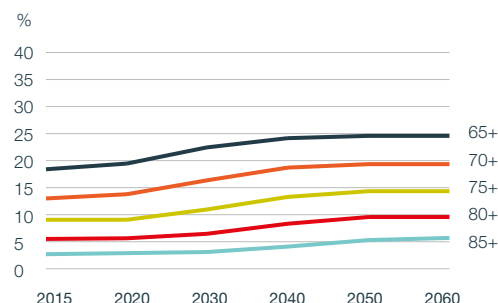


CONSOLIDATED BOARD OF DIRECTORS' REPORT¹

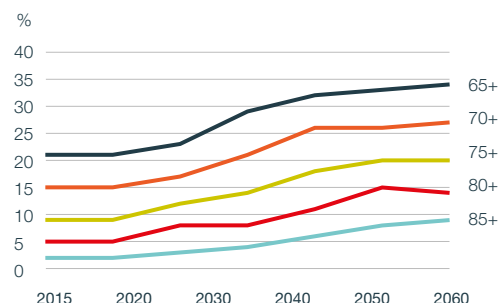
- Rental income of €91.7 million as of 30 June 2018, a 16 % increase compared to 30 June 2017
- EPRA Earnings* of €58.4 million as of 30 June 2018, a 22 % increase compared to 30 June 2017
- EPRA Earnings* per share of €3.25 as of 30 June 2018, a 3 % increase compared to 30 June 2017
- Proposed gross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

Change in Belgian population by age group



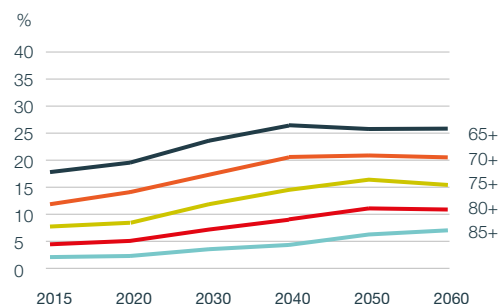
Source: "Perspectives de Population 2017-2061", Belgian Federal Planning Bureau, 2018.

Change in German population by age group



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

Change in Dutch population by age group



Source: "Prognose bevolking kerncijfers 2015-2060", Centrale Bureau voor de Statistiek (CBS), 29 January 2016.

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

1. STRATEGY

1.1. Diversification in its specialisation

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

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

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

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

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

The Group mainly concentrates its activity in the healthcare real estate segment (with a focus on senior housing), but is also active in apartment buildings and hotels. The Group's stated policy is to continue to grow exclusively in the senior housing segment and other segments of healthcare real estate in Europe ("pure play strategy").

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

Aedifica's strategy is primarily of the "buy and hold" type, which is, by definition, focused on the long-term; of course, this does not preclude certain disposals.

The ageing of the babyboom generation is progressing at a rapid pace in Belgium and Europe, and will reach its peak by 2060.

— Het Gouden Hart van Leersum - Leersum - The Netherlands —



« Investor des Jahres 2018 »

award received at the
Altenheim Expo in Berlin

a. Healthcare real estate/Senior housing

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

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

Considerable growth potential remains in this sector. As a portion of the number of approved rest home beds in Belgium, Aedifica is a market leader, holding approximately 5 % of the market as of 30 June 2018.

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

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

The senior housing market generates stable and recurring revenues, which provide for the distribution of dividends to Aedifica shareholders. According to a study published by Cushman & Wakefield in January 2016, Aedifica held the 1st position in terms of private real estate investors in rest homes in Belgium for the period 2005-2015, representing 36 % of the total amount invested by RRECs, insurers, banks and other types of investors. According to a study published on 31 January 2018, Aedifica was the most active private investor in Dutch healthcare real estate in 2017. Moreover, Aedifica received the German “Investor des Jahres 2018” award at the Altenheim Expo in Berlin in June 2018.

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

On 30 June 2018, healthcare real estate/senior housing represents 84 % of the Group’s portfolio.

b. Apartment buildings

Aedifica holds apartment buildings primarily situated in Brussels. The buildings are primarily residential but may also include office or retail space, given their urban locations which commonly feature mixed-use buildings.

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

As of 30 June 2018, apartment buildings represent 12 % of the group’s portfolio.

The apartment building branch will be transferred into Immo SA, a new subsidiary. Immo SA has been recognised as an institutional regulated real estate company (“IRREC”). Through this IRREC, Aedifica will continue managing its apartment portfolio, in cooperation with a strategic partner who will ultimately acquire the control of Immo SA.

c. Hotels

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

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

On 30 June 2018, hotels represent 4 % of the group’s portfolio.

1.2. Growth strategy

Aedifica applies a growth strategy; the fair value of the investment properties including assets classified as held for sale* averaged a compounded annual growth rate of 26% over 12 years and reached €1.7 billion as of 30 June 2018. The Company intends to continue on this growth trajectory in order to derive benefits linked to its scale, including:

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

1.3. Possible strategic developments

Within the sphere of European healthcare real estate, senior housing is currently the most developed and therefore most relevant segment for Aedifica. Population ageing will probably have a significant impact on care “consumption” 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 continually evaluating the needs and opportunities generated by shifting demographics.

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

2. OPERATIONS CARRIED OUT BEFORE AND AFTER THE 30 JUNE 2018 CLOSURE

2.1. Operations carried out before the 30 June 2018 closure

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

2.1.1. Investments in Belgium

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

On 8 September 2017, Aedifica announced the acquisition of a rest home in Belgium, pursuant to a previously established agreement (see half year financial report of 23 Feb-

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



— Martha Flora Hilversum - Hilversum - The Netherlands —

2.1.2. Investments in Germany

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

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

Cooperation agreement for the construction of seventeen rest homes in Germany

On 17 August 2017, Aedifica announced the signing of a cooperation agreement with Specht Gruppe for the construction of 17 rest homes in Germany. The rest homes (to be constructed) will be located in urban and rural areas in several states of northern Germany (Lower Saxony, North Rhine-Westphalia, Schleswig-Holstein, Mecklenburg-Vorpommern and Bremen). These residential care facilities will be designed for seniors requiring continuous care ("Pflegeheim") and will consist primarily of single rooms. In addition to the standard single rooms, larger rooms (suites) will be included to cater to the high-end market segment. The buildings will also house complementary services, such as day centres for seniors and, in some cases, childcare services or a pharmacy. Upon completion of all buildings, this portfolio will have a total capacity of approx. 1,500 units. The rest homes will generally be located on care campuses, which also contain buildings offering apartments for seniors opting to live independently with care services available on demand (see announcement of the expansion of the cooperation agreement on 5 June 2018 below). Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (after receipt of the development permits). After each takeover is completed, construction of the new buildings will begin. An agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, to carry out the construction of the new buildings for a fixed price. Assuming all development permits are received, Aedifica's total investment will amount to approx. €200 million. The first buildings are expected to be completed in 2019. The operation will be financed using Aedifica's credit facilities. All sites will be rented out to Residenz Management GmbH, an entity

of Specht Gruppe, and will be operated by high quality operators. The sites will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration that will cover the buildings' maintenance. Upon completion of the works, gross yields will amount to approx. 5.5%.

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

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

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

On 8 December 2017, Aedifica announced the acquisition of three senior housing sites in Germany. The Bremerhaven I (110 units), Bremerhaven II (42 units) and Cuxhaven (34 units) senior housing sites benefit from excellent locations in the centre of Bremerhaven (110,000 inhabitants, State of Bremen) and Cuxhaven (50,000 inhabitants, State of Lower Saxony). They were constructed in 2016, 2003 and 2010, respectively, and comprise housing units for independent living with care services available on demand ("betreutes Wohnen", seniors apartments), as well as housing units offering continuous residential care ("Pflege-Wohngemeinschaft"), a day centre and a home care office. The Bremerhaven I site also includes a retail space of approx. 900 m² situated on the ground floor. Aedifica Invest SA acquired the control of a company based in Germany, which currently owns the buildings. The total contractual value of the sites amounts to approx. €27.5 million. The leases established for the sites are

irrevocable 20-year double net long leases. The Bremerhaven I site benefits from a triple net warranty of limited duration, which covers the buildings' maintenance. The initial yields amount to approx. 5%. The operation was financed using Aedifica's credit facilities. The sites are fully let and primarily operated by Ambulanter Pflegedienst Weser, an entity of Specht Gruppe. APW is a private player active for home and day care for seniors. The commercial space situated on the ground floor of Bremerhaven I is sublet by the operator to Rossmann (a drugstore chain with approx. 3,600 stores).

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

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

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

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

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

On 3 May 2018, Aedifica announced the signing of an agreement for the acquisition of a senior apartment complex in Germany. This agreement was subject to outstanding conditions, which were fulfilled as of 1 June 2018. The purchase price was paid and Aedifica SA acquired the property and full use of the site at this time. The Park Residenz senior apartment complex is situated in a private park and benefits from an excellent location in a residential area in the centre of Neumünster (78,000 inhabitants, State of Schleswig-Holstein). The site is a former barracks (a protected monument) and was entirely redeveloped into a modern residential care facility in 2001. The site comprises four buildings, including 79 housing units (apartments) for independent living with care services available on demand, a day centre and a home care office. The contractual value amounts to approx. €11 million. The operation was financed using Aedifica's credit facilities. The site is operated by the Convivo group, a private player with more than 20 years of experience in the German senior care market. The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 5.5%.

8 sites

acquired in Germany
in 2017/2018

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

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

Expansion of the cooperation agreement with Specht Gruppe in Germany

On 5 June 2018, Aedifica announced the expansion of the cooperation agreement with Specht Gruppe. The expanded agreement provides for new construction in addition to that announced in the cooperation agreement with Specht Gruppe on 17 August 2017 (see above). Specifically, seniors apartment buildings and houses for seniors will be added to 8 of the 17 sites in Germany included in the initial cooperation agreement. The seniors apartment buildings and houses for seniors will be constructed in urban and rural areas in northern Germany (Lower Saxony, Mecklenburg-Vorpommern, North Rhine-Westphalia and Schleswig-Holstein). The housing units are designed for independent living with care services available on demand and will cater to the mid- to high-end market segment. They will be located on care campuses that also feature complementary services, such as housing for seniors requiring continuous care, a day centre for seniors and, in some cases, childcare services or a pharmacy (Aedifica will own all buildings on these care campuses). The seniors apartment buildings and houses for seniors located on these sites will have a total capacity of approx. 220 units. With this expansion of their cooperation agreement, Aedifica and Specht Gruppe are now developing a portfolio totaling approx. 1,800 units. Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (in principle after receipt of the development permits). After each takeover, construction of the new buildings will begin. An agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, to carry out the construction of the new buildings for a fixed price. Assuming all development permits will be received, Aedifica's investment will ultimately amount to approx. €44 million. Aedifica's total investment in the entire portfolio of care campuses that is being developed with Specht Gruppe, will amount to approx. €245 million. The operation will be financed using Aedifica's credit facilities. All sites will be rented out to Residenz Management GmbH, an entity of Specht Gruppe, and will be operated by high quality operators. They will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration that will cover the buildings' maintenance. Upon completion of the works, gross yields of the seniors apartments and houses for seniors will amount to approx. 5.0%. The gross yield of the entire portfolio that is being developed with Specht Gruppe will amount to approx. 5.5%.

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

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

2.1.3. Investments in The Netherlands

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

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

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

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

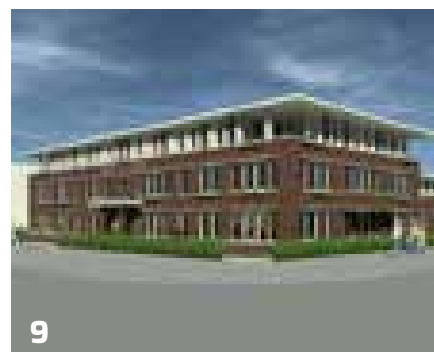
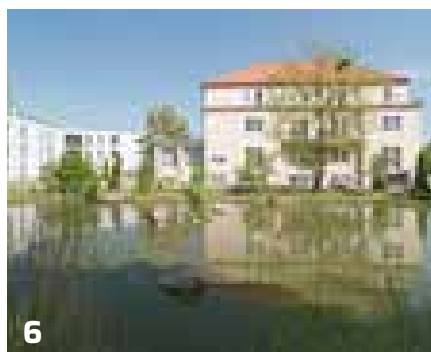
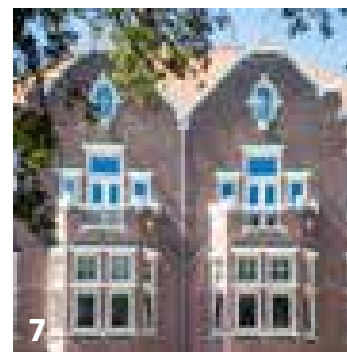
Acquisition of a care residence in Zeist (Province of Utrecht)

On 24 August 2017, Aedifica announced the acquisition of a care residence in The Netherlands. The Huize Hoog Kerckebosch care residence is located in a green, residential area near the centre of Zeist (63,000 inhabitants, Province of Utrecht), approx. 10 km from the city of Utrecht. It is a modern residential care facility catering to seniors requiring continuous care in the middle to high-end market segment. The site is able to welcome 32 residents in its exceptional environment. It was completed in early July 2017 and has been operational since August 2017. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA, acquired the full property of the site. The contractual value amounts to approx. €8 million. The operation was financed using Aedifica’s credit facilities. The care residence is operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5%.

PORTFOLIO EVOLUTION DURING THE 2017/2018 FINANCIAL YEAR

ADDITIONS TO THE PORTFOLIO

1. **Seniorenheim am Dom** rest home in Halberstadt (Saxony-Anhalt, Germany)
2. **Huize De Compagnie** care residence in Ede (Gelderland, The Netherlands)
3. **Huize Hoog Kerckebosch** care residence in Zeist (Utrecht, The Netherlands)
4. **Molenenk** care residence in Deventer (Overijssel, The Netherlands)
5. **De Duinpieper** rest home in Ostend (West Flanders, Belgium)
6. **Seniorenresidenz an den Kienfichten** senior housing site in Dessau-Rosslau (Saxony-Anhalt, Germany)
7. **Martha Flora Den Haag** care residence in The Hague (South Holland, The Netherlands)
8. **Huize Ter Beegden** care residence in Beegden (Limburg, The Netherlands)
9. **Martha Flora Rotterdam** care residence in Rotterdam (South Holland, The Netherlands)



- 10. **Martha Flora Bosch en Duin** care residence in Bosch en Duin (Utrecht, The Netherlands)
- 11. **Bremerhaven I** senior housing site in Bremerhaven (Bremen, Germany)
- 12. **Bremerhaven II** senior housing site in Bremerhaven (Bremen, Germany)
- 13. **Cuxhaven** senior housing site in Cuxhaven (Lower Saxony, Germany)
- 14. **De Merenhoef** rest home in Maarsse (Utrecht, The Netherlands)
- 15. **Huize Roosdael** Care residence in Roosendaal (North Brabant, The Netherlands)
- 16. **Leusden** care residence in Leusden (Utrecht, The Netherlands)
- 17. **Martha Flora Hoorn** care residence in Hoorn (North Holland, The Netherlands)



10



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16



11



14



12

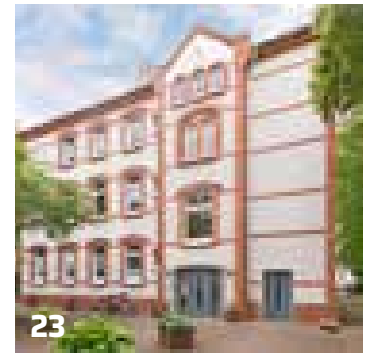


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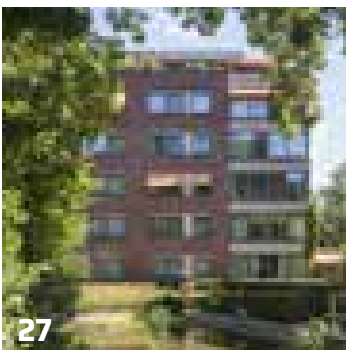
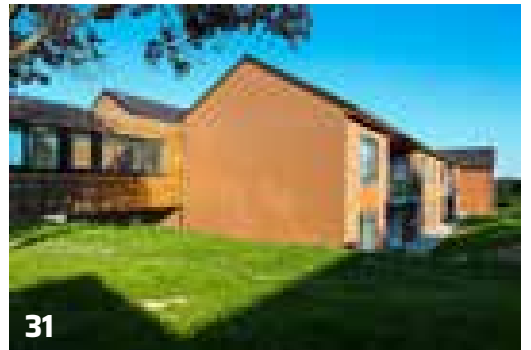
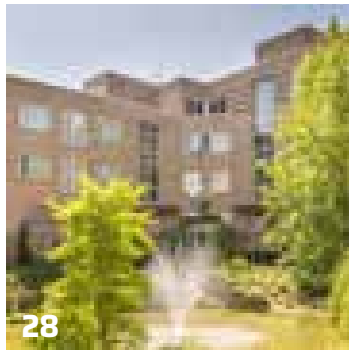
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- 18. **September Nijverdal** care residence in Nijverdal (Overijssel, The Netherlands)
- 19. **Huize Groot Waardijn** care residence in Tilburg (North Brabant, The Netherlands)
- 20. **Huize Eresloo** care residence in Eersel (North Brabant, The Netherlands)
- 21. **advita Haus Zur Alten Berufsschule** senior housing site in Zschopau (Saxony, Germany)
- 22. **Pflegeteam Odenwald** healthcare site in Wald-Michelbach (Hesse, Germany)
- 23. **Park Residenz** senior housing site in Neumünster (Schleswig-Holstein, Germany)
- 24. **Zorghuis Smakt** senior housing site in Smakt (Limburg, The Netherlands)
- 25. **Zorgresidentie Mariëndaal** senior housing site in Velp (North Brabant, The Netherlands)



COMPLETIONS AFTER WORKS

26. **Villa Temporis** senior housing site in Hasselt (Limburg, Belgium)
27. **Genderstate** senior housing site in Eindhoven (North Brabant, The Netherlands)
28. **Petruspark** senior housing site in Eindhoven (North Brabant, The Netherlands)
29. **Parc Imstenrade** senior housing site in Heerlen (Limburg, The Netherlands)
30. **Résidence l'Air du Temps** rest home in Chênée (Liège, Belgium)
31. **Résidence Les Cheveux d'Argent** rest home in Sart-lez-Spa (Liège, Belgium)
32. **Het Gouden Hart van Leersum** care residence in Leersum (Utrecht, The Netherlands)
33. **Martha Flora Hilversum** care residence in Hilversum (North Holland, The Netherlands)



16 sites

acquired in The Netherlands in 2017/2018

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

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

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

On 12 September 2017, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The Huize Ter Beegden care residence is located on the site of a former farmhouse near Roermond (Beegden, in the municipality of Maasgouw, 24,000 inhabitants, Province of Limburg); it will be entirely redeveloped into a modern residential care facility intended for seniors requiring continuous care. The care residence is expected to be completed in late

2018 and will have a capacity of 19 residents. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA, acquired the full property of the plot of land (including the buildings located thereon). The contractual value amounts to approx. €0.5 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €4 million for construction works; the total investment (including works) will ultimately amount to approx. €5 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5%.

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

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

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

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

— Aarschot-Wissenstraat - Aarschot - Belgium —



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

On 19 December 2017, Aedifica announced the acquisition and renovation of a rest home in The Netherlands. The De Merenhoef rest home is located in a residential area of Maarssen (13,000 inhabitants, Province of Utrecht), approx. 8 km from the city of Utrecht. The rest home will be entirely renovated into a modern residential care facility for seniors requiring continuous care, and extension works will be carried out for the construction of new reception and service areas (including a restaurant and a day centre). Upon completion of the works (expected in the third quarter of 2019), the rest home will have a capacity of 75 residents. Operations will continue during the works. In addition to the rest home being acquired by Aedifica, the site will also feature senior apartments, a medical centre and housing for seniors opting to live independently; these additional facilities will not be acquired by Aedifica. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA, acquired the full property of the building. The contractual value amounts to approx. €2 million. The renovation and construction was designed and will be carried out by Koolstof Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €7 million for works; the total investment (including works) will ultimately amount to approx. €9 million. The operation will be financed using Aedifica's credit facilities. The rest home will be operated by the Stichting Leger des Heils Welzijns- en Gezondheidszorg foundation, a not-for-profit organisation that is active in the Dutch senior care market. The foundation, which is responsible for the Salvation Army's healthcare activities and social services in The Netherlands, operates 256 facilities. Its activities include emergency housing, healthcare and senior care, mental health services, youth support services, addiction treatment, prevention and social integration services. The lease established for the site is an irrevocable 15-year double net long lease (with an option to extend in favour of the tenant). Upon completion of the works, the gross yield will amount to approx. 7%.

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

On 9 January 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. Huize Roosdael will be located in the centre of Roosendaal (77,000 inhabitants, Province of North Brabant) on the site of a former school building that will be entirely redeveloped. A portion of this site will be renovated into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed during the first quarter of 2019 and will have a capacity of 26 residents. Aedifica Nederland BV, a 100% subsidiary of Aedifica SA acquired the full property of the plot of land (including the buildings located thereon). The contractual value amounts to approx. €1 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Approx. €5 million has been

budgeted for works; the total investment (including works) will ultimately amount to approx. €6 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5%.

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

On 24 January 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The care residence will be located in a residential area of the centre of Leusden (30,000 inhabitants, Province of Utrecht), approx. 25 km from the city of Utrecht. A modern residential care facility for seniors requiring continuous care will be constructed on the site. Upon completion of the works (expected in the third quarter of 2019), the care residence will have a capacity of 21 residents. The building is part of a larger housing project. In addition to the care residence being acquired by Aedifica, the developer will also build apartments and family homes on the site; these additional properties will not be acquired by Aedifica. The full property of the plot of land was acquired by Aedifica Nederland BV, a 100% subsidiary of Aedifica SA. The contractual value amounts to approx. €1 million. The construction will be carried out by Heilijgers Projectontwikkeling BV and delivered turnkey to Aedifica. Approx. €3 million has been budgeted for construction works; the total investment (including works) will amount to approx. €4 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Stepping Stones Home & Care group under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5%.

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

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

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

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

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

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

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

On 16 March 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The Huize Eresloo care residence, a modern residential care facility intended for seniors requiring continuous care, will be constructed within a private park near the centre of Eersel (19,000 inhabitants, Province of North

Brabant), approx. 20 km from the city of Eindhoven. Upon completion, (expected in the second quarter of 2019), the care residence will have a capacity of 26 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA acquired the full property of the plot of land. The contractual value amounts to approx. €1 million. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Approx. €5 million has been budgeted for construction works; the total investment (including works) will ultimately amount to approx. €6 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group under an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

Acquisition of two healthcare sites in The Netherlands

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

2.1.4. Sites available for use after works

Hasselt (Province of Limburg, Belgium)

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

Deventer (Province of Overijssel, The Netherlands)

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

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

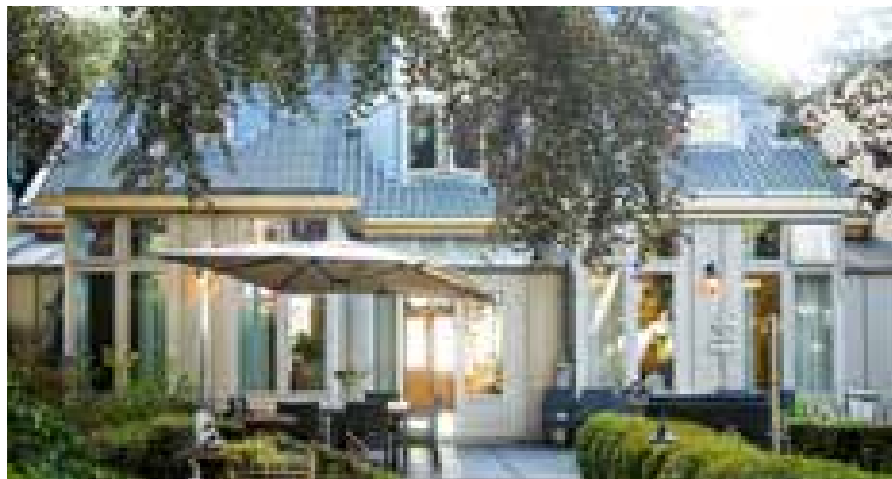
The renovation works of the Genderstate and Petruspark rest homes in Eindhoven and the Parc Imstenrade rest home in Heerlen were completed during the third quarter of 2017/2018. Both sites are operated by an entity of the Vitalis group.

Chênée (Province of Liège, Belgium)

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

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

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



— Martha Flora Hoorn - Hoorn - The Netherlands —

Leersum (Province of Utrecht, The Netherlands)

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

Hilversum (Province of North Holland, The Netherlands)

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

8

development projects
completed in 2017/2018



— Huize Hoog Kerckebosch - Zeist - The Netherlands —

2.1.5. Development projects in progress

The Property Report included in this Annual Financial Report includes a table describing all projects in progress as of 30 June 2018.

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

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

2.1.6. Financing

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

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

- May 2018: a new bilateral credit facility was established with BECM (€25 million, maturing in 2023);
- June 2018: a new syndicated credit facility was established with the banks and savings banks of Groupe BPCE (€118 million, maturing in 2025).

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

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

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

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

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

2.1.7. Other events

Disposals

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

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

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

> €450 Mio

bank financing
established or
renegotiated during the
2017/2018 financial year

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

Aedifica receives an award with regard to financial communication

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

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

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

Aedifica acquires Schloss Bensberg Management GmbH

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

Aedifica establishes a new subsidiary in Germany

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

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

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

Aedifica appoints a new Chief Financial Officer

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

Aedifica receives an award for its investments in Germany

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

2.2. Operations after the 30 June 2018 closure

2.2.1. Investments

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

On 11 July 2018, Aedifica acquired the plots of land on which three of the seventeen rest homes announced in the cooperation agreement with Specht Gruppe will be built (see section 2.1.2 above). The acquisition took place through the takeover of Specht Gruppe Eins mbH (by Aedifica Invest SA). Aedifica also signed an agreement with Residenz Baugesellschaft (an entity of Specht Gruppe) for the construction of these three rest homes, which will be located in Kaltenkirchen, Schwerin and Lübbecke. Construction works have already begun. The first buildings are expected to be completed during the second half of 2019.

The contractual value of these three plots of land amounts to approx. €4 million. Aedifica's total investment (including works) will ultimately amount to approx. €40 million. The operation will be financed using Aedifica's credit facilities. Upon completion, all sites will be leased to Residenz Management GmbH, also an entity of Specht Gruppe, and will be operated by high quality operators. They will be leased on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration that will cover the buildings' maintenance. Gross yields will amount to approx. 5.5 %.

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

On 12 July 2018, Aedifica announced the signing of an agreement for the acquisition of four healthcare sites in Germany. The four sites benefit from a central location in Bad Sachsa (7,500 inhabitants, State of Lower-Saxony, Germany). The buildings were constructed in different years and have undergone several renovations and extensions. They can welcome 221 residents in total. The first site has a capacity of 70 units catering to seniors requiring continuous care, while the second site has a capacity of 64 units intended for individuals with severe neurological damage or suffering from mental health disorders. The third and fourth sites have capacities of 74 and 13 units, respectively, and are intended for individuals suffering from mental health disorders. The agreement for the acquisition of these four sites by Aedifica SA is subject to the usual conditions in Germany, which are mainly of administrative nature and which should be fulfilled soon. The purchase price will be paid and the property and full use of the buildings will automatically be acquired at that time. The contractual value amounts to approx. €19 million. The operation will be financed using Aedifica's credit facilities. The sites will be operated by an entity of Argentum Holding GmbH under irrevocable 30-year double net long leases. The initial gross yield amounts to approx. 7 %.

Agreement signed for the apartment buildings segment

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

Acquisition and redevelopment of a care residence in Berkel-Enschot (Province of North Brabant, The Netherlands)

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

Acquisition of four healthcare sites in Germany

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

3. ANALYSIS OF THE 30 JUNE 2018 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 2018

During the 2017/2018 financial year (1 July 2017 – 30 June 2018), Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale*** by €178 million, from a fair value of €1,528 million to €1,705 million (€1,741 million for the investment properties including assets classified as held for sale*). This 12% growth comes mainly from net acquisitions (see sections 2.1.1, 2.1.2 and 2.1.3 above), completion of development projects (see section 2.1.4 above) and changes in the fair value of marketable invest-



— Martha Flora Hilversum - Hilversum - The Netherlands —

ment properties recognised in income (+€25.2 million, or +1.5%). The fair value of marketable investment properties, as assessed by independent valuation experts, is broken down as follows:

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

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

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

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

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

+16 %

increase of consolidated revenues

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

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

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

84 %

share of healthcare real estate in the portfolio

The **occupancy rate of the furnished portion of the portfolio** (representing only 4 % of the fair value of marketable investment properties) reached 84.1 % for the year ended 30 June 2018. This is an increase as compared to

the occupancy rate realised in the previous financial year (73.5 %) and the most recent published occupancy rate (81.3 % as of 31 March 2018). Note that the occupancy rate of the last quarter of the financial year under review reached 92.5 %, a level which has not been recorded since 2008.

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

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

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

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

3.2 Consolidated income statement

The Consolidated Financial Statements are provided as part of this Annual Financial Report. The following sections of this Consolidated Board of Directors' Report analyse the financial statements using an analytical framework that is aligned with the Company's internal reporting structure. The consolidated income statement covers the 12-months period from 1 July 2017 to 30 June 2018. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or end of the period.

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

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

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

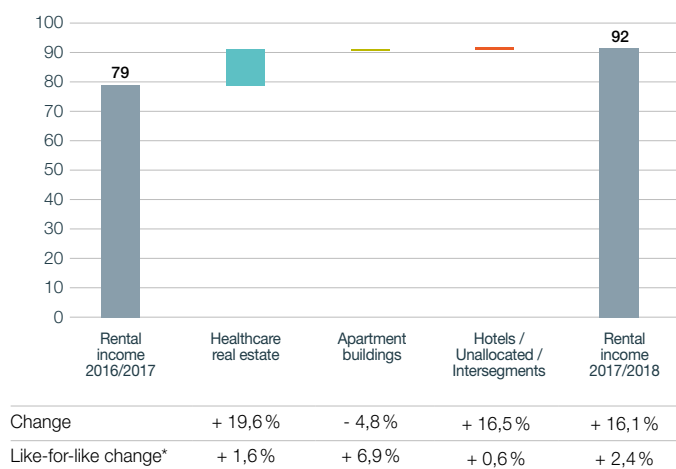
The increasing rental income in the healthcare real estate segment (+€12.5 million; +19.6% and +1.6% on a like-for-like basis*) demonstrates the relevance of Aedifica's investment strategy in this segment, which now generates more than 83% of the Group's turnover.

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

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

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

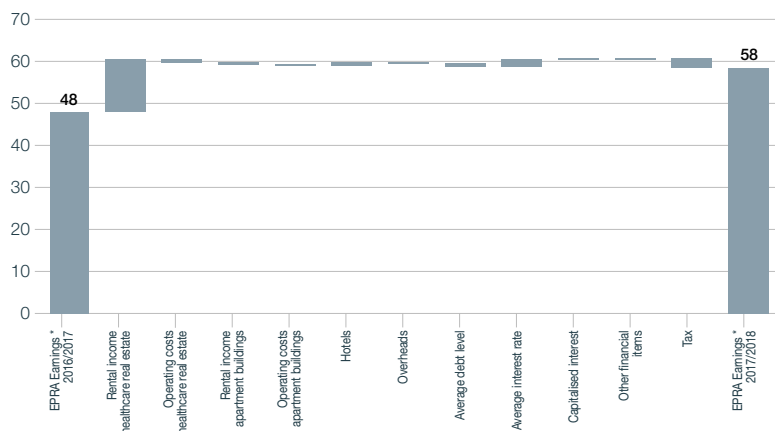
Rental income (30 June 2018) (in € million)



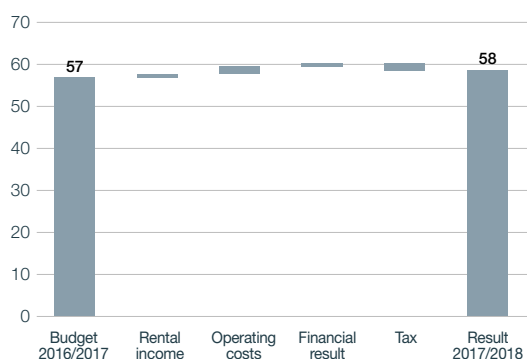
— Villa Temporis - Hasselt - Belgium —



EPRA Earnings* in fair value (30 June 2018) (in € million)



EPRA Earnings* vs budget (30 June 2018) (in € million)



84%

operating result* on
30 June 2018

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

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

After deducting overheads of €11.0 million (30 June 2017: €8.5 million) and taking into account other operating income and charges of €2.2 million (30 June 2017: €-0.3 million), the **operating result before result on portfolio** has increased by 17% to reach €77.3 million (30 June 2017: €65.8 million). This result represents an EBIT margin* (see Note 57.3) of 84% (30 June 2017: 83%) and is above budget.

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

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

EPRA Earnings* (see Note 57.7) reached €58.4 million (30 June 2017: €48.0 million), or €3.25 per share, based on the weighted average number of shares outstanding (30 June 2017: €3.15 per share). This profit (absolute and per share) is above budget, notwithstanding the temporary dilutive effect of the capital increase of 28 March 2017.

The income statement also includes items with no monetary impact (that is to say, non-cash) that vary as a function of market parameters. These consist of 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):

- At the end of the financial year, **changes in the fair value of marketable investment properties** (corresponding to the sum of the positive and negative variations between that of 30 June 2017 or at the time of entry of new buildings in the portfolio, and the fair value estimated by valuation experts as of 30 June 2018) taken into income amounted to +1.5%, or +€25.2 million (30 June 2017: +1.1%, or +€16.1 million). A change in fair value of -€10.2 million was recorded on development projects (compared to -€5.8 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €15.0 million (30 June 2017: +€10.4 million).

- **Capital gains on disposals** (€0.8 million; 30 June 2017: €1.5 million) are also taken into account here.

- In order to limit the interest rate risk stemming from the financing of its investment, Aedifica has put in place very conservative hedges (called "cash flow hedges") which, over the long term, allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. These financial instruments are detailed in Note 33 of the Consolidated Financial Statements. On 30 June 2018, 95% of the drawings on these variable-rate credit facilities are covered by hedging instruments (swaps and caps). Moreover, the financial instruments also reflect put options granted to non-controlling shareholders (in relation to the subsidiaries that are not wholly owned by the Group) which are subject to appraisal at fair value.

Changes in the fair value of financial assets and liabilities taken into income statement as of 30 June 2018 represent a charge of €2.2 million (30 June 2017: income of €5.1 million).

- **Deferred taxes** (charge of €2.5 million as of 30 June 2018 as compared to a charge of €1.5 million as of 30 June 2017) arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are excluded from the EPRA Earnings*.

- **Exit tax** (income of €2.7 million as of 30 June 2018 as compared to a charge of €0.5 million as of 30 June 2017) corresponds to the variation between the estimated exit tax at the moment of acquisition of companies and the estimated exit tax at their anticipated merger dates. (In 2017, the exit tax was presented under changes in fair value of investment properties; this change of presentation had no impact on either net profit or EPRA Earnings*). The positive change in exit tax is caused by a decrease of the applicable tax rate from 16.995% to 12.75%.

Given the non-monetary items described above, the **profit (attributable to owners of the parent)** amounts

to €71.9 million (30 June 2017: €63.4 million). The earnings per share (basic earnings per share, as defined in IAS 33 and calculated in Note 26 to the Consolidated Financial Statements) is €3.99 (30 June 2017: €4.16).

The adjusted statutory result as defined in the annex to the Royal Decree of 13 July 2014 regarding RRECs, is €55.4 million (30 June 2017: €42.1 million), an increase of 32% (as calculated in Note 50). Taking into account the dividend rights for the shares issued during the financial year, this represents an amount of €3.05 per share (30 June 2017: €2.74 per share).

3.3 Consolidated balance sheet

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

- **Marketable investment properties including assets classified as held for sale*** (30 June 2018: €1,705 million; 30 June 2017: €1,528 million), which marked an increase of €178 million. The net growth in the fair value of marketable investment properties* is attributed primarily to €127 million from investment operations (see points 2.1.1, 2.1.2 and 2.1.3 above), - €15 million for disinvestment operations (see point 2.1.7 above), €36 million for the completion of development projects (see point 2.1.4 above), and €25 million for the change in fair value of marketable investment properties.

- **Development projects** (30 June 2018: €35 million; 30 June 2017: €17 million), consisting primarily of investment properties under construction or renovation (see point 2.1.5 above). These projects are undertaken in the context of the multi-annual investment budget described in Section 4.2 of the Property Report hereafter.

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

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

Consolidated balance sheet (x €1,000)

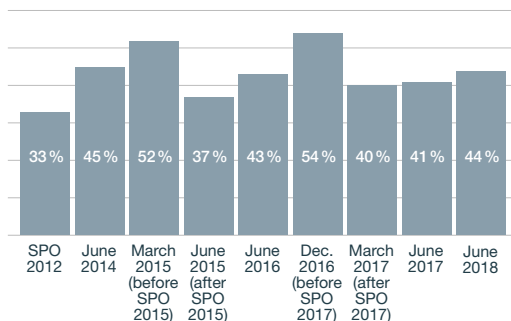
	30 June 2018	30 June 2017
Investment properties including assets classified as held for sale*	1,740,533	1,544,849
Other assets included in debt-to-assets ratio	24,418	22,566
Other assets	1,692	2,707
Total assets	1,766,643	1,570,122
Equity		
Equity excl. changes in fair value of hedging instruments*	977,086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

Net asset value per share (in €)

	30 June 2018	30 June 2017
Net asset value after deduction of dividend 2016/2017 ¹ , excl. changes in fair value of hedging instruments*	53.68	49.38
Effect of the changes in fair value of hedging instruments	-1.95	-1.89
Net asset value after distribution of dividend 2016/2017 ¹	51.74	47.48
Number of share outstanding (excl. treasury shares)	18,200,829	17,975,820

1. See Note 57.6

Debt-to-assets ratio (%)



called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

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

As of 30 June 2018, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 regarding RRECs) reached €781 million (30 June 2017: €639 million), of which €740 million (30 June 2017: €614 million) represent amounts drawn on the Company's credit facilities, detailed in Note 40. The debt-to-assets ratio amounts to 44.3% on a consolidated level (30 June 2017: 40.8%) and 42.5% on a statutory level (30 June 2017: 38.6%). The maximum ratio permitted for Belgian REITs is set at 65% of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €366 million in constant assets (that is, excluding growth in the real estate portfolio) or €1,045 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, all else being equal, the Company to absorb a decrease of up to 32% in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing bank commitments, which further limit the maximum debt-to-assets ratio to 60%, the headroom available amounts to €278 million in constant assets, €694 million in variable assets, and 27% in the fair value of investment properties.

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

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

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

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 2016/2017 dividend in November 2017, the net asset value per share based on the fair value of investment properties is €53.68 as of 30 June 2018 (30 June 2017: €49.38 per share).

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 +€2.5 million (30 June 2017: +€3.2 million), which is made up of net cash from operating activities of +€85.0 million (30 June 2017: +€69.2 million), net cash from investing activities of -€159.5 million (30 June 2017: -€279.6 million), and net cash from financing activities of +€76.9 million (30 June 2017: +€213.6 million).

3.5 Segment information

3.5.1. Healthcare real estate

Rental income in this segment amounts to €76.5 million (30 June 2017: €63.9 million), or 83% of Aedifica's total rental income. These buildings are usually operated under triple net long leases (see glossary) and, as such, the property operating result for this segment is almost equal to the rental income. The fair value of investment properties including assets classified as held for sale* attributed to this segment under IFRS 8 has been established at €1,431 million (30 June 2017: €1,244 million), or 84% of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

Proposed appropriation (x €1,000)

	30 June 2018	30 June 2017
A. Profit (loss)	63,357	57,040
B. Transfer to/from the reserves (-/+)	12,345	15,000
1. Transfer to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	14,203	7,408
- previous fiscal years	0	0
- disposals of investment properties	790	1,485
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	-2,563	815
3. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting as defined by IFRS (-)		
- fiscal year	-11	0
- previous years	0	0
4. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting as defined by IFRS (+)		
- fiscal year	0	22
- previous years	0	0
5. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (-)		
- fiscal year	-1,332	0
- previous years	0	0
6. Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (+)		
- fiscal year	0	6,053
- previous years	0	0
7. Transfer to/from the reserve of the balance of currency translation differences on monetary assets and liabilities (-/+)	0	0
8. Transfer to the reserve of the fiscal latencies related to investment properties abroad (-/+)	-698	-783
9. Transfer to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	1,957	0
11. Transfer to/from the result carried forward of the previous years (-/+)	0	0
C. Remuneration of the capital provided in article 13, § 1, para. 1	44,340	33,642
D. Remuneration of the capital - other than C	1,162	836
Result to be carried forward	5,509	7,562

2,50 €/action

proposed gross dividend for 2017/2018, representing a statutory pay-out ratio of 82 %

3.5.2. Apartment buildings

Rental income in this segment amounts to €10.5 million (30 June 2017: €11.0 million), or 11 % of Aedifica's total rental income. After deducting direct costs related to this activity, the property operating result for apartment buildings amounts to €6.3 million (30 June 2017: €7.0 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €207 million (30 June 2017: €215 million), or 12 % of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

3.5.3. Hotels

Rental income in this segment amounts to €4.9 million (30 June 2017: €4.2 million), or 5 % of Aedifica's total rental income. After deducting direct costs related to this activity the property operating result for these buildings amounts to €4.9 million (30 June 2017: €4.2 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €68 million (30 June 2017: €68 million), or 4 % of the fair value of Aedifica's total marketable investment properties including assets classified as held for sale*.

4. APPROPRIATION OF THE RESULT

The Board of Directors proposes to the Annual General Meeting of 23 October 2018 to approve the Aedifica SA Annual Accounts of 30 June 2018 (for which a summary is provided in the chapter "Abridged Statutory Annual Accounts" of this Annual Financial Report) and to distribute a gross dividend of €2.50 per share. The statutory pay-out ratio is 82 %.

The statutory result for the 2017/2018 financial year will be submitted as presented in the table at page 51.

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

After approval at the Annual General Meeting, the proposed dividend is due to be paid as from 31 October 2018 ("payment date" of the dividend related to the 2017/2018 financial year). The dividend will be paid by bank transfer as from the same date. The net dividend per share after deduction of 15 % withholding tax will amount to €2.125.

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

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

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

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

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

The following risks are presented in detail in the chapter "Risk Factors" of this Annual Financial Report: market risks (economic risks, risks related to the real estate market, inflation risk, concentration risk of operators in the senior housing segment); risks related to Aedifica's property portfolio (rents, asset management, quality and valuation of buildings, risk of expropriation, and risks arising from mergers, acquisitions and de-mergers), regulatory risks (corporate status and tax regime), corporate risks (growth management risk, risk of non-growth, risk related to the Group's internationalisation, reputation risk and risk related to managing market expectations) and risks related to support processes (reporting risk, risk related to data processing and risk related to team members). Risks related to financial instruments are described in the following section.

6. USE OF FINANCIAL INSTRUMENTS

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

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

7. RELATED PARTY TRANSACTIONS

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

Moreover, certain types of transactions are covered by Article 37 of the Law of 12 May 2014 (with the exception of cases explicitly covered by Article 38 of the same Act). Over the course of the 2017/2018 financial year, no transactions covered by this Article and outside of normal business transactions were executed between Aedifica and its regular service providers.

8. SUBSIDIARIES

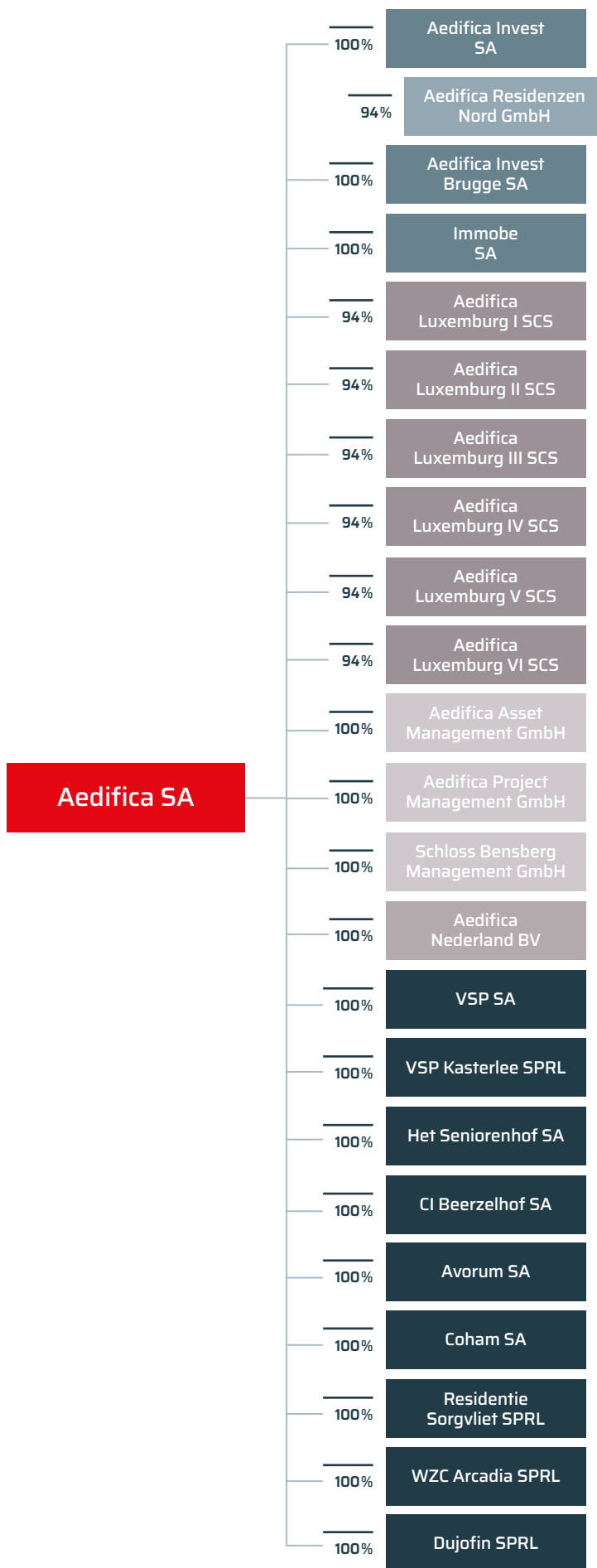
As of 30 June 2018, Aedifica SA holds 23 subsidiaries, of which twelve are established in Belgium, six in Luxembourg, four in Germany, and one in The Netherlands. The figures mentioned below represent Aedifica's share in the capital, as well as its share in voting rights.

- Belgium

- Aedifica Invest SA is wholly owned by Aedifica SA (along with Aedifica Invest Brugge SA). This subsidiary was created to facilitate takeovers and temporarily hold the shares of target companies. It also controls a subsidiary of Aedifica in Germany (see below).
- Aedifica Invest Brugge SA is wholly owned by Aedifica SA (along with Aedifica Invest SA); it holds the residual right to the expansion of Martin's Hotel Brugge.
- Immo SA is wholly owned by Aedifica SA. Through this IRREC, Aedifica will continue managing its apartment buildings branch, in cooperation with a strategic partner who will ultimately acquire the control of Immo SA.

- Luxembourg

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





— Bonn - Bonn - Germany —

– Germany

- Aedifica Asset Management GmbH is wholly owned by Aedifica SA. This subsidiary advises and supports Aedifica in the growth and management of its real estate portfolio in Germany.
- Aedifica Project Management GmbH is wholly owned by Aedifica SA. This subsidiary oversees project management of Aedifica's construction projects in Germany.
- Schloss Bensberg Management GmbH is wholly owned by Aedifica SA. This subsidiary operates the apartments on the "Service-Residenz Schloss Bensberg" site as apartments for seniors.
- Aedifica Residenzen Nord GmbH is 94% owned by Aedifica Invest SA. This subsidiary holds three buildings located in Germany. The residual 6% is held by an investor who is unrelated to Aedifica.

– The Netherlands

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

Furthermore, as of 30 June 2018, Aedifica SA (together with Aedifica Invest SA) holds nine subsidiaries that are located in Belgium and hold real estate assets; these subsidiaries will be merged with Aedifica in the following months. These subsidiaries are: VSP SA, VSP Kasterlee SPRL, Het Seniorenhof SA, Compagnie Immobilière Beerzelhof SA, Avorum SA, Coham SA, Residentie Sorgvliet SPRL, WZC Arcadia SPRL and Dujofin SPRL.

The organisational chart on page 53 shows the Group's subsidiaries as well as its share in each subsidiary.

9. RESEARCH AND DEVELOPMENT

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

10. TREASURY SHARES

Aedifica applies IFRS both for the preparation of its Consolidated Financial Statements and for its Statutory Accounts. In accordance with IAS 32 and the Annex C of the Royal Decree of 13 July 2014, treasury shares held by Aedifica are presented as a reduction to total equity. As of 30 June 2018, the Aedifica Group held no treasury shares.

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

11. OUTLOOK FOR 2018/2019

The projections presented below have been developed by the Board of Directors with a view to establish the budget for the 2018/2019 financial year on a comparable basis with the Company's historical financial information.

11.1. Assumptions

11.1.1. External factors

- a) The indexation rate of rents and charges: 1.87% on average for the financial year, in line with the monthly projections released by the Belgian Federal Planning Bureau on 3 July 2018;
- b) Investment properties: assessed at their fair value, based on a zero growth rate;
- c) Average interest rate before capitalised interests: 2.0% based on the Euribor rate curve of 29 June 2018, bank margins, and hedges currently in place;
- d) The budget supposes that the legal status of Regulated Real Estate Company is maintained (see section 4.1. of chapter on risk factors).

11.1.2. Internal factors

a) Rents: rent 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. Forecasts of rents are revised in light of the latest operational trends and the actual state of the markets in which the Company is active.

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

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

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

d) Investment budget: it is assumed that projected net investments for the next financial year (i.e. €400 million), will be paid in cash. These consist mainly of (i) cash outflows related to the development projects in progress on 30 June 2018, (ii) cash outflows related to the acquisitions announced since 1 July 2018, and (iii) additional investments – for which there are no agreements at this date – which are assumed to be carried out in the healthcare real estate segment during the 2018/2019 financial year, amounting to €150 million, paid in cash, and generating rental incomes in line with today's market practice.

e) Financial assumptions:

- Average cash balance of €10 million.
- The model permits controlling the debt-to-assets ratio to a maximum of 65%.
- Changes in the fair value of hedging instruments for financial debts (IAS 39) are not modelled as they have no impact on EPRA Earnings*, and are not estimable. Thus, these changes have no impact on the projections presented below.

f) Disinvestment assumption: assumptions regarding the transfer of the apartment building branch to Immo SA and the sale of Immo SA shares to a strategic partner have been taken into account (see sections 2.1.7 and 2.2.1 of this Consolidated Board of Directors' report).

11.2. Financial projections

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

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

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

Considering the Company's strengths and the assumptions listed above (see section 11.1), the Board of Directors projects to generate rental income of €104 million for the 2018/2019 financial year, leading to an EPRA Earnings* of €63 million or €3.45 per share, and permitting a gross dividend of €2.80 per share (an increase of 12%) to be distributed to shareholders. These projections are based on the expected perimeter of the real estate portfolio, excluding unexpected events, and stand to generate an increasing dividend as compared to that proposed by the Board of Directors for the 2017/2018 financial year. On this basis, net profit would reach €72 million.



— Zorghuis Smakt - Smakt - The Netherlands —

11.3 Important remark concerning projected financial information

The projected financial information presented above consists of estimates for which the actual realisation will vary, most notably, depending on the evolution of the real estate and financial markets. They do not constitute a commitment by the Company's Executive Managers and have not been certified by an external auditor. However, the Company's auditor, Ernst & Young Réviseurs d'Entreprises Sc s.f.d. SCRL, represented by Mr. 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 11 of its annual report, as approved by the Board of Directors of the company on 4 September

2018. The assumptions included in paragraph 11.1 result in the following profit forecast (excluding changes in fair value) for the year 2018-2019:

- Date: 30 June 2019
- EPRA Earnings: 63 million €

Board of Director's responsibility

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

Auditor's responsibility

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

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

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 SA for the consolidated financial statements of 2017-2018.

Brussels, 4 September 2018

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

12. CONFLICTS OF INTEREST

Two conflicts of interest occurred over the course of the 2017/2018 financial year, as explained below.

At the 4 September 2017 meeting of the Board of Directors: variable remuneration of the Management Committee

"Pursuant to Article 523 of the Belgian Companies Code, the Management Committee's members present (Ms. Sarah Everaert, Ms. Laurence Gacoin, Mr. Stefaan Gielens and Mr. Jean Kotarakos) announced that they had interests contrary to those of the Company (about which they will inform the statutory auditor) and left the meeting.

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

- (i) The variable remuneration for the 2016/2017 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 2015/2016 Annual Financial Report as well as in the aforementioned additional agreements signed on 2 September 2016. Recall that the variable remuneration can only be paid if the actual EPRA Earnings* per share is at least 85% of the budgeted amount. 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 objectives and decided to grant as variable remuneration €195,000 to the CEO, and €291,000 to the CFO, COO and CLO in aggregate.
- (ii) In respect of the 2017/2018 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. The variable remuneration can only be paid if the actual EPRA Earnings* per share is at least 90% of the budgeted amount. The effective amount will be determined by the Board of Directors based on consolidated quantitative and qualitative criteria: 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%).
- (iii) In respect of the 2018/2019 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.

Ms. Adeline Simont 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: increase of the fixed annual remuneration to €425,000 (resulting from the Management Agreement) as of 1 July 2017, plus an additional €120,000 (resulting from the long-term incentive plan) for the 2017/2018 financial year, and increase of the maximum variable remuneration to €212,500 for the 2017/2018 financial year, based on the above-mentioned criteria;
- (ii) With respect to the other Management Committee members (CFO, COO and CLO in aggregate):
 - a. increase of the fixed remuneration to €670,500 for the three concerned parties, in accordance with the Management Agreements (before contractually provided indexation at 1 July 2017);
 - b. increase of the maximum variable remuneration to €335,250 (rounded amount) for the 2017/2018 financial year, based on the above-mentioned criteria;
 - c. participation in the long-term incentive plan: €100,000 for the CFO, €50,000 for the COO and €50,000 for the CLO;
- (iii) Moreover: participation of €40,000 in the long-term incentive plan for any new member of the Management Committee.

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

At the 18 June 2018 meeting of the Board of Directors: variable remuneration of the Management Committee

"Pursuant to Article 523 of the Belgian Companies Code, Article 37 of the Act on Regulated Real Estate Companies and article 2.5.4 of the Corporate Governance Charter, the executive Director (Mr. Stefaan Gielens) announced that he had interests contrary to those of the Company (about which he will inform the statutory auditor). The other Management Committee's members present (Ms. Laurence Gacoin, Ms. Sarah Everaert, Mr. Charles-Antoine Van Aelst and Mr. Sven Bogaerts) also had interests contrary to those of the Company. The executive Director and the other members of the Management Committee left the meeting.

The Chairman of the Nomination and Remuneration Committee made a report to the Board on the meetings of the aforementioned committee, where the following topics were discussed:

- (i) the Management Committee's member's variable remuneration for the 2017/2018 financial year. The effective amount of the variable remuneration that can be paid to each member of the Management Committee, is determined (among others) based on general and personal quantitative and qualitative criteria, listed in the 2016/2017 Annual Financial Report as well as in the respective additional agreements. The Nomination and Remuneration Committee gives its point of view with respect to the abovementioned personal qualitative criteria;
- (ii) the criteria which could be applied to grant the variable remuneration for the 2018/2019 financial year; the Nomination and Remuneration Committee gives its point of view with respect to these criteria.

The executive Director and the other members of the Management Committee re-entered the meeting; the Chairman of the Board provided them with a summary of the Board's discussion."

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

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

Following the decision of the Board of Directors of 7 June 2018, the capital was increased, in the framework of the authorised capital, by way of contribution in kind (see section 2 of this Consolidated Board of Director's report), by €5,937,488.85 (from €474,342,051.82 to €480,279,540.67). 225,009 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 2017/2018 financial year as of 1 July 2017.

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

14. ENVIRONMENTAL, ETHICAL, AND SOCIAL MATTERS

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

14.1 Environmental matters

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

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

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

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

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

Regarding the buildings located in Belgium, the regulation on the energy performance of buildings ("PEB") requires that a study on energy performance is conducted for all new construction projects. For existing buildings, the regulation has introduced a certificate to attest to the energy performance of buildings, with reference to the

energy performance coefficient. For buildings managed by Aedifica (directly or indirectly through external managers), a programme is in place to obtain this certification. Regarding buildings for which the tenant assumes responsibility for the property and its technical systems, Aedifica makes every effort to ensure that the necessary certificates are obtained.

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

As a priority item for apartment building renovations, Aedifica replaces oil burning heating systems with natural gas systems, and seeks to improve the overall level of thermal insulation in its buildings (level K). A number of buildings is also equipped with solar panels, namely Complexe Louise 331-333, Résidence Palace and Héliotropes.

Given the Company's growth, Aedifica decided to move its headquarters to a modern building in the centre of the European district in Brussels. Conveniently located near several public transportation options (train and metro stations), the new head office is more easily accessible to Aedifica's staff as well as its international clients. Moreover, the building has a BREAAAM "Excellent" certificate, which permits measurement of the building's environmental performance. It guarantees reduced power consumption and increased well-being of the Company's collaborators.

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

14.2 Social matters

Aedifica's 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, 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 three women and three men (a gender diversity ratio of 50%). The reader is referred to section 5 of the "Corporate Governance Statement" for more information about Aedifica's diversity policy.

Aedifica aims to promote personal development of its employees by offering a work environment that is motivating, comfortable, and adapted to their needs. The Company strives to identify and further reinforce the talents of its staff in favour of promoting diversity and equal opportunity in the workplace. As of 30 June 2018,

the Aedifica team consists of 59.8 full-time equivalent positions (FTEs), or 66 individuals (48 individuals on 30 June 2017). Total staff breakdown by gender is 34 women and 32 men, and by position type is 52 staff, 13 labourers and one student. During the 2016/2017 financial year, Aedifica recorded an average of 22 hours of training per FTE (24 hours as of 30 June 2017). The average age of the Aedifica team is 42 years (30 June 2017: 40 years).

Aedifica functions in the framework of Joint Committees 100 (labourers) and 200 (staff). The remuneration proposed by Aedifica remains positioned with reference to market remuneration for similar functions. For the 2017/2018 financial year remuneration includes a plan for non-recurring benefits linked to the Company's profitability, as has been the case from 2008/2009 onwards. In addition, other recurring benefits are offered, such as a defined contribution group insurance plan and hospitalisation coverage.

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

60

full time equivalents

— Molenenk - Deventer - The Netherlands —





— Résidence l'Air du Temps - Chênée - Belgium —

14.3 Ethical and societal matters

In 2010, Aedifica adopted a Charter of Ethics which formalised the code of conduct already in place. This charter addresses conflicts of interest, confidentiality, share purchase and sales, abuse of company property, business gifts, and respect for others. It is included in the Corporate Governance Charter.

Aedifica's investments respond to multiple housing needs and the Company contributes to the renewal of certain districts. The Group also offers solutions to the challenges associated with the ageing population through its investments in senior housing. Furthermore, Aedifica contributes to the perseverance of national heritage in Belgium and abroad, as the owner of several listed buildings in Belgium and protected buildings in Germany and The Netherlands (e.g. in Belgium: the Résidence Palace and building in rue du Lombard in Brussels, Hotel Martin's Brugge, hotel Martin's Klooster in Leuven, Koning Albert I in Dilbeek, Plantijn in Kapellen, Salve in Brasschaat, Residentie Blaret in Sint-Genesius-Rode and De Duinpieper in Ostend; in Germany: the entire Seniorenresidenz Laurentiusplatz site in Wuppertal-Elberfeld and Park Residenz in Neumünster, some parts of the Service-Residenz Schloss Bensberg site in Bergisch Gladbach, St. Anna in Höchststadt, Seniorenheim am Dom in Halberstadt, Seniorenresidenz an den Kienfichten in Dessau-Rosslau and advita Haus Zur Alten Berufsschule in Zschopau; in The Netherlands: Holland in Baarn, Benvenuta in Hilversum, Villa Walgaerde in Hilversum, Saksen Weimar in Arnhem, Parc Imstenrade in Heerlen, Spes Nostra in Vleuten, the Het Gouden Hart sites in Kampen and Leersum, Huize De Compagnie in Ede, Martha Flora Den Haag in The Hague, Huize Ter

Beegden in Beegden, Huize Roosdael in Roosendaal, Zorghuis Smakt in Smakt and Zorgresidentie Mariëndaal in Velp).

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

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

Members of Aedifica's Executive Management participate personally as speakers for post-graduate programmes offered by the University of Leuven (KU Leuven).

15. IN THE EVENT OF A TAKEOVER BID

In accordance with Article 34 of the Royal Decree of 14 November 2007 regarding the obligations of issuers of financial instruments admitted to trading on a regulated market, items that can be of influence in the event of a takeover bid are summarised below.

15.1 Structure of the share capital

15.1.1 Share capital

There is one single category of shares without par value: all shares are fully paid-up. As of 30 June 2018, the share capital amounts to €480,279,540.67, consisting of 18,200,829 shares, each representing 1/18,200,829th of the share capital.

15.1.2 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, as amended by the Law of 22 October 2017, and the Royal Decree of 13 July 2014 on Regulated Real Estate Companies, as amended by the Royal Decree of 23 April 2018. Moreover, attention should be paid to the Company's Articles of Association (see section 4 of the chapter "Standing Documents" in the Annual Financial Report).

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

There are no legal or statutory limits for share transfers.

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

The totality of the 18,200,829 Aedifica shares are listed on the regulated market of Euronext Brussels.

15.3 Specific control rights

There are no shareholders benefiting from specific control rights.

15.4 Control mechanisms in favour of personnel

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

15.5 Legal or statutory limits to voting rights

As of 30 June 2018, Aedifica holds no treasury shares.

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

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

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

15.7.1 Nomination and replacement of members of the Board of Directors

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

15.7.2 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).

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

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

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

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

On the date of this Consolidated Board of Directors' report, the remaining balance of the authorised capital as of 30 June 2018 amounts to 1) €271,453,773.66 if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right, or 2) €67,122,184.03 for any other type of capital increase.

Moreover, Aedifica may, in accordance with Article 6.2 of the Articles of Association, repurchase, or receive as security, treasury shares under the conditions set out in the Belgian Companies Code; the Company must also inform the market authority (FSMA) in due time. As of 30 June 2018, Aedifica has pledged 3,258 treasury shares.

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

The credit facilities of 10 July 2014, 15 June 2016, 24 February 2017 and 14 November 2017 (bilateral credits issued by BNP Paribas Fortis), provide for early termination in the event of a change in control (control being defined as the concentration of 50% plus one share in the hands of a single shareholder, or as the concentration of 50% plus one voting right in the hands of a single shareholder).

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

The credit facilities of 7 June 2016 issued by Caisse d'Epargne Hauts De France ("CEHDF") provide for early termination in the event of a substantial change in control. Control is defined with reference to the capital holdings of Aedifica (more than 50%) or by reference to the right or possibility to control, either directly or indirectly, the management activities or the majority of the Board of Directors.

The credit facility of 4 January 2018 issued by Caisse d'Epargne Hauts De France ("CEHDF") provides for early termination in the event of a substantial change in control. Control being defined as (i) the concentration, either directly or indirectly, of more than 50% of shares in the hands of one or more investors acting in concert, or (ii) the power to have a decisive impact on the appointment of a majority of Aedifica's Directors or on the management direction.

The credit facilities of 14 June 2014, 13 November 2014 and 25 May 2018 issued by Banque Européenne du Crédit Mutuel provide for early termination in the event of a substantial change in control in favour of one or more investors acting in concert. "Control" and "action in concert" are defined with reference to the Belgian Companies Code.

The credit facilities of 27 November 2014, 27 June 2016 and 14 May 2018 issued by Belfius Banque SA provide for early termination if the administration of the Company is modified or if one of the working partners of a partner with joint and several liability or one of the majority shareholders withdraws or passes away.

The credit facilities of 19 February 2016, 20 September 2016, 14 February 2017 and 15 May 2018 issued by ING Belgium provide for immediate payment without notice of all amounts due related to these credit facilities (interests, fees, associated costs), and immediate cancellation of all obligations awaiting execution, unless otherwise agreed by the banks, in the event of a change in control. Control being defined as (i) the concentration, either directly or indirectly, of more than 50% of shares, voting rights

of similar rights in the hands of a single shareholder or (ii) the possibility to control, either directly or indirectly, the management activities or the composition of the majority of the Board of Directors, pursuant to an agreement and through the exercise of voting rights.

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

The credit facilities of 3 February 2017 and 15 May 2018 issued by Banque Triodos SA provide for early termination in case of substantial change in the shareholding structure that could result in a change in the risk assessment carried out by the bank; or in case of a disagreement between directors or associates; or if the Company is ungovernable, regardless of the reason.

The credit facility of 20 December 2017 issued by the Argenta Spaarbank savings bank and the Argenta Assuranties insurance company provides for early termination in case of a change in control of Aedifica. Control being defined as the concentration, either directly or indirectly, of more than 50% of shares in the hands of a single shareholder.

The syndicated credit facility of 29 June 2018 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) provides for early termination in case of a change in control of Aedifica. Change of control being defined as the acquisition of control by a single shareholder, as defined in Article 5 of the Belgian Companies Code.

15.10 Agreements with directors or personnel which provide for indemnities in the event of a takeover bid

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

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

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

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

- 1° have never acted as executive directors, as members of the Management Committee, or as persons in charge of the daily management, of Aedifica or of a related party of Aedifica;
- 2° have acted as non-executive directors during less than three consecutive terms, for a total term of less than 12 years;
- 3° have not been part of management personnel (as defined by Article 19, 2° of the Law of 20 September 1948) of Aedifica, or of a related party of Aedifica. Moreover, they have never been hired as employees of Aedifica, or of a related party of Aedifica;
- 4° have never received any remuneration or other substantial benefit from Aedifica or a related party of Aedifica, except as for their remuneration and attendance fees as non-executive directors;
- 5° have no shareholdings in Aedifica;
- 6° have no significant business relationships with Aedifica or with a related party of Aedifica, either directly as an employee or indirectly as a partner, shareholder, member of the Board of Directors, or as management personnel (as defined by Article 19, 2° of the Law of 20 September 1948) of an entity with has that kind of relationship with Aedifica;
- 7° have not been, over the last three years, a partner of or employee of the statutory auditor of Aedifica, or of a related party of Aedifica;

8° are not executive directors in another entity in which Mr. Stefaan Gielens and/or Ms. Laurence Gacoin and/or Ms. Sarah Everaert and/or Mr. Charles-Antoine van Aelst and/or Mr. Sven Bogaerts and/or Ms. Ingrid Daerden act as non-executive directors. Furthermore, they do not have major relationships with Mr. Stefaan Gielens and/or Ms. Laurence Gacoin and/or Ms. Sarah Everaert and/or Mr. Charles-Antoine van Aelst and/or Mr. Sven Bogaerts and/or Ms. Ingrid Daerden through other duties in other entities;

9° have not, within Aedifica or within a related party of Aedifica, any spouse, parents, or family members up to the second grade, acting as director, members of the Management Committee, as person in charge of the daily management, or as management personnel (as defined by Article 19, 2° of the Law of 20 September 1948), of Aedifica or of a related party of Aedifica;

10° have no relationship with Aedifica which could affect their independence.

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

17. CORPORATE GOVERNANCE STATEMENT

The statement of corporate governance (including the remuneration report and the description of the main features of systems of internal control and risk management) is provided in the chapter "Corporate Governance Statement", on pages 140 to 157 of this Annual Financial Report.

Brussels, 4 September 2018.