

## Half year financial report Regulated information

21 February 2018 – after closing of markets  
Under embargo until 17:40 CET

### AEDIFICA

Public limited liability company  
Public regulated real estate company under Belgian law  
Registered office: avenue Louise 331-333, 1050 Brussels  
Enterprise number: 0877.248.501 (RLE Brussels)  
(the “Company”)

## Half year financial report 2017/2018

- **€44.5 million rental income as of 31 December 2017, a 19 % increase compared to 31 December 2016**
- **21 % increase in EPRA Earnings\* as compared to 30 June 2017, ahead of budget**
- **Confirmed dividend forecast for the current financial year (€2.50 gross per share, an increase of 11 %)**
- **Real estate portfolio\* of €1.7 billion as of 31 December 2017, an 8 % increase compared to 30 June 2017**
- **Healthcare real estate now represents almost 83 % of the portfolio, or €1,349 million spread over 124 sites in three countries:**
  - **€908 million in Belgium (73 sites)**
  - **€256 million in Germany (27 sites)**
  - **€182 million in The Netherlands (24 sites)**
- **Investments totalling €385 million realised or announced since the beginning of the financial year**
- **Weighted average lease term: 20 years**
- **44.7 % debt-to-assets ratio as of 31 December 2017**

\* Alternative Performance Measure (APM) in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. For many years, Aedifica has used Alternative Performance Measures according to the guidelines issued by the ESMA in its communication. Some of these APM are recommended by the European Public Real Estate Association (EPRA) and others have been defined by the industry or by Aedifica in order to provide readers with a better understanding of its results and performance. The APM used in this half year financial report are identified with an asterisk (\*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. The APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements, in Note 17 of the Condensed Consolidated Financial Statements below.



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### I. Interim Board of Directors' Report

#### 1. Summary of the activities of the 1<sup>st</sup> half 2017/2018

The half year under review was marked by the announcement of two major co-operation agreements – one for the construction of seventeen rest homes in Germany and another for the construction of two senior housing sites in The Netherlands – representing an overall investment of approx. €240 million. Moreover, the Group carried out a series of new investments, exclusively in the senior housing segment, in Belgium (a rest home located in West Flanders) as well as in Germany (sites situated in the States of Saxony-Anhalt, Lower Saxony and Bremen) and The Netherlands (sites in the Provinces of Gelderland, Utrecht, South Holland and Limburg). A total of thirteen sites entered into the Group's portfolio. In addition, a new care residence (in the Province of Overijssel in The Netherlands) and a renovated assisted-living apartment building (in the Province of Limburg in Belgium) entered into use during the first half of 2017/2018.

After 31 December 2017, Aedifica announced the signing of agreements for the construction of yet another three care residences (in the Provinces of North Brabant and Utrecht in The Netherlands), and acquired two operational sites (a care residence in the Province of North Holland in The Netherlands and a senior housing site in the State of Saxony in Germany).

Since the beginning of the 2017/2018 financial year, the fair value of marketable investment properties including assets classified as held for sale\* increased by €104 million (i.e. +7 %), reaching €1,631 million by 31 December 2017 (€1,528 million at the beginning of the period).

The acquisitions carried out or announced by the Group since the €219 million capital increase of 28 March 2017 are listed in Note 14 of the Condensed Consolidated Financial Statements below; they surpass the €478 million mark.

In addition to its investment activities, Aedifica strives to maintain optimal management of its real estate portfolio. The Company's portfolio provides for excellent rental incomes (a 19 % increase), an EBIT margin\* of 84 %, and a well-controlled financial result excl. changes in fair value\*. The EPRA Earnings\* has reached €28.3 million (31 December 2017: €23.4 million, an increase of 21 %), i.e. €1.58 per share (31 December 2016: €1.64 per share). The decrease of the EPRA Earnings\* per share results from the immediate dilutive (but temporary) effect of the capital increase of 28 March 2017. This result (absolute and per share) is ahead of the half year budget (in terms of both rental income and EPRA Earnings\*) as derived from the annual outlook for the 2017/2018 financial year presented in the 2016/2017 Annual Financial Report (section 11.2 of the Board of Directors' Report).

Given the significant investments over the half, the consolidated debt-to-assets ratio has increased to 44.7 % as of 31 December 2017 (30 June 2017: 40.8 %).

Before even considering new opportunities in Belgium, Germany and The Netherlands, the Company's future growth is ensured given its existing commitments to acquire, renovate, extend, and/or redevelop multiple sites. These projects fit perfectly with Aedifica's strategy which, in the senior housing segment, aims to improve existing sites and to develop new projects in partnership with tenants/operators. The pipeline as of 31 December 2017 for these types of projects represents a total committed budget of approx. €356 million, to be invested over a three-year period. This strategy allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields.

Finally, note that new investment opportunities are currently under consideration. These potential investments are fully aligned with the Company's investment strategy, which is highly favoured by the market.



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### **2. Introduction**

Aedifica is a Belgian listed company which aims to position itself as a market leader among listed healthcare real estate companies 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 based on the demographic trend toward population ageing in Europe and the specific needs this trend implies in terms of care and housing.

The Group mainly concentrates its activity in the senior housing segment, but is also active in apartment buildings, hotels and other building types.

Aedifica has been quoted on Euronext Brussels (continuous market) since 2006. Aedifica offers the investor an alternative to direct investment.

This interim Board of Directors' Report is an update of the Board of Directors' Report issued on 30 June 2017 as part of the 2016/2017 Annual Financial Report (which contains a glossary listing the definitions of the main technical terms used). Only the significant changes that have taken place since publication of the 2016/2017 Annual Financial Report are presented here.

### **3. Important events**

#### **3.1. Investments in Belgium**

##### **3.1.1. Acquisition of a rest home in Ostend (Province of West Flanders)**

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



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## **3.2. Investments in Germany**

### **3.2.1. Acquisition of a rest home in Halberstadt (State of Saxony-Anhalt)**

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

### **3.2.2. Co-operation agreement for the construction of seventeen rest homes in Germany**

On 17 August 2017, Aedifica announced the signing of a co-operation agreement with Specht Gruppe for the construction of seventeen rest homes in Germany. The rest homes (to be constructed) will be located in urban and rural areas in several states of northern Germany (Lower Saxony, North Rhine-Westphalia, Schleswig-Holstein, Mecklenburg-Vorpommern and Bremen). These residential care facilities will be designed for seniors requiring continuous care ("Pflegeheim") and will consist primarily of single rooms. In addition to the standard single rooms, larger rooms (suites) will be included to cater to the high-end market segment. The buildings will also house complementary services, such as day centres for seniors and, in some cases, childcare services or a pharmacy. One of the buildings will contain some apartments designed for independent living (with care services available on demand). Upon completion of all buildings, this portfolio will have a total capacity of approx. 1,500 units. The rest homes will generally be located on care campuses, which also contain buildings offering independent living apartments for seniors (with care services available on demand). With only one exception, these apartments will be constructed in separate buildings. Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (in principle after receipt of the development permits) during the next few months and, as is currently expected, by the end of the second quarter of 2018 at the latest. After each takeover, construction of the new buildings will begin. Therefore, an agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, which will carry out the construction of the new buildings for a fixed amount and which guarantees its timely completion. Assuming all development permits will be received, Aedifica's total investment will ultimately amount to approx. €200 million. The first buildings are expected to be completed in late 2018 or early 2019. The operation will be financed using Aedifica's credit facilities. All sites will be rented out to Residenz Management GmbH, an entity of Specht Gruppe, and will be operated by high quality operators. The sites will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration which will cover the buildings' maintenance. Upon completion of the works, gross yields will amount to approx. 5.5 %.



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### **3.2.3. 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 has been paid and Aedifica SA/NV has acquired the property 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 at the beginning of the year. 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 German player on the 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 %.

### **3.2.4. 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", senior 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 m<sup>2</sup> 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 amount 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. 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).

### **3.2.5. 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. 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) which 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 agreement for the acquisition of this site by Aedifica SA/NV is subject to the usual outstanding conditions in Germany, which are mainly of administrative nature and which should be fulfilled in



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Spring 2018. The purchase price will be paid and the property and full use of the building will automatically be acquired at that time. The contractual value amounts to approx. €9 million. The operation will be 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 German player in the senior care market. advita is first of all a daily home care organisation, but provides housing for seniors requiring care services as well. 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 daily home care offices). The site will be rented out on the basis of an irrevocable 30-year long lease and will benefit from a triple net warranty of limited duration. The initial gross yield amounts to approx. 5 %.

### **3.3. Investments in The Netherlands**

#### **3.3.1. 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 which will be entirely redeveloped. A portion of this site will be renovated into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed during the second half of 2018 and will be able to welcome 42 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the buildings and the plot of land on which they are located. The contractual value amounts to approx. €2 million. The site already generates a limited rental income. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €6 million for renovation works. Aedifica's total investment (including the renovation) will amount to approx. €9 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by an entity of the Compartijn group, a private Dutch player on the senior care market. Compartijn is a subsidiary of Incluzio BV, owned by the Facicom Services Group. The lease established for this site is an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

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

On 19 July 2017, Aedifica announced the signing of a co-operation agreement between Aedifica, Stichting Rendant and HEVO, for the construction of new buildings on two of Stichting Rendant's sites. These new buildings will replace the existing buildings which have become obsolete. The sites are located in the cities of Leeuwarden (96,000 inhabitants, Province of Friesland) and Heerenveen (50,000 inhabitants, Province of Friesland). Both sites comprise approx. 130 housing units oriented toward seniors opting to live independently, with access to care services on demand. Completion of the works is expected during the second half of 2019. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, will acquire the full property of both sites in principle in early 2018 (after receipt of the development permits). Subsequently, the existing buildings will be demolished and replaced by new constructions. The works will be carried out and delivered turnkey by HEVO BV. Aedifica's total investment will amount to approx. €40 million. The operation will be financed using Aedifica's credit





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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 %.

### **3.3.3. 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 serving seniors requiring continuous care in the middle to high-end market segment. The site is able to welcome 32 residents in an exceptional environment. It was completed in early July 2017 and has been operational since August 2017. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value amounts to approx. €8 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by an entity of the Compartijn group. The lease established for the site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

### **3.3.4. 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 20<sup>th</sup> century) was entirely redeveloped into a modern residential care facility intended for seniors requiring continuous care. The care residence has a capacity of 28 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value amounts to approx. €8.5 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by the Martha Flora group. The lease established for the site is an irrevocable 25-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

### **3.3.5. 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 near Roermond (Beegden, in the municipality of Maasgouw, 24,000 inhabitants, Province of Limburg) on the site of a former farmhouse which will be entirely redeveloped into a modern residential care facility intended for seniors requiring continuous care. The care residence is expected to be completed during the second half of 2018 and will have a capacity of 19 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the buildings and the plot of land on which they are located. The contractual value amounts to approx. €0.5 million. The site already generates a limited rental income. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €4 million for construction works. Aedifica's total investment (including the works) will amount to approx. €5 million. The operation will be financed using Aedifica's credit facilities. The care residence is operated by an entity of the Compartijn group. The lease established for the site is an irrevocable 20-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.



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### **3.3.6. Agreement for the construction of a care residence in Rotterdam (Province of South Holland)**

On 26 September 2017, Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of a plot of land (and of the buildings located thereon) pursuant to a previously established agreement (see press release of 2 June 2016). The contractual value amounts to approx. €2 million. A new care residence with a capacity of 29 units will be constructed on this site (which already generates a limited rental income). The construction will be carried out by HD Projectrealisatie and delivered turnkey to Aedifica. Aedifica's total investment (including the works) will amount to approx. €8 million. The care residence will be operated by the Martha Flora group. 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 %.

### **3.3.7. 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 is 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. The care residence is expected to be completed during the third quarter of 2018 and will have a capacity of 27 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the plot of land. The contractual value amounts to approx. €2 million. The site already generates a limited rental income. The construction will be carried out by GREEN Real Estate, in co-operation with Bogor Projectontwikkeling, and delivered turnkey to Aedifica. Aedifica has budgeted approx. €5 million for demolition and construction works. Aedifica's total investment (including the works) will 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. The lease established for the site is an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

### **3.3.8. 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). The rest home will have a capacity of 75 residents. Operations of the site will continue during the works, which are expected to be completed during the third quarter of 2019. In addition to the rest home, the site will also feature senior apartments, a medical centre and housing for seniors opting to live independently, which will not be acquired by Aedifica. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the building. The contractual value amounts to approx. €2 million. The renovation and construction was developed and will be carried out by Koolstof Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €7 million for works. Aedifica's total investment (including works) will 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





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Heils Welzijns- en Gezondheidszorg foundation, a Dutch not-for-profit organisation that is active on the 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 %.

### **3.3.9. 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 which will be entirely redeveloped. A portion of this site will be renovated into a modern residential care facility for seniors requiring continuous care. The care residence is expected to be completed during the first quarter of 2019 and will have a capacity of 26 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the plot of land (and of the buildings located thereon). The contractual value amounts to approx. €1 million. The site already generates a limited rental income. The construction will be carried out by IDBB Vastgoed BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €5 million for works. Aedifica's total investment (including the works) will 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. 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 %.

### **3.3.10. 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. The care residence is expected to be completed during the third quarter of 2019 and will have a capacity of 21 residents. The building is part of a larger housing project. In addition to the care residence, the developer will also build apartments and family homes on the site, which will not be acquired by Aedifica. The full property of the plot of land was acquired by Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV. The contractual value amounts to approx. €1 million. The site already generates a limited rental income. The construction will be carried out by Heilijgers Projectontwikkeling BV and delivered turnkey to Aedifica. Aedifica has budgeted approx. €3 million for construction works. Aedifica's total investment (including the 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. The lease established for the site is an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

### **3.3.11. 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", Koepoortsweg 73 in 1624 AC Hoorn, The



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Netherlands) 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 17<sup>th</sup> century) which was redeveloped into a modern residential care facility in 2012, and a new building that was completed in the same year. The care residence has a capacity of 12 units intended for seniors requiring continuous care. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value amounts to approx. €1 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by the Martha Flora group. The lease established for the site is an irrevocable 25-year triple net long lease. The initial gross yield amounts to approx. 7 %.

### **3.3.12. Agreement for the construction of a care residence in Nijverdal (Province of Overijssel)**

On 16 February 2018, Aedifica announced the signing of an agreement for the construction of a care residence in The Netherlands. The September Nijverdal care residence will be located in a green, residential area near the centre of Nijverdal (28,500 inhabitants, Province of Overijssel). A modern residential care facility intended for seniors requiring continuous care will be constructed on the site. The building is expected to be completed in late 2018 or early 2019 and will have a capacity of 20 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the plot of land. The contractual value amounts to approx. €1 million. The construction will be carried out by Thuismakers Nijverdal BV and delivered turnkey to Aedifica, which has budgeted approx. €3 million for construction works. Aedifica's total investment (including the 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 Wonen bij September group, a private player on the Dutch senior care market. The residential care facilities of Wonen bij September provide 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 %.

## **3.4. Sites available for use after works**

### **3.4.1. Hasselt (Province of Limburg, Belgium)**

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

### **3.4.2. 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 (invested amount of approx. €11 million). The site is operated by an entity of the Domus Magnus group. The building was developed by Panta Rhei HealthCare BV.

### **3.4.3. 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. The sites are operated by an entity of the Vitalis group.



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### 3.5. Disposals

The residual apartments of 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 and other”) was sold on 4 December 2017 for an amount of approx. €1.0 million.

Disposal of the assisted-living apartments located at the Residentie Poortvelden site in Aarschot is ongoing. As of 31 December 2017, 2 of the 84 apartments have been sold. The remaining assisted-living apartments to be sold amount to approx. €4.1 million and represent all assets classified as held for sale as of 31 December 2017.

### 3.6. Development projects in progress

As of 31 December 2017, the following development projects are in progress:

- Genderstate/Petruspark/Parc Imstenrade (renovation of three sites in Eindhoven and Heerlen, North Brabant and Limburg, The Netherlands – see 3.4.3 above);
- Résidence Les Cheveux d'Argent (extension of a rest home in Sart-lez-Spa, Liège, Belgium);
- Résidence l'Air du Temps (extension and renovation of a rest home in Chênée, Liège, Belgium);
- Het Gouden Hart van Leersum (construction of a care residence in Leersum, Utrecht, The Netherlands);
- Huize Lieve Moenssens (extension and renovation of a rest home in Dilsen-Stokkem, Limburg, Belgium);
- Martha Flora Hilversum (construction of a care residence in Hilversum, North Holland, The Netherlands);
- Bonn (renovation of a rest home in Bonn, North Rhine-Westphalia, Germany);
- Heydeveld (extension of a rest home in Opwijk, Flemish Brabant, Belgium);
- LTS Winschoten (construction of a care residence in Winschoten, Groningen, The Netherlands);
- De Stichel (extension of a rest home in Vilvoorde, Flemish Brabant, Belgium);
- 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);
- Martha Flora Rotterdam (construction of a care residence in Rotterdam, South Holland, The Netherlands);
- Martha Flora Bosch en Duin (construction of a care residence in Bosch en Duin, Utrecht, The Netherlands);
- Plantijn phase II (extension and renovation of a rest home in Kapellen, Antwerp, Belgium);
- Residenz Zehlendorf (renovation of a rest home in Berlin, State of Berlin, Germany).



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### 3.7. Financing

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

- November 2017 : refinancing of a credit facility (€32 million) with BNP Paribas Fortis, which was due to mature in June 2018, replacing it by two credit facilities (€17 million, maturing in 2025; €15 million, maturing in 2026);
- November 2017 : refinancing and extension of a credit facility (€12.2 Million) with KBC Bank NV, Niederlassung Deutschland, which was due to mature in July 2018, replacing it by two credit facilities (€12.5 million each, maturing in 2024);
- December 2017: refinancing of a credit facility with Banque Degroof Petercam (€30 million) which was due to mature in July 2018, replacing it by a credit facility of 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: refinancing of a credit facility (€25 million) with Caisse d'Epargne et de Prévoyance Hauts De France, which was due to mature in July 2018, replacing it by a credit facility of the same amount (maturing in 2025).

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

	<u>Lines</u>	<u>Utilisation</u>
- 2017/2018 :	5	5
- 2018/2019 :	63	43
- 2019/2020 :	80	80
- 2020/2021 :	90	90
- 2021/2022 :	167	138
- 2022/2023 :	190	112
- 2023/2024 :	156	106
- > 2024/2025 :	<u>218</u>	<u>146</u>
<b>Total as of 31 December 2017</b>	<b>969</b>	<b>719</b>
<b>Weighted Average Maturity (years)</b>	<b>5.0</b>	<b>4.6</b>

Establishment of these credit facilities demonstrates once again the strong and durable relationship Aedifica maintains with its credit providers. Moreover, 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 (these credit facilities are the first to be issued for a period of 10 years).



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### 3.8. Other events

- Aedifica receives award for its financial communication

On 7 September 2017, Aedifica received a 3<sup>rd</sup> 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’s CEO nominated for “Trends Manager of the Year 2017”

Stefaan Gielens, Aedifica’s CEO, was one of the ten nominees to become “Trends Manager of the Year 2017” (“Trends Manager van het Jaar 2017”). The nomination is an acknowledgement of Aedifica’s international growth over the past year and its long-term strategy as a pure play healthcare real estate investor.

- New subsidiary for the operations of the apartment buildings segment

Aedifica is preparing to set-up a subsidiary to which the apartment buildings segment will be transferred. In principle, this subsidiary will assume an institutional regulated real estate company status (“IRREC”), after approval by the supervisory authority. The set-up of this subsidiary and the transfer are expected to take several months.

In addition, Aedifica is studying the feasibility of opening the new subsidiary’s capital to a strategic partner. In accordance with the IRREC regulation, any such partner will be able to own up to 75 % (less one share) of this company’s share capital.



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#### **4. Consolidated portfolio as of 31 December 2017**

During the first half of the current financial year, Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale\*** by €104 million, from a fair value of €1,528 million to €1,631 million (€1,661 million for the investment properties including assets classified as held for sale\*). This 7 % growth comes mainly from net acquisitions (see sections 3.1, 3.2 and 3.3 above), completion of development projects (see section 3.4 above) and changes in the fair value of marketable investment properties recognised in income (+11.4 million, or +0.7 % over the first half). The fair value of marketable investment properties, as assessed by independent experts, is broken down as follows:

- senior housing: + €11.3 million, i.e. +0.8 %;
- apartment buildings: + €0.0 million, i.e. +0.0 %;
- hotels and other: + €0.0 million, i.e. +0.1 %.

As of 31 December 2017, Aedifica has 204 marketable investment properties including assets classified as held for sale\*, with a total surface area of approx. 844,000 m<sup>2</sup>, consisting mainly of:

- 124 senior housing sites with a capacity of approx. 11,000 residents;
- 768 apartments;
- 6 hotels comprising 544 rooms.

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

- 83 % senior housing;
- 12 % apartment buildings;
- 5 % hotels and other building types.

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

- 73 % in Belgium, of which:
  - 44 % in Flanders;
  - 19 % in Brussels;
  - 10 % in Wallonia;
- 16 % in Germany;
- 11 % in The Netherlands.

The **occupancy rate<sup>1</sup> 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 98.7 % as of 31 December 2017, similar to the record level reached at 30 June 2017 (98.7 %).

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<sup>1</sup> The occupancy rate is calculated as follows:

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





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The **occupancy rate of the furnished portion of the portfolio** (representing only 4 % of the fair value of marketable investment properties) reached 77.0 % over the first six months of the financial year. This is an increase compared to the occupancy rate realised for the first six months of the previous financial year (71.1 %) and for the full 2016/2017 financial year (73.5 %).

The **overall occupancy rate**<sup>2</sup> of the total portfolio reached 99 % as of 31 December 2017.

The **weighted average lease term** for all buildings in the Company's portfolio is 20 years; this is unchanged as compared to 30 June 2017. This impressive aggregate performance is explained by the large proportion of long-term contracts (such as long leases) in the Company's portfolio.

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<sup>2</sup> Rate calculated according to the EPRA methodology.



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### 5. Gross yield by segment

The table below presents the **portfolio's gross yield by segment**, compared to the fair value of the marketable investment properties, increased (for furnished apartments) by the goodwill and the carrying amount of the furniture.

Overall, the gross yield amounts to 5.6 %.

31 December 2017						
(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,348,558	203,045	79,597	1,631,200	29,850	1,661,050
Annual contractual rents	76,802	10,325 °	5,157	92,284	-	-
Gross yield (%) °°	5.7%	5.0%	6.5%	5.6%	-	-

30 June 2017						
(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,244,461	215,205	68,009	1,527,675	17,174	1,544,849
Annual contractual rents	71,372	10,702 °	4,451	86,525	-	-
Gross yield (%) °°	5.7%	4.9%	6.5%	5.7%	-	-

31 December 2016						
(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,140,263	220,767	68,576	1,429,607	26,685	1,456,292
Annual contractual rents	65,513	10,914 °	4,494	80,921	-	-
Gross yield (%) °°	5.7%	4.9%	6.6%	5.6%	-	-

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

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



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### 6. Analysis of the half year consolidated accounts

The Condensed Consolidated Financial Statements prepared in accordance with IAS 34, are presented on page 52 of this half year financial report. The following sections of the interim Board of Directors' Report analyse the financial statements using an analytical framework that conforms to the Company's internal reporting structure.

#### 6.1. Consolidated results<sup>3</sup>

Consolidated income statement - analytical format (x €1,000)	31 December 2017	31 December 2016
Rental income	44,478	37,253
Rental-related charges	-27	-27
Net rental income	44,451	37,226
Operating charges*	-7,267	-5,338
Operating result before result on portfolio	37,184	31,888
EBIT margin* (%)	84%	86%
Financial result excl. changes in fair value*	-7,831	-8,104
Corporate tax	-1,018	-416
<b>EPRA Earnings*</b>	<b>28,335</b>	<b>23,368</b>
Denominator (IAS 33)	17,975,805	14,220,596
<b>EPRA Earnings* per share (€/share)</b>	<b>1.58</b>	<b>1.64</b>
EPRA Earnings*	28,335	23,368
Changes in fair value of financial assets and liabilities	-523	3,443
Changes in fair value of investment properties	8,989	597
Gains and losses on disposals of investment properties	172	69
Deferred taxes	-549	-640
Roundings	-1	0
<b>Profit (owners of the parent)</b>	<b>36,423</b>	<b>26,837</b>
Denominator (IAS 33)	17,975,805	14,220,596
<b>Earnings per share (owners of the parent - IAS 33 - €/share)</b>	<b>2.03</b>	<b>1.89</b>

The consolidated turnover (**consolidated rental income**) for the first half of the current financial year amounts to €44.5 million, an increase of €7.2 million (+19 %) as compared to the same period of the previous financial year. This is above the half year budget (as derived from the annual outlook for the 2017/2018 financial year presented in the 2016/2017 Annual Financial Report), owing to the timing and the amount of the senior housing acquisitions as compared to what was budgeted, as well as to the good performance of the apartment buildings.

<sup>3</sup> The consolidated income statement covers the 6-month period from 1 July 2017 to 31 December 2017. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or at the end of the period.



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Changes in consolidated rental income are presented by segment in the table below:

Consolidated rental income (x €1,000)	31 December 2017	31 December 2016	Var. (%) on a like-for-like basis*	Var. (%)
Senior housing	37,022	29,726	+1.4%	+24.5%
Apartment buildings	5,085	5,475	+4.1%	-7.1%
Hotels and other	2,470	2,151	-0.8%	+14.8%
Inter-segment	-99	-99		
<b>Total</b>	<b>44,478</b>	<b>37,253</b>	<b>+1.7%</b>	<b>+19.4%</b>

The increasing rental income in the senior housing segment (+ €7.3 million; +24.5 % as compared to the same period of the previous financial year overall or +1.4 % on a like-for-like basis\*) demonstrates the relevance of Aedifica's investment strategy in this segment, which generates more than 80 % of the Company's turnover and more than 95 % of its operating result before result on portfolio.

Rental income of apartment buildings has decreased due to the disposal of a building (Tervueren 13 in June 2017, having an effect of -€0.2 million) and the transfer (on 1 July 2017) of the Ring building to the "hotels and others" segment (having an effect of -€0.4 million). 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 remains on par with budgeted levels;
- with respect to the other building types, rental income has increased (considering the abovementioned transfer of the Ring building and notwithstanding the disposal of the Royale 35 building in March 2017 and the plot of land Résidence du Lac in December 2017).

After deducting **rental-related charges**, the **net rental income** amounts to €44.5 million (+19 % as compared to 31 December 2016).

The **property result** is €44.0 million (31 December 2016: €36.8 million). This result, less other direct costs, provides a **property operating result** of €42.2 million (31 December 2016: €35.4 million), which represents an operating margin\* of 95 % (31 December 2016: 95 %).

After deducting overheads of €5.0 million (an increase compared to 31 December 2016 (€3.8 million), owing particularly to the enhanced group structure that aims to support Aedifica's future growth and internationalisation and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 17 % to reach €37.2 million. This result represents an **EBIT margin\*** of 84 % (31 December 2016: 86 %; recall that unusual items had a positive impact on this percentage, see Note 5 of the Condensed Consolidated Financial Statements below) and is ahead of budget.

The IFRIC 21 interpretation "Levies" has the effect of deferring recognition of taxes in the income statement to the second half of the financial year. These taxes are recognised in the operating charges\*. Had these taxes been allocated to the first half using the pro rata method, the EBIT margin\* would have amounted to approx. 82 %, instead of the 84 % noted in the previous paragraph.



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The share of each segment in the operating result before result on portfolio (i.e. the segment result under IFRS 8) is detailed in Note 3 of the Condensed Consolidated Financial Statements below.

After taking account of the cash flows generated by hedging instruments (described below), **net interest charges** amount to €7.1 million (31 December 2016: €7.6 million). The average effective interest rate\* (2.2 % before capitalising interest on development projects) decreased as compared to that reported in the first half of 2016/2017 (2.4 %) and is below the budgeted interest rate (2.3 %). Taking into account other income and charges of financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value (non-cash movements accounted for in accordance with IAS 39 are not included in the EPRA Earnings\* as explained below), the **financial result excl. changes in fair value\*** represents a net charge of €7.8 million (31 December 2016: €8.1 million), in line with budget.

**Corporate taxes** are composed of current taxes and deferred taxes. In conformity with the Company's legal status (i.e. as a RREC), current taxes (€1.0 million; 31 December 2016: €0.4 million) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax generated abroad by the Company and tax on the result of consolidated subsidiaries. These taxes are above budget. Deferred taxes are described below.

**EPRA Earnings\*** (see Note 17.7.1.) reached €28.3 million (31 December 2016: €23.4 million), or €1.58 per share, based on the weighted average number of shares outstanding (31 December 2016: €1.64 per share). The decrease of the EPRA Earnings\* per share results from the immediate dilutive (but temporary) effect of the capital increase of 28 March 2017. This profit (absolute and per share) is above budget.

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

- Over the first six months of the financial year, **changes in the fair value of marketable investment properties<sup>4</sup>** taken into income amounted to +0.7 %, or +€11.4 million (31 December 2016: +0.5 % or +€6.7 million). A change in fair value of -€2.4 million was recorded on development projects (compared to -€6.1 million for the same period in the previous year). The combined change in fair value of marketable investment properties and development projects represents an increase of €9.0 million for the half (31 December 2016: €0.6 million). Capital gains on disposals (€0.2 million; 31 December 2016: €0.1 million) are also taken into account here.
- In order to limit the interest rate risk stemming from the financing of its investments, Aedifica has put in place very conservative hedges (called "cash flow hedges") which, over the long term<sup>5</sup>, allow for the conversion of variable-rate debt to fixed-rate debt, or to capped-rate debt. These financial instruments are detailed in Note 9 of the attached Condensed Consolidated

<sup>4</sup> Corresponding to the sum of the positive and negative variations between that of 30 June 2017 or the time of entry of new buildings in the portfolio, and the fair value estimated by the valuation experts as of 31 December 2017.

<sup>5</sup> Long term hedges permit a notable reduction in the interest rate risk on investment financing that generates revenues over the long term, such as long leases; note once again that the average remaining leasing maturity of Aedifica's leases is 20 years.



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Financial Statements. On 31 December 2017, 99 % 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 the subject to appraisal at fair value (see Note 16). **Changes in the fair value of financial assets and liabilities** taken into income statement as of 31 December 2017 represent a charge of €0.5 million (31 December 2016: income of €3.4 million).

- **Deferred taxes** (charge of €0.5 million as of 31 December 2017 as compared to the charge of €0.6 million on 31 December 2016) arose from the recognition at fair value of the buildings located abroad, in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are excluded from the EPRA Earnings\*.

Given the non-monetary elements described above, **profit (attributable to owners of the parent)** for the half amounts to €36.4 million (31 December 2016: €26.8 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €2.03 (31 December 2016: €1.89).

### 6.2. Consolidated balance sheet

Consolidated balance sheet (x €1,000)	31 December 2017	30 June 2017
Investment properties including assets classified as held for sale*	1,661,050	1,544,849
Other assets included in debt-to-assets ratio	22,460	22,566
Other assets	2,113	2,707
<b>Total assets</b>	<b>1,685,623</b>	<b>1,570,122</b>
Equity		
Equity excl. changes in fair value of hedging instruments*	924,104	922,094
Effect of the changes in fair value of hedging instruments	-33,324	-34,055
Equity	890,780	888,039
Liabilities included in debt-to-assets ratio	751,716	639,077
Other liabilities	43,127	43,006
<b>Total equity and liabilities</b>	<b>1,685,623</b>	<b>1,570,122</b>
<i>Debt-to-assets ratio (%)</i>	<i>44.7%</i>	<i>40.8%</i>

As of 31 December 2017, **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<sup>6</sup> at €1,661 million (30 June 2017: €1,545 million). This heading includes:

- Marketable investment properties including assets classified as held for sale\* (31 December 2017: €1,631 million; 30 June 2017: €1,528 million), which marked an increase of €104 million. The net growth in the fair value of marketable investment properties\* is attributed mainly to €80 million from investment operations (see points 3.1, 3.2 and 3.3 above), to €13 million from the completion of development projects (see point 3.4 above) and to €11 million from the change in fair value of marketable investment properties.

<sup>6</sup> That is to say, accounted for at their fair value as determined by the valuation experts (i.e. de Crombrughe & Partners SA, Stadim SCRL, CBRE GmbH and DTZ Zadelhoff VOF).





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- Development projects (31 December 2017: €30 million; 30 June 2017: €17 million), consist primarily of investment properties under construction or renovation (see point 3.6 above). These projects are undertaken in the context of the multi-annual investment budget described in section 1.2. of the Property report below.

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

Since Aedifica's formation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and as a result of capital increases (in cash) in October 2010, December 2012, June 2015 and March 2017. The Company's capital has increased to €474 million as of 31 December 2017<sup>7</sup> (30 June 2017: €474 million). **Equity** (also called net assets), which represents Aedifica's intrinsic net value and takes into account the fair value of its investment portfolio, amounts to:

- €924 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);
- or €891 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 31 December 2017, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 on RRECs) reached €752 million (30 June 2017: €639 million), of which €718 million (30 June 2017: €614 million) represent amounts drawn on the Company's credit facilities. The consolidated **debt-to-assets ratio** amounts to 44.7 % (30 June 2017: 40.8 %). The maximum ratio permitted for Belgian REITs is set at 65 % of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €342 million in constant assets (that is, excluding growth in the real estate portfolio) or €978 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, other things being equal, the Company to absorb a decrease of up to 31 % 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 €258 million in constant assets, €645 million in variable assets, and - 25 % in the fair value of investment properties.

**Other liabilities** amount to €43 million (30 June 2017: €43 million) and consist mainly of the fair value of hedging instruments (31 December 2017: €33 million; 30 June 2017: €34 million).

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<sup>7</sup> Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the capital reserves.



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### 6.3. Net asset value per share

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

Excluding the non-monetary effects (that is to say, non-cash) of the changes in fair value of hedging instruments<sup>8</sup> and after accounting for the distribution of the 2016/2017 dividend in November 2017<sup>9</sup>, the net asset value per share based on the fair value of investment properties is €49.55 as of 31 December 2017 (30 June 2017: €47.48 per share).

Net asset value per share (in €)	31 December 2017	30 June 2017
Net asset value excl. changes in fair value of hedging instruments*	51.41	49.38
Effect of the changes in fair value of hedging instruments	-1.85	-1.89
Net asset value	49.55	47.48
<b>Number of share outstanding (excl. treasury shares)</b>	<b>17,975,820</b>	<b>17,975,820</b>

Number of shares	31 December 2017	30 June 2017
Number of shares outstanding <sup>°</sup>	17,975,820	17,975,820
Total number of shares	17,975,820	17,975,820
Total number of shares on the stock market	17,975,820	17,975,820
Weighted average number of shares outstanding (IAS 33)	17,975,805	15,235,696
Number of dividend rights <sup>°°</sup>	17,975,820	15,323,388

<sup>°</sup> After deduction of the treasury shares.

<sup>°°</sup> Based on the rights to the dividend for the shares issued during the year.

<sup>8</sup> The effect of the changes in fair value of hedging instruments of -€1.85 per share as of 31 December 2017 is the impact in equity of the fair value of hedging instruments, which is negative for €33 million, mainly booked in the liabilities on the balance sheet.

<sup>9</sup> Recall that IFRS requires the presentation of the annual accounts before appropriation. Net assets 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 31 December 2017. This amount corresponds to the amount of the total dividend (€34 million) divided by the total number of shares outstanding as of 30 June 2017 (17,975,820).



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### 7. Outlook

The Board of Directors continues to pay close attention to the evolution of the economic and financial conditions and the associated effects on the Group's activities.

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

- Its strategic focus on health care real estate and its expansion in Europe, which allows the Company to adapt to shifting market opportunities and economic conditions, in the context of an ageing population.
- Thanks to its investments in senior housing, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The weighted remaining 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 €969 million and none of these are reaching maturity before June 2018. 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 44.7 % as of 31 December 2017 (below the maximum legal limit of 65 % imposed for Belgian REITs and the contractual maximum of 60 % established in bank covenants). This is further supported by the stable fair values that the Company's real estate portfolio has demonstrated for many years. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations (commitments representing approx. €356 million as of 31 December 2017, of which approx. €325 million are to be realised within a three-year period – plus €20 million for the acquisitions announced on 9 January (€5 million), 24 January (€3 million), 15 February (€9 million) and 16 February (€3 million) –) and to realise new investments.

The dividend expectation for the current financial year, as published in the 2016/2017 Annual Financial Report, remains unchanged at €2.50 gross per share, this represents an increase of 11 % compared to the dividend distributed for the 2016/2017 financial year.

### 8. Aedifica rankings

According to the "Weekly table value", published on 16 February 2018 by Bank Degroof Petercam, Aedifica is currently the 4<sup>th</sup> largest Belgian REIT in terms of market capitalisation.

Moreover, Aedifica was the largest investor in Dutch healthcare real estate in 2017 (according to the "Trends Nederlands Zorgvastgoed" report, published on 31 January 2018 by CBRE).



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### 9. Principal risks and uncertainties

The Board of Directors considers that the key risk factors summarised in pages 2 to 11 of the 2016/2017 Annual Financial Report are relevant for the remaining months of the 2017/2018 financial year.

### 10. Related party transactions

Related party transactions, as defined under IAS 24 and by the Belgian Companies Code, are addressed in Note 15 of the attached Condensed Consolidated Financial Statements. These transactions comprise the remuneration of Aedifica's directors and Executive Managers.

Moreover, certain types of transactions are covered by Article 37 of the Act of 12 May 2014 on RREC (with the exception of cases explicitly covered by Article 38 of the same Act). Over the course of the first half 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.

### 11. Corporate governance

#### 11.1. **Appointments within Aedifica's Management Committee**

On 28 September 2017, Aedifica's Board of Directors announced that two new members will strengthen the Company's Management Committee in order to support Aedifica's international growth: Mr. Charles-Antoine van Aelst, as Chief Investment Officer (CIO), and Mr. Sven Bogaerts, as Chief Mergers & Acquisitions (CM&AO).

As from 1 October 2017, Aedifica's Management Committee consists of six members:

Name	Function
Stefaan Gielens	Chief Executive Officer (CEO) and executive director
Jean Kotarakos	Chief Financial Officer (CFO) and executive director
Laurence Gacoin	Chief Operating Officer (COO)
Sarah Everaert	Chief Legal Officer (CLO) / Secretary-General
Charles-Antoine van Aelst	Chief Investment Officer (CIO)
Sven Bogaerts	Chief M&A Officer (CM&AO)

#### 11.2. **Renewal of terms of office**

The Annual General Meeting of 27 October 2017 renewed, with immediate effect and for a period of 3 years (until the end of the Annual General Meeting of 2020) the office of Ms. Adeline Simont, acting as non-executive Director, and Mr. Eric Hohl, acting as non-executive Director.



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### **11.3. Election of two new Directors**

The Annual General Meeting approved, with immediate effect and for a period of 3 years (until the end of the Annual General Meeting of 2020) the election of two new Directors: Ms. Marleen Willekens, as non-executive independent Director and Mr. Luc Plasman, as non-executive independent Director. Aedifica's Board of Directors welcomes these appointments.

### **11.4. Outgoing Director**

The Board of Directors wants to express again its warmest thanks to Ms. Sophie Maes, its outgoing Director, for her commitment and her contribution to Aedifica's success.

### **11.5. Committees**

Since 27 October 2017, Ms. Marleen Willekens is Chairman of the Audit Committee, while Ms. Elisabeth May-Roberti chairs the Nomination and Remuneration Committee. Mr. Plasman joined the Investment Committee and the Nomination and Remuneration Committee.

Since 27 October 2017, the committees are hence composed as follows:

- a) Audit Committee:
  - Ms. Marleen Willekens  
Chairman of the Committee  
Independent Director
  - Ms. Katrien Kesteloot  
Independent Director
  - Mr. Serge Wibaut  
Chairman of the Board of Directors  
Independent Director
- b) Nomination and Remuneration Committee:
  - Ms. Elisabeth May-Roberti  
Chairman of the Committee  
Independent Director
  - Mr. Jean Franken  
Independent Director
  - Mr. Luc Plasman  
Independent Director



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- c) Investment Committee:
- Mr. Jean Franken  
Chairman of the Committee  
Independent Director
  - Mr. Serge Wibaut  
Chairman of the Board of Directors  
Independent Director
  - Mr. Luc Plasman  
Independent Director
  - Mr. Stefaan Gielens  
CEO
  - Mr. Jean Kotarakos  
CFO

### 11.6. Renewal of the office of statutory auditor

The Annual General Meeting of 27 October 2017 approved, with immediate effect and for a period of 3 years (until the end of the Annual General Meeting of 2020) the renewal of the office of Ernst & Young Réviseurs d'Entreprises SC s.f.d. SCRL, represented by Mr. Joeri Klaykens, acting as the Company's statutory auditor.

## 12. Valuation experts

In accordance with the requirements of the Act of 12 May 2014 on Regulated Real Estate Companies, the Company has designated the following valuation experts:

- Cushman & Wakefield through its subsidiary Winssinger & Associés SA, represented by Mr. Christophe Ackermans, for the assessment of a part of Aedifica's Belgian healthcare real estate portfolio;
- Deloitte Consulting & Advisory SCRL, represented by Mr. Frédéric Sohet and Mr. Wim Ottevaere<sup>10</sup>, for the assessment of a part of Aedifica's Belgian healthcare real estate portfolio and hotel portfolio;
- IP Belgium SPRL, represented by Mr. Benoit Forgeur, for the assessment of Aedifica's apartment buildings portfolio.

They will start their missions as from the quarterly valuation of 31 March 2018.

Brussels 20 February 2018.  
*The Board of Directors.*

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<sup>10</sup> In co-operation with Ms. Wendy Engelen of Care 4 Value Real Estate Experts, who acts as subcontractor.





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### II. EPRA<sup>11</sup>

Aedifica's shares were added to the "FTSE EPRA/NAREIT Developed Europe Index" on 18 March 2013. Aedifica passed all eligibility criteria for inclusion in the EPRA indices during the March 2013 quarterly review.

The EPRA ("European Public Real Estate Association") is the voice of Europe's publicly traded real estate sector and the most widely used global benchmark for listed real estate. It represents more than 250 active members and over €430 billion in real estate assets. The European indices include more than 100 constituents, with a free-float market capitalisation of more than €200 billion. The criteria for inclusion in the indices are publicly available on the EPRA website ([www.epra.com](http://www.epra.com)).

As of 31 december 2017, Aedifica is registered in the European EPRA Index with a weighting of approx. 0.6 % and in the Belgian EPRA Index with a weighting of approx. 18.5 %.

Aedifica supports this approach to reporting standardisation, which has been designed to improve the quality and comparability of information. The Company supplies its investors with most of the indicators calculated according to the information recommended by EPRA. Some of the EPRA indicators are considered to be alternative performance measures (APM). They are described in Note 17 of this half year financial reports' Condensed Consolidated Financial Statements.

#### Key performance indicators according to the EPRA principles

	31 December 2017	31 December 2016
EPRA Earnings* (in €/share)	1.58	1.64
EPRA Cost Ratio (including direct vacancy costs)* (in %)	16%	14%
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	16%	14%
	31 December 2017	30 June 2017
EPRA NAV* (in €/share)	51.69	49.55
EPRA NNNNAV* (in €/share)	49.08	47.01
EPRA Net Initial Yield (NIY) (in %)	5.2%	5.2%
EPRA Topped-up NIY (in %)	5.2%	5.2%
EPRA Vacancy Rate (in %)	1%	1%

The abovementioned EPRA NAV\* and EPRA NNNNAV\* values as of 30 June 2017 were adjusted by €1.92 per share in comparison to the figures published in the 2016/2017 Annual Financial Report, so that they can be compared with the values as of 31 December 2017 (see footnote 9 in section I.6.3 above).

In September 2017, Aedifica received a 3<sup>rd</sup> consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2015/2016), as mentioned in section 3.8. of the interim Board of Directors' Report above.

<sup>11</sup> The data in this chapter is not required by the RREC regulation.



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### **III. Aedifica in the stock market**

#### **1. Stock price and volume**

Aedifica's shares (AED) have been quoted on Euronext Brussels continuous market since 23 October 2006. Since that date, Aedifica has completed four capital increases, in cash and with preferential rights or priority allocation rights:

- 15 October 2010: issuance of 2,013,334 new shares at a subscription price of €33.45 per share to raise a total gross amount of €67 million.
- 7 December 2012: issuance of 2,697,777 new shares at a subscription price of €37.00 per share to raise a total gross amount of €99.8 million.
- 29 June 2015: issuance of 3,121,318 new shares at a subscription price of €49.00 per share to raise a total gross amount of €153 million.
- 28 March 2017: issuance of 3,595,164 new shares at a subscription price of €61.00 per share to raise a total gross amount of €219 million.

On 31 December 2017, Aedifica was registered in the Bel Mid Index<sup>12</sup> with a weighting of approx. 5.6 %.

Taking the stock price on 31 December 2017 (€78.72) as a baseline, Aedifica shares show:

- a 53.1 % premium as compared to the net asset value per share excluding changes in fair value of hedging instruments\*;
- a 58.9 % premium as compared to the net asset value per share.

Between the date of the IPO (after deduction of the coupons which represented the preferential rights or the priority allocation rights issued as part of the 15 October 2010, 7 December 2012, 29 June 2015 and 28 March 2017 capital increases) and 31 December 2017, Aedifica's stock price increased by 127.0 %. This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by 34.1 % and when compared to the EPRA Europe index<sup>13</sup>, which fell by 15.9 %, over the same period.

Internationally, the Aedifica shares have been included in the EPRA indices since 18 March 2013 and in the MSCI indices since 1 December 2015.

<sup>12</sup> The Bel Mid index is composed of values which do not belong to the BEL20 index, with a floating market capitalisation above the BEL20 index level multiplied by €50,000, and a turnover of at least 10%. In addition, no value can represent more than 10% of the Bel Mid index.

<sup>13</sup> For additional information on the EPRA index, refer to EPRA's web site ([www.EPRA.com](http://www.EPRA.com)).



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Aedifica share	31 December 2017	30 June 2017
Share price at closing (in €)	78.72	76.37
EPRA NAV* excl. changes in fair value of hedging instruments* (in €)	51.41	49.38
Premium (+) / Discount (-) excl. changes in fair value of hedging instruments*	53.1%	54.7%
EPRA NAV* (in €)	49.55	47.48
Premium (+) / Discount (-)	58.9%	60.8%
Market capitalisation	1,415,056,550	1,372,813,373
Free float <sup>1</sup>	100.00%	100.00%
Total number of shares listed	17,975,820	17,975,820
Denominator for the calculation of the EPRA NAV* per share	17,975,820	17,975,820
Average daily volume	23,892	17,818
Velocity <sup>2</sup>	35.0%	32.3%
Gross dividend per share (in €) <sup>3</sup>	2.50	2.25
Dividend gross yield <sup>4</sup>	3.2%	2.9%

<sup>1</sup> Percentage of the capital of a company held by the market, according to the definition of Euronext. See press release of 8 January 2018 and section 3 below.

<sup>2</sup> Total volume of share exchanged annualised divided by the total number of shares listed on the market, according to the definition of Euronext.

<sup>3</sup> 2017/2018: according to section 7 of the Interim Board of Directors' Report above.

<sup>4</sup> Gross dividend per share divided by the closing share price.



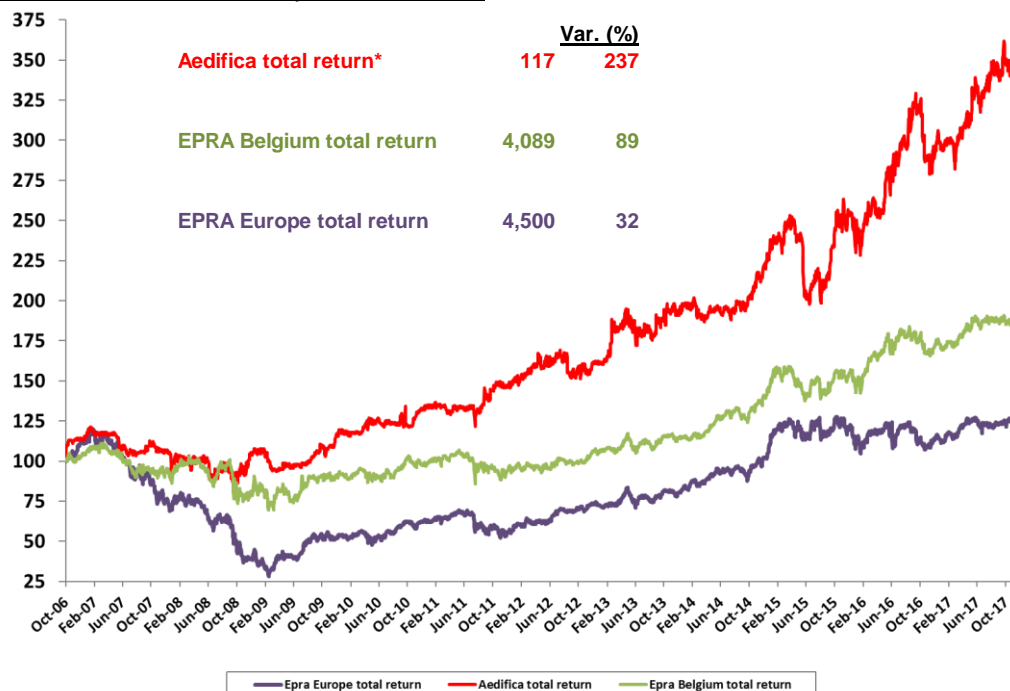
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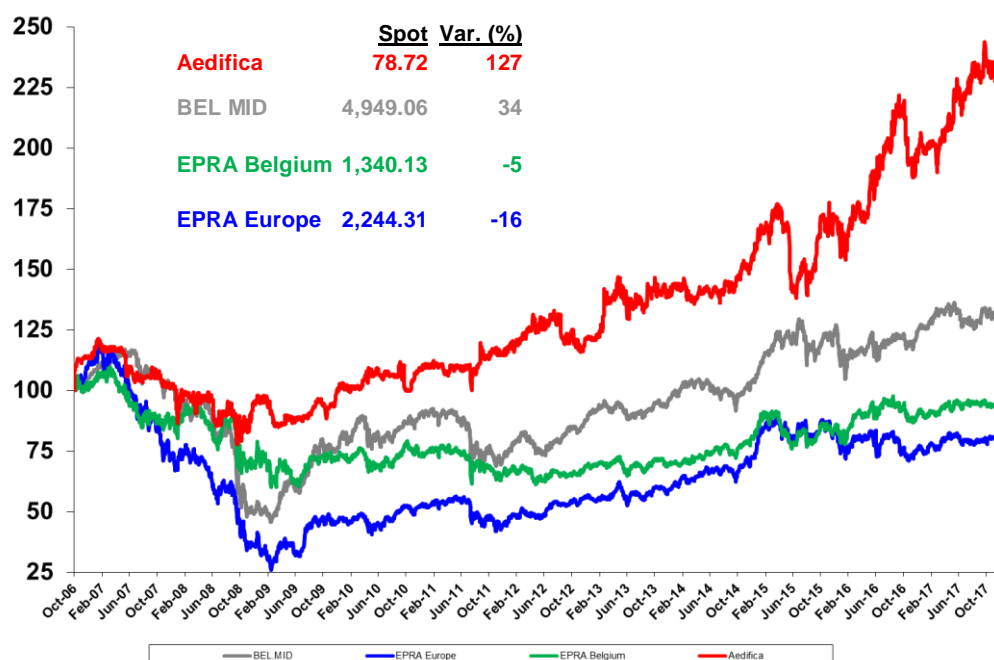
### 2. Graphic illustrations of Aedifica's stock price

The stock prices cover the period between the IPO and 31 December 2017.

#### Aedifica's total return compared to indices



#### Aedifica's stock price evolution compared to indices





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### 3. Shareholding structure

Aedifica shareholders holding more than 5 % of the Company's capital are listed in the table below (as of 5 January 2018) <sup>14</sup>.

SHAREHOLDERS	Share in capital (in %)
BlackRock, Inc.	5.09
Others < 5 %	94.91
<b>Total</b>	<b>100.00</b>

The total number of shares is 17,975,820.

### 4. Financial calendar<sup>15</sup>

Financial calendar	
Interim statement 31.03.2018	16/05/2018
Annual press release 30.06.2018	5/09/2018
2017/2018 Annual Financial Report	September 2018
Annual General Meeting 2018	26/10/2018
Dividend - coupon related to the 2017/2018 financial year ("ex-date")	1/11/2018
Interim statement 30.09.2018	14/11/2018
Half year results 31.12.2018	February 2019

<sup>14</sup> Declarations of transparency and control strings are available on Aedifica's website. The Company has not received any additional declarations of transparency after those received on 5 January 2018. According to the definition of Euronext, Aedifica's free float amounts to 100 %.

<sup>15</sup> These dates are subject to change.



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### IV. Property report

#### 1. Consolidated property portfolio

##### 1.1. Marketable investment properties<sup>16</sup>

Senior housing	Subsidiary (9)	Total surface (m <sup>2</sup> ) <sup>(1)</sup>	Number of residential units	Occupancy rate <sup>(2)</sup> (%)	Contractual rents <sup>(3)</sup>	Contractual rents + ERV on empty spaces <sup>(4)</sup>	Estimated rental value <sup>(5)</sup> (ERV)
Château Chenois		6,354	115	100.0%	897,450	897,450	1,142,823
New Philip		3,914	111	100.0%	492,128	492,128	619,377
Jardins de Provence		2,280	72	100.0%	403,986	403,986	440,221
Bel Air		5,350	161	100.0%	734,519	734,519	861,574
Résidence Grange des Champs		3,396	75	100.0%	434,620	434,620	508,870
Résidence Augustin		4,832	94	100.0%	546,518	546,518	601,275
Ennea		1,848	34	100.0%	196,177	196,177	197,436
Kasteelhof		3,500	81	100.0%	354,814	354,814	516,242
Wielant		4,834	104	100.0%	544,935	544,935	630,476
Résidence Parc Palace		6,719	162	100.0%	1,249,670	1,249,670	1,567,552
Résidence Service		8,716	175	100.0%	1,285,375	1,285,375	1,095,980
Résidence du Golf		6,424	194	100.0%	790,266	790,266	1,367,908
Résidence Boneput		2,993	78	100.0%	462,142	462,142	623,667
Résidence Aux Deux Parcs		1,618	53	100.0%	266,419	266,419	329,529
Résidence l'Air du Temps		2,763	88	100.0%	467,287	467,287	546,458
Au Bon Vieux Temps		7,868	104	100.0%	844,826	844,826	767,879
Op Haanven		6,587	111	100.0%	682,105	682,105	791,327
Résidence Exclusiv		4,253	104	100.0%	722,476	722,476	687,119
Séniorie Mélopée		2,967	70	100.0%	502,296	502,296	522,388
La Boule de Cristal		1,290	36	100.0%	95,510	95,510	127,505
Les Charmes en Famenne		3,165	96	100.0%	305,117	305,117	387,312
Seniorerie La Pairelle		6,016	118	100.0%	774,395	774,395	723,122
Residentie Gaerveld (assisted-living apartments)		1,504	20	100.0%	172,116	172,116	184,400
Résidence du Plateau		8,069	143	100.0%	1,290,592	1,290,592	1,259,874
Seniorie de Maretak		5,684	122	100.0%	537,433	537,433	742,294
De Edelweis		6,914	122	100.0%	768,678	768,678	962,532
Bois de la Pierre		2,272	65	100.0%	451,730	451,730	458,414
Buitenhof		4,386	80	100.0%	562,924	562,924	775,307
Klein Veldeken		5,824	58	100.0%	529,335	529,335	776,774
Koning Albert I		7,775	110	100.0%	933,319	933,319	985,200
Eyckenborch		8,771	141	100.0%	1,131,403	1,131,403	977,256
Rietdijk		2,155	59	100.0%	341,600	341,600	368,707
Marie-Louise		1,959	30	100.0%	373,301	373,301	332,193
Gaerveld (rest home)		6,994	115	100.0%	804,395	804,395	844,411
Larenschhof		6,988	117	100.0%	1,044,490	1,044,490	1,004,562
Ter Venne		6,634	102	100.0%	1,011,156	1,011,156	1,165,034
Pont d'Amour		8,984	150	100.0%	1,003,567	1,003,567	895,274
Résidence Les Cheveux d'Argent		4,177	80	100.0%	253,465	253,465	518,637
't Hoge		4,632	81	100.0%	560,305	560,305	699,185
Helianthus		4,799	67	100.0%	475,733	475,733	449,795
Hestia		12,682	222	100.0%	1,367,984	1,367,984	1,662,799

<sup>16</sup> It is not in the interest of the shareholder to publish the values by building. The addresses of the buildings are available in the 2016/2017 Annual Financial Report. Addresses of the acquisitions since 1 July 2017 are available in the related press releases.





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Senior housing	Subsidiary (9)	Total surface (m <sup>2</sup> ) <sup>(1)</sup>	Number of residential units	Occupancy rate <sup>(2)</sup> (%)	Contractual rents <sup>(3)</sup>	Contractual rents + ERV on empty spaces <sup>(4)</sup>	Estimated rental value <sup>(5)</sup> (ERV)
Plantijn		7,310	147	100.0%	436,777	436,777	797,001
Salve		6,730	117	100.0%	1,019,246	1,019,246	1,022,015
SZ AGO Herkenrath		4,000	80	100.0%	577,423	577,423	613,273
SZ AGO Dresden		5,098	116	100.0%	583,234	583,234	670,950
De Stichel		6,257	116	100.0%	680,692	680,692	717,025
Huize Lieve Moenssens		4,301	68	100.0%	333,294	333,294	348,680
SZ AGO Kreischa		3,670	84	100.0%	416,516	416,516	414,896
Bonn		5,927	130	100.0%	740,000	740,000	711,240
Goldene Au		4,141	83	100.0%	402,240	402,240	397,531
Residentie 't Spelthof		4,076	100	100.0%	773,439	773,439	696,900
Residentie Twee Poorten		8,413	129	100.0%	1,000,430	1,000,430	893,280
Residentie Demerhof		10,657	120	100.0%	962,728	962,728	891,600
De Notelaar		8,651	94	100.0%	1,000,496	1,000,496	1,099,786
Overbeke		6,917	113	100.0%	816,447	816,447	846,758
Halmolen		9,200	140	100.0%	1,051,322	1,051,322	1,145,440
Seniorenresidenz Mathilde	(c)	3,448	75	100.0%	558,750	558,750	579,264
Die Rose im Kalletal	(c)	4,027	96	100.0%	664,396	664,396	685,892
Seniorenresidenz Klosterbauerschaft	(c)	3,497	80	100.0%	594,657	594,657	608,478
Senioreneinrichtung Haus Matthäus	(d)	2,391	50	100.0%	357,259	357,259	365,823
Bonifatius Seniorenzentrum	(d)	3,967	80	100.0%	603,091	603,091	606,951
Senioreneinrichtung Haus Elisabeth	(d)	3,380	80	100.0%	571,614	571,614	577,980
Seniorenresidenz Am Stübchenbach	(e)	5,874	130	100.0%	788,648	788,648	828,234
Seniorenresidenz Kierspe	(e)	3,721	79	100.0%	552,404	552,404	546,987
La Ferme Blanche		4,240	90	100.0%	549,533	549,533	638,420
Villa Temporis		8,354	103	100.0%	787,729	787,729	829,411
Service-Residenz Schloss Bensberg		8,215	87	100.0%	962,536	962,536	1,158,596
Residentie Sporenpak		9,261	127	100.0%	1,078,108	1,078,108	973,060
Résidence de la Houssière		4,484	94	100.0%	592,276	592,276	549,900
Senior Flandria		7,501	108	100.0%	621,720	621,720	745,200
Vinkenbosch		6,180	80	100.0%	828,760	828,760	939,567
Heydeveld		3,414	75	100.0%	517,968	517,968	487,500
Prinsenhof		4,526	91	100.0%	575,286	575,286	578,100
Käthe-Bernhardt-Haus		4,088	83	100.0%	522,000	522,000	490,560
Holland	(a)	2,897	34	100.0%	821,519	821,519	880,000
Benvenuta	(a)	924	10	100.0%	212,987	212,987	235,000
Residentie Poortvelden <sup>6</sup>		6,924	82	100.0%	691,030	691,030	662,866
Leopoldspark		10,614	150	100.0%	1,199,639	1,199,639	1,234,700
Saksen Weimar	(a)	2,291	42	100.0%	512,568	512,568	575,000
Martha Flora Lochem	(a)	1,012	13	100.0%	162,884	162,884	175,000
Oosterzonne	(j)	4,948	82	100.0%	726,614	726,614	644,679
De Witte Bergen	(k)	8,262	119	100.0%	1,011,599	1,011,599	955,150
Seniorenhof	(l)	3,116	52	100.0%	317,640	317,640	341,256
Beerzelhof	(m)	5,025	61	100.0%	328,093	328,093	492,007
Uilenspiegel	(n)	6,863	97	100.0%	733,977	733,977	664,950
Coham	(o)	6,956	120	100.0%	884,231	884,231	842,000
Sorgvliet	(p)	4,738	83	100.0%	543,576	543,576	482,940
Ezeldijk		7,101	105	100.0%	721,614	721,614	829,500
Am Kloster	(f)	5,895	136	100.0%	732,554	732,554	689,764
Rosenpark	(g)	4,934	79	100.0%	457,860	457,860	370,021
Patricia	(g)	7,556	174	100.0%	1,023,154	1,023,154	1,156,070
St. Anna	(g)	7,176	161	100.0%	910,066	910,066	775,004
Frohnau	(f)	4,101	107	100.0%	575,534	575,534	516,745
Parc Imstenrade	(a)	57,181	263	100.0%	2,025,173	2,025,173	2,550,000



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Senior housing	Subsidiary (9)	Total surface (m <sup>2</sup> ) <sup>(1)</sup>	Number of residential units	Occupancy rate <sup>(2)</sup> (%)	Contractual rents <sup>(3)</sup>	Contractual rents + ERV on empty spaces <sup>(4)</sup>	Estimated rental value <sup>(5)</sup> (ERV)
Genderstate	(a)	8,813	44	100.0%	500,043	500,043	575,000
Petruspark	(a)	24,987	139	100.0%	1,300,111	1,300,111	1,530,000
Residentie Den Boomgaard	(q)	6,274	90	100.0%	688,135	688,135	698,400
Les Jardins de la Mémoire		6,852	110	100.0%	661,366	661,366	747,999
Residenz Zehlendorf	(h)	4,540	180	100.0%	600,000	600,000	598,920
Spes Nostra	(a)	2,454	30	100.0%	450,849	450,849	495,000
Het Dokhuis	(a)	4,380	32	100.0%	391,992	391,992	488,552
Villa Walgaerde	(a)	1,440	15	100.0%	303,054	303,054	340,000
Huize Dennehof	(a)	353	9	100.0%	77,000	77,000	85,000
Het Gouden Hart	(a)	3,610	37	100.0%	494,367	494,367	555,000
LTS Winschoten <sup>8</sup>	(a)	4,560	0	100.0%	72,000	72,000	0
Martha Flora Hilversum <sup>8</sup>	(a)	4,055	0	100.0%	42,000	42,000	0
Het Gouden Hart van Leersum <sup>8</sup>	(a)	2,280	0	100.0%	75,000	75,000	0
Residentie Blaret		9,578	107	100.0%	1,075,000	1,075,000	1,057,500
Oeverlanden	(a)	13,555	140	100.0%	803,000	803,000	1,310,000
Seniorenresidenz Laurentiusplatz		5,506	79	100.0%	329,143	329,143	363,661
Seniorenheim am Dom		4,310	126	100.0%	638,136	638,136	724,060
Huize de Compagnie <sup>8</sup>	(a)	3,000	0	100.0%	76,388	76,388	0
Molenenk	(a)	2,811	40	100.0%	684,417	684,417	750,000
Huize Hoog Kerckebosch	(a)	2,934	32	100.0%	527,203	527,203	570,000
De Duinpieper	(n)	4,827	104	100.0%	667,400	667,400	738,880
Seniorenresidenz an den Kienfichten		4,332	88	100.0%	445,480	445,480	415,879
Martha Flora Den Haag	(a)	2,259	28	100.0%	550,000	550,000	595,000
Huize Ter Beegden <sup>8</sup>	(a)	1,983	0	100.0%	12,638	12,638	0
Martha Flora Rotterdam <sup>8</sup>	(a)	2,441	0	100.0%	59,130	59,130	0
Martha Flora Bosch en Duin <sup>8</sup>	(a)	2,241	0	100.0%	46,737	46,737	0
Bremerhaven I	(i)	6,077	85	100.0%	911,415	911,415	911,490
Bremerhaven II	(i)	2,129	42	100.0%	297,129	297,129	293,806
Cuxhaven	(i)	810	9	100.0%	103,684	103,684	102,127
De Merenhoef	(a)	6,014	75	100.0%	139,080	139,080	139,080
<b>Total senior housing in Belgium</b>		<b>421,440</b>	<b>7,394</b>	<b>100.0%</b>	<b>50,542,718</b>	<b>50,542,718</b>	<b>54,711,162</b>
<b>Total senior housing in Germany</b>		<b>122,810</b>	<b>2,599</b>	<b>100.0%</b>	<b>15,918,921</b>	<b>15,918,921</b>	<b>16,174,200</b>
<b>Total senior housing in The Netherlands</b>		<b>158,475</b>	<b>983</b>	<b>100.0%</b>	<b>10,340,138</b>	<b>10,340,138</b>	<b>11,847,632</b>
<b>Total of the segment "Senior housing"</b>		<b>702,726</b>	<b>10,976</b>	<b>100.0%</b>	<b>76,801,777</b>	<b>76,801,777</b>	<b>82,732,994</b>



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Apartment buildings	Subsidiary (9)	Total surface (m <sup>2</sup> ) <sup>(1)</sup>	Number of residential units	Occupancy rate <sup>(2)</sup> (%)	Contractual rents <sup>(3)</sup>	Contractual rents + ERV on empty spaces <sup>(4)</sup>	Estimated rental value <sup>(5)</sup> (ERV)
Sablon		5,546	30	78.1%	748,090	957,762	935,056
Complexe Laeken - Pont Neuf		7,130	42	78.4%	542,451	691,998	691,952
Le Bon 24-28		2,159	15	82.1%	157,741	192,087	217,512
Lombard 32		1,622	13	93.4%	206,961	221,626	184,165
Complexe Louise 331-333		5,434	8	90.2%	651,670	722,630	693,806
Place du Samedi 6-10		4,543	24	88.3%	292,954	331,841	329,780
Bataves 71		653	3	23.3%	15,253	65,378	64,375
Tervueren 103		1,202	6	100.0%	131,091	131,091	120,960
Louis Hap 128		969	7	84.4%	74,949	88,838	81,294
Rue Haute		2,600	20	100.0%	258,947	258,947	298,150
Résidence Palace		6,077	57	71.9%	451,795	628,259	720,271
Churchill 157		2,440	22	88.7%	245,155	276,388	275,454
Auderghem 237-239- 241-266-272		2,044	22	82.4%	168,794	204,870	223,233
Edison		1,897	7	97.4%	120,476	123,716	133,065
Verlaine/Rimbaud/Baudelaire		3,671	21	88.8%	247,029	278,269	279,893
Ionesco		1,148	10	94.6%	89,543	94,666	99,532
Musset		659	6	72.5%	36,468	50,267	50,306
Giono & Hugo		1,718	15	86.9%	116,443	133,983	138,715
Antares		476	7	72.1%	30,778	42,676	40,806
Résidence Gauguin et Manet		3,496	35	93.7%	296,897	316,771	311,028
Résidence de Gerlache		7,406	75	91.4%	680,981	744,659	820,347
Ensemble Souveraine		13,880	116	89.2%	1,874,657	1,874,657	1,550,664 <sup>7</sup>
Louise 130		944	9	89.1%	202,286	202,286	165,627 <sup>7</sup>
Louise 135 (+ 2 parkings Louise 137)		2,505	31	86.8%	509,540	509,540	347,553 <sup>7</sup>
Louise 270		1,205	14	68.2%	199,406	199,406	151,715 <sup>7</sup>
Vallée 48		653	6	93.1%	113,534	113,534	91,350 <sup>7</sup>
Livourne 16-18 (+ 24 parkings Livourne 7-11)		1,982	16	81.9%	323,323	323,323	268,133 <sup>7</sup>
Freesias		2,777	38	56.9%	298,651	298,651	368,135 <sup>7</sup>
Héliotropes		1,364	25	19.8%	53,992	53,992	185,724 <sup>7</sup>
Livourne 20-22		1,407	15	80.3%	260,383	260,383	187,882 <sup>7</sup>
Livourne 14		275	3	85.3%	44,731	44,731	34,644 <sup>7</sup>
Résidence Chamaris		2,328	23	87.5%	437,761	437,761	360,559 <sup>7</sup>
Stephanie's Corner		3,472	27	83.6%	442,992	530,051	525,978
<b>Total of the segment "Apartment buildings"</b>		<b>95,683</b>	<b>768</b>	<b>n.a.</b>	<b>10,325,723</b>	<b>11,405,036</b>	<b>10,947,660</b>



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Hotels and other	Subsidiary (9)	Total surface (m <sup>2</sup> ) <sup>(1)</sup>	Number of residential units	Occupancy rate <sup>(2)</sup> (%)	Contractual rents <sup>(3)</sup>	Contractual rents + ERV on empty spaces <sup>(4)</sup>	Estimated rental value <sup>(5)</sup> (ERV)
Hotel Martin's Brugge	(b)	11,369	0	100.0%	1,762,934	1,762,934	1,232,610
Martin's Klooster		6,935	0	100.0%	1,338,468	1,338,468	1,141,080
Carbon		5,715	0	100.0%	428,965	428,965	567,841
Eburon		4,016	0	100.0%	308,769	308,769	471,543
Ecu		1,960	0	100.0%	185,399	185,399	232,870
Eurotel		4,779	0	100.0%	310,062	310,062	379,369
Villa Bois de la Pierre		320	4	55.4%	20,307	36,641	40,306
Duysburgh		470	5	100.0%	66,397	66,397	40,238
Ring		9,604	88	97.5%	735,439	754,260	867,909
<b>Total of the segment "Hotels and other"</b>		<b>45,168</b>	<b>97</b>	<b>99.3%</b>	<b>5,156,741</b>	<b>5,191,896</b>	<b>4,973,767</b>
<b>Total marketable investment properties</b>		<b>843,576</b>	<b>11,841</b>	<b>n.a.</b>	<b>92,284,242</b>	<b>93,398,709</b>	<b>98,654,422</b>

<sup>1</sup> The surface of apartment buildings has been adapted as of 31 December 2015 in order to be in line with the Code of Measuring Practice (6<sup>th</sup> edition) published by the Royal Institute of Chartered Surveyors (RICS), and is computed as follows: Gross External Area (GEA) + common areas + 50 % of terrace surface. It does not include parkings and other underground areas.

<sup>2</sup> See glossary in the 2016/2017 Annual Financial Report. The occupancy rate of the furnished apartment buildings cannot be compared to the occupancy rate calculated on the rest of the portfolio, as the methodology is different. We also note that the occupancy rate of the residential and mixed buildings includes units in renovation and hence temporarily not rentable.

<sup>3</sup> See glossary in the 2016/2017 Annual Financial Report. The amounts related to the furnished apartment buildings correspond to the annualised rental income excl. VAT.

<sup>4</sup> For the buildings with furnished apartments, no estimated rental value (ERV) was added for vacancy.

<sup>5</sup> See glossary in the 2016/2017 Annual Financial Report.

<sup>6</sup> Partially presented on the balance sheet among the assets classified as held for sale.

<sup>7</sup> This ERV is not comparable to the contractual rents because (for the buildings with furnished apartments) it does not take into account the fact that the apartments are furnished.

<sup>8</sup> Although still under construction, these sites already generate limited rental incomes. This explains why they were included in this table and why the number of residential units and the estimated rental value are not mentioned.

<sup>9</sup> The sites specified in the table are held by one of the following subsidiaries: (a) Aedifica Nederland BV; (b) the plot of land located in Brugge on which part of the hotel Martin's Brugge has been constructed, is held by Aedifica Invest Brugge SA; (c) Aedifica Luxembourg I SCS; (d) Aedifica Luxembourg II SCS; (e) Aedifica Luxembourg III SCS; (f) Aedifica Luxembourg IV SCS; (g) Aedifica Luxembourg V SCS; (h) Aedifica Luxembourg VI SARL; (i) Aedifica Residenzen Nord GmbH; (j) VSP SA; (k) VSP Kasterlee SPRL; (l) Het Seniorenhof SA; (m) Compagnie Immobilière Beerzelhof SA; (n) Avorum SA; (o) Coham SA; (p) Residentie Sorgvliet SPRL; (q) WZC Arcadia SPRL; (r) Dujofin SPRL. All other sites are held by Aedifica SA.



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### 1.2. Projects and renovations in progress

Projects or renovations (in € million)		Estimated inv.	Inv. as of 31/12/2017	Future inv.	Date of completion	Comments
<b>I. Projects in progress</b>						
Résidence Les Cheveux d'Argent	Sart-lez-Spa (BE)	3	2	1	2017/2018	Extension of a rest home
Genderstate/Petruspark/ Parc Imstenrade	Eindhoven (NL)/ Heerlen (NL)	2	1	1	2017/2018	Renovation
Résidence l'Air du Temps	Chênée (BE)	7	6	1	2017/2018	Extension and renovation of a rest home
Het Gouden Hart van Leersum	Leersum (NL)	4	2	2	2017/2018	Construction of a care residence
Martha Flora Hilversum	Hilversum (NL)	7	5	2	2017/2018	Construction of a care residence
Heydeveld	Opwijk (BE)	4	2	2	2018/2019	Extension of a rest home
Martha Flora Bosch en Duin	Bosch en Duin (NL)	5	0	5	2018/2019	Construction of a care residence
Huize Ter Beegden	Beegden (NL)	4	1	4	2018/2019	Construction of a care residence
Huize de Compagnie	Ede (NL)	7	1	5	2018/2019	Construction of a care residence
LTS Winschoten	Winschoten (NL)	11	4	6	2018/2019	Construction of a care residence
Huize Lieve Moenssens	Dilsen-Stokkem (BE)	4	1	3	2018/2019	Extension and renovation of a rest home
Seniorenresidenz Laurentiusplatz	Wuppertal (DE)	3	0	3	2018/2019	Renovation of a rest home
De Stichel	Vilvoorde (BE)	4	1	2	2018/2019	Extension of a rest home
Plantijn II	Kapellen (BE)	4	1	4	2018/2019	Extension and renovation of a rest home
Vinkenbosch II	Hasselt (BE)	2	0	2	2018/2019	Renovation of a rest home
Martha Flora Rotterdam	Rotterdam (NL)	6	1	5	2019/2020	Construction of a care residence
't Hoge III	Kortrijk (BE)	2	0	2	2018/2019	Extension of a rest home
Résidence Aux Deux Parcs	Jette (BE)	3	0	2	2018/2019	Extension of a rest home
Bonn	Bonn (DE)	1	0	1	2019/2020	Renovation of a rest home
De Duinpieper	Ostend (BE)	2	0	2	2019/2020	Extension and renovation of a rest home
De Merenhoef	Maarssen (NL)	7	0	7	2019/2020	Construction of a care residence
Plantijn III	Kapellen (BE)	1	0	1	2019/2020	Extension and renovation of a rest home
Frohnau	Berlin (DE)	1	0	1	2019/2020	Renovation of a rest home
Residenz Zehlendorf	Berlin (DE)	5	1	5	2019/2020	Renovation of a rest home
<b>II. Projects subject to outstanding conditions</b>						
-	-	-	-	-	-	-
<b>III. Land reserves</b>						
Plot of land Bois de la Pierre	Wavre (BE)	2	2	0	-	Land reserve
<b>IV. Acquisitions subject to outstanding conditions</b>						
Mechelen	Mechelen (BE)	15	0	15	2019/2020	Acquisition of a new rest home
Rendant (portfolio)	Leeuwarden (NL)/ Heerenveen (NL)	40	0	40	2019/2020	Construction of two senior housing sites
Specht Gruppe (portfolio)	Germany	200	0	200	2019/2020	Construction of seventeen rest homes
<b>Total</b>		<b>356</b>	<b>31</b>	<b>325</b>		
Changes in fair value		-	-2	-		
Roundings		-	1	-		
<b>On balance sheet</b>			<b>30</b>			

Of these projects, 99 % are already pre-let. It is expected that the total investment budget of €325 million will be paid in cash. €20 million need to be added to the total investment budget due to acquisitions announced on 9 January (€5 million), 24 January (€3 million), 15 February (€9 million) and 16 February (€3 million) (see sections 3.2.5, 3.3.9, 3.3.10, 3.3.11 and 3.3.12 of the Interim Board of Directors' Report).



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### 2. Marketable investment properties portfolio analysis

#### 2.1. Breakdown by segment (in fair value)

Breakdown by segment (in fair value)	31 December 2017	30 June 2017
Senior housing	83%	82%
Apartment buildings	12%	14%
Hotels and other	5%	4%

#### 2.2. Geographical breakdown (in fair value)

Geographical breakdown (in fair value)	31 December 2017	30 June 2017
Belgium	73%	77%
<i>Flanders</i>	44%	46%
<i>Brussels</i>	19%	21%
<i>Wallonia</i>	10%	10%
Germany	16%	14%
The Netherlands	11%	9%

#### 2.3. Breakdown by building (in fair value)

None of the buildings represents more than 3 % of the consolidated assets.

#### 2.4. Number of buildings per segment

Number of buildings per segment	31 December 2017	30 June 2017
Senior housing	124	110
Apartment buildings	71	73
Hotels and other	9	9
<b>Total</b>	<b>204</b>	<b>192</b>

#### 2.5. Age of buildings by type of contract (based on fair value)

Age of buildings by type of contract (fair value)	31 December 2017	30 June 2017
Triple net contracts	71%	73%
Other leases 0 - 10 years	19%	16%
Other leases > 10 years	10%	11%

#### 2.6. Breakdown by lease maturity of contracts (based on fair value)

Breakdown by lease maturity of contracts (fair value)	31 December 2017	30 June 2017
≥ 15 years	87%	86%
< 15 years	13%	14%

The average residual maturity of Aedifica's contracts is 20 years.



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### 2.7. Breakdown of senior housing contractual rents by group controlling the legal entities in contractual relation with Aedifica

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31/12/2017	30/06/2017
SENIOR HOUSING				124	83%	83%
Belgium				73	55%	57%
Armonea				19	15%	17%
Armonea SA				8	7%	8%
Restel Flats SPRL				1	1%	1%
LDC De Wimilingen ASBL				1	0%	0%
Happy Old People SPRL				1	1%	1%
Citadelle Mosane SPRL				1	1%	1%
Huize Lieve Moenssens ASBL				5	3%	4%
Eyckenborgh ASBL				2	2%	2%
Senior Living Group **				27	18%	19%
Ennea Rustoord ASBL				1	0%	0%
Residentie Kasteelhof SCS				1	0%	0%
Wielant -Futuro SCS				1	1%	1%
Home Residence du Plateau SPRL				1	1%	1%
Seniorie de Maretak SA				1	1%	1%
Senior Living Group SA				7	4%	4%
Résidence Au Bon Vieux Temps SA				1	1%	1%
Résidence Les Cheveux d'Argent SA				1	0%	0%
Helianthus ASBL				1	1%	1%
Rustoord 't Hoge ASBL				1	1%	1%
Vinkenbosch ASBL				1	1%	1%
Residentie Sporenpark SPRL				1	1%	1%
FDL Group SCA				1	1%	1%
Foyer De Lork ASBL				6	4%	4%
Prodivest SPRL				1	0%	0%
Les Jardins de la Mémoire ASBL				1	1%	1%
Orpea				9	7%	8%
Château Chenois Gestion SPRL				3	2%	2%
New Philip SA				3	2%	2%
Parc Palace SA				1	1%	1%
Progestimmob SA				1	1%	1%
Résidence du Golf SA				1	1%	1%
Vulpia				10	10%	10%
Vulpia Vlaanderen ASBL				9	9%	9%
Vulpia Wallonie ASBL				1	1%	1%
Time for Quality				1	1%	1%
Service Flat Residenties ASBL				1	1%	1%
Other				7	4%	3%
Le Château de Tintagel SPRL				1	0%	0%
Résidence Bois de la Pierre SA				1	0%	1%
Buitenhof ASBL				1	1%	1%
Résidence de la Houssière SA				1	1%	1%
Heydeveld Woon- en Zorgcentrum ASBL				1	1%	1%
WZC Prinsenhof ASBL				1	1%	1%
Fipomat SPRL				1	1%	0%





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Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31/12/2017	30/06/2017
<b>Germany</b>				<b>27</b>	<b>17%</b>	<b>16%</b>
		Armonea		1	1%	0%
			Deutsche Pflege und Wohnstift GmbH	1	1%	0%
		Orpea		5	3%	4%
			Senioren Wohnpark Weser GmbH	3	2%	2%
			Bonifatius Seniorendienst GmbH °°°	1	1%	1%
			Seniorenresidenz Kierspe GmbH °°°	1	1%	1%
		Alloheim °		4	3%	3%
			AGO Herkenrath Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Dresden Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Weisseritz Betriebsgesellschaft für Sozialeinrichtungen mbH	1	0%	0%
			Senator Senioren- und Pflegeeinrichtungen GmbH	1	1%	1%
		Residenz Management		6	3%	2%
			Residenz Management GmbH & Seniorenresidenz Kalletal GmbH °°°°	1	1%	1%
			Katholische Hospitalgesellschaft Südwestfalen gGmbH Olpe °°°°	2	1%	1%
			Ambulanter Pflegedienst Weser GmbH	3	1%	0%
		Volkssolidarität		1	0%	0%
			Volkssolidarität Südthüringen e. V.	1	0%	0%
		DRK Kreisverband Nordfriesland e. V.		1	1%	1%
			DRK Pflegedienste Nordfriesland gGmbH	1	1%	1%
		Vitanas		5	4%	4%
			Vitanas GmbH & Co. KGaA	5	4%	4%
		Aaetas Management GmbH		1	1%	1%
			Residenz Zehlendorf Kranken- und Pflegeheim GmbH	1	1%	1%
		Cosiq		1	0%	0%
			Cosiq GmbH	1	0%	0%
		Other		2	1%	1%
			Schloss Bensberg Management GmbH + AachenMünchener Lebensversicherung AG	1	1%	1%
			Seniorenresidenz Laurentiusplatz GmbH	1	0%	0%



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Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31/12/2017	30/06/2017
<b>The Netherlands</b>				<b>24</b>	<b>11%</b>	<b>10%</b>
		Compartijn		3	1%	0%
			Compartijn Exploitatie BV	3	1%	0%
		Domus Magnus		4	2%	2%
			Panta Rhei V BV	1	1%	1%
			DM Benvenuta BV	1	0%	0%
			DM Walgaerde B.V.	1	0%	0%
			DM Molenenk B.V.	1	1%	0%
		Het Gouden Hart		3	1%	1%
			Het Gouden Hart Driebergen B.V.	1	0%	0%
			Het Gouden Hart Kampen B.V.	1	1%	1%
			Het Gouden Hart Leersum B.V.	1	0%	0%
		Stepping Stones Home & Care		2	1%	1%
			Poort van Sachsen Weimar BV	1	1%	1%
			Villa Spes Nostra BV	1	0%	1%
		Martha Flora		5	1%	0%
			Martha Flora Lochem BV	1	0%	0%
			Martha Flora Hilversum BV	1	0%	0%
			Bronovo Martha Flora BV	1	1%	0%
			Martha Flora Rotterdam BV	1	0%	0%
			Martha Flora Bosch en Duin BV	1	0%	0%
		Vitalis		3	4%	4%
			Stichting Vitalis Residentiële Woonvormen	3	4%	4%
		Other		4	2%	1%
			Stichting Oosterlengte + Multi-tenant	2	1%	1%
			Stichting Zorggroep Noorderboog	1	1%	1%
			Stichting Leger des Heils Welzijns- en Gezondheidszorg	1	0%	0%
<b>HOTELS AND OTHER</b>				<b>9</b>	<b>6%</b>	<b>5%</b>
<b>Belgium</b>				<b>9</b>	<b>6%</b>	<b>5%</b>
		Martin's Hotels		2	3%	4%
			Martin's Brugge SA	1	2%	2%
			Martin's Hotel SA	1	1%	2%
		Different Hotel Group		4	1%	1%
			Different Hotels SA	4	1%	1%
		Senior Living Group °°		1	0%	0%
			Senior Living Group SA	1	0%	0%
		Other		2	1%	0%
<b>OTHER TENANTS</b>				<b>71</b>	<b>11%</b>	<b>12%</b>
<b>Belgium</b>				<b>71</b>	<b>11%</b>	<b>12%</b>
<b>TOTAL</b>				<b>204</b>	<b>100%</b>	<b>100%</b>

° With AGO.

°° Korian Group.

°°° Sub-tenant of Senioren Wohnpark Weser GmbH.

°°°° Sub-tenant of Residenz Management GmbH.



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### 2.8. Gross yield by segment<sup>17</sup> (based on fair value)

Gross yield by segment (based on fair value)	31 December 2017	30 June 2017
Senior housing	5.7%	5.7%
Apartment buildings	5.0%	4.9%
Hotels and other	6.5%	6.5%
<b>Average</b>	<b>5.6%</b>	<b>5.7%</b>

### 2.9. Occupancy rate<sup>18</sup>

#### 2.9.1. Furnished apartment buildings

Occupancy rates (Furnished apartment buildings)	
December 2017	77.0%
December 2016	71.1%

#### 2.9.2. Total portfolio (excluding furnished apartments)

Occupancy rates (Total portfolio excluding furnished apartments)	
December 2017	98.7%
June 2017	98.7%
December 2016	98.2%

<sup>17</sup> The gross yield is calculated as follows:

- For the total portfolio (excluding furnished apartments): (contractual rents including the guaranteed income) / (fair value of the concerned buildings).
- For the furnished apartments: (Turnover as of 31 December 2017, annualized and excl. VAT) / (fair value of the concerned buildings + goodwill + furnishment).

<sup>18</sup> The occupancy rate is calculated as follows:

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



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### **3. The real estate market**

#### **3.1. The Belgian residential market<sup>19</sup>**

By the end of 2014, turnover on the secondary residential market saw an increase, mainly in Flanders, due to changes announced in relation to mortgage interest tax relief schemes. The stricter credit policies imposed by financial institutions as a result of Basel III directives, however, have an increasing impact on market activity. This trend continued during the first half of 2017.

Moreover, the base rates for mortgage loans decreased in 2014 (from 3.7 % in the first half to 2.7 % by the end of the year) and fell further in the first quarter of 2015 to 2.5 % by April. At the beginning of 2016, the base rates further decreased to 1.9 % in summer. Since April 2017, the base rate increased to reach 2.15 % in October. At the same time, inflation was flat at 0 % in 2014 but climbed steadily from March to July 2016 to reach approx. 2.5 %. Since the second half of 2016, inflation decreased to 1.8 %. This implies that the real interest rate (the difference between the base rate and rate of inflation) was briefly negative at the beginning of 2017 and limited to 0.5 % during the rest of the year. There is a risk that a negative real interest rate will lead to excessively high prices. In line with the adage that real estate offers protection against inflation, investors are attracted by the notion that the value derived from their property will be greater than their cost of capital.

Therefore, two opposing undercurrents exist concerning private buyers (owner-occupiers); stricter credit policies require more initial capital and thus hinder investment in housing, whereas low – or even negative – interest rates encourage purchase. For investment buyers (landlords), real estate investments are very attractive under current conditions, given direct comparisons between real estate returns and yields on alternative investments.

In practice, we observe a convergence toward a total budget of between €200,000 and €250,000 for both first-time buyers and residential real estate investors. In Flanders, this results in a net purchase price between €180,000 and €225,000 for existing properties (including renovations), and between €165,000 and €206,000 for new constructions. If financing covers 80 % of the purchase price, the initial capital required personal resources amounts to between €56,000 and €85,000 on average. The result is about the same in Brussels and Wallonia, taking into account the higher tax reductions in Brussels and the more common reduced tariffs in Wallonia (see table on the left).

		Total investment	Purchasing costs	Net purchase price	Financing 80 %	Required personal contribution
Existing	Minimum	€200,000	€20,000	€180,000	€144,000	€56,000
	Maximum	€250,000	€25,000	€225,000	€180,000	€70,000
New construction	Minimum	€200,000	€35,000	€165,000	€132,000	€68,000
	Maximum	€250,000	€44,000	€206,000	€165,000	€85,000

The figures presented in the above table show the ceilings (maximum amount feasible) for young families, relying on their own savings and parental support.

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As for the number of approved development permits, 2017 seems like a weak year, with approximately 17,000 development permits issued for single-family homes (-15 % as compared to 2016) and 28,700 for apartments (-9 % as compared to 2016).

Demand for rented dwellings has experienced a significant increase as more and more higher-income households are staying in the rental market for longer periods of time.

Prices continue to show an upward trend: during the first half 2017, we observed an increase of 1.8 % for single-family dwellings and 1.9 % for apartments. Price increases seem to be mainly concentrated in the segment up to €250,000, whereas formation of prices above €500,000 is more difficult.

Between 1983 and the first half of 2017, prices for private dwellings multiplied by 6.99 times. This represents an average yearly increase of 5.9 %, compared to average inflation of 2.10 %. The most important factors reflected during the period 1983-2017 include, on one hand, the increase in the consumer price index (+102.44 %) and in purchasing power (inflation excluded) of households (+62.06 %), and on the other hand, increased in the borrowing capacities as a result of lower interest rates (+120.73 %) and longer mortgage terms (+6.83 %). The result obtained by multiplying these four factors ( $2.0244 \times 1.6206 \times 2.2073 \times 1.0683$ ) shows that the baseline index of 100 (established in 1983) has increased to 774 by 2017. Thus, prices for private dwellings showed a 10% growth potential for 2017. Over a period of 103.5 years (1913-2017), prices for single-family dwellings have multiplied by a factor of 841, which represents an annual increase of 6.74 %, compared to average inflation of 5.44 % over the same period.

### **3.2. The market for furnished apartments in Belgium**

The market for furnished apartments in Belgium is characterised by the dispersion of operators and by a very diverse offering (ranging from the simple activity of renting out furnished apartments to providing furnished apartment rentals with additional services, and from very short term (daily) rental contracts to the more common monthly rental contracts, etc.). Moreover, this market is characterised by its lack of transparency. To the best of our knowledge, no independent market study has been carried out on this segment to date.

The business of furnished apartment rentals must not be confused with the hotel industry. The main activity is indeed the renting out of apartments, which include all necessary furnishings such that tenants can immediately move in without having to worry about the interior design. However, the additional services provided are rather limited, usually consisting of a monthly cleaning service only.

Taking into account short-term rental contracts and the target clientele (expatriates), this rental activity is more sensitive to economic cycles. The current economic context and market conditions lead to increased volatility in occupancy rates and prices.

In Flanders, the activity of renting furnished apartments is subject to a specific regulation, the Decree of 5 February 2016 on Touristic Housing, as amended by the Decree of 10 March 2017 (published in the Belgian State Gazette dated 11 April 2017). In the Brussels-Capital Region, an Ordinance was also adopted under which the activity of furnished apartment rentals, and their service providers, are in certain cases regulated by the regulatory framework for Touristic Housing (Ordinance of 8 May 2014 on Touristic Housing, which was implemented on 24 April 2016).



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### **3.3. The senior housing market**

#### **3.3.1. Belgium<sup>20</sup>**

The total number of rest home beds in Belgium increased by 2,752 in units between 10 October 2016 and 28 November 2017 to reach a capacity of 144,059 units. However, according to several studies, this increase remains below the real annual incremental need. Many of these studies are based on growth forecasts for the number of persons over 65 years, which will rise from 17 % to 22 % of the population between 2013 and 2030. However, within this category, the portion of seniors who are still autonomous is growing and the number of dependant persons is increasing less sharply. According to a Dutch study (CBS), life expectancies have increased between 1980 and 2010, increasing from 72.5 to 79 years for men and from 79 to 83 years for women. The number of years during which elderly people suffer from health problems has remained stable since 1990 for men (approx. 15 years) and since 1998 for women (approx. 20 years). Moreover, domestic technologies and homecare also play an increasing role. The average duration of stay remains relatively stable. Over the last 5 years, the number of beds has increased by 11,809 units. Private not-for-profit organisations operate the lion's share of these units (approx. 50 %). It is notable as well that the number of rest home beds showed a consistent decrease between 1997 (93,056 beds) and 2012 (62,545 beds). Since 2012 however, it has risen to 74,383 units.

As a long-term investment, health care real estate is attracting more and more interest. The investment market has rapidly extended toward insurers and pension funds, for whom (very) long-term and indexed contracts present attractive features. This also corresponds to operators' desire to pursue a long-term strategy. Financial ratios, such as the debt to turnover, are of greater concern to operators than to real estate investors. For investors, a debt that is eight times the turnover (rental income) is easily acceptable, whereas, for operators, debt generally amounts to only one quarter of the turnover. The separation between operational activities and real estate, which is also found in the hotel segment, is therefore a logical consequence. However, these two aspects remain linked, with profits split between the two parties: they are thus dependent on one another. For the operator, the building represents a "real estate machine" that cannot be defective at any time. Like in the hotel segment, triple net contracts are logically established in the healthcare sector as well. It is essential for operators that the quality of the asset is maintained and that they can intervene quickly if action is needed. This type of contract might be misleading for investors who think they are fully relieved of all matters relating to building management given the long-term contracts in place with the operators. Operational sustainability and technical requirements of the building, as well as compliance with constantly changing regional regulations, are the Achilles heel of relations between investors and operators. What value will remain if a building is not up to code? If the establishment were located in collective community services zone ("blue zone"), what alternative use would be possible? If operations become insufficiently profitable due to a reduction in state/public subsidies, change in regulation, or excessive rent, a downward rent revision may be required if the operations are to continue. It is crucial for the investor to monitor all changes and trends of either technical or regulatory nature and as well as those affecting operations.

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<sup>20</sup> Written in Dutch on 20 December 2017 by Stadim CVBA, and reproduced with permission. Translation by Aedifica.



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Various authorities are taking initiatives to limit the possibility to offer individual rooms in a rest home for sale as investment properties. Co-ownership in the health care sector, while permitted in the apartment sector, has fortunately reached an impasse. In addition, it will be impossible to impose significant investments on co-owners at the same time, except for justified social reasons. Hopefully, this legislation will be adopted in other Belgian regions, and extended to other types of operational properties. How would it be possible to maintain, under co-ownership, the quality requirements of a hotel, a student residence or even a house transformed into an apartment building?

Given the increasing trend toward professionalisation among rest home operators, the attractiveness to investors, and reduced interest rates, gross rental yields are decreasing. Certain transactions (based on long-term triple net contracts) are already being established at rental yields lower than 5 %. In this context, the necessity of quality and versatility and the overall sustainability of the investment is even more important: with current yields, there is no room for error. Attempts are being made to capitalise on the experience accumulated in the senior care segment by combining or expanding residences to serve other types of dependent persons, such as youth with disabilities. Ancillary services such as welcoming, catering, etc. could also be combined which could serve to improve the complementarity and flexibility of real estate assets. In some cases, independent operators are not profitable due to their small size but, as targets for acquisition, offer new possibilities to pursue these types of projects, including projects at the local level.

### 3.3.2. Germany<sup>21</sup>

#### General Trends

The German healthcare market is a growth market, secured by: demographic trends showing a drastic shift in the age structure and increasing life expectations. According to the most recent data as of the end of 2015 Germany had approx. 82.2 million inhabitants, of which approx. 17.3 million over 65 (21.1 %) and an estimated 9.0 million are more than 75 years of age (11 %). Population ageing will be further amplified by the generation of baby boomers who will reach age 60 in approximately ten years. Consequently, the need for senior housing will increase over the next decades.

When looking at the population by age cohorts, it is noted that approx. 0.8 % of people below 65 years of age need long-term care. This percentage increases to 9.9 % for those over 65 and reaches 17.2 % after the age of 75. The total rest home capacity in Germany should be expanded, given the number of persons in need of care. An increase of one million people requiring nursing care anticipated in the period through to 2030 is expected.

Currently, there are approx. 900,000 beds in more than 11,250 rest homes in Germany. These are operated by not-for-profit operators (approx. 55.7 %), private operators (approx. 38.8 %) and public operators (approx. 5.6 %), in a very fragmented market. It is estimated that the market share of the five biggest operators is approx. 11 %.

According to some market studies, the capacity of rest homes should increase by approx. 340,000 units by 2030. Thus, the ageing population offers significant growth potential and consolidation opportunities in the collective senior housing sector in Germany.

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<sup>21</sup> Written in English on 18 December 2017 by CBRE GmbH, and reproduced with permission.





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### Investment Market

In the first three quarters of 2017, approx. €685 million was invested in German nursing care properties. Compared to the same period of the previous year, this result corresponds to a massive drop, but one must consider that last year's result was driven by several large-scale transactions which contributed to the best result since records began.

The largest transaction within the first nine months of 2017 was the acquisition of 17 project developments by Aedifica from Specht Gruppe for approx. €200 million. Single transactions accounted for around 52 % of the total transaction volume. This relatively high share of single transactions is mainly related to the small number of portfolios which were traded during the first three quarters.

The yield for care homes remained stable at 5.25 % compared to the previous quarters and therefore still hold a high yield advantage over traditional asset classes. The prime yield for cutting-edge nursing care homes in the investment centres comes in at around 204 basis points above that of office properties in comparable locations and 201 basis points above the prime yield for retail property. The comparison with operator hotel properties also shows a positive spread of 125 basis points.

Investors are increasingly attracted to alternative investment opportunities in their property allocation, with the focus shifting to managed properties. Above all, institutional investors, such as insurance companies and pension funds, are turning increasingly to the asset class of social and healthcare property as, in comparison with conventional core commercial property, such as office or commercial buildings, this is how they can generate higher risk-adjusted returns. In addition, the healthcare market has received significantly better ratings than in the past, ultimately due to the maturing of the operator market as a consequence of the ongoing process of consolidation.

Compared to the record year 2016 the first three quarters of 2017 were quite moderate at the investment market for German care homes. This is mainly related to the point that there is currently no high pressure for owners to sell and that there were also no large-scale portfolio transactions registered like in 2016. But nevertheless, the market continues to mature and due to the higher achievable yields which German care home properties offer this asset class will still be highly focused by domestic and international investors which are looking for alternative investment opportunities. Due to the sustained high demand and the point that there are currently some portfolios on the market the predicted transaction volume of around €1 billion for 2017 is still realistic.



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### **3.3.3. The Netherlands<sup>22</sup>**

The Netherlands currently has a population of approx. 17.1 million inhabitants. The Central Bureau of Statistics predicts a slight growth in the population, to reach 17.8 million inhabitants by 2040. Population growth beyond 2040 remains uncertain.

However, it is certain that the number of elderly will increase sharply over this period, from 3 million persons over 65 years of age to 4.7 million in 2040 (i.e. 26 % of the population), and from 0.7 million persons over 80 years old to 2 million persons in 2040 (i.e. 11 % of the population). About 20 % of this group needs care, and over 5 % requires on-going assistance (as provided in traditional care facilities). This latter group often includes individuals suffering from dementia. According to Alzheimer Nederland, the number will more than double by 2040. Consequently, senior care constitutes a significant growth area in The Netherlands.

An increasing portion of these people do not choose for traditional care facilities, but prefer to obtain in-home care or care in private residential care facilities (such as the care residences offered by Domus Magnus, Martha Flora, Compartijn and Stepping Stones). This is due to a number of factors:

- the increasing number of elderly persons with greater financial means and higher education levels as compared to average;
- the policy of separating financing for housing and care, which offers more freedom of choice;
- the high personal contribution required for occupancy in traditional care facilities;
- the higher expectations of the current generation of seniors and their children;
- the limited offerings available in traditional care facilities.

Dutch private care providers have anticipated these trends: there are already more than 220 private residential care facilities in the country and it is foreseen that this number will increase to over 300 by 2025.

According to these trends, it appears that an increasing group of seniors seek - and are able to pay for - higher quality services.

On average, a private residential care facility contains approx. 18 units. The limited number of units is what strengthens and distinguishes them from traditional care facilities and assisted-living apartment facilities, which comprise 60 to 200 residents.

More than half of the country's private residential care facilities are operated independently. Expectations are thus that an increasing number of operators will manage several locations.

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<sup>22</sup> Written in Dutch on 28 November 2017 by Cushman & Wakefield, and reproduced with permission. Translation by Aedifica.



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### **3.4. The hotel market<sup>23</sup>**

The Belgian hotel market is beginning to pick up after the March 2016 attacks in Brussels and Zaventem. Cumulative figures of the first nine months of 2017 are clearly above those of the same period in 2016. Occupancy rates (+7.2 %) and RevPar (Revenue per Available Room, +13 %) have increased significantly, particularly in the middle to high-end market segment. Average prices are again in line with those of 2015.

Figures provided by Toerisme Vlaanderen (Tourism Flanders), which showed a decrease in the number of overnight stays of 5.6 % (1,735,000 units) in 2016, indicate a similar upturn (+4.7 %) for the first seven months of 2017. In particular, the number of foreign tourists has increased (+9.4 %). Additional figures with respect to the Flemish art cities are not yet available for 2017, but it is reasonable to assume they too benefit from the upturn, following a decline in the number of overnight stays of 13.5 % in 2016.

The difficult market conditions of the past do not seem to hinder the continuing development of new hotels. In Bruges, construction has started on the new Radisson Blu hotel comprising 106 rooms. In December (2017), an 80-room Ibis Budget Hotel will open its doors next to the E40 highway in Jabbeke. New projects have been announced in Liège, where a new 100-room hotel is planned near the train station, and in Brussels, where the French group Okko will transform the former headquarters of CBC Bank at the Grand Place into a hotel.

Investments in the hotel sector have continued, although the number of transactions on the Belgian market was rather limited. In this context, it may be noted that the Wielemans family sold its 50 % stake in the Hotel Metropole in Brussels to the Bervoets family. Meanwhile, the appetite for real estate and higher yields persuades private investors as well to invest in individual hotel rooms and vacation homes. Strong demand for hotel real estate is not only limited to Belgium but also extends across Europe, thanks to the continued growth of global tourism. The investment volume in the EMEA region is on track to exceed 2016's volume (±€17.8 billion).

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<sup>23</sup> Written in Dutch on 29 November 2017 by de Crombrughe & Partners NV, and reproduced with permission. Translation by Aedifica.



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#### **4. Valuation experts' report<sup>24</sup>**

Gentlemen,

We are pleased to send you our estimate of the fair value of investment properties held by the Aedifica group as of 31 December 2017.

Aedifica assigned to each of the four valuation experts the task of determining the fair value (from which the investment value is derived<sup>25</sup>) of one part of its portfolio of investment properties. Assessments are established taking into account the remarks and definitions contained in the reports and following the guidelines of the International Valuation Standards issued by the "IVSC".

We have acted individually as valuation experts and have a relevant and recognised qualification, as well as an ongoing experience for the location and the type of buildings assessed. The valuation expert's opinion of fair value was primarily derived using comparable recent market transactions on arm's length terms.

Properties are considered in the context of current leases and of all rights and obligations that these commitments entail. We have evaluated each entity individually. Assessments do not take into account a potential value that can be generated by offering the whole portfolio on the market. Assessments do not take into account selling costs applicable to a specific transaction, such as brokerage fees or advertising. Assessments are based on the inspection of real estate properties and information provided by Aedifica (i.e. rental status and surface area, sketches or plans, rental charges and property taxes related to the property, and compliance and pollution matters). The information provided was assumed to be accurate and complete. Assessments are made under the assumption that no non-communicated piece of information is likely to affect the value of the property.

Based on the four assessments, the consolidated fair value of the portfolio amounted to €1,661,049,577<sup>26</sup> as of 31 December 2017, including €1,631,199,676 for marketable investment properties<sup>27</sup>. Contractual rents amounted to €92,284,242 which corresponds to an initial rental yield of 5.66 %<sup>28</sup> compared to the fair value of marketable investment properties. Assuming that the marketable investment properties, except for furnished apartments, are 100 % rented and that the currently vacant spaces are rented at market prices, contractual rents would amount to €93,398,709, i.e. an initial rental yield of 5.73 %<sup>29</sup> compared to the fair value of marketable investment properties.

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<sup>24</sup> The expert report was reproduced with the agreement of de Crombrugghe & Partners NV, Stadim CVBA, CBRE GmbH and DTZ Zadelhoff VOF. The sum of all elements of the portfolio individually assessed by the abovementioned valuation experts constitutes Aedifica's whole consolidated portfolio.

<sup>25</sup> "Investment value" is defined by Aedifica as the value assessed by a valuation expert, of which transfer costs are not deducted (also known as "gross capital value").

<sup>26</sup> The abovementioned portfolio is broken down in two lines on the balance sheet (lines "I.C. Investment properties" and "II.A. Assets classified as held for sale").

<sup>27</sup> "Marketable investment properties" are defined by Aedifica as investment properties including assets classified as held for sale and excluding development projects. Marketable investment properties are hence completed properties that are let or lettable.

<sup>28</sup> 5.65 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.

<sup>29</sup> 5.72 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.



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In the context of a reporting in compliance with the International Financial Reporting Standards, our evaluations reflect the fair value. The fair value is defined by IAS 40 and IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The IVSC considers that the definition of fair value under IAS 40 and IFRS 13 is generally consistent with market value.

### de Crombrugghe & Partners SA opinion:

The fair value of the part of Aedifica's portfolio valued by de Crombrugghe & Partners SA is estimated as of 31 December 2017 at €490,110,000 and the investment value (before deduction of the transfer costs<sup>30</sup>) is estimated at €502,783,750.

Michaël Zapatero and Karen Cox  
19 February 2018

### Stadim CVBA opinion:

The fair value of the part of Aedifica's portfolio valued by Stadim CVBA is estimated as of 31 December 2017 at €715,709,577 and the investment value (before deduction of the transfer costs<sup>31</sup>) is estimated at €733,991,860.

Dave Verbist and Katrien Van Grieken  
19 February 2018

### CBRE GmbH opinion:

The fair value of the part of Aedifica's portfolio valued by CBRE GmbH is estimated as of 31 December 2017 at €259,500,000 and the investment value (before deduction of the transfer costs<sup>32</sup>) is estimated at €277,946,141.

Sandro Höselbarth and Tim Schulte  
19 February 2018

### DTZ Zadelhoff VOF opinion:

The fair value of the part of Aedifica's portfolio valued by DTZ Zadelhoff VOF is estimated as of 31 December 2017 at €195,730,000 and the investment value (before deduction of the transfer costs<sup>33</sup>) is estimated at €203,370,000.

Paul Smolenaers and Fabian Pouwelse  
19 February 2018

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<sup>30</sup> In this context, the transfer costs require adaptation to the market conditions. Based on the analysis of a large number of transactions in Belgium, the Belgian experts acting at the request of publicly traded real estate companies, reunited in a working group, came to the following conclusion: given the various ways to transfer property in Belgium, the weighted average of the transfer costs was estimated at 2.5 %, for investment properties with a value in excess of €2.5 million. The investment value corresponds therefore to the fair value plus 2.5 % of transfer costs. The fair value is also calculated by dividing the investment value by 1.025. Properties in Belgium below the threshold of €2.5 million remain subject to usual transfer costs (10.0% or 12.5% depending on their location). Their fair value corresponds thus to the value excluding transfer costs. In this specific case, for residential units, the fair value reflects the potential capital gain per apartment, if sold.

<sup>31</sup> Same comment on transfer costs as in footnote 30 above.

<sup>32</sup> Assets located in Germany are not concerned by the comments in footnotes 30 and 31 above. In the assessment of their investment value, the usual German transfer costs are taken into account.

<sup>33</sup> Assets located in The Netherlands are not concerned by the comments in footnotes 30 and 31 above. In the assessment of their investment value, the usual Dutch transfer costs are taken into account.



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### V. Condensed consolidated financial statements

#### 1. Consolidated income statement

(x €1,000)	Notes	31/12/2017	31/12/2016
I. Rental income		44,478	37,253
II. Writeback of lease payments sold and discounted		0	0
III. Rental-related charges		-27	-27
<b>Net rental income</b>		<b>44,451</b>	<b>37,226</b>
IV. Recovery of property charges		41	21
V. Recovery of rental charges and taxes normally paid by tenants on let properties		849	807
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease		0	0
VII. Rental charges and taxes normally paid by tenants on let properties		-849	-807
VIII. Other rental-related income and charges		-486	-457
<b>Property result</b>		<b>44,006</b>	<b>36,790</b>
IX. Technical costs		-709	-594
X. Commercial costs		-289	-224
XI. Charges and taxes on unlet properties		-91	-97
XII. Property management costs		-557	-542
XIII. Other property charges		-126	91
<b>Property charges</b>		<b>-1,772</b>	<b>-1,366</b>
<b>Property operating result</b>		<b>42,234</b>	<b>35,424</b>
XIV. Overheads		-5,023	-3,818
XV. Other operating income and charges		-27	282
<b>Operating result before result on portfolio</b>		<b>37,184</b>	<b>31,888</b>
XVI. Gains and losses on disposals of investment properties		172	69
XVII. Gains and losses on disposals of other non-financial assets		0	0
XVIII. Changes in fair value of investment properties		8,989	597
XIX. Other result on portfolio		0	0
<b>Operating result</b>		<b>46,345</b>	<b>32,554</b>
XX. Financial income		17	129
XXI. Net interest charges		-7,124	-7,568
XXII. Other financial charges		-724	-665
XXIII. Changes in fair value of financial assets and liabilities	9	-523	3,443
<b>Net finance costs</b>		<b>-8,354</b>	<b>-4,661</b>
XXIV. Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
<b>Profit before tax (loss)</b>		<b>37,991</b>	<b>27,893</b>
XXV. Corporate tax		-1,568	-1,056
XXVI. Exit tax		0	0
<b>Tax expense</b>		<b>-1,568</b>	<b>-1,056</b>
<b>Profit (loss)</b>		<b>36,423</b>	<b>26,837</b>
Attributable to:			
Non-controlling interests		0	0
<b>Owners of the parent</b>		<b>36,423</b>	<b>26,837</b>
Basic earnings per share (€)	10	2.03	1.89
Diluted earnings per share (€)	10	2.03	1.89



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### 2. Consolidated statement of comprehensive income

(x €1,000)	31/12/2017	31/12/2016
I. Profit (loss)	36,423	26,837
II. Other comprehensive income recyclable under the income statement		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	0
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	519	2,323
H. Other comprehensive income, net of taxes (see Note 33.3.)	277	0
<b>Comprehensive income</b>	<b>37,219</b>	<b>29,160</b>
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	<b>37,219</b>	<b>29,160</b>

### 3. Consolidated balance sheet

ASSETS	Notes	31/12/2017	30/06/2017
(x €1,000)			
<b>I. Non-current assets</b>			
A. Goodwill		1,856	1,856
B. Intangible assets		224	221
C. Investment properties	6	1,656,980	1,540,409
D. Other tangible assets		1,428	1,611
E. Non-current financial assets		2,365	2,959
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets		1,792	1,208
I. Equity-accounted investments		0	0
<b>Total non-current assets</b>		<b>1,664,645</b>	<b>1,548,264</b>
<b>II. Current assets</b>			
A. Assets classified as held for sale	6	4,070	4,440
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables		6,778	6,718
E. Tax receivables and other current assets		2,589	1,679
F. Cash and cash equivalents	8	6,912	8,135
G. Deferred charges and accrued income		629	886
<b>Total current assets</b>		<b>20,978</b>	<b>21,858</b>
<b>TOTAL ASSETS</b>		<b>1,685,623</b>	<b>1,570,122</b>





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<b>EQUITY AND LIABILITIES</b>	Notes	<b>31/12/2017</b>	<b>30/06/2017</b>
<b>(x €1,000)</b>			
<b>EQUITY</b>			
<b>I. Issued capital and reserves attributable to owners of the parent</b>			
A. Capital	7	459,231	459,231
B. Share premium account		287,194	287,194
C. Reserves		107,932	78,256
a. Legal reserve		0	0
b. Reserve for the balance of changes in fair value of investment properties		152,095	131,253
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		-38,423	-29,397
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		-15,600	-16,418
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS		-17,659	-23,712
h. Reserve for treasury shares		0	0
k. Reserve for deferred taxes on investment properties located abroad		-1,311	230
m. Other reserves		0	0
n. Result brought forward from previous years		28,830	16,300
D. Profit (loss) of the year		36,423	63,358
<b>Equity attributable to owners of the parent</b>		<b>890,780</b>	<b>888,039</b>
<b>II. Non-controlling interests</b>		<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>		<b>890,780</b>	<b>888,039</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
A. Provisions		0	0
B. Non-current financial debts			
a. Borrowings	8	678,739	579,438
C. Other non-current financial liabilities		36,650	37,933
a. Authorised hedges	9	32,512	33,787
b. Other	16	4,138	4,146
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred taxes liabilities		6,911	4,306
<b>Non-current liabilities</b>		<b>722,300</b>	<b>621,677</b>
<b>II. Current liabilities</b>			
A. Provisions		0	0
B. Current financial debts			
a. Borrowings	8	39,535	34,524
C. Other current financial liabilities	9	0	0
D. Trade debts and other current debts			
a. Exit tax		1,316	717
b. Other		27,988	20,252
E. Other current liabilities		0	0
F. Accrued charges and deferred income		3,704	4,913
<b>Total current liabilities</b>		<b>72,543</b>	<b>60,406</b>
<b>TOTAL LIABILITIES</b>		<b>794,843</b>	<b>682,083</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,685,623</b>	<b>1,570,122</b>



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### 4. Consolidated cash flow statement

(x €1,000)	Notes	31/12/2017	31/12/2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (loss)		36,423	26,837
Non-controlling interests		0	0
Tax expense		1,568	1,056
Amortisation and depreciation		396	320
Write-downs		15	20
Change in fair value of investment properties (+/-)		-8,989	-597
Gains and losses on disposals of investment properties		-172	-69
Net finance costs		8,353	4,661
Changes in trade receivables (+/-)		-74	-3,648
Changes in tax receivables and other current assets (+/-)		602	224
Changes in deferred charges and accrued income (+/-)		256	606
Changes in trade payables and other current debts (excl. exit tax) (+/-)		4,873	3,411
Changes in accrued charges and deferred income (+/-)		-1,210	-980
<b>Cash generated from operations</b>		<b>42,041</b>	<b>31,841</b>
Taxes paid		-1,275	-581
<b>Net cash from operating activities</b>		<b>40,766</b>	<b>31,260</b>
<b>CASH FLOW RESULTING FROM INVESTING ACTIVITIES</b>			
Purchase of intangible assets		-64	-53
Purchase of real estate companies and marketable investment properties		-60,198	-177,205
Purchase of tangible assets		-151	-228
Purchase of development projects		-23,786	-22,336
Disposals of investment properties		2,679	273
Net changes in non-current receivables		0	0
Net investments in other assets		0	0
<b>Net cash from investing activities</b>		<b>-81,520</b>	<b>-199,549</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Capital increase, net of costs <sup>°</sup>		0	0
Disposals of treasury shares		0	0
Dividend for previous fiscal year		-34,478	-21,911
Net changes in borrowings		104,311	249,525
Net changes in other non-current financial liabilities		-936	0
Net finance costs paid		-7,779	-9,443
Repayment of financial debts of acquired or merged companies		-18,350	0
Repayment of working capital of acquired or merged companies		-3,237	-46,912
<b>Net cash from financing activities</b>		<b>39,531</b>	<b>171,259</b>
<b>TOTAL CASH FLOW FOR THE PERIOD</b>			
<b>Total cash flow for the period</b>		<b>-1,223</b>	<b>2,970</b>
<b>RECONCILIATION WITH BALANCE SHEET</b>			
Cash and cash equivalents at beginning of period		8,135	4,947
Total cash flow for the period		-1,223	2,970
<b>Cash and cash equivalents at end of period</b>		<b>6,912</b>	<b>7,917</b>

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



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### 5. Consolidated statement of changes in equity

(x €1,000)	1/07/2016	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	31/12/2016
Capital	364,467	0	4,764	0	0	0	0	369,231
Share premium account	155,509	0	7,248	0	0	0	0	162,757
Reserves	60,507	0	0	0	2,323	10,473	-1	73,302
a. Legal reserve	0	0	0	0	0	0	0	0
b. Reserve for the balance of changes in fair value of investment properties	115,366	0	0	0	0	15,888	-1	131,253
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-25,015	0	0	0	0	-4,382	0	-29,397
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-23,560	0	0	0	2,323	-135	0	-21,372
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-18,256	0	0	0	0	-5,456	0	-23,712
h. Reserve for treasury shares	0	0	0	0	0	0	0	0
k. Reserve for deferred taxes on investment properties located abroad	110	0	0	0	0	120	0	230
m. Other reserves	0	0	0	0	0	0	0	0
n. Result brought forward from previous years	11,862	0	0	0	0	4,438	0	16,300
Profit (loss)	40,266	0	0	0	26,837	-40,266	0	26,837
<b>Equity attributable to owners of the parent</b>	<b>620,749</b>	<b>0</b>	<b>12,012</b>	<b>0</b>	<b>29,160</b>	<b>-29,793</b>	<b>-1</b>	<b>632,127</b>
Non-controlling interests	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>620,749</b>	<b>0</b>	<b>12,012</b>	<b>0</b>	<b>29,160</b>	<b>-29,793</b>	<b>-1</b>	<b>632,127</b>



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(x €1,000)	1/07/2017	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	31/12/2017
Capital	459,231	0	0	0	0	0	0	459,231
Share premium account	287,194	0	0	0	0	0	0	287,194
Reserves	78,256	0	0	0	796	28,880	0	107,932
a. Legal reserve	0	0	0	0	0	0	0	0
b. Reserve for the balance of changes in fair value of investment properties	131,253	0	0	0	0	20,842	0	152,095
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-29,397	0	0	0	0	-9,026	0	-38,423
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-16,418	0	0	0	796	22	0	-15,600
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-23,712	0	0	0	0	6,053	0	-17,659
h. Reserve for treasury shares	0	0	0	0	0	0	0	0
k. Reserve for deferred taxes on investment properties located abroad	230	0	0	0	0	-1,541	0	-1,311
m. Other reserves	0	0	0	0	0	0	0	0
n. Result brought forward from previous years	16,300	0	0	0	0	12,530	0	28,830
Profit (loss)	63,358	0	0	0	36,423	-63,358	0	36,423
<b>Equity attributable to owners of the parent</b>	<b>888,039</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,219</b>	<b>-34,478</b>	<b>0</b>	<b>890,780</b>
Non-controlling interests	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>888,039</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,219</b>	<b>-34,478</b>	<b>0</b>	<b>890,780</b>



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### 6. Notes

#### 6.1. Note 1: General information

Aedifica SA (referred to in the financial statements as “the Company” or “the Parent”) is a limited liability company having opted for Public Regulated Real Estate Company (RREC) status under Belgian law. Its primary shareholders are listed in Note 7. Its office is located at Avenue Louise 331-333, B-1050 Brussels (telephone: +32 (0)2 626 07 70).

The Aedifica Group (referred to in the Condensed Consolidated Financial Statements as “the Group”) is composed of the parent-company and its subsidiaries.

Aedifica is a Belgian listed company which aims to position itself as a market leader among listed healthcare real estate companies 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 based on the demographic trend toward population ageing in Europe and the specific needs this trend implies in terms of care and housing.

The Group mainly concentrates its activity in the senior housing segment, but is also active in apartment buildings, hotels and other building types.

The Company's shares are listed on Euronext Brussels (continuous market), as they have been since October 2006.

The Condensed Consolidated Financial Statements were approved by the Board of Directors on 20 February 2018 for publication on 21 February 2018 (in accordance with the Company's financial calendar published in the 2016/2017 Annual Financial Report).

#### 6.2. Note 2: accounting policies

##### Note 2.1: Basis of preparation

The Condensed Consolidated Financial Statements cover the period from 1 July to 31 December 2017. They have been prepared in conformity with “International Financial Reporting Standards” (“IFRS”) and the interpretations of the “International Financial Reporting Interpretations Committee” (“IFRIC”) issued as of 30 June 2017 and approved by the European Union (“EU”), as well as IAS 34 “Interim Financial Reporting”. These are fully in line with the standards and interpretations published by the “International Accounting Standards Board” (“IASB”) and applicable as of 31 December 2017, as elements of IAS 39 that were rejected by the EU are not applicable for the Aedifica Group. The Condensed Consolidated Financial Statements have also been prepared in accordance with the spirit and provisions of the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

The Condensed Consolidated Financial Statements are prepared in Euros, and presented in thousands of Euros in a condensed format, as permitted under IAS 34. They must be read in combination with the Condensed Consolidated Financial Statements as of 30 June 2017, which are presented in the 2016/2017 Annual Financial Report.



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The Condensed Consolidated Financial Statements have been prepared with application of the historical cost convention, except for the following assets and liabilities, which are measured at fair value: investment properties, investment properties held for sale, financial assets and liabilities held for hedging or held for trading (mainly derivatives), and put options granted to non-controlling shareholders.

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

The new and amended standards and interpretations listed below are obligatory and have been applied by the Group since 1 July 2017 and have no impact on the Condensed Consolidated Financial Statements presented for the 2017/2018 financial year:

- IAS 7 (amended) – Disclosure Initiative (effective 1 July 2017);
- IAS 12 (amended) – Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 July 2017).

Aedifica has not opted for early adoption of standards, amendments and interpretations, which have been published but are not yet compulsory. These requirements are currently under review.

### Note 2.2: Summary of significant accounting policies

A summary of the Group's significant accounting policies is provided in Note 2.2 of the 2016/2017 Consolidated Financial Statements (see pages 159 to 163 of the 2016/2017 Annual Financial Report).

These methods were applied consistently to all previous financial years.

### **6.3. Note 3: operating segment**

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

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

These operating segments are consistent with the internal reporting provided to the Group and its internal reporting structure.

On 1 July 2017, the Ring building was transferred from the "apartment buildings" segment to the "hotels and other" segment.



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### 31 December 2017

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items <sup>°</sup>	TOTAL
<b>SEGMENT RESULT</b>						
Rental income (a)	37,022	5,085	2,470	0	-99	44,478
Net rental income (b)	37,023	5,060	2,467	0	-99	44,451
Property result (c)	37,028	4,607	2,470	0	-99	44,006
Property operating result (d)	36,442	3,437	2,461	-7	-99	42,234
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)</b>	<b>36,310</b>	<b>3,422</b>	<b>2,429</b>	<b>-4,977</b>	<b>0</b>	<b>37,184</b>
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						84%
Operating charges* (e)-(b)						7,267
<b>SEGMENT ASSETS</b>						
Marketable investment properties	1,344,488	203,045	79,597	-	-	1,627,130
Development projects	-	-	-	29,850	-	29,850
<b>INVESTMENT PROPERTIES</b>						<b>1,656,980</b>
Assets classified as held for sale	4,070	0	0	-	-	4,070
Other assets	-	-	-	24,573	-	24,573
<b>TOTAL ASSETS</b>						<b>1,685,623</b>

### 31 December 2016

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items <sup>°</sup>	TOTAL
<b>SEGMENT RESULT</b>						
Rental income (a)	29,726	5,475	2,151	0	-99	37,253
Net rental income (b)	29,723	5,450	2,152	0	-99	37,226
Property result (c)	29,658	5,074	2,157	0	-99	36,790
Property operating result (d)	29,319	4,071	2,148	-15	-99	35,424
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)</b>	<b>29,493</b>	<b>4,078</b>	<b>2,148</b>	<b>-3,831</b>	<b>0</b>	<b>31,888</b>
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						86%
Operating charges* (e)-(b)						5,338
<b>SEGMENT ASSETS</b>						
Marketable investment properties	1,135,824	220,767	66,526	-	-	1,423,117
Development projects	-	-	-	26,685	-	26,685
<b>INVESTMENT PROPERTIES</b>						<b>1,449,802</b>
Assets classified as held for sale	4,440	0	2,050	-	-	6,490
Other assets	-	-	-	26,233	-	26,233
<b>TOTAL ASSETS</b>						<b>1,482,525</b>

<sup>°</sup> Mainly elimination of the internal rent for the administrative offices of the Company.





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#### **6.4. Note 4: seasonal or cyclical activities**

Within Aedifica's three segments, only the apartment buildings segment exhibits a seasonal character, which has an impact on the turnover (traditionally higher in spring and autumn than in summer and winter) and the operating result, for the furnished apartments in particular. Any negative variation tends to be offset in periods of favourable economic conditions. In weak conditions, we note increased volatility during the low season.

The sensitivity of Aedifica's activities to economic cycles is discussed on page 2 of the 2016/2017 Annual Financial Report ("market risks" section).

The IFRIC 21 interpretation "Levies" has the effect of deferring recognition of taxes in the income statement to the second half of the financial year. These taxes are recognised in the operating charges\*. Had these taxes been allocated to the half year under review using the pro rata method, the EBIT margin\* would have amounted to approx. 82 %, instead of the 84 % as indicated in Note 3.

#### **6.5. Note 5: unusual items**

No unusual operating items need to be disclosed for the six months ended 31 December 2017.

For the sake of completeness, recall that consolidated results of the first half of the 2016/2017 financial year included the following unusual items:

- Non-recurrent incomes totalling €0.2 million. This amount represents firstly the reimbursement of the 2016 taxes related to the furnished apartments located in the city of Brussels (€149 thousand, recognised on line "XIII. Other property charges"), and secondly the reimbursement of a 2013 tax supplement on undertakings for collective investment (€57 thousand, recognised on line "XIV. Overheads");
- A non-recurrent income of €0.1 million recognised in the financial income, representing the expected dividend for the period from 1 July 2016 to 8 December 2016 (date of the contribution-in-kind) assumed by the contributor.



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### 6.6. Note 6: investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
<b>CARRYING AMOUNT AS OF 1/07/2016</b>	<b>1,126,289</b>	<b>25,924</b>	<b>1,152,213</b>
Acquisitions	333,028	0	333,028
Disposals	-9,585	0	-9,585
Capitalised interest charges	0	322	322
Capitalised employee benefits	0	78	78
Other capitalised expenses	6,364	47,451	53,815
Transfers due to completion	50,839	-50,839	0
Changes in fair value	16,119	-5,762	10,357
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	181	0	181
<b>CARRYING AMOUNT AS OF 30/06/2017</b>	<b>1,523,235</b>	<b>17,174</b>	<b>1,540,409</b>
<b>CARRYING AMOUNT AS OF 1/07/2017</b>	<b>1,523,235</b>	<b>17,174</b>	<b>1,540,409</b>
Acquisitions	79,957	0	79,957
Disposals	-2,507	0	-2,507
Capitalised interest charges	0	193	193
Capitalised employee benefits	0	0	0
Other capitalised expenses	1,571	27,998	29,569
Transfers due to completion	13,151	-13,151	0
Changes in fair value	11,353	-2,364	8,989
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	370	0	370
<b>CARRYING AMOUNT AS OF 31/12/2017</b>	<b>1,627,130</b>	<b>29,850</b>	<b>1,656,980</b>

In addition to the marketable investment properties recognised on the balance sheet under the line “I.C. Investment properties” among non-current assets, the balance sheet also includes real estate under line “II.A. Assets classified as held for sale” among current assets, amounting to €4,070 thousand. This represents real estate offered for sale in Belgium (assisted-living apartments in Aarschot).



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The main acquisitions of investment property during the half are the following:

ACQUISITIONS	Business segment	Properties valuation <sup>°</sup> (in million €)	Register of corporations	Acquisition date <sup>°°</sup>	Acquisition method
Seniorenheim am Dom	Senior housing	10	-	28/07/2017	Acquisition of a building
Huize de Compagnie	Senior housing	3	-	10/07/2017	Acquisition of a building via Aedifica Nederland BV
Huize Hoog Kerckebosch	Senior housing	8	-	24/08/2017	Acquisition of a building via Aedifica Nederland BV
Dujofin BVBA	Senior housing	10	0446.022.925	8/09/2017	Acquisition of shares
Martha Flora Den Haag	Senior housing	9	-	12/09/2017	Acquisition of a building via Aedifica Nederland BV
Huize Ter Beegden	Senior housing	0	-	12/09/2017	Acquisition of a building via Aedifica Nederland BV
Martha Flora Rotterdam	Senior housing	2	-	26/09/2017	Acquisition of a building via Aedifica Nederland BV
Martha Flora Bosch en Duin	Senior housing	2	-	8/11/2017	Acquisition of a building via Aedifica Nederland BV
Seniorenresidenz an den Kienfichten Bremerhaven I	Senior housing	6	-	30/11/2017	Acquisition of a building
Bremerhaven II	Senior housing	20	-	8/12/2017	Acquisition of a building via Aedifica Residenzen Nord GmbH
Cuxhaven	Senior housing	6	-	8/12/2017	Acquisition of a building via Aedifica Residenzen Nord GmbH
De Merenhoef	Senior housing	2	-	8/12/2017	Acquisition of a building via Aedifica Residenzen Nord GmbH
De Merenhoef	Senior housing	2	-	19/12/2017	Acquisition of a building via Aedifica Nederland BV
<b>TOTAL</b>		<b>78</b>			

<sup>°</sup> in order to determine the number of shares issued, the exchange ratio and/or the value of the acquired shares.

<sup>°°</sup> and consolidation date in the financial statements.

The main disposals during the first half of the current financial year are the following:

DISPOSALS	Business segment	Selling price (in million €)	Disposals date
Building located avenue de Broqueville in 1150 Brussels (Belgium)	Apartment buildings	1	19/09/2017 + 14/11/2017
Plot of land located between avenue Louise, rue Vilain XIII and rue du Lac in 1050 Brussels (Belgium)	Hotels and other	1	4/12/2017
Assisted-living apartments located Jan Hammeneckerlaan 4-4A in 3200 Aarschot (Belgium)	Senior housing	0	22/12/2017
<b>TOTAL</b>		<b>3</b>	



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### 6.7. Note 7: capital

During the course of the half year, Aedifica's capital has remained unchanged, as reflected in the table below:

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	14,192,032	374,496
Capital increase	3,783,788	99,846
<b>Situation at the end of the previous year</b>	<b>17,975,820</b>	<b>474,342</b>
Capital increase	0	0
<b>Situation at the end of the year</b>	<b>17,975,820</b>	<b>474,342</b>

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

Aedifica shareholders holding more than 5 % of the Company's capital are listed in the table below (as of 5 January 2018) <sup>34</sup>. According to the definition of Euronext, Aedifica's free float amounts to 100 %.

SHAREHOLDERS	Share in capital (in %)
BlackRock, Inc.	5.09
Others < 5 %	94.91
<b>Total</b>	<b>100.00</b>

The capital increases that occurred prior to 30 June 2017 are disclosed in the "Standing Documents" section of the 2016/2017 Annual Financial Report. All subscribed shares are fully paid-up, with no par value. The shares are registered or dematerialised shares and grant one vote each. All Aedifica shares are listed on the Euronext Brussels continuous market.

Aedifica SA holds no treasury shares.

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

- 1) €374 million 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) € 74.8 million 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 million, on the dates and following the procedures established by the Board, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted to the Board of Directors for a period of 5 years from the publication date in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 28 October 2016. Each time new shares are issued, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares (unless such decisions are made by shareholders at the Annual General Meeting). Increases in share capital decided upon by the Board of Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases can equally be realised through the issuance of convertible debt securities or subscription rights. As of

<sup>34</sup> Declarations of transparency and control strings are available on Aedifica's website. The Company has not received any additional declarations of transparency after those received on 5 January 2018.



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31 December 2017, the remaining balance of the authorised capital amounts to 1) €277 million 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) €73 million for any other type of capital increase.

### 6.8. Note 8: current and non-current financial debts

(x €1,000)	31/12/2017	30/06/2017
Non-current financial debts		
Borrowings	678,739	579,438
Current financial debts		
Borrowings	39,535	34,524
<b>TOTAL</b>	<b>718,274</b>	<b>613,962</b>

As of 31 December 2017, Aedifica benefits from committed credit facilities (financial liabilities carried at amortised cost according to IAS 39 and presented as current and non-current financial debts on the balance sheet) issued by fourteen credit providers, including twelve banks (Bank für Sozialwirtschaft, Bank Degroof Petercam, Banque Européenne du Crédit Mutuel, Belfius Banque, BNP Paribas Deutschland, BNP Paribas Fortis, Caisse d'Épargne et de Prévoyance Hauts de France, Deutsche Postbank, Förde Sparkasse, ING, KBC Bank and Triodos Bank), an insurance company (Argenta Assuranties) and a savings bank (Argenta Spaarbank), totalling €969 million:

- Aedifica can use up to €882 million depending on its needs, so long as the debt-to-assets ratio does not exceed 60 % and other covenants (in line with market practice) are met. Each withdrawal is made in euros for a period of up to 12 months, at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- Aedifica also benefits from amortising facilities amounting to €53 million at fixed rates between 1.4 % and 6.0 %, and amounting to €34 million at variable rate.

As of 31 December 2017, the Group has neither pledged any Belgian or Dutch building as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 12 of the Group's 27 German buildings are linked to a mortgage, respecting the requirements laid down in Article 43 of the Act of 12 May 2014 on RREC.

The maturity of Aedifica's credit facilities is as follows (in € million):

	<u>Lines</u>	<u>Utilisation</u>
- 2017/2018 :	5	5
- 2018/2019 :	63	43
- 2019/2020 :	80	80
- 2020/2021 :	90	90
- 2021/2022 :	167	138
- 2022/2023 :	190	112
- 2023/2024 :	156	106
- 2024/2025 and following:	<u>218</u>	<u>146</u>
<b>Total as of 31 December 2017</b>	<b>969</b>	<b>719</b>
<b>Weighted Average Maturity (years)</b>	<b>5,0</b>	<b>4,6</b>



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### 6.9. Note 9: hedging instruments

#### 1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn the floating rate debt into fixed rate debt (cash flow hedges). All hedges (interest rate swaps or “IRS”, caps and collars) are related to existing or highly probable risks. Hedging instruments are either derivatives which meet the strict criteria set by IAS 39 to allow hedge accounting, or derivatives which do not meet these criteria but which provide economic hedging against interest rate risk nonetheless. All hedges are provided in the framework of the hedging policy set out in Note 44 of the 2016/2017 Annual Financial Report. The fair value of hedges is computed by banks based on the present value of the estimated expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk (“DVA” or “Debit Valuation Adjustment”) and the counterparty credit risk (“CVA” or “Credit Valuation Adjustment”). The tables below list the Company’s hedging instruments.

<b>INSTRUMENT</b> Analysis as at 30 June 2017	<b>Notional amount</b> (x €1,000)	<b>Beginning</b>	<b>Periodicity</b> (months)	<b>Duration</b> (years)	<b>First date possible for the call</b>	<b>Max. interest rate (in %)</b>	<b>Fair value</b> (x €1,000)
IRS°	9,986	1/04/2011	3	32	-	4.89	-5,294
IRS°	25,813	31/07/2014	3	29	-	4.39	-10,200
IRS	15,000	1/07/2018	3	7	-	3.28	-2,746
IRS	12,000	1/07/2018	3	7	-	3.25	-2,171
IRS	8,000	1/07/2018	3	7	-	3.35	-1,501
Cap	25,000	1/11/2015	3	2	-	2.50	0
IRS	25,000	3/04/2017	3	8	-	1.99	-2,811
Cap	25,000	1/11/2014	3	3	-	2.50	0
IRS	25,000	2/11/2016	3	6	-	1.30	-1,444
IRS	25,000	2/11/2016	3	6	-	1.68	-1,932
IRS	25,000	1/01/2015	3	3	-	0.70	-67
Cap	50,000	1/10/2015	3	3	-	0.50	7
Cap	50,000	1/10/2015	3	4	-	0.35	64
IRS	25,000	2/11/2016	3	6	-	1.87	-2,187
IRS	25,000	1/01/2015	3	3	-	0.89	-80
IRS	25,000	3/10/2016	3	5	-	2.88	-3,306
Cap	50,000	1/07/2016	3	4	-	0.50	51
Cap	100,000	1/11/2017	3	2	-	0.50	76
Cap	50,000	1/07/2017	3	4	-	0.50	191
Cap	50,000	1/11/2016	3	5	-	0.50	460
Cap	50,000	1/01/2019	3	2	-	0.35	218
Cap	50,000	1/11/2019	3	2	-	0.50	422
Cap	50,000	1/11/2017	3	4	-	0.25	591
IRS	75,000	2/01/2020	3	2	-	0.33	120
IRS	50,000	1/01/2021	3	3	-	0.80	21
IRS	50,000	1/01/2021	3	2	-	0.64	38
IRS	50,000	1/11/2019	3	3	-	0.39	155
IRS	50,000	1/11/2019	3	5	-	0.78	-49
IRS	50,000	3/01/2022	3	1	-	0.65	80
IRS	50,000	3/01/2022	3	2	-	0.73	214
<b>TOTAL</b>	<b>1,170,799</b>						<b>-31,080</b>

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



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<b>INSTRUMENT</b> Analysis as at 31 December 2017	<b>Notional amount (x €1,000)</b>	<b>Beginning</b>	<b>Periodicity (months)</b>	<b>Duration (years)</b>	<b>First date possible for the call</b>	<b>Max. interest rate (in %)</b>	<b>Fair value (x €1,000)</b>
IRS°	9,889	1/04/2011	3	32	-	4.89	-5,182
IRS°	25,321	31/07/2014	3	29	-	4.39	-9,898
IRS	15,000	1/07/2018	3	7	-	3.28	-2,832
IRS	12,000	1/07/2018	3	7	-	3.25	-2,240
IRS	8,000	1/07/2018	3	7	-	3.35	-1,547
IRS	25,000	3/04/2017	3	8	-	1.99	-2,632
IRS	25,000	2/11/2016	3	6	-	1.30	-1,300
IRS	25,000	2/11/2016	3	6	-	1.68	-1,740
Cap	50,000	1/10/2015	3	3	-	0.50	0
Cap	50,000	1/10/2015	3	4	-	0.35	18
IRS	25,000	2/11/2016	3	6	-	1.87	-1,968
IRS	25,000	3/10/2016	3	5	-	2.88	-2,960
Cap	50,000	1/07/2016	3	4	-	0.50	13
Cap	100,000	1/11/2017	3	2	-	0.50	16
Cap	50,000	1/07/2017	3	4	-	0.50	108
Cap	50,000	1/11/2016	3	5	-	0.50	342
Cap	50,000	1/01/2019	3	2	-	0.35	134
Cap	50,000	1/11/2019	3	2	-	0.50	334
Cap	50,000	1/11/2017	3	4	-	0.25	456
IRS	75,000	2/01/2020	3	2	-	0.33	109
IRS	50,000	1/01/2021	3	3	-	0.80	-36
IRS	50,000	1/01/2021	3	2	-	0.64	24
IRS	50,000	1/11/2019	3	3	-	0.39	145
IRS	50,000	1/11/2019	3	5	-	0.78	-179
IRS	50,000	3/01/2022	3	1	-	0.65	74
IRS	50,000	3/01/2022	3	2	-	0.73	154
CAP	50,000	1/11/2017	3	2	-	0.00	93
CAP	50,000	1/11/2017	3	2	-	0.00	93
<b>TOTAL</b>	<b>1,170,210</b>						<b>-30,399</b>

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

The total notional amount of €1,170 million presented in the table above is broken down as follows:

- operational and active instruments: €160 million;
- operational instruments which became out of the money (caps): €500 million;
- instruments with forward start: €510 million.

The total fair value of the hedging instruments presented in the table above (-€30,399 thousand) can be broken down as follows: €2,113 thousand under line I.E. of the asset side of the consolidated balance sheet and €32,512 thousand under line I.C. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps and collars (€2,925 thousand), the effect of the changes in fair value of hedging instruments on equity amounts to -€33,324 thousand.

### 2. Derivatives for which hedge accounting is applied:

The amounts recorded in equity will be transferred to net finance costs in line with the payment of interest on the hedged financial debt, between 1 January 2018 and 31 July 2043.





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As of 31 December 2017, the equity value includes the effective part (according to IAS 39) of the change in fair value (+€519 thousand) of the derivatives for which hedge accounting is applied, and the ineffective portion of the 2016/2017 financial year (income of €22 thousand) that was appropriated by decision of the Annual General Meeting held in October 2017. These financial instruments are “level 2” derivatives (according to IFRS 13p81). The ineffective part (as defined in IAS 39) is +€2 thousand as of 31 December 2017.

(x €1,000)	31/12/2017	30/06/2017
<b>Changes in fair of the derivatives</b>		
Beginning of the year	-16.418	-23.560
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-1.167	410
Transfer to the income statement of interests paid on hedging instruments	1.708	6.732
Transfer to the reserve account regarding revoked designation	5.976	0
<b>AT YEAR-END</b>	<b>-9.901</b>	<b>-16.418</b>

### 3. Derivatives for which hedge accounting is not applied:

The financial result also includes a profit of €210 thousand (30 June 2017: income of €6,053 thousand), arising from the change in fair value of the derivatives for which hedge accounting is not applied (in line with IAS 39, as listed in the aforementioned framework). These financial instruments are “level 2” derivatives (as defined in IFRS 13p81). The financial result also includes the amortisation of the premiums paid at the time of the subscription to the caps, which amounts to €338 thousand (30 June 2017: €404 thousand), as well as the linear depreciation of the fair value of revoked derivatives as from their designation date, which amounts to €277 thousand. The latter is carried to line “II. H. Other comprehensive income, net of taxes” of the Consolidated Statement of Comprehensive Income.

### 4. Sensitivity analysis:

The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain most of the change in the fair value of hedging instruments between 1 July 2017 and 31 December 2017, which led to the recognition of an income of €212 thousand in the income statement and of €519 thousand directly in equity.

A change in the interest rate curve would impact the fair value of instruments for which hedge accounting is applied (in accordance with IAS 39), and recognised in equity (line “I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS”). All else being equal, a positive change of 10 bps of the interest rate curve on the balance sheet date would have had a positive impact on equity in the amount of €1,648 thousand (30 June 2017: €2,022 thousand). A negative change of 10 bps of the interest rate curve on the balance sheet date would have had a negative impact on equity in the same amount. The influence of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IAS 39 is not applied) cannot be determined as precisely, since options are embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the “mark-to-market” value of these instruments to an increase of 10 bps of the interest rate curve is estimated at +€631 thousand (30 June 2017: +€306 thousand) in the income statement. A decrease of 10 bps in the interest rate curve would have a negative impact on the income statement in the same range.



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### 6.10. Note 10: earnings per share

Earnings per share (« EPS » as defined by IAS 33) are calculated as follows:

	31/12/2017	31/12/2016
Profit (loss) (Owners of the parent) (x €1,000)	36,423	26,837
Weighted average number of shares outstanding during the period	17,975,805	14,220,596
Basic EPS (in €)	2.03	1.89
Diluted EPS (in €)	2.03	1.89

Aedifica uses EPRA Earnings\* to comply with the EPRA's recommendations and to measure its operational and financial performance; however, this performance measure is not defined under IFRS (see Note 17). In Aedifica's case, it represents the profit (attributable to owners of the Parent) after removing exclusively changes in fair value of investment properties (and the movements of deferred taxes related to these) and hedging instruments.

It is calculated as follows:

(x €1,000)	31/12/2017	31/12/2016
Profit (loss) (Owners of the parent)	36,423	26,837
- Changes in fair value of investment properties	-8,989	-597
- Gain and losses on disposal of investment properties	-172	-69
- Deferred taxes	549	640
- Changes in fair value of financial assets and liabilities	523	-3,443
Roundings	1	0
<b>EPRA Earnings*</b>	<b>28,335</b>	<b>23,368</b>
Weighted average number of shares outstanding during the period	17,975,805	14,220,596
EPRA Earnings* per share (in €)	1.58	1.64

The decrease of the EPRA Earnings\* per share results from the immediate dilutive (but temporary) effect of the capital increase of 28 March 2017.

The calculation in accordance with the model recommended by EPRA is included in Note 17.7.1 of the Condensed Consolidated Financial Statements.

### 6.11. Note 11: net asset value per share

Net asset value per share (in €)	31 December 2017	30 June 2017
Net asset value excl. changes in fair value of hedging instruments*	51.41	49.38
Effect of the changes in fair value of hedging instruments	-1.85	-1.89
Net asset value	49.55	47.48
<b>Number of share outstanding (excl. treasury shares)</b>	<b>17,975,820</b>	<b>17,975,820</b>

Recall that IFRS requires presentation of the annual accounts before appropriation. Net assets in the amount of €49.40 per share as of 30 June 2017 (as published in the 2016/2017 Annual Financial Report) thus included the dividend distributed in November 2017, and should now be adjusted by €1.92 per share in order to compare with the value as of 31 December 2017. This amount corresponds to the amount of the total dividend (€34 million) divided by the total number of shares outstanding as of 30 June 2017 (17,975,820).



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## **6.12. Note 12: contingencies and commitments**

A statement of contingencies and commitments as of 30 June 2017 is provided in Note 45 of the Consolidated Financial Statements included in the 2016/2017 Annual Financial Report (see pages 189 - 191). There are no significant changes to be mentioned at the end of the first half of the current financial year, except for the items listed below.

### 1.1. Extension of the Aux Deux Parcs rest home in Jette (Belgium)

The maximum budget committed by Aedifica to finance the extension of the existing rest home, was increased to €3 million.

### 1.2. Extension of the Heydeveld rest home in Opwijk (Belgium)

Aedifica committed to finance the extension of the existing rest home, for a maximum budget of €4 million. Works are currently in progress.

### 1.3. Co-operation agreement for the construction and acquisition of 17 rest homes in Germany

Aedifica signed a co-operation agreement (subject to outstanding conditions) with Specht Gruppe for the construction and acquisition of seventeen rest homes located in several states of northern Germany, for a budget of approx. €200 million (including plots of land).

### 1.4. Construction of the Huize de Compagnie care residence in Ede (The Netherlands)

Aedifica Nederland BV committed to finance the construction of a new care residence in Ede (The Netherlands), for a budget of approx. €7 million. The site will be operated by the Compartijn group. Works are currently in progress.

### 1.5. Co-operation agreement for the construction and acquisition of two senior housing sites in Leeuwarden and Heerenveen (The Netherlands)

Aedifica Nederland BV signed a co-operation agreement (subject to outstanding conditions) for the construction and acquisition of two apartment buildings for seniors in Leeuwarden and Heerenveen (The Netherlands), for a budget of approx. €40 million (including plots of land). The sites will be operated by Stichting Rendant. The works are being prepared.

### 1.6. Construction of the Huize Ter Beegden care residence in Beegden (The Netherlands)

Aedifica Nederland BV committed to finance the construction of a new care residence in Beegden (The Netherlands), for a budget of approx. €4 million. The site will be operated by the Compartijn group. Works are currently in progress.

### 1.7. Construction of the Martha Flora Bosch en Duin care residence in Bosch en Duin (The Netherlands)

Aedifica Nederland BV committed to finance the construction of a new care residence in Bosch en Duin (The Netherlands), for a budget of approx. €5 million. The site will be operated by the Compartijn group. Works are currently in progress.

### 1.8. Renovation of the De Merenhoef rest home in Maarssen (The Netherlands)

Aedifica Nederland BV committed to finance the renovation of an existing rest home in Maarssen (The Netherlands), for a budget of approx. €7 million. The site will be operated by Stichting Leger des Heils Welzijns- en Gezondheidszorg. The works are being prepared.



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### 1.9. Engagements that have already been realised

The commitments presented below, included in Note 45 of the Consolidated Financial Statements within the 2016/2017 Annual Financial Report, have been realised over the first half of the current financial year:

- renovation of the Villa Temporis assisted-living apartment complex in Hasselt (Belgium) (section 1.9 of Note 45).
- acquisition of Dujofin SPRL, owner of the De Duinpieper rest home in Ostend (Belgium) (section 1.20 of Note 45). Recall that Aedifica committed to finance certain extension and renovation works on the site, for a budget of approx. €2 million.
- acquisition of the Molenenk care residence in Deventer (The Netherlands) (section 1.11 of Note 45).
- acquisition of the Seniorenheim am Dom senior housing site in Halberstadt (Germany) (section 1.19 of Note 45).
- acquisition of the plot of land on which the Martha Flora Rotterdam care residence in Rotterdam (The Netherlands) will be constructed (section 1.22 of Note 45). Recall that Aedifica Nederland BV committed to finance the construction of a new care residence, for a budget of approx. €6 million.

### 6.13. Note 13: dividends paid

The General Meeting of 27 October 2017 approved the distribution of the result as proposed by the Board of Directors for the 2016/2017 financial year. A gross dividend of €2.25 was therefore granted for shares entitled to the full dividend (coupon No.17: €1.66; coupon No.18: €0.59). This dividend was paid on 6 November 2017. An adjusted dividend was granted for shares that were temporarily not entitled to the full dividend (coupon No.18: €0.59). The net dividend per share after deduction of the withholding tax of 15 % will amount to €1.4110 for coupon No.17 and €0.5015 for coupon No.18. The total dividend distribution amounted to €34 million (corresponding to an average coupon of €1.92 per share).

### 6.14. Note 14: subsequent events

No significant subsequent events require a mention in these Condensed Consolidated Financial Statements, with the exception of the following items:

- On 9 January 2018, Aedifica announced an agreement for the construction of a care residence in Roosendaal (Province of North Brabant, The Netherlands), which is expected to be completed during the first quarter of 2019 (see section 3.3.9 of the Interim Board of Directors' Report).
- On 24 January 2018, Aedifica announced an agreement for the construction of a care residence in Leusden (Province of Utrecht, The Netherlands), which is expected to be completed during the third quarter of 2019 (see section 3.3.10 of the Interim Board of Directors' Report).
- On 1 February 2018, Aedifica acquired a care residence in Hoorn (Province of North Holland, The Netherlands; see section 3.3.11 of the Interim Board of Directors' Report).
- On 15 February 2018, Aedifica announced the signing of an agreement for the acquisition of a rest home in Zschopau (State of Saxony, Germany; see section 3.2.5 of the Interim Board of Directors' Report).
- On 16 February 2018, Aedifica announced an agreement for the construction of a care residence in Nijverdal (Province of Overijssel, The Netherlands), which is expected to



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be completed during the second quarter of 2019 (see section 3.3.12 of the Interim Board of Directors' Report).

- The renovation works of the Genderstate and Petruspark rest homes in Eindhoven (Province of North Brabant) and the Parc Imstenrade rest home in Heerlen (Province of Limburg) were completed during the third quarter of 2017/2018 (see section 3.4.3 of the Interim Board of Directors' Report).

The numerous investments carried out in the senior housing segment following the €219 million capital increase<sup>35</sup> which was successfully completed on 28 March 2017, are listed in the table below<sup>36</sup>:

(in € million)		Marketable investment properties		Development projects	Total
		carried out	subject to outstanding conditions		
Martha Flora Hilversum	The Netherlands	2	-	6	8
Villa Walgaerde <sup>1</sup>	The Netherlands	4	-	-	4
La Ferme Blanche <sup>1</sup>	Belgium	6	-	-	6
Het Gouden Hart	The Netherlands	7	-	-	7
Huize Dennehof	The Netherlands	1	-	-	1
Prinsenhof <sup>1</sup>	Belgium	4	-	-	4
Op Haanven <sup>1</sup>	Belgium	2	-	-	2
LTS	The Netherlands	2	-	10	12
Het Gouden Hart van Leersum	The Netherlands	2	-	4	6
Residentie Blaret	Belgium	21	-	-	21
Oeverlanden	The Netherlands	12	-	-	12
Sr. Laurentiusplatz	Germany	5	-	3	8
Seniorenheim am Dom	Germany	9	-	-	9
Huize De Compagnie	The Netherlands	2	-	6	9
Rendant (portfolio)	The Netherlands	-	-	40	40
Specht Gruppe (portfolio)	Germany	-	-	200	200
Huize Hoog Kerckebosch	The Netherlands	8	-	-	8
Villa Temporis (phase II) <sup>1</sup>	Belgium	2	-	-	2
Molenenk <sup>1</sup>	The Netherlands	11	-	-	11
De Duinpieper <sup>1</sup>	Belgium	10	-	2	12
Sr. an den Kienfichten	Germany	6	-	-	6
Martha Flora Den Haag	The Netherlands	9	-	-	9
Huize Ter Beegden	The Netherlands	0	-	4	5
Martha Flora Rotterdam <sup>1</sup>	The Netherlands	2	-	6	8
Martha Flora Bosch en Duin	The Netherlands	2	-	5	7
Ambulanter Pflegedienst Weser (portfolio)	Germany	28	-	-	28
De Merenhoef	The Netherlands	2	-	7	9
<b>Total as of 31 December 2017</b>		<b>160</b>	<b>0</b>	<b>294</b>	<b>454</b>
Huize Roosdael	The Netherlands	1	-	5	6
Leusden	The Netherlands	1	-	3	4
Martha Flora Hoorn	The Netherlands	1	-	-	1
advita Haus Zur alten Berufsschule	Germany	-	9	-	9
September Nijverdal	The Netherlands	1	-	3	4
<b>Total as of 21 February 2018</b>		<b>165</b>	<b>9</b>	<b>304</b>	<b>478</b>

<sup>1</sup> Realisations of previously concluded agreements.

<sup>35</sup> See press release of 28 March 2017.

<sup>36</sup> The figures in this table are rounded amounts. Subsequently, the sum of certain figures might not correspond to the stated total.



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### 6.15. Note 15: related party transactions

Related party transactions relate exclusively to the remuneration of the Company's Directors and the members of the Management Committee (€1.4 million for the first half of the 2017/2018 financial year; €1.2 million for the first half of the 2016/2017 financial year).

(x €1,000)	31/12/2017	31/12/2016
Short-term benefits	1,298	1,108
Post-employment benefits	91	73
Other long-term benefits	0	0
Termination benefits	0	0
Share-based payments	40	23
<b>Total</b>	<b>1,429</b>	<b>1,204</b>

### 6.16. Note 16: put options granted to non-controlling shareholders

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

### 6.17. Note 17: calculation details of the Alternative Performance Measures (APM for short)

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



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### Note 17.1: Investment properties

Aedifica uses the following performance measures to determine the value of its investment properties; however, these measures are not defined under IFRS. They represent investment properties clustered in different ways to provide the reader with the most relevant information. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	31/12/2017	31/06/2017
Marketable investment properties	1,627,130	1,523,235
+ Development projects	29,850	17,174
<b>Investment properties</b>	<b>1,656,980</b>	<b>1,540,409</b>
+ Assets classified as held for sale	4,070	4,440
<b>Investment properties including assets classified as held for sale*, or real estate portfolio*</b>	<b>1,661,050</b>	<b>1,544,849</b>
- Development projects	-29,850	-17,174
<b>Marketable investment properties including assets classified as held for sale*</b>	<b>1,631,200</b>	<b>1,527,675</b>

### Note 17.2: Rental income on a like-for-like basis\*

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

(x €1,000)	31/12/2017	31/12/2016
Rental income	44,478	37,253
- Scope changes	-12,058	-5,373
<b>= Rental income on a like-for-like basis*</b>	<b>32,420</b>	<b>31,880</b>

### Note 17.3: Operating charges\*, operating margin\* and EBIT margin\*

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

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





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### 31 December 2017

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items <sup>°</sup>	TOTAL
<b>SEGMENT RESULT</b>						
Rental income (a)	37,022	5,085	2,470	0	-99	44,478
Net rental income (b)	37,023	5,060	2,467	0	-99	44,451
Property result (c)	37,028	4,607	2,470	0	-99	44,006
Property operating result (d)	36,442	3,437	2,461	-7	-99	42,234
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)</b>	<b>36,310</b>	<b>3,422</b>	<b>2,429</b>	<b>-4,977</b>	<b>0</b>	<b>37,184</b>
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						84%
Operating charges* (e)-(b)						7,267

### 31 December 2016

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items <sup>°</sup>	TOTAL
<b>SEGMENT RESULT</b>						
Rental income (a)	29,726	5,475	2,151	0	-99	37,253
Net rental income (b)	29,723	5,450	2,152	0	-99	37,226
Property result (c)	29,658	5,074	2,157	0	-99	36,790
Property operating result (d)	29,319	4,071	2,148	-15	-99	35,424
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)</b>	<b>29,493</b>	<b>4,078</b>	<b>2,148</b>	<b>-3,831</b>	<b>0</b>	<b>31,888</b>
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						86%
Operating charges* (e)-(b)						5,338

<sup>°</sup> Mainly elimination of the internal rent for the administrative offices of the Company.

#### Note 17.4: Financial result excl changes in fair value of financial instruments\*

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

(x €1,000)	31/12/2017	31/12/2016
XX. Financial income	17	129
XXI. Net interest charges	-7,124	-7,568
XXII. Other financial charges	-724	-665
<b>Financial result excl. changes in fair value of financial instruments*</b>	<b>-7,831</b>	<b>-8,104</b>



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### Note 17.5: Interest rate

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

(x €1,000)	31/12/2017	31/12/2016
XXI. Net interest charges	-7,124	-7,568
Capitalised interests	193	190
Annualised net interest charges (a)	-13,938	-14,807
Net interest charges before annualised capitalised interests (b)	-14,316	-15,179
Weighted average financial debts (c)	659,026	644,074
<b>Average effective interest rate* (a)/(c)</b>	<b>2.1%</b>	<b>2.3%</b>
<b>Average effective interest rate before capitalised interests* (b)/(c)</b>	<b>2.2%</b>	<b>2.4%</b>

### Note 17.6: Equity and net asset value per share

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

(x €1,000)	31/12/2017	30/06/2017
Equity attributable to owners of the parent	890,780	888,039
- Effect of the distribution of the dividend 2016/2017	0	-34,478
<b>Sub-total excl. effect of the distribution of the dividend 2016/2017</b>	<b>890,780</b>	<b>853,561</b>
- Effect of the changes in fair value of hedging instruments	33,324	34,055
<b>Equity excl. changes in fair value of hedging instruments*</b>	<b>924,104</b>	<b>887,616</b>

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



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### Note 17.7: Key performance indicators according to the EPRA principles

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

#### Note 17.7.1: EPRA Earnings\*

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

EPRA Earnings*	31 December 2017	31 December 2016
x €1,000		
<b>Earnings (owners of the parent) per IFRS income statement</b>	<b>36,423</b>	<b>26,837</b>
<b>Adjustments to calculate EPRA Earnings*, exclude:</b>		
(i) Changes in value of investment properties, development properties held for investment and other interests	-8,989	-597
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-172	-69
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	523	-3,443
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	549	640
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	0	0
Roundings	1	0
<b>EPRA Earnings* (owners of the parent)</b>	<b>28,335</b>	<b>23,368</b>
Number of shares (Denominator IAS 33)	17,975,805	14,220,596
<b>EPRA Earnings* per Share (EPRA EPS* - in €/share)</b>	<b>1.58</b>	<b>1.64</b>

The decrease of the EPRA Earnings\* per share results from the immediate dilutive (but temporary) effect of the capital increase of 28 March 2017.



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### Note 17.7.2: EPRA NAV\*

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

EPRA Net Asset Value* (NAV)	31 December 2017	30 June 2017
<i>x €1,000</i>		
<b>NAV per the financial statements (owners of the parent)</b>	<b>890,780</b>	<b>853,561</b>
<b>NAV per the financial statements (in €/share) (owners of the parent)</b>	<b>49.55</b>	<b>47.48</b>
Effect of exercise of options, convertibles and other equity interests (diluted basis)	0	0
<b>Diluted NAV, after the exercise of options, convertibles and other equity interests</b>	<b>890,780</b>	<b>853,561</b>
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	0	0
(i.b) Revaluation of investment properties under construction (IPUC) (if IAS 40 cost option is used)	0	0
(i.c) Revaluation of other non-current investments	0	0
(ii) Revaluation of tenant leases held as finance leases	0	0
(iii) Revaluation of trading properties	0	0
Exclude:		
(iv) Fair value of financial instruments	33,324	34,055
(v.a) Deferred tax	5,119	3,098
(v.b) Goodwill as a result of deferred tax	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
<b>EPRA NAV* (owners of the parent)</b>	<b>929,223</b>	<b>890,714</b>
Number of shares (Denominator IAS 33)	17,975,820	17,975,820
<b>EPRA NAV* (in €/share) (owners of the parent)</b>	<b>51.69</b>	<b>49.55</b>

The EPRA NAV\* values in euro and euro per share as of 30 June 2017 (presented in the table above) were adjusted by €34,478 thousand (or €1.92 per share) in comparison to the figures published in the 2016/2017 Annual Financial Report, so that they can be compared with the values as of 31 December 2017 (see footnote 9 in section I.6.3 above).



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### Note 17.7.3: EPRA NNNAV\*

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

EPRA Triple Net Asset Value* (NNNAV)	31 December 2017	30 June 2017
<i>x €1,000</i>		
<b>EPRA NAV* (owners of the parent)</b>	<b>929,223</b>	<b>890,714</b>
Include:		
(i) Fair value of financial instruments	-33,324	-34,055
(ii) Fair value of debt	-8,484	-8,523
(iii) Deferred tax	-5,119	-3,098
<b>EPRA NNNAV* (owners of the parent)</b>	<b>882,296</b>	<b>845,038</b>
Number of shares (Denominator IAS 33)	17,975,820	17,975,820
<b>EPRA NNNAV* (in €/share) (owners of the parent)</b>	<b>49.08</b>	<b>47.01</b>

The EPRA NNNAV\* values in euro and euro per share as of 30 June 2017 (presented in the table above) were adjusted by €34,478 thousand (or €1.92 per share) in comparison to the figures published in the 2016/2017 Annual Financial Report, so that they can be compared with the values as of 31 December 2017 (see footnote 9 in section I.6.3 above).



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### Note 17.7.4: EPRA Cost Ratios\*

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

EPRA Cost ratios*	31 December 2017	31 December 2016
<i>x €1,000</i>		
<b>Administrative/operating expense line per IFRS statement</b>	<b>-7,294</b>	<b>-5,365</b>
<i>Rental-related charges</i>	-27	-27
<i>Recovery of property charges</i>	41	21
<i>Rental charges and taxes normally paid by tenants on let properties</i>	-486	-457
<i>Technical costs</i>	-709	-594
<i>Commercial costs</i>	-289	-224
<i>Charges and taxes on unlet properties</i>	-91	-97
<i>Property management costs</i>	-557	-542
<i>Other property charges</i>	-126	91
<i>Overheads</i>	-5,023	-3,818
<i>Other operating income and charges</i>	-27	282
<b>EPRA Costs (including direct vacancy costs)* (A)</b>	<b>-7,294</b>	<b>-5,365</b>
<i>Charges and taxes on unlet properties</i>	91	97
<b>EPRA Costs (excluding direct vacancy costs)* (B)</b>	<b>-7,203</b>	<b>-5,268</b>
<b>Gross Rental Income (C)</b>	<b>44,478</b>	<b>37,253</b>
<b>EPRA Cost Ratio (including direct vacancy costs)* (A/C)</b>	<b>16%</b>	<b>14%</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)</b>	<b>16%</b>	<b>14%</b>
Overhead and operating expenses capitalised (including share of joint ventures)	0	43

Aedifica capitalises some project management costs.



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### **7. Auditors' report (limited review)**

**Report of the statutory auditor to the shareholders of Aedifica SA on the review of the interim condensed consolidated financial statements as of 31 December 2017 and for the 6 month period then ended**

#### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Aedifica SA (the "Company"), and its subsidiaries as at 31 December 2017 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

#### **Scope of Review**

We conducted our review in accordance the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

Brussels, 20 February 2018

Ernst & Young Réviseurs d'Entreprises SCCRL  
Statutory auditor  
represented by

Joeri Klaykens  
Partner<sup>°</sup>  
<sup>°</sup> Acting on behalf of a BVBA/SPRL





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### VI. Forward-looking statement

This half year financial report contains forward-looking information involving risks and uncertainties, in particular statements concerning Aedifica's plans, objectives, expectations and intentions. It is brought to the attention of the reader that these statements may involve known or unknown risks and be subject to significant uncertainties related to operational, economic and competitive plans, many of which are outside the Company's control. In the event that some of these risks and uncertainties were to materialise, or should the assumptions prove incorrect, actual results may deviate significantly from those anticipated, expected, projected or estimated. In this context, Aedifica assumes no responsibility for the accuracy of the forward-looking information provided.

### VII. Responsible persons statement

Mr. Serge Wibaut, Chairman of Aedifica's Board of Directors, and Mr. Stefaan Gielens, CEO of Aedifica, declare that to the best of their knowledge:

- the Condensed Consolidated Financial Statements, prepared in accordance with applicable accounting standards, give an accurate picture of the assets, financial situation and the results of Aedifica SA and the businesses included in the consolidation;
- the interim Board of Directors' Report contains an accurate account of the important events and key related party transactions that occurred during the first six months of the financial year and their impact on the Condensed Consolidated Financial Statements, and a description of the main risks and uncertainties they face for the remaining months of the financial year.

\*\*\*\*\*

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



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## Half year financial report Regulated information

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This half year financial report is also available in French and Dutch<sup>37</sup>.

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<sup>37</sup> The French version of this document has true value. The Dutch and English versions are translations and are written under the supervision of Aedifica.