis dividend as from 7 May 2019. Within the framework of this transaction, coupon no. 21, representing the right to the pro rata temporis dividend over the current financial year for the period

- from 1 July 2018 to 6 May 2019 inclusive, was detached on 24 April 2019 after the closing of the markets. Following this transaction, the total number of Aedifica shares amounts to 24,588,568 and the share capital amounts to €648,837,816.39.
- Contribution in kind: on 20 June 2019, 12,590 shares were issued following the contribution in kind of a building lease in the context of the acquisition of the Bremdael care home in Herentals (Belgium).

#### 2.1.5 Other events

- Aedifica appoints a new Chief Financial Officer: on 1 June 2018, Aedifica's Board of Directors has appointed Ms. Ingrid Daerden as Chief Financial Officer. She joined the team as of 1 September 2018. Ms. Daerden is also a member of the Management Committee and Executive Manager of Aedifica.
- Aedifica receives award for its financial communication: on 5 September 2018, Aedifica received a 5<sup>th</sup> consecutive 'EPRA Gold Award' for its Annual Financial Report (financial year 2016/2017), keeping the Company among the top of the 104 real estate companies assessed by EPRA, the European association of listed real estate companies.
- Aedifica's CEO nominated for 'Trends Manager of the Year 2018': for the second consecutive year, Stefaan Gielens (Aedifica's CEO) was one of the ten nominees to become 'Trends Manager of the Year 2018'. The nomination is an acknowledgement of Aedifica's international growth over the past year and its long-term strategy as a pureplay healthcare real estate investor.

- Aedifica's acquisition in the United Kingdom won the 'Deal of the Year 2018' award: on 15 May 2019, Trends magazine awarded Aedifica's sizeable acquisition of a portfolio of 90 healthcare sites in the United Kingdom with the 'Deal of the Year 2018' award. Aedifica was selected by a panel of professionals out of five nominated transactions. The award is an acknowledgement of Aedifica's strategic and financial leadership.
- Aedifica is the largest healthcare real estate investor in the Netherlands in 2018: in 2018, for the second consecutive year, Aedifica was the largest investor in Dutch healthcare real estate. According to CBRE, Aedifica accounted for no less than 13% of all investments in Dutch healthcare real estate.
- First sustainability report: in May 2019, Aedifica highlighted its commitments regarding sustainability and corporate social responsibility in its very first sustainability report. Based on the Sustainable Development Goals (SDGs) of the United Nations, Aedifica developed an ambitious action plan.
- Aedifica included in the Stoxx Europe 600 Index: as from 23 September 2019, Aedifica will be included in the Stoxx Europe 600 Index. Aedifica's inclusion in this index anchors the Group once again as a market reference in listed European healthcare real estate.

**♥** HUIZE ERSELOO, EERSEL (NL)



# 2.2 Operations after the end of the financial year

#### 2.2.1 Investments

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

	Туре	Location	Date	Invest- ment (€ million)¹	Pipeline (€ million)²	Gross rental yield (approx.%)	Comple- tion	Lease	Operator
Netherlands				59	11				
Rumah Saya	Acquisition	Apeldoorn	9/07/19	10	-	6%		15 years - NNN	Stichting Nusantara
Residentie La Tour Villa Casimir	Acquisition & redeve- lopment	Roermond	9/07/19	4	8	6%	2020	20 years - NNN	Ontzorgd Wonen Groep
Vinea Domini	Acquisition & redevelopment	Witmar- sum	7/08/19	1	3	6%	2020	25 years - NNN	Ontzorgd Wonen Groep
Woonconcept portfolio (5 sites)	Acquisition	Hooge- veen	28/08/19	44	-	6.5 %		NN leases (WAULT 26 years)	NNCZ
Germany				-	7				
Seniorenhaus Lessingstrasse	Acquisition	Wurzen	21/08/19	-	7	5.5%	Q3 2021	25 years - NN	Senio- renhaus Lessings- trasse
Total				59	18				

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

#### 2.2.2 Completions after works

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

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

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

#### 3. Analysis of the 30 June 2019 Consolidated Financial Statements

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

## 3.1 Portfolio as of 30 June 2019

During the 2018/2019 financial year (1 July 2018 - 30 June 2019), Aedifica increased its portfolio of marketable investment properties including assets classified as held for sale\* by €564 million, from a fair value of €1,705 million to €2,270 million (€2.321 million for the investment properties including assets classified as held for sale\* and development projects). This 33% growth comes mainly from net acquisitions (see section 2.1.1 above), completion of development projects (see section 2.1.2 above) and changes in the fair value of marketable investment properties recognised in income (+€76.4 million, or +3.4%).

As of 30 June 2019, Aedifica's healthcare real estate portfolio has 261 marketable investment properties including assets classified as held for sale\*, with a capacity for more than 19,000 residents and a total surface area of approx. 1,198,000 m<sup>2</sup>.

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

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

The **overall occupancy rate**<sup>1</sup> of the total portfolio reached 100% as of 30 June 2019.

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

# 3.2 Consolidated income statement

The Consolidated Financial Statements are provided as part of this Annual Financial Report. The following sections of this Management Report analyse the financial statements using an analytical framework. The consolidated income statement covers the 12-month period from 1 July 2018 to 30 June 2019. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or at end of the period.

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

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

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

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

Rate calculated according to the EPRA methodology.

2. Weighted average unexpired lease term.

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

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

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

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

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

After taking into account the cash flows generated by hedging instruments. Aedifica's net interest charges amount to €17.2 million (30 June 2018: €14.3 million). The average effective interest rate before capitalised interests\* including commitment fees amounts to 2.0%, lower than in the previous financial year (2.2%). Taking into account other income and charges of financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value (non-cash movements accounted for in accordance with IAS 39 are not included in the EPRA Earnings\* as explained below), the financial result excluding changes in fair value\* represents a net charge of €20.2 million (30 June 2018: €15.3 million).

Corporate taxes are composed of current taxes, deferred taxes and exit tax. In conformity with the Company's legal status (i.e. as a RREC), current taxes (charge of €4.5 million; 30 June 2018: charge of €3.6 million) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax generated abroad by the Company and tax on the result of consolidated subsidiaries. Aedifica recognised a generally applicable corporate income tax burden for its Dutch subsidiary (Aedifica Nederland BV) in the income statement. Aedifica took this precautionary measure despite the fact that this subsidiary claims to be a 'Fiscale Belegginsinstelling', a transparent tax regime. Deferred taxes are described

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

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

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

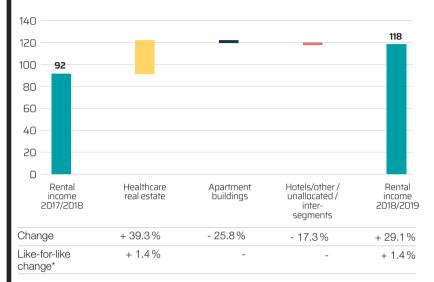
**EPRA Earnings\*** (see Note 57.7) reached €72.1 million (30 June 2018: €58.4 million), or €3.74 per share, based on the weighted average number of shares outstanding (30 June 2018: €3.25 per share). This profit (absolute and per share) is higher than the amount that was budgeted in the prospectus of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

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

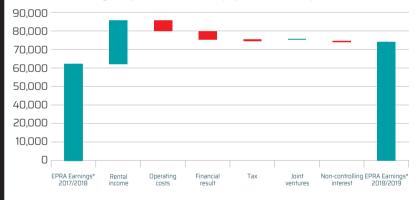


As of 30 June 2019, Aedifica's healthcare real estate portfolio has 261 marketable investment properties including assets classified as held for sale\*.

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



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



#### Debt ratio (%) 56% 54% **52**% 45% 44% 43% 41% 40% **37**% **37**% 33% SPO June Dec. March March June March June June June June 2012 2014 2015 2015 2016 2016 2017 2017 2018 2019 2019 (after (after (after (hefore (hefore (hefore SP0 SPO SPO SPO SPO SPO 2015) 2015) 2016) 2016) 2019) 2019)

- at the end of the financial year, changes in the fair value of marketable investment properties (corresponding to the sum of the positive and negative variations between that of 30 June 2018 or at the time of entry of new buildings in the portfolio, and the fair value estimated by valuation experts as of 30 June 2019) taken into income amounted to +3.4%. or +€76.4 million (30 June 2018: +1.5%, or +€25.2 million). A change in fair value of -€13.1 million was recorded on development projects (compared to -€10.2 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €63.3 million (30 June 2018: +€15.0 million).
- in order to limit the interest rate risk stemming from the financing of its investment, Aedifica has put in place long-term hedges which allow for the conversion of variable-rate debt to fixed-rate debt, or to capped-rate debt. These financial instruments are detailed in Note 33 of the Consolidated Financial Statements. The use of financial instruments (which are described in the section 'Financial risks' of the chapter 'Risk factors') is described in Note 44 of the Consolidated Financial Statements. On 30 June 2019. 98% of the drawings in euro on these variable-rate credit facilities are covered by hedging instruments (swaps and caps). In addition, forward contracts were signed in the course of the financial year to hedge the exchange rate risk of the UK portfolio. Moreover, the financial instruments also reflect put options granted to non-controlling shareholders (in relation to the subsidiaries that are not wholly owned by the Group) which are subject to appraisal at fair value. Changes in the fair value of financial assets and liabilities taken into income statement as of 30 June 2019 represent a charge of €7.3 million (30 June 2018: charge of €2.2 million).
- capital gains on disposals (€7.3 million; 30 June 2018: €0.8 million) are also taken into account here and mainly include the capital gains on the sale of shares in Immobe NV/SA.
- deferred taxes (charge of €5.6 million as of 30 June 2019 as compared to a charge of €2.5 million as of 30 June 2018) arose from the recognition at fair value of buildings located abroad, in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are excluded from the EPRA Earnings\*.

- exit tax (charge of €0.6 million as of 30 June 2019 as compared to an income of €2.7 million as of 30 June 2018) corresponds to the variation between the estimated exit tax at the moment of acquisition of companies and the estimated exit tax at their anticipated merger dates.

Given the non-monetary items described above, the profit (attributable to owners of the parent) amounts to €124 million (30 June 2018: €71.9 million). The earnings per share (basic earnings per share, as defined in IAS 33 and calculated in Note 26 to the Consolidated Financial Statements) is €6.41 (30 June 2018: €3.99).

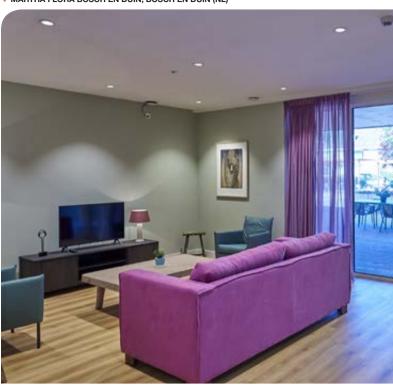
The adjusted statutory result as defined in the annex to the Royal Decree of 13 July 2014 regarding RRECs, is €64.1 million (30 June 2018: €55.4 million), an increase of 16% (as calculated in Note 50). Taking into account the dividend rights for the shares issued during the financial year, this represents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

# 3.3 Consolidated balance sheet

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

- marketable investment properties including assets classified as held for sale\* (30 June 2019: €2,270 million; 30 June 2018: €1,705 million), which marked an increase of €564 million. The net growth in the fair value of marketable investment properties\* is attributed primarily to €704 million from investment operations (see point 2.1.1 above), -€291 million for disinvestment operations (see point 2.1.3 above), approx. €86 million for the completion of development projects (see point 2.1.2 above),-€12 million for exchange differences and €76 million for the change in fair value of marketable investment properties.

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



- development projects (30 June 2019: €51 million; 30 June 2018: €35 million), consisting primarily of investment properties under construction or renovation. These projects are undertaken in the context of the multi-annual investment budget described in Section 4.2 of the Property Report included in this 2018/2019 Annual Financial Report.

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

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

Since Aedifica's incorporation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and as a result of capital increases (in

cash) in October 2010, December 2012, June 2015, March 2017 and May 2019. The capital has increased to €649 million as of 30 June 2019 (30 June 2018: €480 million). The share premium amounts to €565 million as of 30 June 2019 (30 June 2018: €298 million). Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the statutory capital reserves. Equity (also called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

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

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

Debt-to-assets ratio (%)

the real estate portfolio). Conversely, the balance sheet structure permits, all else being equal, the Company to absorb a decrease of up to 44% in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing bank commitments, which further limit the maximum debt-to-assets ratio to 60%, the headroom available amounts to €544 million in constant assets, €1,359 million in variable assets, and -39% in the fair value of investment properties.

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

37.2%

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44.3%

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

Recall that IFRS requires the presentation of the annual accounts before appropriation. The net asset value in the amount of €53.68 per share as of 30 June 2018 thus included the dividend distributed in November 2018, and should be adjusted by €2.50 per share in order to compare with the value as of 30 June 2019. This amount corresponds to the amount of the total dividend (€46 million) divided by the total number of shares outstanding as of 30 June 2018 (18,200,829).

Excluding the non-monetary effects (that is to say, non-cash) of the changes in fair value of hedging instruments and after accounting for the distribution of the 2017/2018 dividend in November 2018, the net asset value per share based on the fair value of investment properties is €60.16 as of 30 June 2019 (30 June 2018: €51.18 per share).

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

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

# 3.4 Consolidated cash flow statement

The cash flow statement included in the attached Consolidated Financial Statements shows total cash flows for the period of +€4.8 million (30 June 2018: +€2.5 million), which is made up of net cash from operating activities of +€88.8 million (30 June 2018: +€85.0 million), net cash from investing activities of -€602 million (30 June 2018: -€159.5 million), and net cash from financing activities of +€518.1 million (30 June 2018: +€76.9 million).

#### 3.5 Segment information

#### 3.5.1 Healthcare real estate

Rental income in this segment amounts to €106.5 million (30 June 2018: €76.5 million), or 90% of Aedifica's total rental income. These buildings are usually operated under triple net long leases (see glossary) and, as such, the property operating result for this segment is almost equal to the rental income. The fair value of investment properties including assets classified as held for sale\* attributed to this segment under IFRS 8 has been established at €2,321 million (30 June 2018: €1,431 million), or 100% of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale\*.

#### 3.5.2 Apartment buildings

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

#### 3.5.3 Hotels

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

# 4. Appropriation of the results

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

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

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

After approval at the Annual General Meeting, the proposed dividend is due to be paid by bank transfer as from Wednesday 30 October 2019 ('payment date' of the dividend relating

#### 5. Key risks

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

The key risk factors with which Aedifica is confronted (which are described at length in the chapter 'Risk Factors') are the focus of regular monitoring both by Management and by the Board of Directors, who have developed prudent policies that are continuously reviewed and adapted if necessary.

#### 6. Group structure

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

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

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

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

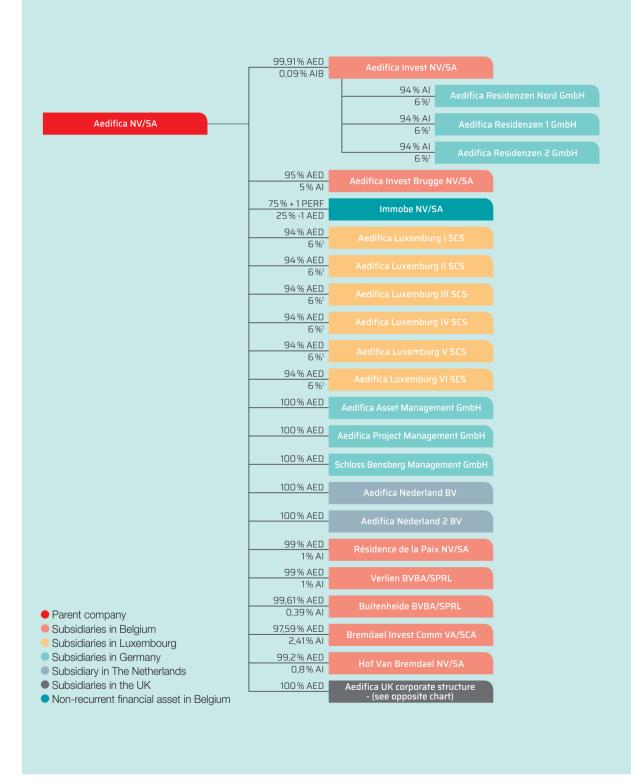
All real estate located in the United Kingdom is held by Aedifica's Jersey subsidiaries, with

the exception of one property that is held by Maple Court Nursing Home Limited, an English subsidiary of Aedifica. The corporate structure of the UK entities will be restructured over the 2019/2020 financial years.

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

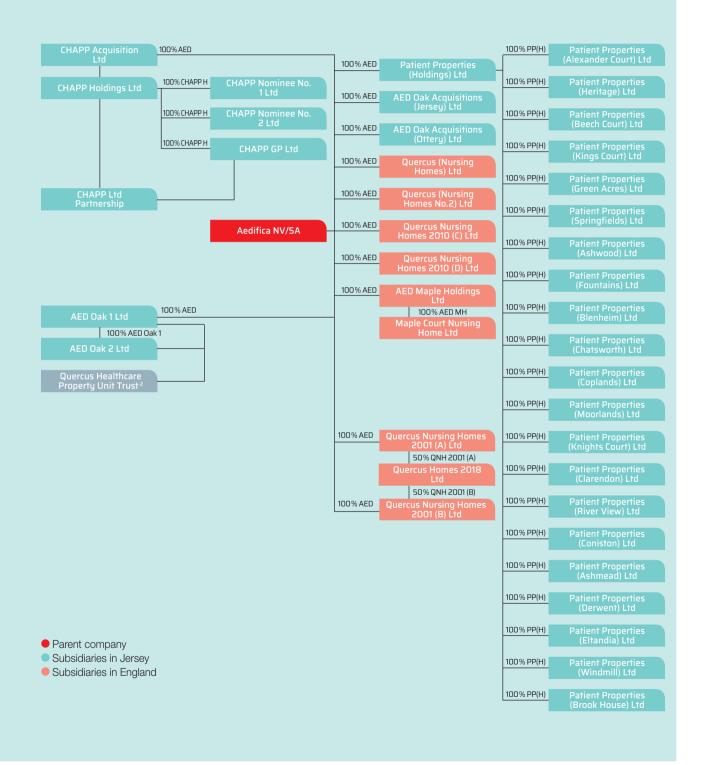


#### Aedifica NV/SA: Group structure as from 30 June 2019



<sup>1.</sup> The residual 6% is held by an investor who is unrelated to Aedifica.

#### **Aedifica UK**



#### 7. Outlook for 2019/2020

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

#### 7.1 Assumptions

#### 7.1.1 External factors

- a) The indexation rates of rents and charges vary by country. Belgian rental income is linked to the Belgian (health) consumer price index for which an average of 1.38% is applied to the financial year, in line with the projections released by the Belgian Federal Planning Bureau on 2 July 2019. Dutch rental income is also linked to a consumer price index, for which similar assumptions have been made as for Belgian rental income. No indexation has been taken into account for German rental income. The indexation of the UK healthcare portfolio is generally based on the retail price index, but has been limited to the contractually provided indexation floors.
- b) Investment properties: assessed at their fair value, based on a zero growth rate.
- c) Average interest rate before capitalised interests: 2.1% based on the Euribor rate curve of 28 June 2019, bank margins, and hedges currently in place.
- d) Foreign exchange: future fluctuations in the exchange rate may affect the value of the investment properties in the United Kingdom, the rental income and the net result of Aedifica, which are all expressed in euro. In the forward-looking statements presented below, an exchange rate GBP/EUR of 1.00 has been applied.



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

#### 7.1.2 Internal factors

- a) Rents: rent forecasts are based on current contractual rates and take indexation into account. Vacancy rates, charges on unoccupied properties and agency fees (commissions) from the time of relocation are also taken into consideration in the projections. The projected rental income includes assumptions regarding future portfolio additions (completion of buildings currently under development and possible acquisitions for which the timing cannot be determined with certainty).
- b) Real estate charges: the assumptions concerning real estate charges relate to internal and external real estate management costs (management fees, etc.), repair and maintenance costs, general taxes and property tax, and insurance.
- c) Operating charges and overheads: this forecast includes, among other things, employee benefits, IT, office, consultancy services, administrative and accounting fees, and fees directly associated with the listing of shares in the Company. The operating charges also include the estimated costs related to the restructuring of the UK portfolio.
- d) Investment budget: the projected investments for the next financial year amount to approx. €535 million and will be paid in cash. They mainly consist of (i) cash outflows related to the pipeline of development projects, (ii) cash outflows related to the acquisitions announced since 1 July 2019, and (iii) additional investments for which there are no agreements at this date which are assumed to be carried out during the 2019/2020 financial year, amounting to €215 million, paid in cash, and generating rental incomes in line with today's market practice.
- e) Financial assumptions:
  - average cash balance of €15 million;
  - the model permits controlling the debt-toassets ratio;
  - changes in the fair value of hedging instruments for financial debts (IAS 39) are not modelled as they have no impact on EPRA Earnings\*, and are not estimable. Thus, these changes have no impact on the projections presented below.

#### 7.2 Financial projections

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

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

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

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

# 7.3 Important remark concerning projected financial information

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

As a statutory auditor of the company, we have prepared the present report on the forecasts of the consolidated balance sheet and income statement of the company, included in chapter 7 in the Management Report of its annual report, as approved by the Board of Directors of the company on 3 September 2019. The assumptions included in paragraph 7 result in the following profit forecast (excluding changes in fair value) for the year 2019-2020:

Date: 30 June 2019

EPRA Earnings: €87 million

#### 7.3.1 Board of Directors' responsibility

It is the Board of Directors' responsibility to prepare the profit forecast, together with the material assumptions upon which it is based, in accordance with the requirements of EU Regulation no. 809/2004.

#### 7.3.2 Auditor's responsibility

It is our responsibility to provide an opinion on the forecasts as required by Annex I, item 13.2 of the EU Regulation no. 809/2004. We are not required nor do we express an opinion on the possibility to achieve that result or on the assumptions underlying these forecasts.

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

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

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

#### 7.3.3 Opinion

In our opinion:

- (i) the forecasts have been properly compiled on the basis of the assumptions stated above; and
- (ii) the basis of accounting used for these forecasts is consistent with the accounting policies applied by Aedifica NV/SA for the consolidated financial statements of 2018-2019.

Brussels, 4 September 2019

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

SARA SENIORENRESIDENZ, BITTERFELD-WOLFEN (DE)



# 8. Corporate governance statement

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

#### 8.1 Code of reference

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

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

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

# 8.2 Internal control and risk management

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

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

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

#### 8.2.1 Risk management

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

#### 8.2.2 Compliance

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

#### 8.2.3 Internal audit

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

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

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

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

#### 8.2.4 Internal control environment

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

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







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

Aedifica's Board of Directors comprises 9 members, 6 of whom are independent, as defined in Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code (see below). Given their experience (see below), the Directors are sufficiently qualified for their positions. The Board of Directors supervises the effectiveness of the risk management practices and of the internal controls implemented by the Executive Managers.

**Principle 3:** the Executive Managers establish, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Aedifica has a Board of Directors, an Audit Committee, a Nomination and Remuneration Committee, an Investment Committee and a Management Committee whose tasks are described below. In accordance with the RREC legislation, the members of the Management Committee (who are all Executive Managers) are in charge of the daily management of the Company which they report to the Board of Directors. The Executive Managers are responsible for an effective internal control environment and risk management practices.

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

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

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

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

#### 8.2.5 Risk analysis

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

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

**Principle 7:** the organisation identifies risks to the achievement of its objectives across the entity and analyses these risks to determine how they should be managed.

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

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

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

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

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



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

#### 8.2.6 Control activities

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

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

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

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

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

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

#### 8.2.7 Information and communication

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

The Company's information system provides relevant and complete information in a timely manner, responding to both internal control as well as external reporting needs.

**Principle 14:** the organisation communicates information internally as necessary for the good functioning of other internal control components, including objectives and responsibilities for internal control.

Internal information regarding internal controls is disseminated in a transparent manner within the Company so as to make the Company's policies, the procedures, the objectives, and the roles and responsibilities clear to all. The communication procedures are aligned to fit with the size of the Company. They mainly consist of general communications targeted at personnel, physical meetings and e-mail correspondence.

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

External communication (aimed at the share-holders and other stakeholders) is essential for a listed company. Aedifica pays attention to its external communication duties on a daily basis. External communication related to internal control runs in parallel to the preparation and publication of periodic information. It is revised by the Audit Committee and approved by the Board of Directors.

#### 8.2.8 Monitoring activities

Principle 16: the organisation selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

To ensure the effectiveness of the above components of COSO, Aedifica has put in place an internal audit function to review the Company's main processes. The internal audit is organised over a multi-year cycle. The specific scope of the internal audit is determined on an annual basis in consultation with the Audit Committee and the head of internal audit as defined by the RREC legislation (Mr. Eric Hohl, non-executive Director – see above) and the internal audit service provider (see above).

#### ARMSTRONG HOUSE, GATESHEAD (UK)



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

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

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

#### 8.3. Shareholding structure

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

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

# 8.4. Board of Directors and Committees

## 8.4.1 Current composition of the Board of Directors

On 30 June 2019, Aedifica's Board of Directors consisted of nine members, including six independent Directors within the meaning of article 526ter of the Companies Code and Appendix A of the 2009 Code. The Directors are listed on page 50. The Company's Directors are elected for a term of up to three years at the Annual General Meeting. They are revocable, and can be re-elected.

At the Annual General Meeting of 23 October 2018, the following Directors were appointed for a 3-year term ending after the Annual General Meeting of 2021:

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

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

#### 1. Mr. Serge Wibaut

#### **Chairman - Independent Director**

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

#### 2. Mr. Stefaan Gielens, mrics

## Chief Executive Officer - Executive Manager

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

#### 3. Mr. Jean Franken

#### **Independent Director**

- Belgian 2.10.1948
- Avenue du Joli Mai 30- 1332 Genval
- Beginning of 1st office as Director: 1 July 2013
- Term of office: October 2019
- Other offices as Director or current positions: /
- Offices as Director in the past 5 years and professional career: Immobe NV/SA.

#### 4. Mr. Eric Hohl

#### Director, responsible for internal audit

- Belgian 6.05.1962
- Avenue des Violettes 7 1970 Wezembeek-Oppem
- Beginning of 1<sup>st</sup> office; as director: 24 October 2014
- Term of office: October 2020
- Other offices as Director or current positions:
   Financial Director of Chrono Euro Diffusion
   NV/SA
- Offices as Director in the past 5 years and professional career: TWC-Tapernoux NV/SA.

#### 5. Ms. Katrien Kesteloot

#### **Independent Director**

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

#### 6. Ms. Elisabeth May-Roberti

#### **Independent Director**

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

#### 7. Mr. Luc Plasman

#### **Independent Director**

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

#### 8. Ms. Adeline Simont

#### Director

- Belgian 16.01.1960
- Ancien Dieweg 36 1180 Brussels
- Beginning of 1<sup>st</sup> office as Director: 14 November 2005
- Term of office: October 2020
- Other offices as Director or current positions: Managing Director of Degroof Petercam Corporate Finance NV/SA. Director of Andel NV/SA (Group Martin's Hotels), Collines de Wavre NV/SA, Atlantic Certificates NV/SA, Picardie Invest NV/SA, Stockel Residence Certificates NV/SA, Stockel Residence Investment NV/SA, ReKoDe NV/SA.
- Offices as Director in the past 5 years and professional career: Galeries Royales Saint Hubert, Inclusio, Axxes Certificates, Bassem Certificates; several positions within Banque Degroof (Corporate Finance & Investment Banking, Credit).

#### 9. Ms. Marleen Willekens

#### **Independent Director**

- Belgian 19.10.1965
- Edouard Remyvest 46/01.01 3000 Leuven
- Beginning of 1st office as Director: 27 October 2017
- Term of office: October 2020
- Other offices as Director or current positions: Professor KU Leuven, part-time research Professor at BI Norwegian Business School; independent Director and Chairman of the Audit Committee Intervest NV/SA, and jury President of the aptitude test at the Belgian Institute of Registered Auditors.
- Offices as Director in the past 5 years and professional career: PhD at Warwick Business School; academic career as professor at KU Leuven and BI Norwegian Business School.



















#### **♥** HUIZE GROOT WAARDIJN, TILBURG (NL)



### 8.4.2 Members expiring at the Annual General Meeting

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

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

## 8.4.3 Activity report of the Board of Directors

During the 2018/2019 financial year, the Board of Directors met 12 times and covered the following items:

- operational and financial reporting;
- communication policy;
- strategy and investment policy;
- financing policy by debt and equity;
- analysis and approval of investment cases;
- internal organisation of the Company;
- appointment of new valuation experts;
- organisation of the general meetings of shareholders;
- reporting from the committees;
- composition and evaluation of the Board of Directors and of the Management Committee;

- review and approval of the trading updates and of the Annual and Half-Year Financial Reports;
- review and approval of the yearly budget, the long-term financial plan and the short-term outlook;
- review and approval of the special reports issued by the Board of Directors in relation to mergers or contributions in kind;
- completion of the abovementioned mergers and contributions in kind;
- implementation and follow-up of relevant new legislation.

### 8.4.4 Committees of the Board of Directors

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

#### **Audit Committee**

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

The current composition of the Audit Committee, as well as the tasks entrusted to it, meet the criteria set out in the Belgian Law of 17 December 2008 on Audit Committees of listed and financial companies. All members of the Audit Committee hold the qualifications required by this law. Aedifica's independent Directors meet the criteria specified in Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code. In addition, all members of the Audit Committee have the necessary accounting and audit skills, both because of their level of education and their experience in this field.

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

The Audit Committee's mission consists of ensuring the accuracy and fair presentation of the annual and half-year reports, the quality of internal and external reporting, and the quality of the published information. During the 2018/2019 financial year, the following items were covered:

- quarterly reviews of the accounts, press releases and financial reports;
- review of internal management procedures;
- follow-up of changes in standards and regulations;
- discussion of the internal Audit Report.

#### **Nomination and Remuneration Committee**

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

The current composition of the Nomination and Remuneration Committee, as well as the tasks entrusted to it, meet the criteria set out in the Belgian Law of 6 April 2010. The Nomination and Remuneration Committee is made up of exclusively independent Directors, as defined by Article 526ter of the Belgian Companies Code, who are sufficiently qualified with regards to remuneration policy.

During the 2018/2019 financial year, the Committee met eight times, to cover the following

- composition and evaluation of the Board of Directors:
- assessment of the members of the Management Committee and of their remuneration, including the granting of a variable remuneration for the 2018/2019 financial year and the granting of one-off additional gross remuneration (as mentioned below);
- definition of criteria for the variable remuneration of the members of the Management Committee for the 2018/2019 and 2019/2020 Financial Year;
- preparation of the remuneration report;
- organisation of the Company.

#### **Investment Committee**

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

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

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

Name	Board of Directors		Audit Committee	Nomination and Remuneration Committee	Investment Committee	Remuneration of the office (€)	Attendance fees¹ (€)	Total remunera- tion (€)	
	Attendences	Proxy	Total	Attendences	Attendences	Attendences			
Jean Franken	11	-	11/12	-	7/8	7/7	25,000	23,600	48,600
Jean Franken IMMOBE <sup>2</sup>	4		4/4				6,000	4,000	10,000
Stefaan Gielens	12	-	12/12	-	-	7/7	0	0	0
Eric Hohl	11	-	11/12	-	-	-	15,000	11,000	26,000
Katrien Kesteloot	9	-	9/12	5/5	-	-	15,000	12,600	27,600
Elisabeth May-Roberti	12	-	12/12	-	8/8	-	25,000	19,200	44,200
Marleen Willekens	9	-	9/12	5/5	-	-	25,000	12,600	37,600
Luc Plasman	11	-	11/12	-	8/8	7/7	15,000	24,500	39,500
Adeline Simont	11	-	11/12	-	-	-	15,000	11,000	26,000
Serge Wibaut	11	-	11/12	5/5	-	5/7	50,000	19,100	69,100
Total							191,000	137,600	328,600

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



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

## 8.4.6 Management Committee and Executive Managers

#### Composition

The Board of Directors decided in May 2015 to set up a Management Committee as defined by Article 524bis of the Belgian Companies Code. The Management Committee consists of the following persons, who are all Executive Managers in accordance with the Belgian Law of 12 May 2014.

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

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

#### Mr. Stefaan Gielens, mrics

#### Managing Director Chief Executive Officer -Executive Manager

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

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

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

#### Ms. Ingrid Daerden

#### Chief Financial Officer – Executive Manager

- Belgian - 12.01.1974

Rue Belliard 40 - 1040 Brussels

Start of her office as CFO: 1 September 2018

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

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

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

#### Ms. Laurence Gacoin

#### Chief Operating Officer – Executive Manager

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

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

#### Mr. Charles-Antoine van Aelst

#### Chief Investment Officer – Executive Manager

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

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

#### Mr. Sven Bogaerts

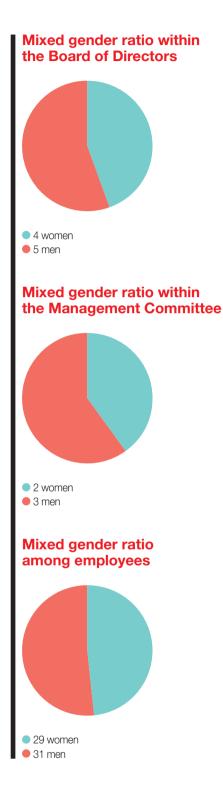
#### Chief Mergers & Acquisitions Officer – Executive Manager

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

The division of tasks between the Management Committee and the Board of Directors, along with other aspects of the Management Committee's functioning is available in the Company's Corporate Governance Charter (version of 18 June 2018), published on Aedifica's website (www.aedifica.eu).

#### Remuneration

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



#### 8.5. Diversity policy

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

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

Aedifica's special attention to diversity is reflected in the composition of its Board of Directors and Management Committee. A significant level of gender diversity (as required by article 518bis of the Belgian Companies Code, regarding gender diversity within the Board of Directors) has been achieved given the current composition of the Board of Directors. The Board, comprising four women and five men (see chart), has a gender diversity ratio of 44 %, which significantly exceeds the threshold of one third set by law. Gender diversity is also clearly manifested in the current composition of the Management Committee, which consists of two women and three men (a gender diversity ratio of 40 %; see chart). Gender is not the only aspect of diversity considered by Aedifica, however. With respect to the composition of its Board and Management Committee, the Group also applies diversity requirements regarding age and professional background. This is reflected in the election and appointment of members of different ages, who have complementary career paths, professional experience and skills (see sections 8.4.1 and 8.4.6 above for the biographies of the members of the Board of Directors and the Management Committee).

Beyond the criteria set by law, Aedifica strongly believes that these diversity requirements should apply not only to its Board of Directors and Management Committee, but also to its staff in general. Aedifica's team has a well-balanced gender diversity ratio (see chart) and is composed of people of different

ages, educational and cultural backgrounds, etc., which stimulates in-house creativity and combines experience with innovation. For more information about Aedifica's employees, see chapter on the 'Corporate Social Responsibility' on page 110.

#### 8.6. Assessment process

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

This assessment aims to perform 4 tasks:

- review the way the Board and its committees operate;
- check whether the most important topics are well prepared and deeply debated;
- determine the effective input of each director, and his/ her attendance record and commitment during discussions and the decision process;
- check whether the composition of the Board of Directors and its committees remains adequate.

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

The input of each director is regularly evaluated, so that, if necessary, the composition of the Board can be adapted as needed to any changes in circumstances. In the event of a reappointment, the director's input and effectiveness are reviewed based on a transparent and well-defined procedure. The Board of Directors ensures that adequate succession planning is in place. It monitors the balance of skills and experience in the Board of Directors (for both executive and non-executive directors).

The non-executive directors regularly review their interaction with the Management Committee. To this end, they meet at least once per year in the absence of the members of the Management Committee.

#### 8.7. Rights to acquire shares

The 'long-term incentive plan', which grants the members of the Management Committee the right to purchase Aedifica shares (as announced in the 2008/2009 Annual Financial Report), was approved at the 23 October 2018 Annual General Meeting. The members of the Management Committee received additional gross remunerations for €175,000 (CEO) and

€300,000 for all Management Committee's members (CFO, COO, CLO, CIO and CM&AO) in aggregate. After deducting withholding taxes, they were able to purchase shares at a unit price equal to the last known closing share price multiplied by a factor amounting to 100/120th, in accordance with comment 36/16 of the Belgian Income Tax Code. In execution of this 'long-term incentive plan', the CEO has acquired 1.288 shares and the Management Committee's members in aggregate have acquired 2.216 shares. The members of the Management Committee are irrevocably committed to hold these shares for a period of two years. The shares sold by Aedifica were part of the treasury shares held by the Company that were acquired on the stock exchange.

As a result of the Company's achievement of its long-term strategy to become a pure-play investor in European healthcare real estate (taking into account, among other things, the divestment of the apartment and hotel portfolio and the acquisition of a significant healthcare portfolio over the last few years, such as in Belgium, the Netherlands, Germany, as well as recently in the United Kingdom), which will enable the Company - thanks to the successful capital increase of May 2019 - to further strengthen its role as a leader in the European listed health care real estate sector, the Board of Directors of the Company of 14 May 2019 decided to grant the members of the Management Committee, within the framework of the aforementioned 'long-term incentive plan', a one-off additional gross remuneration of €250.000 for the CEO and €400,000 for the other members of the Management Committee (CFO, COO, CIO and CM&AO) in aggregate. After deduction of the withholding tax, the recipients must use the available net amounts to acquire Aedifica shares at a unit

price equal to the last known closing price on the stock exchange, multiplied by a factor of 100/120th in accordance with comment 36/16 of the Belgian Income Tax Code. The implementation of this 'long-term incentive plan' is spread over the financial years 2018/2019 and 2019/2020. At the date of this remuneration report, the CEO has acquired 1,173 shares and the other members of the Management Committee together 2,348 shares. The members of the Management Committee have irrevocably undertaken to keep these shares for a period of three years. These shares sold by Aedifica were previously the Company's own shares acquired on the stock exchange.

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

#### 8.8. Remuneration report

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

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

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

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

#### 8.8.1 Internal procedures

During the 2018/2019 financial year, the remuneration policy for non-executive directors and Executive Managers were set out as follows:

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

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

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

- 2. attendance fees:
  - i. an attendance fee of €1,000 per director and per meeting of the Board of Directors;
  - ii. an attendance fee of €900 per director and per meeting of the Audit Committee, of the Nomination and Remuneration Committee and of the Investment Committee.

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

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

#### 8.8.2 Executive Managers' remuneration

The remuneration package of the Executive Managers consists of: fixed remuneration (arising from the management agreements), variable remuneration (for which no clawback in favour of the Company is applicable), post-retirement benefits (defined contribution plan and associated benefits), and other components of the remuneration (medical insurance, benefits-in-kind linked to the usage of a company car). Moreover, the fixed remuneration also consists of amounts resulting from the 'long-term incentive plan' for which a no clawback in favour of the Company is proposed as from the financial year 2019/2020 (see section 7 above). The amounts involved are listed in the table on page 57.

The Executive Managers carry out their office as director of Aedifica and its subsidiaries for free. They are not remunerated by Aedifica's subsidiaries.

The gross variable remuneration of the Executive Managers was determined as follows:

- the variable remuneration for the 2018/2019 financial year is a (gross) amount which does not exceed 50% of the annual remuneration excluding sundry benefits, post-retirement benefits and 'long-term incentive plan'. The effective amount was determined by the Board of Directors, based on quantitative and qualitative criteria listed in the 2017/2018 Annual Financial Report as well as in the aforementioned additional agreements. Recall that the variable remuneration can only be paid if the actual EPRA Earnings\*

(previously referred to as 'consolidated profit excl. changes in fair value') per share is at least 90% of the budgeted amount. The criteria (and their weight) were as follows: EPRA Earnings\* per share (65%), consolidated EBIT margin\* (operating result before result on portfolio divided by net rental income) (10%) and others (25%). The Board of Directors concluded on 3 September 2019 that the Executive Managers met the objectives and decided to grant as variable remuneration €216,900 to the CEO and €409,303 to the other members of the Management Committee (CFO, COO, CIO and CM&AO) in aggregate.

- with respect to the 2019/2020 financial year, the variable remuneration of the members of the Management Committee will not exceed a maximum amount of 50% of the annual remuneration excluding sundry benefits, post-retirement benefits and 'long-term term incentive plan'. The effective amount will be determined by the Board of Directors based on consolidated quantitative and qualitative criteria: EPRA Earnings\* per share is at least 90% of the budgeted amount (65%), consolidated EBIT margin\* (operating result before result on portfolio divided by net rental income) (10%) and others (25%).
- with respect to the 2020/2021 financial year, the maximum variable remuneration will be kept to 50% of the annual remuneration excluding sundry benefits, post-retirement benefits and the 'long-term incentive plan', based on quantitative and qualitative criteria that will be set in a future stage.

The Nomination and Remuneration Committee has established a 'long-term incentive plan' for the members of the Management Committee. The details of that plan are included in section 7 of the Corporate Governance Statement above.

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

#### SENIORENWOHNPARK HARTHA, THARANDT (DE)



Each Executive Manager benefits from a company car as from the time of entering the Company. In 2018/2019, the cost to the Company (rental charge and petrol) was €25,000 excl. VAT for the CEO and a combined total of €59,000 excl. VAT for the other Executive Managers. Each Executive Manager also uses a laptop and a smartphone. Moreover, the Company reimburses the Executive Managers' actual professional expenses, and grants them a fixed allowance for representation expenses of €300 per month.

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

- a fixed annual remuneration for the CEO of €500,000; to which €234,000 should be added (in accordance with the 'long-term incentive plan') for the 2019/2020 financial year, and a maximum variable remuneration

€250,000 for the 2019/2020 financial year, based on and to the extent that the abovementioned criteria have been met;

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

The management agreements signed with the Executive Managers may be terminated in the following circumstances:

- if Aedifica gives a 12-month notice, starting three working days after receipt of the notice (sent by registered mail);
- immediately in case of serious misconduct (notice must be sent by registered mail);
- immediately in case of withdrawal by the market authority (FSMA) of their approval of the hiring of the Executive Manager;

- immediately if the Executive Manager does not act as Executive Manager during a period of 3 months, except in case of illness or accident:
- immediately if the Executive Manager cannot act as Executive Manager during a period of 6 months, in case of illness or accident.

The management agreements provide for specific events of termination in the event of a change in control of the Company, as disclosed in section 8.9.6 of the Corporate Governance Charter.

The only case in which an indemnity granted to an Executive Manager could exceed 12 months of remuneration is in the event of a change in control of the Company; in this case, only the CEO is eligible to obtain 18 months' remuneration. The Nomination and Remuneration Committee highlights the fact that this clause is included in the management agreement signed with the CEO in 2006 and that it is in line with market practice. In accordance with article 554 of the Companies Code, this indemnity payment does not require approval by the general meeting.

### 8.8.3 Remuneration of the Board of Directors

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

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

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

# 8.9. Preventing conflicts of interest

#### 8.9.1 Conflicts of interest

Directors, members of the Management Committee, persons in charge of daily management, Executive Managers and any person who is closely related to them cannot act as counterparties in transactions with the Company or with entities controlled by the Company. They cannot earn any benefit from transactions carried out with the Company, except when the transaction is undertaken in the best interest of the Company, in accordance with the Company's investment policy, and in line with market practice. The Company must inform the market authority (FSMA) in advance of any such transactions.

These transactions are immediately disclosed in a press release and in the Annual and Half-year Financial Reports.

The market authority need not be informed of the transactions listed in Article 38 of the Belgian Law of 12 May 2014 on Regulated Real Estate Companies. Articles 523 and 524 of the Belgian Companies Code are always applicable, as is Article 37 of the above mentioned law.

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

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

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

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

(i) the variable remuneration for the 2017/2018 financial year is a (gross) amount which does not exceed 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The effective amount was determined by the Board of Directors, based on quantitative and qualitative criteria listed in the 2016/2017 Annual Financial Report as well as in the aforementioned additional agreements signed on 4 September 2017. Recall that the variable remuneration can only be paid if the actual EPRA Earnings\* per share is at least 90% of the budgeted amount. Also recall the criteria (and their weight) were as follows: EPRA Earnings\* per share (30%), growth of the consolidated property portfolio (including the internationalisation of the Group's activities) (20%), consolidated EBIT margin\* (25%) and others (25%). The Committee concluded that the Executive Managers met the quantitative objectives. Taking into account the (possible partial) achievement of the other objectives, the dates of entry into force of the CIO and CM&AO agreements and the end of Mr. Jean Kotarakos' agreement on 31 May 2018, the Committee proposes to grant as variable remuneration: €207,500 to the CEO, and €387,900 to the previous CFO (Jean Kotarakos), COO, CIO, CLO and CM&AO in aggregate.

- (ii) for the 2018/2019 financial year, the Committee proposed that the maximum amount of the variable remuneration should not exceed 50% of the fixed annual gross remuneration, excluding sundry benefits and the post-retirement benefits. The actual amount granted will be determined based on consolidated quantitative and qualitative targets set and evaluated by the Board of Directors. The Committee proposes that these objectives be set on the basis of criteria that are weighted according to their importance. The criteria for awarding the variable remuneration are as follows:
  - 65%: consolidated result excluding changes in fair value per share (EPS as per EPRA) (final budget 2018/2019: EPRA Earnings\*: €3.45 per share; excluding capital increase); in case of the realisation of an EPS equal to the budget, 65% of the maximum amount of the variable remuneration is acquired.

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

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

- 10 %: the minimum consolidated EBIT margin\* equal to the budget
- (2018/2019 budget: operating result before portfolio result divided by net rental income: 82.1%).
- 25%: others (specific and individual objectives for each member of the management committee).
- (iii) with respect to the 2019/2020 financial year, the Committee proposes that the variable remuneration will not exceed a maximum amount of 50% of the annual remuneration excluding sundry benefits and post-retirement benefits, based on quantitative and qualitative criteria that will be set in a future stage.

The Chairman of the Nomination and Remuneration Committee subsequently reported to the Board on the Committee's deliberations with respect to the other aspects of the remuneration of the Management Committee members:

- (i) CEO:
  - a. the fixed annual remuneration (unchanged, except for indexation): €433,590;
  - b. the maximum variable remuneration:
     €216,795 (before indexation), based on the abovementioned criteria;
  - c. participation in the 'long-term incentive plan' for an amount of €175,000 for the financial year 2018/2019.
- (ii) with respect to the other Management Committee members (CFO, COO, CLO, CIO and CM&AO in aggregate):
  - a. the fixed annual remuneration (including the remuneration of the new CFO on an annual basis and when applicable, increased) of €1,018,502 (without indexation);

- b. the maximum variable remuneration (theoretical maximum on an annual basis) €509,251 (without indexation);
- c. participation in the 'long-term incentive plan' for €300,000 for the 2018/2019 financial year.

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

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

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

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

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

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

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

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

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

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

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

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

- (i) the criteria that could be used for the allocation of the variable remuneration of the members of the Management Committee for the 2019/2020 financial year; and
- (ii) the participation of the members of the Management Committee in the 'long term incentive plan' for the 2019/2020 financial year.

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

#### 8.9.2 Compliance Officer

The independent compliance function is carried out in accordance with Article 17 of the Belgian Law of 12 May 2014 on Regulated Real Estate Companies (see above) and with Appendix B of the 2009 Code. Mr. Sven Bogaerts, CM&AO, acts as the Company's Compliance Officer. In this regard, he must ensure that the Deal Code is properly applied and that any insider trading is properly reported, in order to reduce the risk of abuse of insider trading.

### Monitoring of the transactions carried out on Aedifica' shares

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

Furthermore, he oversees of the definition of 'closed periods' by the Board of Directors. During these periods, trading of Aedifica shares is prohibited for the Company's leaders, the persons listed and their relatives. The closed periods are as follows:

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

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

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

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

#### 8.9.3 Notification of irregularities

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

#### 8.9.4 Research and development

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

### 8.9.5 Capital increases carried out within the framework of the authorised capital

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

In execution of the decision of the Board of Directors of 23 October 2018 to increase the capital within the framework of the authorised capital, by way of contribution in kind in the context of the optional dividend (see section 2.1.4 of the Management Report), the capital was increased on 20 November 2018 by €6,348,821.62 (from €480,279,540.67 to €486,628,362.29). 240,597 new shares without par value were issued. The shares have the same rights as existing shares. These new shares participate in the Company's results for the 2018/2019 financial year as of 1 July 2018.

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

Within the framework of an authorized capital (see section 2.1.4 of the Management Report), by decision of the Board of Directors of 20 June 2019, the capital was increased by

€332,222.20 to bring it from €648,837,816.39 to €649,170,038.59 through a contribution in kind. 12,590 new shares, without nominal value, were issued. They are of the same type and enjoy the same rights and benefits as the existing shares. These new shares will participate pro rata temporis in the Company's profits as from 7 May 2019 for the financial year 2018/2019.

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

#### 8.9.6 In the event of a takeover bid

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

#### Structure of the share capital

- Share capital: there is one single category of shares without par value: all shares are fully paid-up. As of 30 June 2019, the share capital amounts to €649,170,038.59, consisting of 24,601,158 shares, each representing 1/24,601,158<sup>th</sup> of the share capital.
- Rights and obligations attached to the shares: all holders of shares have equal rights and obligations. Please refer to applicable laws, including the Belgian Companies Code, the Law of 12 May 2014 on Regulated Real Estate Companies, and the Royal Decree of 13 July 2014 on Regulated Real Estate Companies. Moreover, attention should be paid to the Company's Articles of Association (see section 4 of the chapter 'Standing Documents' in the Annual Financial Report).

### Legal, contractual or statutory limits to the transfer of shares

There are no legal or statutory limits for share transfers. In order to provide sufficient liquidity to the shareholders, Article 21 of the Law of 12 May 2014 requires that the shares of Belgian REITs are listed on a regulated stock exchange. The totality of the 24,601,158 Aedifica shares are listed on Euronext Brussels (regulated market).

#### **Specific control rights**

There are no shareholders benefitting from specific control rights.

#### Control mechanisms in favour of personnel

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

#### Legal or statutory limits to voting rights

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

#### Agreements between shareholders, known by Aedifica, which could limit the transfer of shares and/or voting rights

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

#### THE FOUNTAINS, RAINHAM (UK)



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

Nomination and replacement of members of the Board of Directors: pursuant to Article 11 to the Articles of Association, the members of the Board of Directors are elected for a term of up to 3 years by the shareholders at the Annual General Meeting. They are always revocable and can be re-elected. If not re-elected, the office of director ends just after the general meeting that decides on re-elections.

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

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

#### Powers of the Board of Directors, especially regarding the issuance or repurchase of shares

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

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

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

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

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

Moreover, Aedifica may, in accordance with Article 6.2 of the Articles of Association, repurchase, or receive as security, treasury shares under the conditions set out in the Belgian Companies Code; the Company must also inform the market authority (FSMA) in due time. As of 30 June 2019, Aedifica has pledged 2,508 treasury shares.

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

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

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

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

- the syndicated credit facility issued by Groupe BPCE (including Natixis Caisse d'Epargne et de Prévoyance Hauts De France, Caisse d'Epargne et de Prévoyance de Bourgogne Franche-Comté, Caisse d'Epargne et de Prévoyance de Rhône Alpes, Caisse d'Epargne et de Prévoyance Grand Est Europe, Caisse d'Epargne Loire Drôme Ardèche, Caisse d'Epargne et de Prévoyance d'Auvergne et du Limousin, Banque Populaire Bourgogne Franche Comté, Banque Populaire Val de France and Banque Populaire Alsace Lorraine Champagne) on 29 June 2018;
- the credit facilities issued by JP Morgan Securities and ING Belgium on 21 December 2018;
- the credit facilities issued by ABN Amro on 29 March 2019.

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

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

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

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

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

**Brussels, 3 September 2019** 

#### **Q** ZUR ALTEN LINDE, RABENAU (DE)

