

20 February 2019 – before opening of markets
Under embargo until 7:30 CET

AEDIFICA

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

Half year financial report 2018/2019

- **Rental income of €50.8 million as of 31 December 2018, a 14 % increase compared to 31 December 2017**
- **EPRA Earnings* of €31.7 million as of 31 December 2018, a 12 % increase compared to 31 December 2017**
- **Confirmed dividend forecast for the current financial year (€2.80 gross per share, an increase of 12 %)**
- **Real estate portfolio* of €2.0 billion as of 31 December 2018, a 13 % increase compared to 30 June 2018**
- **Healthcare real estate represents 85 % of the portfolio as of 31 December 2018, or €1,625 million spread over 159 sites in three countries:**
 - **€996 million in Belgium (76 sites)**
 - **€336 million in Germany (41 sites)**
 - **€292 million in The Netherlands (42 sites)**
- **Acquisition of a portfolio of 92 healthcare properties announced in the United Kingdom**
- **Record level of €473 million of construction and renovation projects and acquisitions subject to outstanding conditions, exclusively in the healthcare real estate segment (excluding UK portfolio)**
- **Weighted average unexpired lease term: 20 years**
- **47.4 % debt-to-assets ratio as of 31 December 2018**
- **First phase completed of the sale of residential portfolio shares**

* 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, nor 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 1st half 2018/2019

Anchoring its strategy as a “pure play” investor in European healthcare real estate, Aedifica announced and carried out a series of new investments in healthcare real estate, and divestments of non-strategic parts of the portfolio, since the beginning of the 2018/2019 financial year:

- **Belgium:** acquisition of 3 sites, completion of 3 extension projects and partial sale of the stake in Immo SA, the subsidiary into which the “apartment buildings” branch of activities was transferred;
- **Germany:** acquisition of 11 sites (including 4 sites that were announced, subject to outstanding conditions, during the prior financial year; 3 sites which will see the outstanding conditions fulfilled in the coming weeks); and 3 construction projects (announced during the prior financial year);
- **The Netherlands:** acquisition of 4 sites and 5 construction projects (including one project during the prior financial year) and completion of 3 construction projects;
- **United Kingdom:** acquisition of 92 sites (completed as of 1 February 2019).

During the first half of the 2018/2019 financial year, the fair value of marketable investment properties including assets classified as held for sale* increased by €201 million (i.e. +12 %), reaching €1,907 million by 31 December 2018 (€1,705 million at the beginning of the period). The total investment budget (mainly investments in ongoing construction and renovation projects and acquisitions subject to outstanding conditions) amounts to approx. €976 million as of 31 December 2018 (including the UK portfolio totalling approx. €503 million¹). Taking into account the fair value of Aedifica's investment properties, the development projects to be carried out over the next three years, and the partial sale of the stake in Immo SA, the Group's total portfolio is expected to approach the €2.6 billion mark.

After 31 December 2018, Aedifica carried out its largest transaction to date² with the acquisition of a portfolio of 92 healthcare properties in the United Kingdom. The United Kingdom (the fourth country in Aedifica's real estate portfolio) provides an attractive investment opportunity for the Group, since the country's healthcare market is still very fragmented and its ageing population generates increasing demand for care assets³. This acquisition further diversifies the Group's geographical spread and tenant base, and strengthens the exceptional WAULT⁴ of Aedifica's portfolio. Moreover, given current market conditions, Aedifica has acquired this portfolio at a discount as compared to the independently appraised fair value of the buildings.

In addition to its investment activities, Aedifica strives to maintain optimal management of its real estate portfolio. The Group's portfolio provides for excellent rental incomes, totalling €50.8 million (a 14 % increase), an EBIT margin* of 83 %, and a well-controlled financial result excl. changes in fair value*. The EPRA Earnings* has increased by 12 %, reaching €31.7 million (31 December 2017: €28.3 million), i.e. €1.74 per share (31 December 2017: €1.58 per share). 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 2018/2019 financial year presented in the 2017/2018 Annual Financial Report (section 11.2 of the Board of Directors' Report).

¹ Based on the exchange rate as of 31 December 2018.

² See section 3.4.1 of the Interim Board of Directors' Report.

³ The UK healthcare real estate market is discussed in section 3.2.4 of the Property Report.

⁴ Weighted average unexpired lease term.



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Aedifica's consolidated debt-to-assets ratio has increased and amounts to 47.4 % as of 31 December 2018 (44.3 % as of 30 June 2018). The acquisition of the healthcare portfolio in the United Kingdom will increase Aedifica's debt-to-assets ratio by approx. 10 percentage points. The Group aims to keep its debt-to-assets ratio at an adequate level through continued divestment of its non-strategic activities, including the partial sale of Aedifica's stake in Immo SA (of which the first phase was completed on 31 October 2018 – see section 3.7).

Before even considering new investment opportunities, the Group's future growth is ensured given its existing commitments to acquire, renovate, extend, redevelop and construct multiple sites. The pipeline as of 31 December 2018 for these types of projects represents a total committed budget of approx. €473 million (excluding the UK portfolio totalling approx. €503 million), to be invested over a three-year period (see section 1.2 of the Property Report). All of these projects are pre-let. This strategy allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields and to anchor itself as a "pure play" investor in European healthcare real estate.

The numerous investments in healthcare real estate (totalling approx. €791 million) that were announced and carried out since the beginning of the financial year, are listed in the table below⁵:

(in € million)		Investments carried out/ announced	Development projects	Total
DE	Specht Gruppe phase I: Schwerin, Lübbecke, Kaltenkirchen ¹	19	21	40
DE	Argentum portfolio (4 sites)	19	-	19
NL	Sorghuys Tilburg	2	2	4
DE	Azurit portfolio (4 sites) ¹	23	-	23
NL	Nieuw Heerenhage ¹	3	19	22
NL	Martha Flora Bosch en Duin ¹	5	-	5
BE	De Stichel ¹	4	-	4
BE	Huize Lieve Moenssens ¹	4	-	4
NL	Verpleegcentrum Scheemda	1	4	5
NL	ECR portfolio (3 sites)	35	12	47
BE	Residentie Kartuizerhof	20	-	20
BE	Residentie van de Vrede	15	2	17
NL	Het Gouden Hart Harderwijk	4	6	10
NL	Huize Ter Beegden ¹	4	-	4
DE	Seniorenheim J.J. Kaendler ²	4	-	4
DE	Hartha et Zur alten Linde ²	18	-	18
BE	Heydeveld ¹	4	-	4
NL	Kening State	11	-	11
BE	Hof van Schoten	18	-	18
NL	Stepping Stones Zwolle	1	5	6
NL	September Nijverdal ¹	3	-	3
Total as of 31 December 2018		216	72	288
UK	Aedifica UK portfolio	503	-	503
Total as of 20 February 2019		719	72	791

¹ Realisations of agreements concluded prior to 1 July 2018.

² The outstanding conditions of these transactions are expected to be fulfilled in the next few weeks.

⁵ 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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2. Introduction

Aedifica is positioned as a leading Belgian listed company investing in healthcare real estate in Europe – senior housing in particular.

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

Aedifica's strategy is focused on the demographic trend of population ageing in Europe and the specific care and housing needs this trend implies.

The Group's activities are mainly concentrated in the healthcare real estate segment (with a focus on senior housing). As of 31 December 2018, the Group also owns apartment buildings and hotels. They are considered to be non-strategic assets and are part of a divestment programme.

Aedifica has been quoted on Euronext Brussels (regulated market) since 2006.

This interim Board of Directors' Report is an update of the Board of Directors' Report issued on 30 June 2018 as part of the 2017/2018 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 2017/2018 Annual Financial Report are presented here.

3. Important events

3.1. Investments in Belgium

3.1.1. Acquisition of two rest homes in Lierde and Evere

On 8 October 2018, Aedifica acquired two rest homes. **Residentie Kartuizerhof** in Lierde (Province of East Flanders) has a capacity of 128 units, of which 96 units are intended for seniors requiring continuous care and 32 units are intended for seniors opting to live independently with care services available on demand. **Résidence de la Paix** in Evere (Brussels-Capital Region) has a capacity of 107 units intended for seniors requiring continuous care. Aedifica has budgeted approx. €2 million for additional extension works, which are expected to be completed in 2020 and which will bring the capacity of the site to 115 units. Aedifica SA acquired 100 % of the shares of the two companies that own the sites. The contractual value of Residentie Kartuizerhof amounts to approx. €20 million. The contractual value of Résidence de la Paix amounts to approx. €15 million (plus an additional budget of approx. €2 million for extension works). The two sites will be operated by the Vulpia group under irrevocable 27-year triple net long leases. The initial gross yield amounts to approx. 5 %.

3.1.2. Acquisition of a senior housing site in Schoten

On 14 December 2018, Aedifica acquired a senior housing site in Schoten (Province of Antwerp). **Hof van Schoten** has a capacity of 101 units, of which 85 units are intended for seniors requiring continuous care and 16 units are intended for seniors opting to live independently with care services available on demand. The contractual value amounts to approx. €18 million. The site will be operated by a local player under an irrevocable 27-year triple net long lease. The initial gross yield amounts to approx. 5 %.



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3.2. Investments in Germany

3.2.1. First execution of the cooperation agreement with Specht Gruppe: construction of three care campuses in Kaltenkirchen, Schwerin and Lübbecke

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

3.2.2. Acquisition of four healthcare sites in Sonneberg, Rothenberg and Dornum

On 29 August 2018, Aedifica acquired four healthcare sites (as announced in the press release of 4 June 2018). **Seniorenzentrum Sonneberg** in Sonneberg (State of Thuringia) has a capacity of 101 units catering to seniors requiring continuous care. **Seniorenzentrum Haus Cordula I and II** in Rothenberg (State of Hesse) have capacities of 75 and 39 units, respectively, and are intended for seniors requiring continuous care. **Hansa Pflege- und Betreuungszentrum Dornum** in Dornum (State of Lower Saxony) has a capacity of 106 units, of which 56 units are intended for seniors requiring continuous care and 50 units are intended for people suffering from mental health disorders. The contractual value of these four sites, which are operated by entities of the Azurit group, amounts to approx. €23 million. The leases established for these sites are irrevocable 20-year double net long leases. The initial gross yields amount to approx. 6 %.

3.2.3. Acquisition of four healthcare sites in Bad Sachsa

On 28 September 2018, Aedifica acquired four healthcare sites (as announced in the press release of 12 July 2018) in **Bad Sachsa** (State of Lower-Saxony), with a total capacity of 221 units. The first site has a capacity of 70 units catering to seniors requiring continuous care, while the second site has a capacity of 64 units intended for individuals with severe neurological damage or suffering from mental health disorders. The third and fourth sites have capacities of 74 and 13 units, respectively, and are intended for individuals suffering from mental health disorders. The contractual value amounts to approx. €19 million. The sites will be operated by Argentum Holding GmbH under irrevocable 30-year double net long leases. The initial gross yield amounts to approx. 7 %.



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3.2.4. Acquisition of a rest home in Meissen

On 29 November 2018, Aedifica announced the acquisition (subject to the usual conditions in Germany, which are mainly of administrative nature) of the **Seniorenheim J.J. Kaendler** rest home in Meissen (State of Saxony). The site has a capacity of 73 units catering to seniors requiring continuous care. The contractual value amounts to approx. €4 million. The site is operated by the Argentum group under an irrevocable 30-year double net long lease. The initial gross yield amounts to approx. 6.5 %.

3.2.5. Acquisition of two healthcare sites in Hartha and Rabenau

On 12 December 2018, Aedifica announced the acquisition (subject to the usual conditions in Germany, which are mainly of administrative nature) of two healthcare sites. **Seniorenwohnpark Hartha** in Tharandt (State of Saxony) has a capacity of 179 units, of which 81 units are intended for seniors requiring continuous care and 98 units are intended for seniors opting to live independently with care services available on demand. **Seniorenpflegezentrum Zur alten Linde** in Rabenau (State of Saxony) has a capacity of 82 units, of which 72 units are intended for seniors requiring continuous care and 10 units are intended for seniors opting to live independently with care services available on demand. The contractual value of these two sites, which are operated by the EMVIA Living group, amounts to approx. €18 million. The leases established for these sites are irrevocable 30-year double net long leases. The initial gross yields amount to approx. 6 %.

3.3. Investments in The Netherlands

3.3.1. Acquisition and redevelopment of a care residence in Berkel-Enschot

On 19 July 2018, Aedifica announced the acquisition and redevelopment of the **Sorghuys Tilburg** care residence in Berkel-Enschot (Province of North Brabant). Extension works will be carried out and the current villa will be entirely redeveloped into a residential care facility for seniors requiring continuous care. The care residence is expected to be completed in the third quarter of 2019 and will have a capacity of 22 residents. Aedifica Nederland BV acquired the full property of the plot of land and the building located thereon. Aedifica's total investment will amount to approx. €4 million (approx. €1 million for the plot of land and approx. €3 million for construction works). The care residence will be operated by Blueprint Group in partnership with Boeijend Huys Ouderenzorg, under the Zorghuis Nederland brand, under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6.5 %.

3.3.2. First execution of the cooperation agreement with Stichting Rendant and HEVO in Heerenveen

On 26 September 2018, Aedifica Nederland BV acquired a plot of land for the site which will be built in Heerenveen (Province of Friesland), as announced in the cooperation agreement with Stichting Rendant and HEVO. **Nieuw Heerenhage** will comprise 126 units intended for seniors opting to live independently with care services available on demand. The new building is expected to be completed in the first quarter of 2021. The contractual value of the plot of land amounts to approx. €2 million. Aedifica's total investment (including works) will ultimately amount to approx. €22 million. The site will be operated by Stichting Rendant under an irrevocable 25-year triple net long lease. The initial gross yield will amount to approx. 5.5 %.



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3.3.3. Construction of a rest home in Scheemda

On 27 September 2018, Aedifica signed an agreement for the construction of a rest home in Scheemda (Province of Groningen). **Verpleegcentrum Scheemda** is expected to be completed in the fourth quarter of 2019 and will have a capacity of 36 units catering to seniors requiring continuous care. The plot of land was acquired by Aedifica Nederland BV. Aedifica's total investment will amount to approx. €5 million (approx. €1 million for the plot of land and approx. €4 million for construction works). The rest home will be operated by Stichting Oosterlengte under an irrevocable 25-year double net long lease. The site will benefit from a triple net warranty of limited duration that will cover the building's maintenance. Upon completion of the works, the gross yield will amount to approx. 7 %.

3.3.4. Acquisition of three healthcare sites in Leiden, Oss and Amersfoort

On 5 October 2018, Aedifica acquired three healthcare sites. **De Statenhof** in Leiden (Province of South Holland) currently has a capacity of 79 units. Aedifica has budgeted approx. €2 million for finishing works. Upon completion of these works (expected in late 2019), the site will have a capacity of 108 units, of which 79 units are intended for seniors opting to live independently with care services available on demand and 29 units are intended for seniors requiring continuous care. Aedifica considers to sell the non-strategic part of this site. **Residentie Sibelius** in Oss (Province of North Brabant) currently has a capacity of 95 units. Aedifica has budgeted approx. €9 million for renovation and redevelopment works. Upon completion of these works (expected in 2022), the site will have a capacity of 113 units, of which 88 units are intended for seniors opting to live independently with care services available on demand and 25 units are intended for seniors requiring continuous care. **Residentie Boldershof** in Amersfoort (Province of Utrecht) has a capacity of 33 units intended for seniors requiring continuous care. Aedifica has budgeted approx. €1 million for renovation works, which are expected to be completed in late 2019. The three sites were acquired by Aedifica Nederland BV. The total contractual value amounts to approx. €35 million. Aedifica has budgeted approx. €12 million for works at the sites. The healthcare sites are operated by Blueprint Group under irrevocable 25-year triple net long leases. The initial gross yield amounts to approx. 5.5 %.

3.3.5. Construction of a senior housing site in Harderwijk

On 26 October 2018, Aedifica signed an agreement for the construction of a senior housing site in Harderwijk (Province of Gelderland). **Het Gouden Hart Harderwijk** will have a capacity of 45 units, of which 25 units are intended for seniors requiring continuous care and 20 units are intended for seniors opting to live independently with care services available on demand. The senior housing site is expected to be completed in the first quarter of 2020. The plot of land on which the site will be constructed was acquired by Aedifica Nederland BV. Aedifica's total investment will amount to approx. €10 million (approx. €3.5 million for the plot of land and approx. €6.5 million for construction works). The site will be operated by the Het Gouden Hart group under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6 %.

3.3.6. Acquisition of a healthcare site in Franeker

On 13 December 2018, Aedifica acquired a healthcare site that caters to seniors requiring continuous care as well as seniors opting to live independently with care services available on demand. **Kening State** in Franeker (Province of Friesland) has a capacity of 70 units. The site was acquired by Aedifica Nederland BV. The contractual value amounts to approx. €11 million. The site will be operated by Blueprint Group under an irrevocable 25-year triple net long lease. The initial gross yield amounts to approx. 5 %.



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3.3.7. Construction of a care residence in Zwolle

On 18 December 2018, Aedifica signed an agreement for the construction of a care residence catering to seniors requiring continuous care in **Zwolle** (Province of Overijssel). The care residence will have a capacity of 24 units and is expected to be completed in the third quarter of 2020. The plot of land on which the site will be constructed was acquired by Aedifica Nederland BV. Aedifica's total investment will amount to approx. €5.5 million (approx. €1 million for the plot of land and approx. €4.5 million for construction works). The site will be operated by the Stepping Stones Home & Care group under an irrevocable 25-year triple net long lease. Upon completion of the works, the gross yield will amount to approx. 6 %.

3.4. Investments in the United Kingdom

3.4.1. Acquisition of a portfolio of 92 healthcare properties

On 1 February 2019, Aedifica acquired a significant healthcare real estate portfolio in the United Kingdom from a subsidiary of Lone Star Real Estate Fund IV (as announced in the press release of 21 December 2018). The portfolio offers good geographical diversification and consists of 92 healthcare properties on 90 locations, with a total capacity for more than 5,700 residents. The largely purpose-built care homes offer a 100 % single bedroom ratio. The portfolio also offers the potential for further improvement through ongoing and identified extension and upgrade projects. The contractual value of the portfolio, which was acquired at a discount of approx. 5 % as compared to the independently appraised fair value of the buildings, amounts to approx. £450 million. The transaction was financed through existing and new debt facilities. The leases in this portfolio, which are in place with a diversified tenant base of 14 well-established operators, are inflation-linked triple net leases with a weighted average unexpired lease term of more than 22 years. The initial gross yield amounts to approx. 7 %. Aedifica will manage and expand its UK portfolio with the support of Layland Walker, an external market player that has been providing portfolio management services for this portfolio during the past five years. Layland Walker will offer its services exclusively to Aedifica. The Layland Walker team consists of seven experienced professionals dedicated to this portfolio and who maintain long term working relationships with the portfolio's tenants and the UK healthcare market.

3.5. Completions in Belgium

3.5.1. Extension and renovation of a rest home in Vilvoorde

On 14 September 2018, the extension of the **De Stichel** rest home in Vilvoorde (Province of Flemish Brabant) was completed. The renovation of the initial building was completed on 12 December 2018. Extension works included the construction of a new wing to bring the total capacity of the site to 153 units (115 units before the works). The rest home is operated by the Armonea group under a triple net long lease that generates a yield of approx. 6 %. After completion of the renovation works, this lease was renewed for a 27-year period. The contractual value of the site after extension and renovation works amounts to approx. €14.5 million (i.e. a contractual value of approx. €11 million for the initial building and plot of land, and approx. €3.5 million for the works).



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3.5.2. Extension and renovation of a rest home in Dilsen-Stokkem

On 17 September 2018, the extension and renovation of the **Huize Lieve Moenssens** rest home in Dilsen-Stokkem (Province of Limburg) were completed. Works included the construction of a new wing to bring the total capacity of the site to 78 units (68 units before the works) and the renovation of a part of the initial building. The rest home is operated by the Armonea group under a triple net long lease which was renewed for a period of 27 years and which generates a yield of approx. 6 %. The contractual value of the site after extension and renovation works amounts to approx. €9 million (i.e. a contractual value of approx. €5 million for the initial site, and approx. €4 million for the works).

3.5.3. Extension of a rest home in Opwijk

On 12 December 2018, the extension of the **Heydeveld** rest home in Opwijk (Province of Flemish Brabant) became operational. Works included the construction of a new wing to bring the total capacity of the site to 110 units (75 units before the works). The rest home is operated by Senior Living Group under a 20-year triple net long lease that generates a yield of approx. 5.5 %. The contractual value of the site after extension works amounts to approx. €13 million (i.e. a contractual value of approx. €9 million for the initial site, and approx. €4 million for the works).

3.6. Completions in The Netherlands

3.6.1. Completion of a care residence in Bosch en Duin

On 21 September 2018, the **Martha Flora Bosch & Duin** care residence in Bosch en Duin (Province of Utrecht) was completed. This residential care facility catering to seniors requiring continuous care has a capacity of 27 units and is operated by Martha Flora. Aedifica's total investment amounts to approx. €7 million (i.e. approx. €2 million for the plot of land, and approx. €5 million for the works). The lease established for this site is an irrevocable 25-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

3.6.2. Completion of a care residence in Beegden

On 26 November 2018, the **Huize Ter Beegden** care residence in Beegden (Province of Limburg) was completed. This residential care facility catering to seniors requiring continuous care has a capacity of 19 units and is operated by the Compartijn group. Aedifica's total investment amounts to approx. €5 million (i.e. approx. €0.5 million for the plot of land, and approx. €4 million for the works). The lease established for this site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

3.6.3. Completion of a care residence in Beegden

On 19 December 2018, the **September Nijverdal** care residence in Nijverdal (Province of Overijssel) was completed. This residential care facility catering to seniors requiring continuous care has a capacity of 20 units and is operated by the Wonen bij September group. Aedifica's total investment amounts to approx. €4 million (i.e. approx. €1 million for the plot of land, and approx. €3 million for the works). The lease established for this site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.



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3.7. Disposals

- First phase of the sale of the stake in Immo SA

As previously announced⁶, Aedifica transferred its “apartment buildings” branch of activities into Immo SA, its new subsidiary. On 12 July 2018, Aedifica and Primonial European Residential Fund (“PERF”), the pan-European fund managed by Primonial Luxembourg Real Estate, signed the final agreement (subject to usual outstanding conditions). The agreement provides for the sale of up to 75 % (minus one share) of Immo SA in two phases. The first phase was completed on 31 October 2018, comprising the sale of 50 % (minus one share) of the shares in Immo SA. Completion of the second phase is expected to take place during the first half of 2019. Within the framework of this agreement, the branch of activities is valued taking into account the book value of the assets (including the fair value of the buildings) and a portfolio premium of approx. 7 %.

- Disposal of 22 assisted-living apartments in Aarschot

On 17 December 2018, the 22 remaining assisted-living apartments located at the Residentie Poortvelden site in Aarschot were sold for approx. €4.1 million.

3.8. Management of financial resources

3.8.1. Financial debts

Since the beginning of the 2018/2019 financial year, Aedifica established new financing arrangements for a total amount of €130 million, of which €60 million are refinanced credit lines that were due to mature in 2018 and 2019.

In order to finance the acquisition of the healthcare portfolio in the United Kingdom (see section 3.4.1 above), Aedifica established a bridge facility, which remained unused as of 31 December 2018. This bridge facility has a maturity of 12 months and comprises two tranches of €180 million and £150 million, respectively.

The treasury notes programme which Aedifica launched late June 2018, was welcomed by investors. As of 31 December 2018, the short-term programme is fully subscribed (maximum amount of €100 million). The short-term treasury notes are fully hedged by the available funds on confirmed long-term credit lines.

On 17 December 2018, within the framework of the long-term treasury notes programme, Aedifica completed a private placement of €15 million with a maturity of 10 years at a fixed interest rate of 2.176%.

⁶ See press releases of 21 May 2018 and 13 July 2018.



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Taking into account the establishment of financing arrangements (€130 million) and the takeover of investment credits (€5 million) that took place during the first half of the financial year, the timetable showing the maturity of Aedifica's financial debts is as follows (in € million), without regard to treasury notes and the bridge facility:

	<u>Lines</u>	<u>Utilisation</u>
- 2018/2019 :	3	3
- 2019/2020 :	55	55
- 2020/2021 :	89	89
- 2021/2022 :	171	76
- 2022/2023 :	205	75
- 2023/2024 :	256	146
- 2024/2025 :	336	251
- >2025/2026 :	<u>187</u>	<u>137</u>
Total as of 31 December 2018	1,302	832
- Treasury notes (duration < 1 year) :		<u>100</u>
Total financial debt as of 31 December 2018		932
Weighted Average Maturity (years)	5.0	5.0

3.8.2. Optional dividend

On 23 October 2018, Aedifica's Board of Directors decided to offer shareholders the possibility to contribute their 2017/2018 net dividend claim in the capital of the Company in exchange for new shares. Shareholders were given the option to subscribe for one new share at an issue price of €72.25 in exchange for 34 No. 19 coupons (valued at €2.125 net each). Aedifica's shareholders chose for approx. 45 % of their shares for a contribution of their net dividend claim in exchange for new shares, instead of dividend in cash. This resulted in a capital increase of approx. €17 million⁷ through the issuance of 240,597 new shares.

⁷ See press release of 20 November 2018.



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3.9. Other events

- Aedifica appoints a new Chief Financial Officer

On 1 June 2018, Aedifica's Board of Directors has appointed Ms. Ingrid Daerden as Chief Financial Officer. She joined the team as of 1 September 2018. Ms. Daerden is also a member of the Management Committee and Executive Manager of Aedifica.

- Aedifica receives award for its financial communication

On 5 September 2018, Aedifica received a 4th consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2016/2017), keeping the Company among the top of the 104 real estate companies assessed by EPRA, the European association of listed real estate companies.

- Aedifica's CEO nominated for "Trends Manager of the Year 2018"

For the second consecutive year, Stefaan Gielens (Aedifica's CEO) was one of the ten nominees to become "Trends Manager of the Year 2018" ("Trends Manager van het Jaar 2018"). 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.



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4. Portfolio as of 31 December 2018

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 €201 million, from a fair value of €1,705 million to €1,907 million (€1,964 million for the investment properties including assets classified as held for sale* and development projects). This 12 % growth comes mainly from net acquisitions (see sections 3.1, 3.2 and 3.3 above), completion of development projects (see section 3.5 and 3.6 above) and changes in the fair value of marketable investment properties recognised in income (+€23.2 million, or +1.2 % over the first half). The fair value of marketable investment properties, as assessed by independent valuation experts, is broken down as follows:

- healthcare real estate: +€15.3 million, i.e. +1.0 %;
- apartment buildings: +€8.0 million, i.e. +3.9 %;
- hotels: -€0.1 million, i.e. -0.1 %.

As of 31 December 2018, Aedifica has 237 marketable investment properties including assets classified as held for sale*, with a total surface area of approx. 1,014,000 m², consisting mainly of:

- 159 healthcare sites with a capacity of approx. 12,700 residents;
- 768 apartments;
- 6 hotels comprising 544 rooms.

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

- 85 % healthcare real estate;
- 11 % apartment buildings;
- 4 % hotels.

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

- 67 % in Belgium, of which:
 - 40 % in Flanders;
 - 18 % in Brussels;
 - 9 % in Wallonia;
- 18 % in Germany;
- 15 % in The Netherlands.

The **occupancy rate**⁸ (excluding the furnished portion of the portfolio) amounts to 99.1 % as of 31 December 2018. This is a slight increase compared to the record level reached at the end of the previous financial year (30 June 2018: 99.0 %)

⁸ 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 82.9 % 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 (77.0 %).

The **overall occupancy rate**⁹ of the total portfolio reached 99 % as of 31 December 2018.

The **weighted average unexpired lease term** (WAULT) for all buildings in the Company's portfolio is 20 years; this is unchanged as compared to 30 June 2018. This impressive aggregate performance is explained by the large proportion of long-term contracts in the Company's portfolio.

⁹ 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.

In general, the gross yield amounts to 5.6 %.

31 December 2018

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,624,647	215,438	66,710	1,906,795	57,334	1,964,129
Annual contractual rents	91,640	10,535 °	4,214	106,389	-	-
Gross yield (%) °°	5.6%	4.8%	6.3%	5.6%	-	-

30 June 2018

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

31 December 2017

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,348,558	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%	-	-

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



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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 50 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 is aligned with the Company's internal reporting structure.

6.1. Consolidated results¹⁰

Consolidated income statement - analytical format (x €1,000)	31 December 2018	31 December 2017
Rental income	50,798	44,478
Rental-related charges	8	-27
Net rental income	50,806	44,451
Operating charges*	-8,671	-7,266
Operating result before result on portfolio	42,135	37,185
EBIT margin* (%)	83%	84%
Financial result excl. changes in fair value*	-8,634	-7,831
Corporate tax	-1,379	-1,018
Non-controlling interests in respect of EPRA Earnings*	-383	0
EPRA Earnings* (owners of the parent)	31,739	28,336
Denominator (IAS 33)	18,255,720	17,975,805
EPRA Earnings* (owners of the parent) per share (€/share)	1.74	1.58
EPRA Earnings*	31,739	28,336
Changes in fair value of financial assets and liabilities	-187	-523
Changes in fair value of investment properties	13,095	8,989
Gains and losses on disposals of investment properties	-70	172
Negative goodwill / goodwill impairment	-132	0
Deferred taxes in respect of EPRA adjustments	-1,845	-549
Non-controlling interests in respect of the above	-3,833	0
Roundings	1	-1
Profit (owners of the parent)	38,768	36,424
Denominator (IAS 33)	18,255,720	17,975,805
Earnings per share (owners of the parent - IAS 33 - €/share)	2.12	2.03

The consolidated turnover (**consolidated rental income**) for the first half of the current financial year amounts to €50.8 million, an increase of 14 % 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 2018/2019 financial year presented in the 2017/2018 Annual Financial Report), owing primarily to the fast completion of acquisitions and projects as compared to what was budgeted.

¹⁰ The consolidated income statement covers the 6-month period from 1 July 2018 to 31 December 2018. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or at the end of the period.



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The consolidated rental income is presented by segment in the table below:

Consolidated rental income (x €1,000)	31 December 2018	31 December 2017	Var. (%) on a like-for-like basis*	Var. (%)
Healthcare real estate	43,519	37,022	+1.2%	+17.5%
Apartment buildings	5,182	5,085	+3.8%	+1.9%
Hotels	2,105	2,470	+2.4%	-14.8%
Inter-segment	-8	-99		
Total	50,798	44,478	+1.7%	+14.2%

The increase in rental income in the healthcare real estate segment (+€6.5 million; +17.5 % as compared to 31 December 2017 or +1.2 % on a like-for-like basis*) demonstrates the relevance of Aedifica's investment strategy in this segment, which generates more than 85 % of the Company's turnover.

Rental income of apartment buildings increased by 1.9 % as compared to 31 December 2017 (+3.8 % on a like-for-like basis*).

Rental income of the hotel segment is in line with budget. Due to the disposal of the Ring building (in June 2018, having an effect of -€0.4 million), rental income of this segment decreased by 14.8 %. On a like-for-like basis*, however, rental income of hotels increased (+2.4 %).

After deducting **rental-related charges**, the **net rental income** amounts to €50.8 million (+14 % as compared to 31 December 2017).

The **property result** is €50.3 million (31 December 2017: €44.0 million). This result, less other direct costs, provides a **property operating result** of €48.2 million (31 December 2017: €42.2 million), which represents an operating margin* of 95 % (31 December 2017: 95 %).

After deducting overheads of €6.1 million (31 December 2017: €5.0 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 13 % to reach €42.1 million (31 December 2017: €37.2 million). This result represents an **EBIT margin*** of 83 % (31 December 2017: 84 %).

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 83 % noted in the previous paragraph.

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

After taking account of the cash flows generated by hedging instruments (described below), Aedifica's **net interest charges** amount to €7.5 million (31 December 2017: €7.1 million). The average effective interest rate* (1.9 % before capitalised interest on development projects) decreased as compared to that reported in the first half of 2017/2018 (2.2 %). Taking into account other income and charges of financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value



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(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 €8.6 million (31 December 2017: €7.8 million), below budget.

Corporate taxes are composed of current taxes, deferred taxes and exit tax. In conformity with the Company's legal status (i.e. as a RREC), current taxes (31 December 2018: €1.4 million; 31 December 2017: €1.0 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. Deferred taxes are described below.

EPRA Earnings* (see Note 17.7.1.) reached €31.7 million (31 December 2017: €28.3 million), or €1.74 per share, based on the weighted average number of shares outstanding (31 December 2017: €1.58 per share). This profit (absolute and per share) is above budget.

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

- Over the first six months of the financial year, **changes in the fair value of marketable investment properties¹¹** taken into income amounted to +1.2 %, or +€23.1 million (31 December 2017: +0.7 % or +€11.4 million). A change in fair value of -10.1 million was recorded on development projects (31 December 2017: -€2.4 million). The combined change in fair value for marketable investment properties and development projects represents an increase of €13.1 million for the half (31 December 2017: €9.0 million).
- In order to limit the interest rate risk stemming from the financing of its investments, Aedifica has put in place long-term hedges¹² which allow for the conversion of variable-rate debt to fixed-rate debt, or to capped-rate debt. On 31 December 2018, 80 % of the drawings on these variable-rate credit facilities are covered by hedging instruments (swaps and caps). In order to hedge the foreign exchange risk related to the acquisition price of the UK healthcare portfolio, Aedifica signed a forward contract that determined the exchange rate for the future acquisition. These financial instruments are detailed in Note 9 of the attached Condensed Consolidated Financial Statements. Moreover, the financial instruments also reflect put options granted to non-controlling shareholders 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 2018 represent a charge of €0.2 million (31 December 2017: income of €0.5 million).
- **Deferred taxes** (charge of €1.3 million as of 31 December 2018 as compared to the charge of €0.5 million on 31 December 2017) 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*.

¹¹ Corresponding to the sum of the positive and negative variations between that of 30 June 2018 or the time of entry of new buildings in the portfolio, and the fair value estimated by the valuation experts as of 31 December 2018.

¹² 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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- **Exit tax**¹³ (charge of €0.5 million as of 31 December 2018) corresponds to the variation between the estimated exit tax at the moment of acquisition of companies and the estimated exit tax at their anticipated merger dates.
- Since 1 November 2018, Aedifica has held a 50 % stake (plus one share) in ImmoBE SA, the subsidiary into which the “apartment buildings” branch of activities was transferred. **Non-controlling interests** correspond to the stake of the minority shareholders.

Given the non-monetary elements described above, **profit (attributable to owners of the parent)** for the half amounts to €38.8 million (31 December 2017: €36.4 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €2.12 (31 December 2017: €2.03).

6.2. Consolidated balance sheet

Consolidated balance sheet (x €1,000)	31 December 2018	30 June 2018
Investment properties including assets classified as held for sale*	1,964,129	1,740,533
Other assets included in debt-to-assets ratio	61,323	24,418
Other assets	2,073	1,692
Total assets	2,027,525	1,766,643
Equity		
Equity excl. changes in fair value of hedging instruments*	994,339	977,086
Effect of the changes in fair value of hedging instruments	-36,467	-35,439
Non-controlling interests	62,724	0
Equity	1,020,595	941,647
Liabilities included in debt-to-assets ratio	959,838	781,449
Other liabilities	47,091	43,547
Total equity and liabilities	2,027,524	1,766,643
<i>Debt-to-assets ratio (%)</i>	47.4%	44.3%

As of 31 December 2018, **investment properties including assets classified as held for sale*** represent 97 % (30 June 2018: 99 %) of the **assets** recognised on Aedifica’s balance sheet, valued in accordance with IAS 40¹⁴ at €1,964 million (30 June 2018: €1,741 million). This heading includes:

- **Marketable investment properties including assets classified as held for sale*** (31 December 2018: €1,907 million; 30 June 2018: €1,705 million), which marked an increase of €201 million. The net growth in the fair value of marketable investment properties* is attributed primarily to €153 million from investment operations (see sections 3.1, 3.2 and 3.3 above), to €26 million from the completion of development projects (see sections 3.5 and 3.6 above) and to €23 million from the change in fair value of marketable investment properties.
- **Development projects** (31 December 2018: €57 million; 30 June 2018: €35 million), consist primarily of investment properties under construction or renovation. These projects are undertaken in the context of the multi-annual investment budget described in section 1.2 of the property report below.

¹³ In 2017, exit tax was presented under changes in fair value of investment properties. This change of presentation had no impact on either net profit or EPRA Earnings*.

¹⁴ That is to say, accounted for at their fair value as determined by the valuation experts (i.e. Cushman & Wakefield Belgium SA, Deloitte Consulting & Advisory SCRL, IP Belgium SPRL, CBRE GmbH, DTZ Zadelhoff VOF and Savills Consultancy BV).



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

Non-current financial assets include a down payment of €38 million for the acquisition of the healthcare portfolio in the United Kingdom (see section 3.4.1 above). This down payment would be reverted to Aedifica, if the terms of the agreement of 21 December 2018 were not fulfilled.

Since Aedifica's incorporation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and as a result of capital increases (in cash) in October 2010, December 2012, June 2015 and March 2017. As of 31 December 2018¹⁵, the Company's capital amounts to €487 million (30 June 2018: €480 million). **Equity** (also called net asset value), which represents Aedifica's intrinsic net value and takes into account the fair value of its investment portfolio, amounts to:

- €994 million excluding the effect of the changes in fair value of hedging instruments* (30 June 2018: €977 million, including the €46 million dividend distributed in November 2018);
- or €1,020 million including the effect of the changes in fair value of hedging instruments (30 June 2018: €942 million, including the €46 million dividend distributed in November 2018).

As of 31 December 2018, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 on RRECs) reached €960 million (30 June 2018: €781 million), of which €932 million (30 June 2018: €740 million) represent the Company's financial debts. The consolidated **debt-to-assets ratio** amounts to 47.4 % (30 June 2018: 44.3 %). The maximum ratio permitted for Belgian REITs is set at 65 % of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €356 million in constant assets (that is, excluding growth in the real estate portfolio) or €1,019 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, other things remaining equal, the Company to absorb a decrease of up to 28 % 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 available headroom amounts to €255 million in constant assets, €638 million in variable assets, and -22 % in the fair value of investment properties.

Other liabilities of €47 million (30 June 2018: €44 million) represent primarily the fair value of hedging instruments (31 December 2018: €35 million; 30 June 2018: €33 million).

¹⁵ 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 instruments¹⁶ and after accounting for the distribution of the 2017/2018 dividend in November 2018¹⁷, the net asset value per share based on the fair value of investment properties is €53.92 as of 31 December 2018 (30 June 2018: €51.18 per share).

Net asset value per share (in €)	31 December 2018	30 June 2018
Net asset value after deduction of the 2017/2018 dividend, excl. changes in fair value of hedging instruments*	53.92	51.18
Effect of the changes in fair value of hedging instruments	<u>-1.98</u>	<u>-1.95</u>
Net asset value after distribution of the 2017/2018 dividend	51.94	49.24
Number of share outstanding (excl. treasury shares)	18,441,426	18,200,829

Number of shares	31 December 2018	30 June 2018
Number of shares outstanding [°]	18,441,426	18,200,829
Total number of shares	18,441,426	18,200,829
Total number of shares on the stock market ^{°°}	18,441,426	18,200,829
Weighted average number of shares outstanding (IAS 33)	18,255,720	17,990,607
Number of dividend rights ^{°°}	18,441,426	18,200,829

[°] After deduction of the treasury shares.

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

^{°°°} 240,597 shares were traded on 20 November 2018.

¹⁶ The effect of the changes in fair value of hedging instruments of -€1.98 per share as of 31 December 2018 is the impact in equity of the fair value of hedging instruments, which is negative for €36 million, mainly booked in the liabilities on the balance sheet.

¹⁷ Recall that IFRS requires the presentation of the annual accounts before appropriation. The net asset value of €53.68 per share as of 30 June 2018 (as published in the 2017/2018 Annual Financial Report) thus included the dividend distributed in November 2018, and should now be adjusted by €2.50 per share in order to compare with the value as of 31 December 2018. This amount corresponds to the amount of the total dividend (€46 million) divided by the total number of shares outstanding as of 30 June 2018 (18,200,829).



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7. Outlook

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

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

- Aedifica's strategic focus on healthcare real estate and its expansion in Europe allow the Group to adapt to shifting market opportunities and economic conditions, in the context of an ageing population.
- Thanks to its investments in healthcare real estate, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The weighted average unexpired 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. Moreover, Aedifica's WAULT will be further strengthened by the weighted average unexpired term of more than 22 years of the UK portfolio's leases.
- External financing of the real estate portfolio is assured by confirmed credit facilities. Drawings on these credit facilities are largely covered by hedging instruments. Recall that Aedifica has demonstrated in the past its ability to access capital markets in order to support its growth.

Given the results as of 31 December 2018, the dividend expectation for the current financial year (as published in the 2017/2018 Annual Financial Report) is confirmed at €2.80 gross per share (a 12 % increase compared to the dividend for the 2017/2018 financial year).

Under normal market conditions (as would reasonably be expected at the issue date of this report), the significant acquisition of the healthcare portfolio in the United Kingdom, which was completed on 1 February 2019 and which was financed through existing and new debt facilities, will have a positive impact on the Group's results. Upon completion of the UK portfolio's integration into the Group, Aedifica will communicate the acquisition's definitive financing plan and its estimated impact on the Group's earnings (per share).



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8. Principal risks and uncertainties

The Board of Directors considers that the key risk factors and uncertainties summarised in pages 2 to 11 of the 2017/2018 Annual Financial Report are relevant for the remaining months of the 2018/2019 financial year.

In the light of the acquisition of the healthcare portfolio in the United Kingdom on 1 February 2019, the Board of Directors considers the following risks to be relevant:

- 1.4 Concentration risk of operators in the healthcare real estate segment

The healthcare portfolio in the United Kingdom is rented out to 14 operators, ensuring a better spread of rental income over a larger group of tenants and hence lowering the concentration risk.

- 1.5 Risk related to the United Kingdom's possible exit from the European Union

Developments regarding the possibility of a Brexit may lead to fluctuations in the pound to euro exchange rate and, hence, may affect the valuation of the investment properties in the UK, rental income and Aedifica's profit.

The United Kingdom's exit from the European Union may affect its macroeconomic evolution and political stability.

- 3.5 Foreign exchange risk

In the future, Aedifica will earn a part of its rental income and incur a part of its expenses in the United Kingdom and will therefore be exposed to foreign exchange risk. Future fluctuations in the exchange rate may affect the valuation of the investment properties in the UK, rental income and Aedifica's profit.

The acquisition price of the healthcare portfolio in the UK is expressed in pounds sterling. Thus, Aedifica is exposed to foreign exchange risk. In order to limit the foreign exchange risk stemming from this acquisition, Aedifica signed a forward contract that determined the exchange rate of the euro against the pound sterling. Furthermore, Aedifica established a financing arrangement in pounds sterling. The financing arrangements in pounds sterling provide a natural hedge to these fluctuations on the balance sheet and limit the impact on the debt-to-assets ratio.

9. Related party transactions

Related party transactions (as defined under IAS 24 and by the Belgian Companies Code) are discussed in Note 15 of the attached Condensed Consolidated Financial Statements. These transactions relate exclusively to the remuneration of the members of the Board of Directors and the Management Committee.

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 2018/2019 financial year, no transactions covered by this Article and outside of normal business transactions were executed between Aedifica and its regular service providers.



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10. Corporate governance

10.1. Renewal of terms of office

The Annual General Meeting of 23 October 2018 renewed, with immediate effect and for a period of three years (until the end of the Annual General Meeting of 2021) the office of Mr. Serge Wibaut (Chairman of the Board of Directors) as non-executive independent Director, the office of Mr. Stefaan Gielens as executive Director, the office of Ms. Katrien Kesteloot as non-executive independent Director and the office of Ms. Elisabeth May-Roberti as non-executive independent Director.

10.2. Changes within the Management Committee

On 1 June 2018, Aedifica's Board of Directors has appointed Ms. Ingrid Daerden as Chief Financial Officer. She joined the team as of 1 September 2018. Ms. Daerden is also a member of the Management Committee and Executive Manager of Aedifica.

On 31 December 2018, Ms. Sarah Everaert resigned from her function as Chief Legal Officer in order to pursue another professional opportunity.

As of 1 January 2019, Aedifica's Management Committee is composed of the following members:

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

11. Valuation experts

In accordance with the requirements of the Act of 12 May 2014 on Regulated Real Estate Companies, Aedifica has designated Savills Consultancy BV, represented by Mr. Martijn Onderstal and Mr. Jochem van der Grinten, as independent valuation expert for the assessment of a part of Aedifica's Dutch healthcare portfolio. Savills Consultancy BV has started its mission with the quarterly valuation of 30 September 2018.

Brussels, 19 February 2019.
The Board of Directors.



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II. EPRA¹⁸

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

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 265 active members and over €450 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).

As of 31 December 2018, Aedifica is registered in the European EPRA Index with a weighting of approx. 0.7 % and in the Belgian EPRA Index with a weighting of approx. 14.7 %.

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 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 2018	31 December 2017
EPRA Earnings* (in €/share)	1.74	1.58
EPRA Cost Ratio (including direct vacancy costs)* (in %)	17%	16%
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	17%	16%

	31 December 2018	30 June 2018
EPRA NAV* (in €/share)	54.33	51.52
EPRA NNAV* (in €/share)	51.68	48.86
EPRA Net Initial Yield (NIY) (in %)	5.1%	5.2%
EPRA Topped-up NIY (in %)	5.1%	5.2%
EPRA Vacancy Rate (in %)	1%	1%

The abovementioned EPRA NAV* and EPRA NNAV* values as of 30 June 2018 were adjusted by €2.50 per share in comparison to the figures published in the 2017/2018 Annual Financial Report, so that they can be compared with the values as of 31 December 2018 (see footnote 17 in section 1.6.3 above). This adjustment corresponds to the 2017/2018 gross dividend, which was distributed in November 2018 (see Note 17.6).

In September 2018, Aedifica received a 4th consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2016/2017), as mentioned in section 3.9 of the interim Board of Directors' Report above.

¹⁸ The data in this chapter are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The data as of 31 December 2018 in this chapter have not been reviewed by the statutory auditor.



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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 (regulated market) since 23 October 2006. Since then, 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 2018, Aedifica was registered in the Bel Mid Index¹⁹ with a weighting of approx. 6.2 %.

Taking the stock price on 31 December 2018 (€78.70) as a baseline, Aedifica shares show:

- a 46.0 % premium as compared to the net asset value per share excluding changes in fair value of hedging instruments*;
- a 51.5 % 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 2018, Aedifica's stock price increased by 126.9 %. This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by 25.6 % and when compared to the EPRA Europe index²⁰, which fell by 25.3 %, 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.

¹⁹ 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.

²⁰ For additional information on the EPRA index, refer to EPRA's web site (www.EPRA.com).



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Aedifica share	31 December 2018	30 June 2018
Share price at closing (in €)	78.70	78.10
EPRA NAV* excl. changes in fair value of hedging instruments* (in €)	53.92	51.18
Premium (+) / Discount (-) excl. changes in fair value of hedging instruments*	46.0%	52.6%
EPRA NAV* (in €)	51.94	49.24
Premium (+) / Discount (-)	51.5%	58.6%
Market capitalisation	1,451,340,226	1,421,484,745
Free float ¹	100.00%	100.00%
Total number of shares listed	18,441,426	18,200,829
Denominator for the calculation of the EPRA NAV* per share	18,441,426	18,200,829
Average daily volume	16,752	18,711
Velocity ²	23.5%	26.4%
Gross dividend per share (in €) ³	2.80	2.50
Dividend gross yield ⁴	3.6%	3.2%

¹ 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.

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

³ 2018/2019: according to section 7 of the Interim Board of Directors' Report above.

⁴ Gross dividend per share divided by the closing share price.



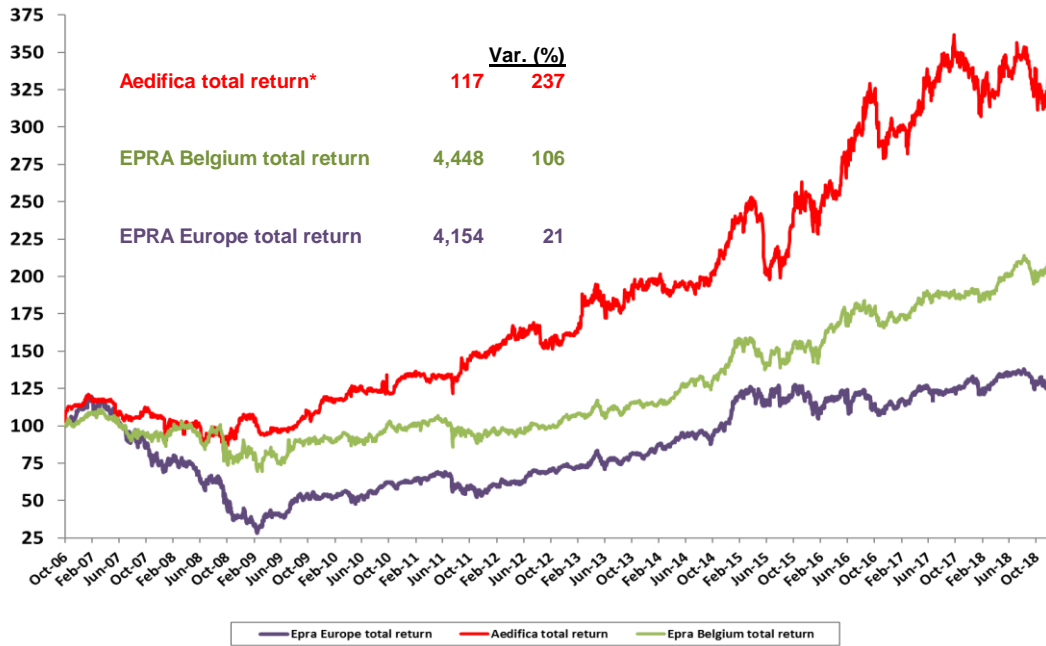
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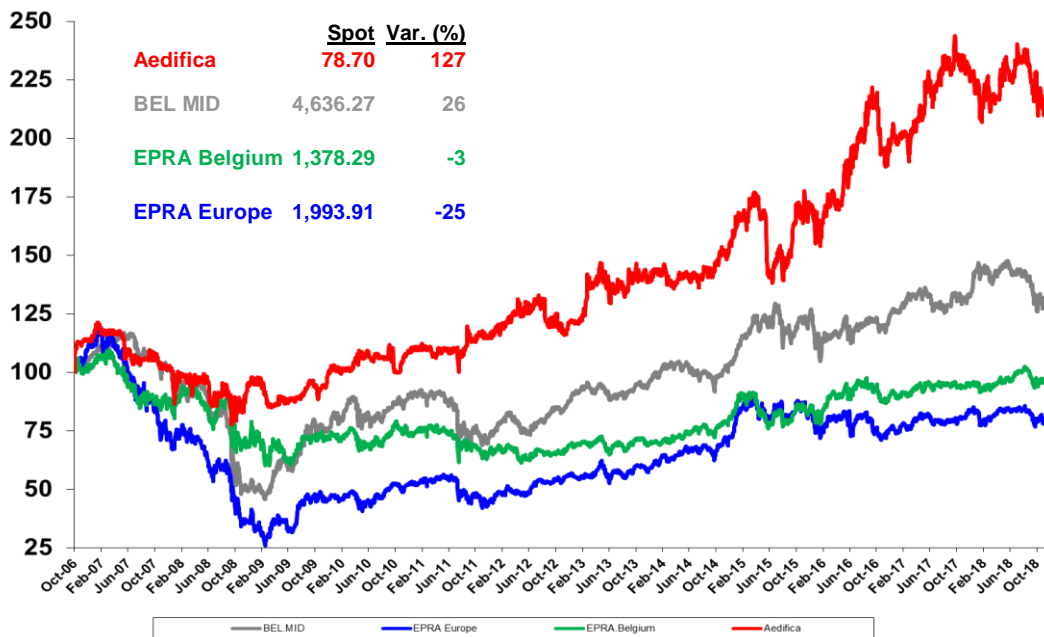
2. Graphic illustrations of Aedifica's stock price

The stock prices below cover the period between Aedifica's IPO and 31 December 2018.

Aedifica's total return²¹ compared to indices



Aedifica's stock price evolution compared to indices



²¹ Taking into account the value of the subscription rights of the rights issues of 2010 (-€1.89), 2012 (-€1.93), 2015 (-€0.89) and 2017 (-€1.60), the IPO price of €41 was adjusted to €34.68.



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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 31 December 2018, based on the number of shares held by the shareholders concerned as of 5 January 2018)²².

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

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

4. Financial calendar²³

Financial calendar	
Interim statement 31.03.2019	15/05/2019
Annual press release 30.06.2019	4/09/2019
2018/2019 Annual Financial Report	September 2019
Annual General Meeting 2019	22/10/2019
Dividend – ex-date coupon related to the 2018/2019 financial year	28/10/2019
Interim statement 30.09.2019	13/11/2019
Half year results 31.12.2019	February 2020

²² Declarations of transparency (including control strings) are available on Aedifica's website. The Company has not received any additional declarations of transparency since 5 January 2018. According to the definition of Euronext, Aedifica's free float amounts to 100 %.

²³ These dates are subject to change.



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IV. Property report

1. Consolidated property portfolio

1.1. Marketable investment properties²⁴

Healthcare real estate	Subsidiary (9)	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
		6,354	115	100.0%	916,935	916,935	1,074,000
		3,914	111	100.0%	502,796	502,796	520,000
		2,280	72	100.0%	412,743	412,743	416,000
		5,350	161	100.0%	750,442	750,442	855,000
		3,396	75	100.0%	444,042	444,042	512,000
		4,832	94	100.0%	558,365	558,365	658,000
		1,848	34	100.0%	199,749	199,749	139,400
		3,500	81	100.0%	361,274	361,274	443,070
		4,834	104	100.0%	554,857	554,857	603,120
		6,719	162	100.0%	1,296,075	1,296,075	1,223,000
		8,716	175	100.0%	1,333,106	1,333,106	1,268,000
		6,424	194	100.0%	813,296	813,296	1,034,000
		2,993	78	100.0%	469,002	469,002	495,140
		1,618	53	100.0%	330,259	330,259	304,000
		7,197	137	100.0%	899,239	899,239	1,020,000
		7,868	104	100.0%	859,775	859,775	789,000
		6,587	111	100.0%	691,114	691,114	784,000
		4,253	104	100.0%	732,741	732,741	711,000
		2,967	70	100.0%	509,847	509,847	489,000
		1,290	36	100.0%	97,653	97,653	148,000
		3,165	96	100.0%	311,468	311,468	408,000
		6,016	118	100.0%	785,189	785,189	812,000
		1,504	20	100.0%	174,671	174,671	172,000
		8,069	143	100.0%	1,308,799	1,308,799	1,263,000
		5,684	122	100.0%	545,015	545,015	797,000
		6,914	122	100.0%	779,120	779,120	943,000
		2,272	65	100.0%	458,435	458,435	476,000
		4,386	80	100.0%	576,882	576,882	739,000
		5,824	58	100.0%	446,880	446,880	667,000
		7,775	110	100.0%	948,242	948,242	977,000
		8,771	141	100.0%	1,151,437	1,151,437	990,000
		2,155	59	100.0%	346,419	346,419	407,000
		1,959	30	100.0%	380,836	380,836	244,500
		6,994	115	100.0%	815,020	815,020	862,500
		6,988	117	100.0%	1,062,942	1,062,942	1,028,000
		6,634	102	100.0%	1,029,238	1,029,238	1,050,600
		8,984	150	100.0%	1,018,814	1,018,814	1,022,000
		4,996	99	100.0%	426,299	426,299	555,000
		4,632	81	100.0%	574,428	574,428	650,000
		4,799	67	100.0%	482,017	482,017	506,000
		12,682	222	100.0%	1,419,400	1,419,400	1,731,600
		7,310	110	100.0%	726,123	726,123	765,000
		6,730	117	100.0%	1,110,070	1,110,070	1,058,000
		4,000	80	100.0%	577,423	577,423	613,273
		5,098	116	100.0%	583,234	583,234	670,950
		8,429	153	100.0%	910,121	910,121	1,007,760
		4,597	78	100.0%	574,622	574,622	516,750
		3,670	84	100.0%	416,516	416,516	414,896
		5,927	130	100.0%	740,000	740,000	711,240
		4,141	83	100.0%	402,240	402,240	397,531

²⁴ It is not in the interest of the shareholder to publish the values by building. The addresses of the buildings are available in the 2017/2018 Annual Financial Report. Addresses of the acquisitions since 1 July 2018 are available in the related press releases.



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Healthcare real estate	Subsidiary (9)	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Residentie 't Spelthof		4,076	100	100.0%	786,073	786,073	707,000
Residentie Twee Poorten		8,413	129	100.0%	1,018,132	1,018,132	1,064,250
Residentie Demerhof		10,657	120	100.0%	979,224	979,224	1,020,000
De Notelaar		8,651	94	100.0%	995,218	995,218	1,117,000
Overbeke		6,917	113	100.0%	836,692	836,692	870,100
Halmolen		9,200	140	100.0%	1,051,322	1,051,322	1,150,000
Seniorenresidentie 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
Seniorenresidentie Klosterbauerschaft	(c)	3,497	80	100.0%	594,657	594,657	608,478
Seniorenresidentie 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
Seniorenresidentie Haus Elisabeth	(d)	3,380	80	100.0%	571,614	571,614	577,980
Seniorenresidentie Am Stübchenbach	(e)	5,874	130	100.0%	788,648	788,648	828,234
Seniorenresidentie Kierspe	(e)	3,721	79	100.0%	552,404	552,404	546,987
La Ferme Blanche		4,240	90	100.0%	557,275	557,275	600,750
Villa Temporis		8,354	103	100.0%	801,668	801,668	875,000
Service-Residentie Schloss Bensberg		8,215	87	100.0%	996,327	996,327	1,159,496
Residentie Sporenak		9,261	127	100.0%	1,092,348	1,092,348	1,121,000
Résidence de la Houssière		4,484	94	100.0%	601,951	601,951	535,800
Senior Flandria		7,501	108	100.0%	634,287	634,287	752,000
Vinkenbosch		6,180	80	100.0%	845,225	845,225	817,000
Heydeveld		6,167	110	100.0%	663,000	663,000	715,900
Prinsenhof		4,526	91	100.0%	578,506	578,506	564,000
Käthe-Bernhardt-Haus		4,088	83	100.0%	522,000	522,000	490,560
Holland	(a)	2,897	34	100.0%	832,490	832,490	895,000
Benvenuta	(a)	924	10	100.0%	215,831	215,831	235,000
Residentie Poortvelden		5,307	60	100.0%	463,443	463,443	450,000
Leopoldspark		10,888	153	100.0%	1,247,089	1,247,089	1,269,200
Saksen Weimar	(a)	2,291	42	100.0%	520,059	520,059	590,000
Martha Flora Lochem	(a)	1,012	13	100.0%	164,846	164,846	180,000
Oosterzonne		4,948	82	100.0%	739,065	739,065	646,800
De Witte Bergen		8,262	119	100.0%	1,028,933	1,028,933	955,150
Seniorenhof		3,116	52	100.0%	323,106	323,106	237,900
Beerzelhof		5,025	61	100.0%	333,715	333,715	488,000
Uilenspiegel		6,863	97	100.0%	746,553	746,553	688,200
Coham		6,956	120	100.0%	899,382	899,382	842,000
Sorgvliet		4,517	83	100.0%	552,891	552,891	508,620
Ezeldijk		7,101	105	100.0%	733,979	733,979	841,575
Am Kloster	(f)	5,895	136	100.0%	752,007	752,007	689,764
Rosenpark	(g)	4,934	79	100.0%	470,018	470,018	370,021
Patricia	(g)	7,556	174	100.0%	1,050,324	1,050,324	1,156,070
St. Anna	(g)	7,176	161	100.0%	928,629	928,629	775,004
Frohnau	(f)	4,101	107	100.0%	590,817	590,817	516,745
Parc Imstenrade	(a)	57,181	263	100.0%	2,060,373	2,060,373	2,580,000
Genderstate	(a)	8,813	44	100.0%	508,734	508,734	590,000
Petruspark	(a)	24,987	139	100.0%	1,322,708	1,322,708	1,565,000
Residentie Den Boomgaard		6,274	90	100.0%	700,311	700,311	723,150
Les Jardins de la Mémoire		6,852	110	100.0%	687,257	687,257	747,999
Residentie Zehlendorf	(h)	4,540	180	100.0%	600,000	600,000	598,920
Spes Nostra	(a)	2,454	30	100.0%	460,239	460,239	505,000
Het Dokhuis	(a)	4,380	32	100.0%	401,852	401,852	490,000
Villa Walgaerde	(a)	1,440	15	100.0%	306,846	306,846	345,000
Huize Dennehof	(a)	353	9	100.0%	77,963	77,963	85,000
Het Gouden Hart	(a)	3,610	37	100.0%	500,552	500,552	560,000
LTS Winschoten ⁸	(a)	4,560	0	100.0%	72,000	72,000	0
Martha Flora Hilversum ⁸	(a)	4,055	31	100.0%	556,320	556,320	615,000
Het Gouden Hart van Leersum ⁸	(a)	2,280	26	100.0%	409,239	409,239	445,000
Residentie Blaret		9,578	107	100.0%	1,089,577	1,089,577	1,057,500
Oeverlanden	(a)	13,555	140	100.0%	811,153	811,153	1,300,000
Seniorenresidentie Laurentiusplatz		5,506	79	100.0%	386,189	386,189	363,661
Seniorenheim am Dom		4,310	126	100.0%	638,136	638,136	724,060
Huize de Compagnie ⁸	(a)	3,000	0	100.0%	76,388	76,388	0
Moleneik	(a)	2,811	40	100.0%	693,557	693,557	760,000
Huize Hoog Kerckebosch	(a)	2,934	32	100.0%	533,061	533,061	580,000
De Duinpieper		4,827	104	100.0%	677,166	677,166	738,880



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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%	559,577	559,577	605,000
Huize Ter Beegden ⁸	(a)	1,983	19	100.0%	305,000	305,000	335,000
Martha Flora Rotterdam ⁸	(a)	2,441	0	100.0%	59,130	59,130	0
Martha Flora Bosch en Duin ⁸	(a)	2,241	27	100.0%	455,000	455,000	490,000
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%	184,764	184,764	184,764
Huize Roosdael ⁸	(a)	2,950	0	100.0%	41,250	41,250	0
Stepping Stones Leusden ⁸	(a)	1,655	0	100.0%	43,873	43,873	0
Martha Flora Hoorn	(a)	780	12	100.0%	80,000	80,000	95,000
September Nijverdal	(a)	1,466	20	100.0%	248,000	248,000	275,000
Huize Groot Waardijn ⁸	(a)	1,918	0	100.0%	45,000	45,000	0
Huize Eresloo ⁸	(a)	2,350	0	100.0%	42,000	42,000	0
Advita Haus Zur Alten Berufsschule		6,422	91	100.0%	458,421	458,421	462,384
Pflegeteam Odenwald		1,202	32	100.0%	220,225	220,225	223,563
Park Residenz		6,113	79	100.0%	640,000	640,000	696,882
Zorghuis Smakt	(a)	2,111	30	100.0%	202,031	202,031	230,000
Zorgresidentie Mariëndaal	(a)	8,728	75	100.0%	808,123	808,123	920,000
Azurit Seniorenresidenz Sonneberg		4,876	101	100.0%	583,416	583,416	614,402
Azurit Seniorenresidenz Cordula I		4,970	75	100.0%	312,051	312,051	357,824
Azurit Seniorenresidenz Cordula II		1,204	39	100.0%	162,267	162,267	176,954
Hansa Pflege-und Betreuungszentrum Dornum		11,203	106	100.0%	426,000	426,000	436,917
Schwerin ⁸	(j)	5,000	0	100.0%	37,800	37,800	0
Kaltenkirchen ⁸	(j)	6,650	0	100.0%	117,180	117,180	0
Lübbecke ⁸	(j)	4,240	0	100.0%	63,720	63,720	0
Haus Nobilis		3,186	70	100.0%	525,000	525,000	516,122
Haus Alba		2,560	64	100.0%	225,000	225,000	238,061
Haus Concolor		5,715	74	100.0%	510,000	510,000	411,480
Haus Arche		531	13	100.0%	75,000	75,000	31,832
Sorghuys Tilburg ⁸	(a)	1,289	0	100.0%	43,513	43,513	0
Nieuw Heerenhage ⁸	(a)	13,142	0	100.0%	52,715	52,715	0
Verpleegcentrum Scheemda ⁸	(a)	2,800	0	100.0%	38,250	38,250	0
De Statenhof	(a)	6,468	54	100.0%	428,400	428,400	428,400
De Statenhof Hoogbouw ⁶	(a)	6,457	54	100.0%	267,750	267,750	267,750
Residentie Sibelius	(a)	14,294	96	100.0%	811,015	811,015	811,015
Residentie Boldershof	(a)	2,261	33	100.0%	321,300	321,300	321,300
Residentie Kartuizerhof	(k)	10,845	128	100.0%	501,305	501,305	1,009,280
Résidence de la Paix	(l)	3,793	107	100.0%	730,000	730,000	882,000
Het Gouden Hart Harderwijk ⁸	(a)	3,574	0	100.0%	109,737	109,737	0
Kening State	(a)	10,750	70	100.0%	630,000	630,000	741,546
Hof van Schoten	(m)	8,313	101	100.0%	840,000	840,000	1,079,000
Stepping Stones Zwolle ⁸	(a)	1,770	0	100.0%	50,880	50,880	0
Total healthcare real estate in Belgium		453,302	7,824	100.0%	54,830,495	54,830,495	58,209,494
Total healthcare real estate in Germany		186,682	3,343	100.0%	20,458,465	20,458,465	20,341,523
Total healthcare real estate in The Netherlands		243,238	1,530	100.0%	16,351,518	16,351,518	18,024,775
Total of the segment "Healthcare real estate"		883,222	12,697	100.0%	91,640,478	91,640,478	96,575,791



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Apartment buildings	Subsidiary (9)	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Sablon	(n)	5,546	30	82.1%	762,401	928,069	905,091
Complexe Laeken - Pont Neuf	(n)	7,130	42	90.1%	624,463	693,438	700,005
Le Bon 24-28	(n)	2,159	15	98.7%	188,320	190,720	202,334
Lombard 32	(n)	1,622	13	94.1%	217,128	230,696	219,975
Complexe Louise 331-333	(n)	5,706	8	85.6%	587,378	686,494	640,445
Place du Samedi 6-10	(n)	4,543	24	85.4%	281,678	329,778	372,189
Bataves 71	(n)	653	3	82.8%	65,922	79,627	75,939
Tervueren 103	(n)	1,202	6	90.5%	120,218	132,892	130,048
Louis Hap 128	(n)	969	7	97.4%	88,817	91,217	89,552
Rue Haute	(n)	2,600	20	100.0%	261,979	261,979	274,687
Résidence Palace	(n)	6,077	57	80.2%	511,651	637,747	638,328
Churchill 157	(n)	2,440	22	87.3%	241,491	276,702	293,537
Auderghem 237-239-241-266-272	(n)	2,044	22	85.0%	175,847	206,904	206,797
Edison	(n)	1,897	7	79.9%	101,560	127,133	133,878
Verlaine/Rimbaud/Baudelaire	(n)	3,671	21	67.6%	226,611	335,167	285,110
Ionesco	(n)	1,148	10	83.1%	82,680	99,528	103,604
Musset	(n)	659	6	83.4%	42,795	51,302	56,227
Giono & Hugo	(n)	1,718	15	78.0%	118,800	152,342	145,848
Antares	(n)	476	7	100.0%	44,957	44,957	45,177
Résidence Gauguin et Manet	(n)	3,496	35	97.9%	313,113	319,913	324,525
Résidence de Gerlache	(n)	7,406	75	91.8%	656,670	715,707	826,939
Ensemble Souveraine	(n)	13,880	116	90.2%	1,891,324	1,891,324	1,508,838 ⁷
Louise 130	(n)	944	9	82.1%	201,290	201,290	145,068 ⁷
Louise 135 (+ 2 parkings Louise 137)	(n)	2,542	31	72.8%	404,095	404,095	346,278 ⁷
Louise 270	(n)	1,205	14	63.7%	179,541	179,541	161,018 ⁷
Vallée 48	(n)	653	6	87.6%	110,601	110,601	81,455 ⁷
Livourne 16-18 (+ 24 parkings Livourne 7-11)	(n)	1,982	16	68.5%	269,639	269,639	248,034 ⁷
Freessias	(n)	2,777	38	87.7%	447,710	447,710	361,776 ⁷
Héliotropes	(n)	1,364	25	91.2%	216,888	216,888	190,038 ⁷
Livourne 20-22	(n)	1,407	15	72.1%	241,097	241,097	169,795 ⁷
Livourne 14	(n)	275	3	70.7%	33,014	33,014	32,892 ⁷
Résidence Chamaris	(n)	2,328	23	72.4%	382,179	382,179	330,748 ⁷
Stephanie's Corner	(n)	3,472	27	85.2%	443,357	520,102	532,166
Total of the segment "Apartment buildings"		95,991	768	n.a.	10,535,212	11,489,791	10,778,340



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Hotels	Subsidiary (9)	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Hotel Martin's Brugge	(b)	11,369	0	100.0%	1,542,954	1,542,954	1,566,130
Martin's Klooster		6,935	0	100.0%	1,382,625	1,382,625	1,081,500
Carbon		5,715	0	100.0%	437,322	437,322	468,000
Eburon		4,016	0	100.0%	315,019	315,019	330,200
Ecu		1,960	0	100.0%	188,778	188,778	255,000
Eurotel		4,779	0	100.0%	315,716	315,716	241,500
Villa Bois de la Pierre		320	4	100.0%	31,975	31,975	33,685
Total of the segment "Hotels"		35,094	4	100.0%	4,214,390	4,214,390	3,976,015
Total marketable investment properties		1,014,307	13,469	n.a.	106,390,080	107,344,658	111,330,146

¹ 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 (6th 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.

² See glossary in the 2017/2018 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.

³ See glossary in the 2017/2018 Annual Financial Report. The amounts related to the furnished apartment buildings correspond to the annualised rental income excl. VAT.

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

⁵ See glossary in the 2017/2018 Annual Financial Report.

⁶ Partially presented on the balance sheet among the assets classified as held for sale.

⁷ 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.

⁸ 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.

⁹ 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 Luxemburg I SCS; (d) Aedifica Luxemburg II SCS; (e) Aedifica Luxemburg III SCS; (f) Aedifica Luxemburg IV SCS; (g) Aedifica Luxemburg V SCS; (h) Aedifica Luxemburg VI SCS; (i) Aedifica Residenzen Nord GmbH; (j) Aedifica Residenzen 1 GmbH; (k) Verlien SPRL; (l) Résidence de la Paix SA; (m) Buitenheide SPRL; (n) Immo SA. All other sites are held by Aedifica SA.

1.2. Projects and renovations in progress

All of the abovementioned projects are pre-let. €503 million of the total investment budget has already been carried out due to the acquisition of the healthcare portfolio in the United Kingdom on 1 February 2019 (see section 3.4.1 of the Interim Board of Directors' Report).



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Projects and renovations (in € million)		Investment	Inv. as of 31/12/2018	Future inv.	Comment
Projects in progress		159	57	102	
Completion 2018/2019		55	36	19	
B	Plantijn II	4	3	1	Extension and renovation of a rest home
B	Vinkenbosch II	2	1	1	Renovation of a rest home
DE	Seniorenresidenz Laurentiusplatz	2	0	2	Renovation of a rest home
NL	LTS Winschoten ¹	11	9	2	Construction of a care residence
NL	Huize de Compagnie ¹	7	6	1	Construction of a care residence
NL	Martha Flora Rotterdam ¹	6	4	2	Construction of a care residence
NL	De Merenhoef	4	0	4	Extension and renovation of a rest home
NL	Huize Roosdael ¹	5	4	1	Construction of a care residence
NL	Stepping Stones Leusden ¹	3	1	2	Construction of a care residence
NL	Huize Groot Waardijn ¹	5	4	1	Construction of a care residence
NL	Huize Eresloo ¹	5	3	3	Construction of a care residence
Completion 2019/2020		70	21	50	
B	Kasteelhof	3	0	3	Extension of a rest home
B	Résidence Aux Deux Parcs	3	0	3	Extension of a rest home
B	't Hoge III	2	0	2	Extension of a rest home
B	De Duinpieper	2	1	1	Extension and renovation of a rest home
B	Plantijn III	1	0	1	Extension and renovation of a rest home
DE	Bonn	1	0	1	Renovation of a rest home
DE	Residenz Zehlendorf	5	3	2	Renovation of a rest home
DE	Schwerin ²	11	5	7	Construction of a rest home
DE	Kaltenkirchen ²	15	4	11	Construction of a rest home
DE	Lübbecke ²	9	6	4	Construction of a rest home
NL	Sorghuys Tilburg ¹	3	1	2	Construction of a care residence
NL	Verpleegcentrum Scheemda ¹	4	0	4	Construction of a rest home
NL	De Statenhof	2	0	2	Extension and renovation of a rest home
NL	Residentie Boldershof	1	0	1	Renovation of a rest home
NL	Het Gouden Hart Harderwijk ¹	7	0	7	Construction of a senior housing site
Completion 2020/2021		34	1	33	
NL	Residentie Sibelius	9	0	9	Extension of a senior housing site
NL	Nieuw Heerenhage ¹	20	1	19	Construction of a senior housing site
NL	Stepping Stones Zwolle ¹	5	0	5	Construction of a care residence
Land reserve		2	2	0	
B	Plot of land Bois de la Pierre	2	2	0	-
Acquisitions subject to outstanding conditions		536	0	536	
Completion 2018/2019		536	0	536	
DE	SARA Seniorenresidenz	10	0	10	Acquisition of a rest home
DE	Seniorenheim J.J. Kaendler	4	0	4	Acquisition of a rest home
DE	Seniorenwohnpark Hartha	12	0	12	Acquisition of a rest home
DE	Seniorenpflegezentrum Zur alten Linde	6	0	6	Acquisition of a rest home
UK	Aedifica UK portfolio	503	0	503	Acquisition of a portfolio of 92 assets
Projects subject to outstanding conditions		279	0	279	
Completion 2019/2020		96	0	96	
B	Mechelen	15	0	15	Acquisition of a new rest home
G	Specht Gruppe (phase I)	41	0	41	Constuction & acquisition of care campuses
G	Azurit Weimar	16	0	16	Acquisition of a new rest home
G	Frohnau	1	0	1	Renovation of a rest home
G	Wald-Michelbach I	2	0	2	Extension of a rest home
NL	Rendant Aldlänstate	20	0	20	Construction of a senior housing site
Completion 2020/2021		117	0	117	
G	Specht Gruppe (phase II)	108	0	108	Constuction & acquisition of care campuses
B	Uilenspiegel	2	0	2	Extension of a rest home
B	Sorgvliet	5	0	5	Extension of a rest home
B	Résidence de la Paix	2	0	2	Extension of a rest home
Completion 2021/2022		66	0	66	
G	Specht Gruppe (phase III)	66	0	66	Constuction & acquisition of care campuses
TOTAL PIPELINE		976	59	917	
Changes in fair value		-	1	-	
Roundings		-	-2	-	
On balance sheet		57			

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

² Part of the first phase of the cooperation agreement with Specht Gruppe.



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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 2018	30 June 2018
Healthcare real estate	85%	84%
Apartment buildings	11%	12%
Hotels	4%	4%

2.2. Geographical breakdown (in fair value)

Geographical breakdown (in fair value)	31 December 2018	30 June 2018
Belgium	67%	70%
<i>Flanders</i>	40%	42%
<i>Brussels</i>	18%	18%
<i>Wallonia</i>	9%	10%
Germany	18%	17%
The Netherlands	15%	13%

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 2018	30 June 2018
Healthcare real estate	159	135
Apartment buildings	71	71
Hotels	7	8
Total	237	214

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

Age of buildings by type of contract (fair value)	31 December 2018	30 June 2018
Triple net contracts	71%	73%
Other leases 0 - 10 years	19%	19%
Other leases > 10 years	10%	8%

2.6. Breakdown by lease term (based on fair value)

Breakdown by lease term of contracts (fair value)	31 December 2018	30 June 2018
≥ 15 years	89%	88%
< 15 years	11%	12%

The weighted average unexpired lease term 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	31/12/2018	30/06/2018
HEALTHCARE REAL ESTATE				159	86%	85%
Belgium				76	52%	54%
		Armonea		19	14%	15%
		Armonea SA		8	6%	7%
		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%	3%
		Eyckenborgh ASBL		2	2%	2%
		Senior Living Group °		27	17%	18%
		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	0%	0%
		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%	7%
		Château Chenois Gestion SPRL		3	2%	2%
		New Philip SA		3	1%	2%
		Parc Palace SA		1	1%	1%
		Progestimmob SA		1	1%	1%
		Résidence du Golf SA		1	1%	1%
		Vulpia		12	9%	9%
		Vulpia Vlaanderen ASBL		10	8%	9%
		Vulpia Wallonie ASBL		1	1%	1%
		Vulpia Brussel - Bruxelles ASBL		1	1%	0%
		Time for Quality		1	0%	1%
		Service Flat Residenties ASBL		1	0%	1%
		Other		8	4%	4%
		Le Château de Tintagel SPRL		1	0%	0%
		Résidence Bois de la Pierre SA		1	0%	0%
		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%
		Fipromat SPRL		1	1%	1%
		Hof van Schoten SPRL		1	1%	0%

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Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31/12/2018	30/06/2018
HEALTHCARE REAL ESTATE						
	Germany			41	19%	18%
		Armonea		1	1%	1%
			Deutsche Pflege und Wohnstift GmbH	1	1%	1%
		Orpea		5	3%	3%
			Senioren Wohnpark Weser GmbH	3	2%	2%
			Bonifatius Seniorendienst GmbH ^{°°°}	1	1%	1%
			Seniorenresidenz Kierspe GmbH ^{°°°}	1	1%	1%
		Alloheim ^{°°}		4	2%	2%
			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		9	3%	3%
			Residenz Management GmbH & Seniorenresidenz Kalletal GmbH ^{°°°°}	1	1%	1%
			Katholische Hospitalgesellschaft Südwestfalen gGmbH Olpe ^{°°°°}	2	1%	1%
			Ambulanter Pflegedienst Weser GmbH	3	1%	1%
			Residenz Management GmbH	3	0%	1%
		Volkssolidarität		1	0%	0%
			Volkssolidarität Südthüringen e.V.	1	0%	0%
		DRK Kreisverband Nordfriesland e.V.		1	0%	1%
			DRK Pflegedienste Nordfriesland gGmbH	1	0%	1%
		Vitanas		5	4%	4%
			Vitanas GmbH & Co. KGaA	5	4%	4%
		EMVIA Beteiligungs GmbH		1	1%	1%
			Residenz Zehlendorf Kranken- und Pflegeheim GmbH	1	1%	1%
		Cosiq		2	1%	1%
			Cosiq GmbH	1	0%	0%
			Pflegeteam Odenwald GmbH	1	0%	0%
		Advita Pflegedienst		1	0%	0%
			Zusammen Zuhause GmbH	1	0%	0%
		Convivo		1	1%	1%
			Parkresidenz Pflege & Betreuung GmbH	1	1%	1%
		Argentum		4	1%	0%
			Tannenhof Fachpflegeheime GmbH	4	1%	0%
		Azurit Rohr		4	1%	0%
			Azurit Rohr GmbH	4	1%	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	31/12/2018	30/06/2018
HEALTHCARE REAL ESTATE						
The Netherlands				42	15%	13%
		Compartijn		6	1%	1%
			Compartijn Exploitatie BV	6	1%	1%
		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%	1%
		Het Gouden Hart		4	1%	1%
			Het Gouden Hart Driebergen B.V.	1	0%	0%
			Het Gouden Hart Kampen B.V.	1	0%	1%
			Het Gouden Hart Leersum B.V.	1	0%	0%
			HGH Wonen I B.V.	1	0%	0%
		Stepping Stones Home & Care		4	1%	1%
			Poort van Sachsen Weimar BV	1	0%	1%
			Villa Spes Nostra BV	1	0%	0%
			Stepping Stones Leusden BV	1	0%	0%
			Stepping Stones Zwolle BV	1	0%	0%
		Martha Flora		6	2%	2%
			Martha Flora Lochem BV	1	0%	0%
			Martha Flora Hilversum BV	1	1%	1%
			Bronovo Martha Flora BV	1	1%	1%
			Martha Flora Rotterdam BV	1	0%	0%
			Martha Flora Bosch en Duin BV	1	0%	0%
			Martha Flora/Wilgaerden Hoorn BV	1	0%	0%
		Vitalis		3	4%	4%
			Stichting Vitalis Residentiële Woonvormen	3	4%	4%
		Blueprint Group		8	3%	1%
			Residentie Mariëndaal Facilitair B.V.	1	1%	1%
			Zorghuis Smakt Facilitair B.V.	1	0%	0%
			Boeijend Huys Ouderenzorg B.V.	1	0%	0%
			European Care Residence Hotels and Resorts B.V.	4	2%	0%
			Ontzorg Wonen Nederland B.V.	1	1%	0%
		Stichting Oosterlengte		3	0%	1%
			Stichting Oosterlengte + meerdere huurders	2	0%	0%
			Stichting Oosterlengte	1	0%	0%
		Stichting Rendant		1	0%	0%
			Stichting Rendant	1	0%	0%
		Other		3	1%	1%
			Stichting Zorggroep Noorderboog	1	1%	1%
			Stichting Leger des Heils Welzijns- en Gezondheidszorg	1	0%	0%
			September Nijverdal B.V.	1	0%	0%
HOTELS AND OTHER				7	4%	4%
Belgium				7	4%	4%
		Martin's Hotels		2	3%	3%
			Martin's Brugge SA	1	1%	2%
			Martin's Hotels SA	1	1%	1%
		Different Hotel Group		4	1%	1%
			Different Hotels SA	4	1%	1%
		Other		1	0%	0%
OTHER TENANTS				71	10%	11%
Belgium				71	10%	11%
TOTAL				237	100%	100%

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2.8. Gross yield by segment²⁵ (based on fair value)

Gross yield by segment (based on fair value)	31 December 2018	30 June 2018
Healthcare real estate	5.6%	5.7%
Apartment buildings	4.8%	5.1%
Hotels	6.3%	6.3%
Average	5.6%	5.7%

2.9. Occupancy rate²⁶

2.9.1. Furnished apartment buildings

Occupancy rates (Furnished apartment buildings)	
December 2018	82.9%
December 2017	77.0%

2.9.2. Total portfolio (excluding furnished apartments)

Occupancy rates (Total portfolio excluding furnished apartments)	
December 2017	99.1%
December 2016	98.7%

²⁵ 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 2018, annualized and excl. VAT) / (fair value of the concerned buildings + goodwill + furnishment).

²⁶ 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 market²⁷

After exceptional market conditions over the last 20 years, and despite a downturn in 2009 as a result of the “subprime” crisis, Belgian residential real estate continued to grow in 2018, thanks to favorable economic conditions. According to Baromètre des Notaires, the average price of houses in Belgium was €255,051 in the fourth quarter of 2018 (an increase of 4.4 % compared to the fourth quarter of 2017). The average price of an apartment was €221,342 (an increase of 1.4 %). During the fourth quarter of 2018, the transaction volume of real estate increased by 2.4 %.

The rental market volume in Belgium remains stable. However, prices continue to show an upward trend due to several factors. For one, rents benefit from indexation which guarantees a rental increase every year. In addition, the shortage of units available for rent on the residential market, as well as improvements in terms of the quality of housing (owing to recent refurbishments of secondary properties and a strong increase in new buildings available for rent). Simultaneously, the number of dwellings managed by the Social Real Estate Agency has increased considerably given the growing demand.

Belgium has one of the highest home-ownership rates in Europe, at over 70%. This rate is even higher in Flanders. By contrast, the home-ownership rate in Brussels, as in most big cities, is much lower at less than 50%.

Gross yields on rental real estate assets in Brussels fall within a range of 2.5 % to 5.0 % for properties in good condition. Outside the big city centres, these yields tend to increase slightly, especially in Wallonia.

Rents are higher for furnished rental properties. The owner often offers additional services which are included in the rental amount (internet, TV, cleaning, laundry, etc.). After deduction of different costs for the owner (taking into account a vacancy periods linked to the turnover rate, and management and refurbishment costs) net rental yields are often similar to those of traditional or ‘non-furnished’ rentals.

²⁷ Written in French on 21 January 2019 by IP Belgium SPRL, and reproduced with permission. Translation by Aedifica.



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3.2. The healthcare real estate market

3.2.1. Belgium²⁸

In recent years, the number of rest home beds in Belgium has steadily increased to reach a capacity of 146,000 units. According to demographic forecasts, and given the increased life expectancy, a deficit between this increased supply and demand seems to persist. The split of these beds between different types of operators remains relatively stable. In Flanders, public operators manage 30 % of the beds, while not-for-profit operators and private operators manage 37 % and 33 %, respectively. In Wallonia, public operators manage 29 % of the beds, not-for-profit operators manage 21 % and private operators manage 50 %. In Brussels, the market share of private operators is even larger and exceeds the 60 % mark. Given the increasing trend toward professionalisation, private operators are urged to consolidate and to improve their organisation. At present, the three main private operators (Armonia, Orpea and Korian via Senior Living Group) manage more than 23,000 beds – approx. 17 % of all rest home beds in Belgium.

Considering the latest data, life expectancy in Belgium and Europe is increasing, reaching 78.2 years for men and 83.2 years for women. This trend will continue during the coming years, reaching 81 years for men, and 85.7 years for women, by 2030. Given the fact that the period during which elderly people suffer from health problems remains stable (about 15 years for men and 18 years for women), progress in terms of healthcare, home automation and home care will play an increasingly important role in limiting an early relocation to residential care facilities. As a result, people tend to transfer to a rest home around the age of 86; their average stay remains stable at 580 to 590 days.

Moreover, the latest Eurostat demographic perspectives show that ageing is continuing in both Europe and Belgium. The number of Belgians aged 80 and over is expected to grow from 610,000 to 790,000 by 2030, an increase of 180,000 people in 15 years or 12,000 per year. According to the OECD, the need for care in rest homes increases with age: 25 % of 75-year-olds, 30 % to 40 % of 80-year-olds, and more than 50 % of those aged 85 and above. Based on this data, the need for new beds in residential care facilities is estimated at 3,000 to 4,000 per year. In Flanders, the need for new beds is significantly higher than in Brussels or Wallonia.

In this regard, it seems logical that healthcare real estate is becoming increasingly attractive to investors. The (very) long-term contracts with operators, indexed rents, and triple net leases are key factors for REITs, which were the first to enter this market, as well as for insurance companies and pension funds. The main elements for investors are the operator's solvency and the future sustainability of subsidies given the sixth reform of the State, which transferred responsibilities for elderly have been transferred from the federal level to the regional level.

Since 2012, an average of more than €200 million has been invested annually in the Belgian healthcare real estate sector (approx. €300 million in 2015 and 2016). Over the previous two years, an average of approx. €150 million has been invested, but a lack of transparency in the communication on transactions suggests that healthcare investments in 2017 and 2018 amounted to €200 million as well. This trend is increasing. Given the attractiveness of investments in healthcare real estate, the increased professionalisation of operators and historically low interest rates, gross rental yields are decreasing.

²⁸ Written in French on 14 January 2018 by Cushman & Wakefield Belgium SA, and reproduced with permission. Translation by Aedifica.



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While prime yields (based on long-term triple net leases) amounted to more than 6 % in 2011-2012, they are now below the 5 % threshold. In this context, the quality, versatility and overall sustainability of investment properties are becoming even more important; current yields leave no room for error.

To increase the flexibility and complementarity of real estate properties, several initiatives have been undertaken in recent years to bring together residential sites so as to provide service to several types of dependent persons. (such as service-residences or accommodation for youth with disabilities).

Given the above-mentioned demographic perspectives and the specificity of the healthcare real estate sector, it seems clear that the investment market can be expected to continue to thrive in the years to come. It is possible new actors will be attracted to the market, but the presence of the existing actors (REITs and insurance companies) is ensured, given the benefits arising from their profound knowledge of the sector. It should be noted, however, that yields are not expected to experience further compression in the months to come.

3.2.2. Germany²⁹

General Trends

The German healthcare market is a growth market. According to the German Statistical Office, more than three million people in Germany are currently in need of care given the terms of the German social security code. Within the next years, the share of people in need of care within the total population is estimated to grow significantly. According to the most recent data, as of the end of 2017, Germany had approx. 82.8 million inhabitants, of which around 17.7 million aged over 65 and a total of 3.4 million people in need of care. Of these 3.4 million, 2.59 million (76 %) were cared for at home (68 % by caregiving relatives and 32 % by out-patient care services). 818,000 of the people in need of care were cared for in full-time care homes. By the year 2030, up to 3.5 million people in need of care are expected, but the number of caregiving relatives for informal care however, is set to decline. This is caused by the changes of the demographic structure within the population, altered family structures, greater distances between the homes of family members and the increased number of middle-age and older employed women. Population ageing will be further amplified by the generation of babyboomers, born between 1956 and 1965, who have already reached 60 years of age or who will turn 60 in the coming years. Consequently, the need for senior housing will increase over the next decades.

At the end of 2018, there are approx. 952,000 beds in more than 14,400 care homes in Germany, of which 94 % cater to seniors and 6 % cater to disabled persons or people who suffer from mental health disorders or terminal illness. These care homes are operated by not-for-profit operators (approx. 53 %), private operators (approx. 42 %) and public operators (approx. 5 %).

According to various market studies, the capacity of care homes needs to increase by approx. 340,000 units by 2030. Thus, the ageing population offers significant growth potential and consolidation opportunities in the collective healthcare property sector in Germany.

Investment Market

The year 2018 was an outstanding year for the German investment market for healthcare properties. In 2018, the volume generated for care homes and senior centers amounted to approx. €2.1 billion, which is 2.5 times more than last year's transaction volume (€851 million).

²⁹ Written in English on 4 January 2019 by CBRE GmbH, and reproduced with permission.



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Compared to the previous year, domestic investors increased their transaction volume by more than €1 billion to approx. €1.4 billion. In the first half of 2018, international investors were very active, but in the second half they were outperformed by German investors. Correspondingly, international investors were responsible for 35 % of the total volume of the German investment market for healthcare properties and have increased their generated volume to €734 million. Market participants from Belgium appeared to be especially active, accounting for 23 % of the total transaction volume, followed by buyers from Luxemburg and France at 4 %, respectively.

During the year, the prime yield decreased slightly, amounting to 4.75 % at the end of 2018. Healthcare properties are increasingly seen as a sustainable and common asset class, where occasional transactions below the five-percent-mark have already been registered. Given their higher quality, healthcare properties are no longer so dilapidated as they once were. Accordingly, the risk premium for care properties as an asset class is continuously declining.

Over the remainder of the year, the German market for care facilities is not expected to lose its strong momentum. This is ensured by the favourable conditions as well as the high need for investment resources (for the construction of new buildings and the renovation of existing sites). The demographic change is an additional crucial element for the increasing demand for care spaces and therefore also healthcare properties. However, the lack of construction sites and caregivers will contribute to the continued scarcity of beds on offer.

3.2.3. The Netherlands³⁰

The Netherlands currently has a population of approx. 17.3 million inhabitants. The Central Bureau of Statistics predicts a slight growth in the population, to reach 18.1 million inhabitants by 2040. Population growth beyond 2040 remains uncertain. It is certain, however, that the number of elderly will increase sharply over this period, from 3.1 million persons over 65 years of age to 4.8 million in 2040 (i.e. 26 % of the population), and from 0.7 million persons over 80 years of age to 2 million persons in 2040 (i.e. 11 % of the population). About 20 % of this group requires care, and over 5 % need continuous assistance (as provided in traditional care facilities). This latter group often includes individuals suffering from dementia. According to "Alzheimer Nederland", this number will double by 2040. Consequently, senior care constitutes a significant growth area in The Netherlands.

An increasing portion of these people do not opt 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, Het Gouden Hart, Compartijn and Stepping Stones). This is due to a number of factors:

- the increasing number of elderly persons with some wealth and higher than average education levels;
- 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.

³⁰ Written in Dutch on 19 December 2018 by DTZ Zadelhoff VOF, and reproduced with permission. Translation by Aedifica.



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Dutch private care providers have anticipated these trends: there are already approx. 300 private residential care facilities in the country and it is foreseen that dozens more will open their doors 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 in The Netherlands contains 20 units. The limited number of units is what strengthens and distinguishes them from traditional care facilities and assisted-living apartment facilities, which house between 60 and 200 residents. The private residential care facilities are managed by approx. 85 operators. Over the past few years, the number of private operators managing more than 15 facilities has increased significantly.

3.2.4. United Kingdom³¹

The United Kingdom is one of the largest markets in Europe with attractive fundamentals supporting healthcare real estate. The elderly population in the UK is expected to grow significantly. In particular, the number of people over 80 years old is expected to more than double by 2050. An increasingly ageing population requiring greater care and nursing needs is expected to continue to drive significant demand for healthcare real estate in the foreseeable future and support a positive outlook for occupancy levels. The UK care home market is still very fragmented and features approx. 5,500 operators, of which a very high portion are independent private players running operations in small and outdated assets. The top four largest care home operators account for 15 % of the total bed capacity, while the top 30 represents 30 %.

Care home operators in the UK are regulated and must be approved by the regulator before and during operations. Care homes in the UK are frequently inspected by the sector regulator, with reports made publicly available.

The funding of the senior housing market in the UK is based on a mixture of public financing (Local Authorities and National Health Services) and private financing (self-payers). The self-pay market has experienced the fastest growth of all funding sources and represents 45 % of the overall market. Local Authorities provide social care after an assessment of a person's eligibility for care and their financial position. The portion of residents funded by Local Authorities in care homes represents on average 46 %. The National Health Services fund residents who have been assessed as having a primary health need, representing 9 % of the market.

3.3. The hotel market³²

The continued economic upturn had a positive impact on the hotel industry in 2018, given a 5.1 % annual increase in RevPAR (Revenue Per Available Room; according to data from STR in November 2018, 12 months cumulative). The Brussels hotel market, returning to its own cruising speed, saw an average occupancy rate of 73.7 % over the last 12 months and a RevPAR of €84 in September 2018. According to 'Visit Brussels', these two figures increased by 7.1 % and 14.7 %, respectively, in just one year. The

³¹ Through the acquisition of a portfolio of 92 healthcare properties on 1 February 2019, Aedifica added the United Kingdom as its fourth country to its portfolio.

³² Written in Dutch on 14 January 2019 by Deloitte Consulting & Advisory SCRL, and reproduced with permission. Translation by Aedifica.



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increase of the average price over 12 months (€114) levelled out at 6.9 %. At the end of 2017, Brussels had 177 hotels and 35,246 beds (IBSA data), of which 56 % in the mid- to high-end market segment, which is in line with a market targeting business travel and international politics. The total number of rooms increased by 4 % over a period of four years. Only the five-star segment saw a decline, as a result of renovation works. Taking into account a significant pipeline, the outdated hotel park is expected to undergo renovations in order to remain competitive with new entrants arriving on the market and offering differentiated products.

The positive trend is also be noted in Flanders, where figures provided by Toerisme Vlaanderen (Tourism Flanders) for September 2018 show a 6.6 % increase in the number of overnight stays (12 months cumulative), and where the share of international tourists increased considerably. Among Flemish cities (latest data from December 2017), Bruges displays the strongest growth at 14.7 %, followed by Ghent (7.7 %), Mechelen (6.9 %), Leuven (5.0 %) and Antwerp (4.9 %).

As in other European cities, Airbnb is growing rapidly in Belgium. The local authorities have tightened regulations by introducing a tourist tax and stricter monitoring, among other measures.

The trend toward the ‘unique experience’ is also on the rise in the hotel industry. Established hotel chains are launching new brands to meet the expectations of newcomers in the market. Boutique/lifestyle hotels that can offer a full package, complete with experience, atmosphere, and F&B (“food & beverages”) are the winners. In the cities, common areas and social aspects are gaining importance, even if this means rooms become smaller.

New developments and openings are riding these trends. In Antwerp, three boutique hotels have opened in 2017. Buildings with a history, so-called “storytelling hotels”, also fit with this trend. Examples include the four-star Martin’s Rentmeesterij in Bilzen (72 rooms – opened mid-2018), which is part of the Commanderie of Alden Biesen, and the recently renovated Pillows Grand Hotel Reylof (157 rooms – 2018) in Gent, a mansion in Style Louis XIV.

The trend of short/extended stays also continues to evolve. In addition to its three-star hotel in Louvain-La-Neuve, Martin’s Hotels opened a four-star All Suites Aparthotel (103 rooms – 2018). Cycas Hospitality recently announced its first extended-stay concept in Belgium (127 rooms – 2020, located near the NATO headquarters and Brussels Airport).

In the budget hotel segment, B&B Hotels continues to carry out its strategic plan, opening 15 hotels over the next five years. In Bruges, the Radisson Blu Hotels has opened (109 rooms – late 2018).

The investment climate for hotel real estate is favourable. As tourism is developing all over the world and building operators and owners are splitting, the hotel sector is becoming a more important source of investment. In the third quarter of 2018 (12 months cumulative), the investment volume in Europe reached €22,7 billion (a 2.7 % increase on a year-over-year basis, according to CBRE), of which €1.75 billion in the Benelux.



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4. Valuation experts' report³³

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 2018.

Aedifica assigned to each of the four valuation experts the task of determining the fair value (from which the investment value is derived³⁴) 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 six assessments, the consolidated fair value of the portfolio amounted to €1,964,128,927³⁵ as of 31 December 2018, including €1,906,795,449 for marketable investment properties³⁶. Contractual rents amounted to €106,390,080 which corresponds to an initial rental yield of 5.58 %³⁷ 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 €107,344,658, i.e. an initial rental yield of 5.63 %³⁸ compared to the fair value of marketable investment properties.

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.

³³ The expert report was reproduced with the agreement of Cushman & Wakefield Belgium SA, Deloitte Consulting & Advisory CVBA, IP Belgium SPRL, CBRE GmbH, DTZ Zadelhoff VOF and Savills Consultancy BV. The sum of all elements of the portfolio individually assessed by the abovementioned valuation experts constitutes Aedifica's whole consolidated portfolio.

³⁴ "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").

³⁵ 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").

³⁶ "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.

³⁷ 5.57 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.

³⁸ 5.62 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.



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Cushman & Wakefield Belgium SA opinion³⁹:

As of 31 December 2018, the fair value of the part of Aedifica's portfolio valued by Cushman & Wakefield Belgium SA is estimated at €503,597,000 and the investment value (before deduction of the transfer costs⁴⁰) is estimated at €516,513,500.

Christophe Ackermans
31 January 2019

Deloitte Consulting & Advisory SCRL opinion³⁹:

As of 31 December 2018, the fair value of the part of Aedifica's portfolio valued by Deloitte Consulting & Advisory SCRL is estimated at €567,082,927 and the investment value (before deduction of the transfer costs⁴⁰) is estimated at €581,260,000.

Frédéric Sohet and Patricia Lannoije
31 January 2019

IP Belgium SPRL opinion³⁹:

As of 31 December 2018, the fair value of the part of Aedifica's portfolio valued by IP Belgium SPRL is estimated at €215,439,000 and the investment value (before deduction of the transfer costs⁴⁰) is estimated at €220,824,000.

Benoit Forgeur
31 January 2019

CBRE GmbH opinion³⁹:

As of 31 December 2018, the fair value of the part of Aedifica's portfolio valued by CBRE GmbH is estimated at €354,080,000 and the investment value (before deduction of the transfer costs⁴¹) is estimated at €379,326,288.

Sandro Höselbarth and Tim Schulte
31 januari 2019

³⁹ The valuation expert values only a part of Aedifica's portfolio and does not take responsibility for the valuation of the portfolio as a whole. The valuation expert therefore signs only for the accuracy of the figures of the assets he values. No further liability for any other valuation expert will be accepted.

⁴⁰ 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.

⁴¹ Assets located in Germany are not concerned by the comments in footnote 40 above. In the assessment of their investment value, the usual German transfer costs are taken into account.



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DTZ Zadelhoff VOF opinion³⁹:

As of 31 December 2018, the fair value of the part of Aedifica's portfolio valued by DTZ Zadelhoff VOF is estimated at €272,230,000 and the investment value (before deduction of the transfer costs⁴²) is estimated at €283,530,000.

Paul Smolenaers and Fabian Pouwelse
31 January 2019

Savills Consultancy BV opinion³⁹:

As of 31 December 2018, the fair value of the part of Aedifica's portfolio valued by Savills Consultancy BV is estimated at €51,700,000 and the investment value (before deduction of the transfer costs⁴²) is estimated at €54,040,000.

Martijn Onderstal and Jochem van der Grinten
31 January 2019

⁴² Assets located in The Netherlands are not concerned by the comments in footnote 40 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	31/12/2018	31/12/2017
I. Rental income		50,798	44,478
II. Writeback of lease payments sold and discounted		0	0
III. Rental-related charges		8	-27
Net rental income		50,806	44,451
IV. Recovery of property charges		50	41
V. Recovery of rental charges and taxes normally paid by tenants on let properties		747	849
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		-747	-849
VIII. Other rental-related income and charges		-598	-486
Property result		50,258	44,006
IX. Technical costs		-722	-708
X. Commercial costs		-218	-289
XI. Charges and taxes on unlet properties		-81	-91
XII. Property management costs		-846	-557
XIII. Other property charges		-197	-126
Property charges		-2,064	-1,771
Property operating result		48,194	42,235
XIV. Overheads		-6,083	-5,023
XV. Other operating income and charges		24	-27
Operating result before result on portfolio		42,135	37,185
XVI. Gains and losses on disposals of investment properties		-70	172
XVII. Gains and losses on disposals of other non-financial assets		0	0
XVIII. Changes in fair value of investment properties ^o		13,095	8,989
XIX. Other result on portfolio		-132	0
Operating result		55,028	46,346
XX. Financial income		391	17
XXI. Net interest charges		-7,542	-7,124
XXII. Other financial charges		-1,483	-724
XXIII. Changes in fair value of financial assets and liabilities	9	-187	-523
Net finance costs		-8,821	-8,354
XXIV. Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)		46,207	37,992
XXV. Corporate tax		-2,683	-1,568
XXVI. Exit tax ^o		-541	0
Tax expense		-3,224	-1,568
Profit (loss)		42,983	36,424
Attributable to:			
Non-controlling interests		4,215	0
Owners of the parent		38,768	36,424
Basic earnings per share (€)	10	2.12	2.03
Diluted earnings per share (€)	10	2.12	2.03

^o Applying the 2018 presentation of the exit tax (separately presented on line "XXVI. Exit tax" instead of being included on line "XVIII. Changes in fair value of investment properties") to the 2017 figures, line "XVIII. Changes in fair value of investment properties" would amount to €6,407 thousand instead of €8,989 thousand and line "XXVI. Exit tax" would amount to €2,582 thousand instead of €0 thousand. This change of presentation had no impact on either net profit or EPRA Earnings*.



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2. Consolidated statement of comprehensive income

(x €1,000)	31/12/2018	31/12/2017
I. Profit (loss)	42,983	36,424
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	-1,810	519
H. Other comprehensive income, net of taxes	7,472	277
Comprehensive income	48,645	37,220
Attributable to:		
Non-controlling interests	4,215	0
Owners of the parent	44,430	37,220

3. Consolidated balance sheet

ASSETS	Notes	31/12/2018	30/06/2018
(x €1,000)			
I. Non-current assets			
A. Goodwill		1,856	1,856
B. Intangible assets		271	301
C. Investment properties	6	1,958,909	1,736,463
D. Other tangible assets		2,242	2,569
E. Non-current financial assets		39,649	1,888
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets		0	0
I. Equity-accounted investments		0	0
Total non-current assets		2,002,927	1,743,077
II. Current assets			
A. Assets classified as held for sale	6	5,220	4,070
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables		10,592	7,518
E. Tax receivables and other current assets		597	446
F. Cash and cash equivalents	8	7,184	10,589
G. Deferred charges and accrued income		1,005	943
Total current assets		24,598	23,566
TOTAL ASSETS		2,027,525	1,766,643



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EQUITY AND LIABILITIES	Notes	31/12/2018	30/06/2018
(x €1,000)			
EQUITY			
I. Issued capital and reserves attributable to owners of the parent			
A. Capital	7	471,388	465,126
B. Share premium account		308,604	297,569
C. Reserves		139,111	107,097
a. Legal reserve		0	0
b. Reserve for the balance of changes in fair value of investment properties		175,838	153,582
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		-44,746	-37,953
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		-17,703	-16,436
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS		-18,991	-17,659
h. Reserve for treasury shares		0	0
k. Reserve for deferred taxes on investment properties located abroad		-3,824	-1,311
m. Other reserves		6,918	-1,957
n. Result brought forward from previous years		41,619	28,831
D. Profit (loss) of the year		38,768	71,855
Equity attributable to owners of the parent		957,871	941,647
II. Non-controlling interests		62,724	0
TOTAL EQUITY		1,020,595	941,647
LIABILITIES			
I. Non-current liabilities			
A. Provisions		0	0
B. Non-current financial debts	8	767,021	716,927
a. Borrowings		752,043	716,927
c. Other		14,978	0
C. Other non-current financial liabilities		39,518	37,599
a. Authorised hedges	9	35,019	33,210
b. Other	16	4,499	4,389
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred tax liabilities		7,515	6,211
Non-current liabilities		814,054	760,737
II. Current liabilities			
A. Provisions		0	0
B. Current financial debts	8	163,256	22,830
a. Borrowings		63,256	22,830
c. Other		100,000	0
C. Other current financial liabilities	9	0	0
D. Trade debts and other current debts		25,062	37,303
a. Exit tax		2,672	8,818
b. Other		22,390	28,485
E. Other current liabilities		0	0
F. Accrued charges and deferred income		4,557	4,126
Total current liabilities		192,875	64,259
TOTAL LIABILITIES		1,006,929	824,996
TOTAL EQUITY AND LIABILITIES		2,027,524	1,766,643



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4. Consolidated cash flow statement

(x €1,000)	Notes	31/12/2018	31/12/2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		38,768	36,423
Non-controlling interests		4,215	0
Tax expense		2,683	1,568
Amortisation and depreciation		156	396
Write-downs		-9	15
Change in fair value of investment properties (+/-)		-13,095	-8,989
Gains and losses on disposals of investment properties		70	-172
Net finance costs		9,375	8,353
Goodwill impairment		0	0
Changes in trade receivables (+/-)		-3,065	-74
Changes in tax receivables and other current assets (+/-)		-151	602
Changes in deferred charges and accrued income (+/-)		-62	256
Changes in trade payables and other current debts (excl. exit tax) (+/-)		-4,227	4,873
Changes in accrued charges and deferred income (+/-)		425	-1,210
Cash generated from operations		35,083	42,041
Taxes paid		-4,953	-1,275
Net cash from operating activities		30,130	40,766
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-34	-64
Purchase of real estate companies and marketable investment properties		-164,316	-60,198
Purchase of tangible assets		235	-151
Purchase of development projects		-44,561	-23,786
Disposals of investment properties		64,986	2,679
Net changes in non-current receivables		-3	0
Net investments in other assets		0	0
Net cash from investing activities		-143,693	-81,520
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs ^o		0	0
Disposals of treasury shares		0	0
Dividend for previous fiscal year		-28,206	-34,478
Net changes in borrowings		90,427	104,311
Net changes in other non-current financial liabilities		99,696	-936
Net financial items received (+) / paid (-)		-8,788	-7,779
Repayment of financial debts of acquired or merged companies		-13,030	-18,350
Repayment of working capital of acquired or merged companies		-29,941	-3,237
Net cash from financing activities		110,158	39,531
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		-3,405	-1,223
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		10,589	8,135
Total cash flow for the period		-3,405	-1,223
Cash and cash equivalents at end of period		7,184	6,912



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5. Consolidated statement of changes in equity

(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	Other transfers and 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	36,424	-63,358	0	36,424
Equity attributable to owners of the parent	888,039	0	0	0	37,220	-34,478	0	890,781
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	888,039	0	0	0	37,220	-34,478	0	890,781



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(x €1,000)	1/07/2018	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Other transfers and roundings	31/12/2018
Capital	465,126	0	6,262	0	0	0	0	471,388
Share premium account	297,569	0	11,034	0	0	0	1	308,604
Reserves	107,097	0	0	0	5,663	26,354	-3	139,111
<i>a. Legal reserve</i>	0	0	0	0	0	0	0	0
<i>b. Reserve for the balance of changes in fair value of investment properties</i>	153,582	0	0	0	0	22,256	0	175,838
<i>c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties</i>	-37,953	0	0	0	0	-6,792	-1	-44,746
<i>d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS</i>	-16,436	0	0	0	-1,256	-11	0	-17,703
<i>e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS</i>	-17,659	0	0	0	0	-1,332	0	-18,991
<i>h. Reserve for treasury shares</i>	0	0	0	0	0	0	0	0
<i>k. Reserve for deferred taxes on investment properties located abroad</i>	-1,311	0	0	0	0	-2,513	0	-3,824
<i>m. Other reserves</i>	-1,957	0	0	0	6,919	1,957	-1	6,918
<i>n. Result brought forward from previous years</i>	28,831	0	0	0	0	12,789	-1	41,619
Profit (loss)	71,855	0	0	0	38,768	-71,855	0	38,768
Equity attributable to owners of the parent	941,647	0	17,296	0	44,431	-45,501	-2	957,871
Non-controlling interests	0	0	0	0	4,215	0	58,509	62,724
TOTAL EQUITY	941,647	0	17,296	0	48,646	-45,501	58,507	1,020,595



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6. Notes

6.1. Note 1: general information

Aedifica SA (referred to in the Condensed Consolidated Financial Statements as “the Company” or “the Parent”) is a limited liability company that has opted for a Public Regulated Real Estate Company (RREC) status under Belgian law. Its primary shareholders are listed in Note 7. The address of its registered office is:

Rue Belliard 40, B-1040 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 positioned as a leading Belgian listed company investing in healthcare real estate in Europe – senior housing in particular. It aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains. Aedifica’s strategy is focused on the demographic trend of population ageing in Europe and the specific care and housing needs this trend implies.

The Group’s activities are mainly concentrated in the healthcare real estate segment (with a focus on senior housing). As of 31 December 2018, the Group also owns apartment buildings and hotels. They are considered to be non-strategic assets and are part of a divestment programme.

Aedifica has been quoted on Euronext Brussels (regulated market) since 2006.

The Condensed Consolidated Financial Statements were approved by the Board of Directors on 19 February 2019 for publication on 20 February 2019 (in accordance with the Company’s financial calendar published in the 2017/2018 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 2018. 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 2018 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 2018, 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 2018, which are presented in the 2017/2018 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 compulsory and have been applied by the Group since 1 July 2018 and have no impact on the Condensed Consolidated Financial Statements presented for the 2017/2018 financial year:

- IFRIC 22 (new) – Foreign Currency Transactions and Advance Consideration;
- IFRS 9 (new) – Financial Instruments;
- IFRS 15 (new) – Revenue from Contracts with Customers;
- IAS 40 (amended) – Transfers of Investment Property;
- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions;
- IFRS 4 (amended) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- IFRS 15 (clarification) – Revenue from Contracts with Customers;
- Annual Improvements to IFRS Standards 2014-2016 Cycle issued in December 2016.

The Group is currently evaluating the impacts of the above-listed changes. Among them, the most relevant elements for the Company are the following:

- IFRS 9 – Financial Instruments:

IFRS 9 was finalised and published by IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 contains the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and the general hedge accounting. IFRS 9 will replace most parts of IAS 39 – Financial Instruments: Recognition and Measurement.

Based on an analysis of Aedifica's situation as at 31 December 2018, IFRS 9 is not expected to have a material impact on the Condensed Consolidated Financial Statements. With respect to the impairment of financial assets measured at amortised cost, including trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade receivables combined with the low associated credit risk, the impact on Aedifica's Condensed Consolidated Financial Statements is not material.

- IFRS 15 – Revenue from Contracts with Customers:

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Upon its effective date, IFRS 15 will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts and the related interpretations.

IFRS 15 is not expected to have a material impact on Aedifica's Condensed Consolidated Financial Statements as lease contracts are excluded from the scope of the standard and represent the main source of income for Aedifica. The principles of IFRS 15 are still applicable to the non-lease



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components that may be contained in lease contracts or in separate agreements, such as maintenance related services charged to the lessee. Considering however that such non-lease components are relatively limited in amount and mostly represent services recognised over time under both IFRS 15 and IAS 18, the impact on Aedifica's Condensed Consolidated Financial Statements is not material.

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 2017/2018 Consolidated Financial Statements (see pages 169 to 173 of the 2017/2018 Annual Financial Report).

These methods were applied consistently to all previous financial years.

6.3. Note 3: operating segments

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

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

These operating segments are consistent with the organisation of the Group and its internal reporting structure.



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31 December 2018

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
Rental income (a)	43,519	5,182	2,105	0	-8	50,798
Net rental income (b)	43,514	5,195	2,105	0	-8	50,806
Property result (c)	43,379	4,786	2,101	0	-8	50,258
Property operating result (d)	42,352	3,755	2,095	0	-8	48,194
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	42,261	3,766	2,094	-5,986	0	42,135
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						83%
Operating charges* (e)-(b)						8,671
SEGMENT ASSETS						
Marketable investment properties	1,619,427	215,439	66,710	-	-	1,901,576
Development projects	57,333	-	-	-	-	57,333
INVESTMENT PROPERTIES						1,958,909
Assets classified as held for sale	5,220	0	0	-	-	5,220
Other assets	-	-	-	63,396	-	63,396
TOTAL ASSETS						2,027,525

31 December 2017

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
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)	36,443	3,437	2,461	-7	-99	42,235
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	36,311	3,422	2,429	-4,977	0	37,185
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						84%
Operating charges* (e)-(b)						7,266
SEGMENT ASSETS						
Marketable investment properties	1,344,488	203,045	79,597	-	-	1,627,130
Development projects	-	-	-	29,850	-	29,850
INVESTMENT PROPERTIES						1,656,980
Assets classified as held for sale	4,070	0	0	-	-	4,070
Other assets	-	-	-	24,573	-	24,573
TOTAL ASSETS						1,685,623

^o 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 has 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 2017/2018 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 83 % 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 2018.

6.6. Note 6: investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS OF 1/07/2017	1,523,235	17,174	1,540,409
Acquisitions	127,250	0	127,250
Disposals	-14,728	0	-14,728
Capitalised interest charges	0	482	482
Capitalised employee benefits	0	85	85
Other capitalised expenses	3,677	63,900	67,577
Transfers due to completion	36,250	-36,250	0
Changes in fair value	25,226	-10,208	15,018
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	370	0	370
CARRYING AMOUNT AS OF 30/06/2018	1,701,280	35,183	1,736,463
CARRYING AMOUNT AS OF 1/07/2018	1,701,280	35,183	1,736,463
Acquisitions	154,474	0	154,474
Disposals	-4,070	0	-4,070
Capitalised interest charges	0	511	511
Capitalised employee benefits	0	0	0
Other capitalised expenses	1,536	58,050	59,586
Transfers due to completion	26,297	-26,297	0
Changes in fair value	23,208	-10,113	13,095
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	-1,150	0	-1,150
CARRYING AMOUNT AS OF 31/12/2018	1,901,575	57,334	1,958,909



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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 €5,220 thousand. This line concerns real estate offered for sale in the Netherlands (an apartment building in Leiden).

The main acquisitions of investment property during the first half of the current financial year are listed below:

ACQUISITIONS	Business segment	Properties valuation [°]	Register of corporations	Acquisition date ^{°°}	Acquisition method
Aedifica Residenzen 1 GmbH	Healthcare real estate	4	-	11/07/2018	Acquisition of shares
Sorghuys Tilburg	Healthcare real estate	1	-	17/07/2018	Acquisition of a building via Aedifica Nederland BV
Azurit Seniorenzentrum Sonneberg	Healthcare real estate	9	-	29/08/2018	Acquisition of a building
Azurit Seniorenzentrum Haus Cordula I	Healthcare real estate	4	-	29/08/2018	Acquisition of a building
Azurit Seniorenzentrum Haus Cordula II	Healthcare real estate	2	-	29/08/2018	Acquisition of a building
Hansa Pflege-und Betreuungszentrum Dornum	Healthcare real estate	7	-	29/08/2018	Acquisition of a building
Nieuw Heerenhage	Healthcare real estate	2	-	26/09/2018	Acquisition of a building via Aedifica Nederland BV
Verpleegcentrum Scheemda	Healthcare real estate	1	-	27/09/2018	Acquisition of a building via Aedifica Nederland BV
Haus Nobilis	Healthcare real estate	8	-	28/09/2018	Acquisition of a building
Haus Alba	Healthcare real estate	3	-	28/09/2018	Acquisition of a building
Haus Concolor	Healthcare real estate	8	-	28/09/2018	Acquisition of a building
Haus Arche	Healthcare real estate	1	-	28/09/2018	Acquisition of a building
De Statenhof	Healthcare real estate	8	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
De Statenhof hoogbouw	Healthcare real estate	5	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
Residentie Sibelius	Healthcare real estate	15	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
Residentie Boldershof	Healthcare real estate	6	-	5/10/2018	Acquisition of a building via Aedifica Nederland BV
Residentie Verlien BVBA	Healthcare real estate	20	0835.346.380	08/10/2018	Acquisition of shares
Résidence de la Paix SA	Healthcare real estate	14	0437.639.056	08/10/2018	Acquisition of shares
HGH Harderwijk	Healthcare real estate	3	-	26/10/2018	Acquisition of a building via Aedifica Nederland BV
Kening State	Healthcare real estate	11	-	13/12/2018	Acquisition of a building via Aedifica Nederland BV
Buitenheide BVBA	Healthcare real estate	18	0821.165.673	14/12/2018	Acquisition of shares
Stepping Stones Zwolle	Healthcare real estate	1	-	18/12/2019	Acquisition of a building via Aedifica Nederland BV
TOTAL		152			

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

^{°°} and consolidation date in the financial statements.

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

DISPOSALS	Business segment	Selling price	Disposals date
Assisted-living apartments located Jan Hammeneckerlaan 4-4A in 3200 Aarschot (Belgium)	Healthcare real estate	4	17/12/2018
TOTAL		4	



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6.7. Note 7: capital

On 20 November 2018, Aedifica completed a capital increase of approx. €17 million (including share premium) through the issuance of 240,597 new shares within the framework of the 2017/2018 optional dividend (see section 3.8.2 of the interim Board of Directors' Report for details).

During the course of the half year, Aedifica's capital has increased as follows:

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	17,975,820	474,342
Capital increase	225,009	5,937
Situation at the end of the previous year	18,200,829	480,280
Capital increase of 20 November 2018	240,597	6,349
Situation as of 31 December 2018	18,441,426	486,628

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 31 December 2018, based on the number of shares held by the shareholders concerned as of 5 January 2018)⁴³. 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
Total	100.00

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

it being understood that the share capital can never be increased within the framework of the authorised capital in excess of €374,000,000, on 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

⁴³ Declarations of transparency (including control strings) are available on Aedifica's website. The Company has not received any additional declarations of transparency since 5 January 2018.



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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 31 December 2018, the remaining balance of the authorised capital amounts to 1) €279,131,589.63 if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right, 2) €60,773,362.41 for any other type of capital increase. Taking into account the maximum amount of the authorised capital (€374,000,000), the Company is able to raise its share capital by €265,104,952.04.

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

(x €1,000)	31/12/2018	30/06/2018
Non-current financial debts	767,021	716,927
Credit institutions	752,043	716,927
Other	14,978	0
Current financial debts	163,256	22,830
Credit institutions	63,256	22,830
Other	100,000	0
TOTAL	930,277	739,757

As of 31 December 2018, 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 fifteen credit providers, of which 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 Nord France Europe, Deutsche Postbank, Förde Sparkasse, ING, KBC Bank and Triodos Bank), an insurance company (Argenta Assuranties), a savings bank (Argenta Spaarbank) and a syndicated banking group (Groupe BPCE), totalling €1,287 million:

- Aedifica can use up to €1,200 million depending on its needs, so long as the debt-to-assets ratio does not exceed 60 % and other covenants are met (in line with market practice). 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 €50 million at fixed rates between 1.1 % and 6.0 %, and amounting to €37 million at variable rate.

In late December 2018, within the framework of the multi-term treasury notes programme, Aedifica completed a private placement of €15 million with a maturity of 10 years at a fixed interest rate of 2.176 %. This amount is presented on line "Other" of the "Non-current financial debts".

As of 31 December 2018, the short-term treasury notes programme is fully subscribed (€100 million). This amount, which is fully hedged by the available funds on confirmed long-term credit lines, is presented on line "Other" of the "Current financial debts".



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Moreover, in order to finance the acquisition of the healthcare portfolio in the United Kingdom (announced in December 2018 and carried out in February 2019, see section 3.4.1 above), Aedifica established a bridge facility, which was still unused as of 31 December 2018. This bridge facility has a maturity of 12 months and comprises two tranches of €180 million and £150 million, respectively.

As of 31 December 2018, 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 41 German buildings are linked to a mortgage, respecting the requirements laid down in Article 43 of the Act of 12 May 2014 on RREC.

Without regard to treasury notes and the bridge facility, the timetable showing the maturity of Aedifica's financial debts is as follows (in € million):

	<u>Lines</u>	<u>Utilisation</u>
- 2018/2019 :	3	3
- 2019/2020 :	55	55
- 2020/2021 :	89	89
- 2021/2022 :	171	76
- 2022/2023 :	205	75
- 2023/2024 :	256	146
- 2024/2025 :	336	251
- >2025/2026 :	<u>187</u>	<u>137</u>
Total as of 31 December 2018	1,302	832
- Treasury notes (duration < 1 year) :		<u>100</u>
Total financial debt as of 31 December 2018		932
Weighted Average Maturity (years)	5.0	5.0

6.9. Note 9: hedging instruments

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

Furthermore, the acquisition of the healthcare portfolio in the United Kingdom (announced in late December 2018 and completed in February 2019) has exposed the Group to foreign exchange risk. As of 31 December 2018, Aedifica has partially hedged the estimated payment of this acquisition by forward purchases of British pounds sterling.

1. Management of interest rate risk

1.1. Framework

All hedges (interest rate swaps or "IRS", caps and collars) are related to existing or highly probable risks. Aedifica applies hedge accounting to previously negotiated derivatives that meet the strict criteria set by IAS 39 to allow hedge accounting. In accordance with market practices, Aedifica has chosen not to



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apply hedge accounting to recently negotiated derivatives, even if they meet those strict criteria. Neither does the Group apply hedge accounting to previously negotiated derivatives that do not meet those criteria. Nevertheless, all derivatives provide economic hedging against interest rate risk, regardless of their accounting method. All hedges are provided in the framework of the hedging policy set out in Note 44 of the 2017/2018 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.

INSTRUMENT Analysis as of 30 June 2018	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Interest rate (in %)	Fair value (x €1,000)
IRS ^o	9,789	1/04/2011	3	32	-	4.89	-5,081
IRS ^o	24,829	31/07/2014	3	29	-	4.39	-9,619
IRS	15,000	1/07/2018	3	7	-	3.28	-2,980
IRS	12,000	1/07/2018	3	7	-	3.25	-2,358
IRS	8,000	1/07/2018	3	7	-	3.35	-1,626
IRS	25,000	3/04/2017	3	8	-	1.99	-2,566
IRS	25,000	2/11/2016	3	6	-	1.30	-1,278
IRS	25,000	2/11/2016	3	6	-	1.68	-1,672
Cap	50,000	1/10/2015	3	3	-	0.50	0
Cap	50,000	1/10/2015	3	4	-	0.35	3
IRS	25,000	2/11/2016	3	6	-	1.87	-1,875
IRS	25,000	3/10/2016	3	5	-	2.88	-2,728
Cap	50,000	1/07/2016	3	4	-	0.50	2
Cap	100,000	1/11/2017	3	2	-	0.50	2
Cap	50,000	1/07/2017	3	4	-	0.50	39
Cap	50,000	1/11/2016	3	5	-	0.50	203
Cap	50,000	1/01/2019	3	2	-	0.35	52
Cap	50,000	1/11/2019	3	2	-	0.50	202
Cap	50,000	1/11/2017	3	4	-	0.25	277
IRS	75,000	2/01/2020	3	2	-	0.33	-243
IRS	50,000	1/01/2021	3	3	-	0.80	-266
IRS	50,000	1/01/2021	3	2	-	0.64	-155
IRS	50,000	1/11/2019	3	3	-	0.39	-176
IRS	50,000	1/11/2019	3	5	-	0.78	-578
IRS	50,000	3/01/2022	3	1	-	0.65	-8
IRS	50,000	3/01/2022	3	2	-	0.73	31
CAP	50,000	1/11/2017	3	2	-	0.00	25
CAP	50,000	1/11/2017	3	2	-	0.00	25
CAP	100,000	1/04/2019	3	2	-	0.25	192
CAP	100,000	1/01/2019	3	2	-	0.00	216
CAP	100,000	1/01/2019	3	3	-	0.00	423
TOTAL	1,469,618						-31,518

^o 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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INSTRUMENT Analysis as of 31 December 2018	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Interest rate (in %)	Fair value (x €1,000)
IRS ^o	9,686	1/04/2011	3	32	-	4.89	-5,018
IRS ^o	24,338	31/07/2014	3	29	-	4.39	-9,463
IRS	15,000	1/07/2018	3	7	-	3.28	-2,894
IRS	12,000	1/07/2018	3	7	-	3.25	-2,291
IRS	8,000	1/07/2018	3	7	-	3.35	-1,577
IRS	25,000	3/04/2017	3	8	-	1.99	-2,548
IRS	25,000	2/11/2016	3	6	-	1.30	-1,235
IRS	25,000	2/11/2016	3	6	-	1.68	-1,581
Cap	50,000	1/10/2015	3	3	-	0.50	0
Cap	50,000	1/10/2015	3	4	-	0.35	0
IRS	25,000	2/11/2016	3	6	-	1.87	-1,756
IRS	25,000	3/10/2016	3	5	-	2.88	-2,461
Cap	50,000	1/07/2016	3	4	-	0.50	0
Cap	100,000	1/11/2017	3	2	-	0.50	0
Cap	50,000	1/07/2017	3	4	-	0.50	8
Cap	50,000	1/11/2016	3	5	-	0.50	83
Cap	50,000	1/01/2019	3	2	-	0.35	13
Cap	50,000	1/11/2019	3	2	-	0.50	83
Cap	50,000	1/11/2017	3	4	-	0.25	127
IRS	75,000	2/01/2020	3	2	-	0.33	-585
IRS	50,000	1/01/2021	3	3	-	0.80	-618
IRS	50,000	1/01/2021	3	2	-	0.64	-417
IRS	50,000	1/11/2019	3	3	-	0.39	-509
IRS	50,000	1/11/2019	3	5	-	0.78	-1,105
IRS	50,000	3/01/2022	3	1	-	0.65	-135
IRS	50,000	3/01/2022	3	2	-	0.73	-186
CAP	50,000	1/11/2017	3	2	-	0.00	7
CAP	50,000	1/11/2017	3	2	-	0.00	7
CAP	100,000	1/04/2019	3	2	-	0.25	59
CAP	100,000	1/01/2019	3	2	-	0.00	71
CAP	100,000	1/01/2019	3	3	-	0.00	179
IRS	3,792	8/10/2018	1	13	-	3.06	-639
CAP	50,000	4/05/2020	3	1	-	0.00	59
TOTAL	1,522,816						-34,322

^o 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 €1,523 million presented in the table above is broken down as follows:

- operational and active instruments: €198 million;
- operational instruments which became out of the money (caps): €500 million;
- instruments with forward start: €825 million.

The total fair value of the interest rate hedging instruments presented in the table above (-€34,322 thousand) can be broken down as follows: €697 thousand on line I.E. of the asset side of the consolidated balance sheet and €35,019 thousand on line I.C.a. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps (€3,521 thousand), the effect of the changes in fair value of interest rate hedging instruments on equity amounts to -€37,843 thousand.



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1.2. Derivatives for which hedge accounting is applied

(x €1,000)	31/12/2018	30/06/2018
Changes in fair of the derivatives		
Beginning of the year	-11,290	-16,418
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-2,820	-3,551
Transfer to the income statement of interests paid on hedging instruments	999	2,703
Transfer to the reserve account regarding revoked designation	0	5,976
AT YEAR-END	-13,111	-11,290

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

As of 31 December 2018, the equity value includes the effective part (according to IAS 39) of the change in fair value (-€1,810 thousand) of the derivatives for which hedge accounting is applied, and the ineffective portion of the 2017/2018 financial year (charge of €11 thousand) that was appropriated by decision of the Annual General Meeting held in October 2018. These financial instruments are “level 2” derivatives (according to IFRS 13p81). The ineffective part (as defined in IAS 39) is -€33 thousand as of 31 December 2018.

1.3. Derivatives for which hedge accounting is not applied

The financial result also includes a charge of €562 thousand (30 June 2018: charge of €502 thousand), arising from the change in the fair value of derivatives for which hedge accounting is not applied (in line with IAS 39, as listed in the aforementioned framework) and the amortisation of the fair value of de-designated derivatives as of their date of de-designation charged on a linear basis, which amounts to €554 thousand (30 June 2018: €831 thousand). The latter is recognised on line “II. H. Other comprehensive income, net of taxes” of the Consolidated Statement of Comprehensive Income. 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 €483 thousand (30 June 2018: €821 thousand).

1.4. Sensitivity analysis

The fair value of the hedging instruments is determined by the interest rates on the financial markets. Changes in market interest rates partly explain the change in the fair value of hedging instruments between 1 July 2018 and 31 December 2018, which led to the recognition of a charge of €1,149 thousand in the income statement and a charge of €1,256 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 at the balance sheet date would have had a positive impact on equity in the amount of €1,944 thousand (30 June 2018: €1,389 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 range. The impact 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 can be embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other



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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 approx. +€994 thousand (30 June 2018: +€517 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.

2. Management of foreign exchange risk

2.1. Framework

All hedges (forward purchase contracts of foreign currencies) are related to existing or highly probable risks. The hedging instruments are derivatives for which Aedifica will not apply hedge accounting. Nevertheless, these derivatives provide economic hedging against foreign exchange risk. All hedges are provided in the framework of the hedging policy set out in section 8 of the Interim Board of Directors’ Report above. The fair value of these instruments is computed by banks based on the present value of the estimated expected cash flows. These financial instruments are “level 2” derivatives (according to IFRS 13p81). The table below provides a breakdown of the hedging instruments.

TYPE	Contract date	Maturity	Purchase/ sale	Currency	Notional amount (x 1.000 €)	Purchase/ sale	Currency	Exchange value	Exchange rate	Fair value (x 1.000 €)
Forward contract	21/12/2018	31/01/2019	Purchase	GBP	33,000	Sale	EUR	36,461	0.9051	366
Forward contract	21/12/2018	31/01/2019	Purchase	GBP	33,000	Sale	EUR	36,481	0.9046	346
Forward contract	21/12/2018	31/01/2019	Purchase	GBP	32,000	Sale	EUR	35,395	0.9041	316
Forward contract	21/12/2018	31/01/2019	Purchase	GBP	32,000	Sale	EUR	35,364	0.9049	347
TOTAL					130,000			143,702		1,376

The total fair value of the foreign exchange hedging instruments presented in the table above (+€1,376 thousand) is presented on line I.E. of the asset side of the consolidated balance sheet. The effect of the changes in fair value of foreign exchange hedging instruments on equity amounts to +€1,376 thousand.

2.2. Sensitivity analysis

The fair value of the hedging instruments is determined by the exchange rate fluctuations on the financial markets. The rising value of the pound sterling in December 2018 has resulted in an income of €1,376 thousand in the income statement as of 31 December 2018.

All else being equal, a positive change of 1 % of the exchange rates at the balance sheet date would have had a positive impact on the income statement in the amount of €1,465 thousand. A negative change of 1 % of the exchange rates would have had a negative impact on the income statement in the same amount.



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6.10. Note 10: earnings per share

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

	31/12/2018	31/12/2017
Profit (loss) (Owners of the parent) (x €1,000)	38,768	36,424
Weighted average number of shares outstanding during the period	18,255,720	17,975,805
Basic EPS (in €)	2.12	2.03
Diluted EPS (in €)	2.12	2.03

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)	31/12/2018	31/12/2017
Profit (loss) (Owners of the parent)	38,768	36,424
- Changes in fair value of investment properties	-13,095	-8,989
- Gain and losses on disposal of investment properties	70	-172
- Deferred taxes in respect of EPRA adjustments	1,845	549
- Changes in fair value of financial assets and liabilities	187	523
- Negative goodwill / goodwill impairment	132	0
- Non-controlling interests in respect of the above	3,833	0
Roundings	-1	1
EPRA Earnings*	31,739	28,336
Weighted average number of shares outstanding during the period	18,255,720	17,975,805
EPRA Earnings* per share (in €)	1.74	1.58

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



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6.11. Note 11: net asset value per share

Net asset value per share (in €)	31 December 2018	30 June 2018
Net asset value after deduction of the 2017/2018 dividend, excl. changes in fair value of hedging instruments*	53.92	51.18
Effect of the changes in fair value of hedging instruments	-1.98	-1.95
Net asset value after distribution of the 2017/2018 dividend	51.94	49.24
Number of share outstanding (excl. treasury shares)	18,441,426	18,200,829

Recall that IFRS requires the presentation of the annual accounts before appropriation. The net asset value of €53.68 per share as of 30 June 2018 (as published in the 2017/2018 Annual Financial Report) thus included the dividend distributed in November 2018, and should now be adjusted by €2.50 per share in order to compare with the value as of 31 December 2018. This amount corresponds to the amount of the total dividend (€46 million) divided by the total number of shares outstanding as of 30 June 2018 (18,200,829).

6.12. Note 12: contingencies and commitments

A statement of contingencies and commitments as of 30 June 2018 is provided in Note 45 of the Consolidated Financial Statements included in the 2017/2018 Annual Financial Report (see pages 199 - 201). 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 Pflorgeteam Odenwald rest home in Wald-Michelbach (Germany)

Aedifica committed to finance the extension of the Pflorgeteam Odenwald rest home in Wald-Michelbach for a budget of approx. €2.5 million. Works are currently being prepared.

1.2. Construction of 3 care campuses in Kaltenkirchen, Schwerin and Lübbecke (Germany)

In application of a cooperation agreement with Specht Gruppe (section 1.21 of Note 45 of the Consolidated Financial Statements within the 2017/2018 Annual Financial Report), Aedifica Invest SA acquired the shares of a German project company (Projektgesellschaft Specht Gruppe Eins mbH, currently Aedifica Residenzen 1 GmbH). Aedifica Residenzen 1 GmbH acquired plots of land in Kaltenkirchen, Schwerin and Lübbecke (the total contractual value of the plots of land amounts to approx. €4 million) and committed to finance the construction of three new care campuses in the abovementioned cities for a budget of approx. €36 million. The sites will be operated by the EMVIA Living group. Works are currently in progress.

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

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

1.4. Construction of the Nieuw Heerenhage senior housing site in Heerenveen (The Netherlands)

In application of a cooperation agreement (section 1.20 of Note 45 of the Consolidated Financial Statements within the 2017/2018 Annual Financial Report), Aedifica Nederland BV acquired a plot of land in Heerenveen and committed to finance the construction of a new senior housing site for a budget of approx. €20 million. The site will be operated by Stichting Rendant. Works are currently in progress.



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

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

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

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

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

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

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

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

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

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

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

Aedifica Nederland BV committed to finance the construction of a new healthcare site in Harderwijk for a budget of approx. €6.5 million. The site will be operated by the Het Gouden Hart group. Works are currently being prepared.

1.11. Acquisition of the Seniorenheim J.J. Kaendler rest home in Meissen (Germany)

Aedifica signed an agreement for the acquisition of a rest home in Meissen. The site is operated by the Argentum group. The contractual value amounts to approx. €4 million.

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

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

1.13. Construction of a care residence in Zwolle (The Netherlands)

Aedifica Nederland BV committed to finance the construction of a new care residence in Zwolle for a budget of approx. €4.5 million. The site will be operated by the Stepping Stones Home & Care group. Works are currently being prepared.

1.14. Acquisition of a portfolio of 92 healthcare properties in the United Kingdom

Aedifica signed an agreement for the acquisition of a portfolio of 92 healthcare properties in the United Kingdom. The properties are operated by 14 well-established operators. The total contractual value amounts to approx. €503 million.



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1.15. Construction of 4 care campuses in Wolfsburg, Heiligenhafen, Espelkamp and Beverstedt (Germany)

In application of a cooperation agreement with Specht Gruppe (section 1.21 of Note 45 of the Consolidated Financial Statements within the 2017/2018 Annual Financial Report), Aedifica Invest SA acquired the shares of a German project company (Projektgesellschaft Specht Gruppe Zwei mbH). This project company committed to acquire plots of land in Wolfsburg, Heiligenhafen, Espelkamp and Beverstedt (the total contractual value of the plots of land amounts to approx. €6 million) and committed to finance the construction of four new care campuses in the abovementioned cities for a budget of approx. €66 million. The sites will be operated by the EMVIA Living group. Works are currently in progress under supervision of Specht Gruppe.

1.16. Engagements that have already been realised

The commitments presented below, included in Note 45 of the Consolidated Financial Statements within the 2017/2018 Annual Financial Report, have been realised over the first half of the current financial year:

- extension of the Heydeveld rest home in Opwijk (Belgium) (section 1.5 of Note 45);
- renovation and extension of the Huize Lieve Moenssens rest home in Dilsen-Stokkem (Belgium) (section 1.6 of Note 45);
- renovation and extension of the De Stichel rest home in Vilvoorde (Belgium) (section 1.7 of Note 45);
- construction of the Huize Ter Beegden care residence in Beegden (The Netherlands) (section 1.22 of Note 45);
- construction of the Martha Flora Bosch en Duin care residence in Bosch en Duin (The Netherlands) (section 1.23 of Note 45);
- construction of the September Nijverdal care residence in Nijverdal (The Netherlands) (section 1.23 of Note 45);
- acquisition of four senior housing sites in Germany (Seniorenzentrum Sonneberg in Sonneberg, Seniorenzentrum Haus Cordula I and II in Rothenberg and Hansa Pflege- und Betreuungszentrum Dornum in Dornum – section 1.30 of Note 45). Recall that Aedifica will acquire another senior housing site (currently under construction) upon completion of the construction works.

6.13. Note 13: dividends paid

The General Meeting of 23 October 2018 approved the distribution of the result as proposed by the Board of Directors for the 2017/2018 financial year. A gross dividend of €2.50 was therefore granted for shares entitled to the full dividend (a total amount of €46 million). This dividend was paid on 20 November 2018. After deduction of the withholding tax of 15 %, the net dividend per share amounted to €2.125. The payment conditions of the dividend are described in section 3.8.2 of the interim Board of Directors' Report.



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6.14. Note 14: subsequent events

No significant subsequent events require to be mentioned in these Condensed Consolidated Financial Statements, with the exception of the following item:

- On 1 February 2019, Aedifica acquired a portfolio of 92 healthcare properties in the United Kingdom, as announced in the press release of 21 December 2018 (see section 3.4.1 of the interim Board of Directors' Report).

6.15. Note 15: related party transactions

Related party transactions (as defined under IAS 24 and by the Belgian Companies Code) relate exclusively to the remuneration of the members of the Board of Directors and the Management Committee (€1,555 thousand for the first half of the 2018/2019 financial year; €1,429 thousand for the first half of the 2017/2018 financial year).

(x €1,000)	31/12/2018	31/12/2017
Short-term benefits	1,416	1,298
Post-employment benefits	96	91
Other long-term benefits	0	0
Termination benefits	0	0
Share-based payments	43	40
Total	1,555	1,429

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

The Company has committed to acquire the non-controlling shareholdings (6 % of the share capital) owned by third parties in Aedifica Luxembourg I SCS, Aedifica Luxembourg II SCS, Aedifica Luxembourg III SCS, Aedifica Luxembourg IV SCS, Aedifica Luxembourg V SCS, Aedifica Luxembourg VI SCS and Aedifica Residenzen Nord GmbH, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the 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 many years, Aedifica has used Alternative Performance Measures in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015 in its financial communication. Some of these APM are recommended by the European Public Real Estate Association (EPRA) and others have been defined by the industry or by Aedifica in order to provide readers with a better understanding of the Company's results and performance. The APM used in this 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, nor are those which are not based on the consolidated income statement or the balance sheet. In this appendix, the APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements.



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Note 17.1: Investment properties

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

(x €1,000)	31/12/2018	30/06/2018
Marketable investment properties	1,901,575	1,701,280
+ Development projects	57,334	35,183
Investment properties	1,958,909	1,736,463
+ Assets classified as held for sale	5,220	4,070
Investment properties including assets classified as held for sale*, or real estate portfolio*	1,964,129	1,740,533
- Development projects	-57,334	-35,183
Marketable investment properties including assets classified as held for sale*, or investment properties portfolio	1,906,795	1,705,350

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

(x €1,000)	31/12/2018	31/12/2017
Rental income	50,798	44,478
- Scope changes	-7,476	-1,863
= Rental income on a like-for-like basis*	43,322	42,615

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

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

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



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31 December 2018

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
Rental income (a)	43,519	5,182	2,105	0	-8	50,798
Net rental income (b)	43,514	5,195	2,105	0	-8	50,806
Property result (c)	43,379	4,786	2,101	0	-8	50,258
Property operating result (d)	42,352	3,755	2,095	0	-8	48,194
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	42,261	3,766	2,094	-5,986	0	42,135
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						83%
Operating charges* (e)-(b)						8,671

31 December 2017

(x €1,000)	Healthcare real estate	Apartment buildings	Hotels	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
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)	36,443	3,437	2,461	-7	-99	42,235
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	36,311	3,422	2,429	-4,977	0	37,185
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						84%
Operating charges* (e)-(b)						7,266

^o 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 Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	31/12/2018	31/12/2017
XX. Financial income	391	17
XXI. Net interest charges	-7,542	-7,124
XXII. Other financial charges	-1,483	-724
Financial result excl. changes in fair value of financial instruments*	-8,634	-7,831



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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 Aedifica's financial statements, may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	31/12/2018	31/12/2017
XXI. Net interest charges	-7,542	-7,124
Capitalised interests	511	193
Annualised net interest charges (a)	-14,756	-13,938
Net interest charges before annualised capitalised interests (b)	-15,756	-14,316
Weighted average financial debts (c)	811,878	659,026
Average effective interest rate* (a)/(c)	1.8%	2.1%
Average effective interest rate before capitalised interests* (b)/(c)	1.9%	2.2%

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 Aedifica's financial statements, may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	31/12/2018	30/06/2018
Equity attributable to owners of the parent	957,872	941,647
- Effect of the distribution of the 2017/2018 dividend	0	-45,502
Sub-total excl. effect of the distribution of the 2017/2018 dividend	957,872	896,145
- Effect of the changes in fair value of hedging instruments	36,467	35,439
Equity excl. changes in fair value of hedging instruments*	994,339	931,584

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



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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 has previously been used in Aedifica's financial communication. It is calculated as follows:

EPRA Earnings*	31/12/2018	31/12/2017
<i>x €1,000</i>		
Earnings (owners of the parent) per IFRS income statement	38,768	36,424
Adjustments to calculate EPRA Earnings*, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	-13,095	-8,989
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	70	-172
(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	132	0
(vi) Changes in fair value of financial instruments and associated close-out costs	187	523
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	1,845	549
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	3,833	0
Roundings	-1	0
EPRA Earnings* (owners of the parent)	31,739	28,335
Number of shares (Denominator IAS 33)	18,255,720	17,975,805
EPRA Earnings* per Share (EPRA EPS* - in €/share)	1.74	1.58



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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)	31/12/2018	30/06/2018
<i>x €1,000</i>		
NAV per the financial statements (owners of the parent)	957,872	896,145
NAV per the financial statements (in €/share) (owners of the parent)	51.94	49.24
Effect of exercise of options, convertibles and other equity interests (diluted basis)	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	957,872	896,145
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	36,467	35,439
(v.a) Deferred taxes	7,515	6,211
(v.b) Goodwill as a result of deferred taxes	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV* (owners of the parent)	1,001,854	937,795
Number of shares (Denominator IAS 33)	18,441,426	18,200,829
EPRA NAV* (in €/share) (owners of the parent)	54.33	51.52

The EPRA NAV* values in euro and euro per share as of 30 June 2018 (presented in the table above) were adjusted by €45,502 thousand (or €2.50 per share) in comparison to the figures published in the 2017/2018 Annual Financial Report, so that they can be compared with the values as of 31 December 2018 (see footnote 17 in section I.6.3 above). This adjustment corresponds to the 2017/2018 gross dividend, which was distributed in November 2018 (see Note 17.6).



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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)	31/12/2018	30/06/2018
<i>x €1,000</i>		
EPRA NAV* (owners of the parent)	1,001,854	937,795
Include:		
(i) Fair value of financial instruments	-36,467	-35,439
(ii) Fair value of debt	-4,733	-6,866
(iii) Deferred taxes	-7,515	-6,211
EPRA NNNAV* (owners of the parent)	953,139	889,279
Number of shares (Denominator IAS 33)	18,441,426	18,200,829
EPRA NNNAV* (in €/share) (owners of the parent)	51.68	48.86

The EPRA NAV* values in euro and euro per share as of 30 June 2018 (presented in the table above) were adjusted by €45,502 thousand (or €2.50 per share) in comparison to the figures published in the 2017/2018 Annual Financial Report, so that they can be compared with the values as of 31 December 2018 (see footnote 17 in section I.6.3 above). This adjustment corresponds to the 2017/2018 gross dividend, which was distributed in November 2018 (see Note 17.6).



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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*	31/12/2018	31/12/2017
<i>x €1,000</i>		
Administrative/operating expense line per IFRS statement	-8,663	-7,293
<i>Rental-related charges</i>	8	-27
<i>Recovery of property charges</i>	50	41
<i>Rental charges and taxes normally paid by tenants on let properties</i>	-598	-486
<i>Technical costs</i>	-722	-708
<i>Commercial costs</i>	-218	-289
<i>Charges and taxes on unlet properties</i>	-81	-91
<i>Property management costs</i>	-846	-557
<i>Other property charges</i>	-197	-126
<i>Overheads</i>	-6,083	-5,023
<i>Other operating income and charges</i>	24	-27
EPRA Costs (including direct vacancy costs)* (A)	-8,663	-7,293
<i>Charges and taxes on unlet properties</i>	81	91
EPRA Costs (excluding direct vacancy costs)* (B)	-8,582	-7,202
Gross Rental Income (C)	50,798	44,478
EPRA Cost Ratio (including direct vacancy costs)* (A/C)	17%	16%
EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)	17%	16%
Overhead and operating expenses capitalised (including share of joint ventures)	0	0

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 2018 and for the 6 month period then ended

Introduction

We have reviewed the accompanying interim consolidated balance sheet of Aedifica SA (the "Company"), and its subsidiaries as at 31 December 2018 and the related interim consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 with 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, 19 February 2018

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

Joeri Klaykens
Partner[°]
[°] 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 of Aedifica'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 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 Dutch language text and is made for information purposes only. In case of inconsistency with the Dutch version or inaccuracy of the Dutch translation, the Dutch text shall prevail.



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This half year financial report is also available in French and Dutch⁴⁴.

Auditor	Ernst & Young Réviseurs d'Entreprises SCCRL, represented by Joeri Klaykens, Partner
Valuation experts	Cushman & Wakefield Belgium SA, Deloitte Consulting & Advisory SCRL, IP Belgium SPRL, CBRE GmbH, DTZ Zadelhoff VOF and Savills Consultancy BV
Financial year	1 July - 30 June

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⁴⁴ The Dutch version of this document has true value. The English and French versions are translations and were written under Aedifica's supervision.