

PRESS RELEASE
Regulated information

5 September 2017 – After closing of markets
Under embargo until 17:40 CET

AEDIFICA

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

Annual press release: 2016/2017 annual results

- Real estate portfolio* of €1.5 billion as of 30 June 2017
- 30 % increase in EPRA Earnings* per share as compared to 30 June 2016
- Investments totalling €371 million realised or announced since the €219 million capital increase of March 2017
- Healthcare real estate now represents almost 82 % of the portfolio, or €1,244 million spread over 110 sites in three countries:
 - €891 million in Belgium (72 sites)
 - €209 million in Germany (22 sites)
 - €145 million in The Netherlands (16 sites)
- Occupancy rate for the year ended 30 June 2017: 98.7 % for the unfurnished portion of the portfolio and 73.5 % for the furnished portion
- Weighted average lease term: 20 years
- 40.8 % debt-to-assets ratio as of 30 June 2017
- €10 million increase in the fair value of investment properties incl. assets classified as held for sale* recognised in the income statement for the 2016/2017 financial year
- Proposed gross dividend distribution of €2.25 per share, a 7 % increase, representing a statutory pay-out ratio of 82 %

* Alternative Performance Measure (APM) in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. Since many years, Aedifica uses in its financial communication Alternative Performance Measures according to the guidelines issued by the ESMA. 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 press release are identified with an asterisk (*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. The APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements, in Appendix 5 below.



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1. Summary of the activities of the 2016/2017 financial year

Aedifica's investment strategy is mainly built on the strength of the demographic trend toward population ageing in Europe. This strategy has contributed to the market's confidence in Aedifica, as demonstrated by the increasing stock price, which rose from €69.68 (30 June 2016) to €76.37 (30 June 2017).

The 2016/2017 financial year unfolded in two phases:

- the first half year was marked by a significant increase of the Company's healthcare real estate portfolio, in Belgium as well as in Germany and The Netherlands. The acquisition of 20 sites led Aedifica to surpass the threshold of 100 senior housing sites just prior to 31 December 2016, with a consolidated debt-to-assets ratio of 54.0 % (42.5 % at the beginning of the financial year);
- the second half year was marked by the €219 million capital increase which was successfully completed on 28 March 2017 and followed by a series of new investments soon after, again in the senior housing segment. The acquisitions carried out by the Group since this capital increase are listed in the table below. At the end of the financial year, the consolidated debt-to-assets-ratio (which had dropped to 39.5 % after the capital increase) gradually increased to 41 %, while the senior housing portfolio expanded to 110 sites with a capacity of more than 10,000 residents.

(in € million)		Marketable investment properties		Development projects	Total
		carried out	subject to outstanding conditions		
Martha Flora Hilversum	The Netherlands	2	-	6	8
Villa Walgaerde ¹	The Netherlands	4	-	-	4
La Ferme Blanche ¹	Belgium	6	-	-	6
Het Gouden Hart	The Netherlands	7	-	-	7
Huize Dennehof	The Netherlands	1	-	-	1
Prinsenhof ¹	Belgium	4	-	-	4
Op Haanven ¹	Belgium	2	-	-	2
LTS	The Netherlands	2	-	10	12
Het Gouden Hart van Leersum	The Netherlands	2	-	4	6
Residentie Blaret	Belgium	21	-	-	21
Oeverlanden	The Netherlands	12	-	-	12
Seniorenresidenz Laurentiusplatz	Germany	5	-	3	8
Seniorenheim am Dom	Germany	9	-	-	9
Huize De Compagnie	The Netherlands	2	-	6	9
Rendant (portfolio)	The Netherlands	-	-	40	40
Specht Gruppe (portfolio)	Germany	-	-	200	200
Huize Hoog Kerckebosch	The Netherlands	8	-	-	8
Villa Temporis (phase II) ¹	Belgium	2	-	-	2
Molenenk ¹	The Netherlands	11	-	-	11
Total as of 5 September 2017		102	0	269	371

¹ Realisations of previously concluded agreements.

Since the beginning of the 2016/2017 financial year, the fair value of marketable investment properties including assets classified as held for sale* increased by €397 million (i.e. +35 %), reaching €1,528 million (€1,131 million at the beginning of the period).



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In addition to its investment activities, Aedifica strives for optimal management of its real estate portfolio. The Company's portfolio provides for excellent rental incomes (a 32 % increase), an increasing EBIT margin* (83 %), and a well-controlled financial result excl. changes in fair value*. The EPRA Earnings* has reached €48.0 million (30 June 2016: €34.3 million, an increase of 40 %), i.e. €3.15 per share (30 June 2016: €2.43 per share), an increase of 30 %. The increase of the EPRA Earnings* per share was achieved despite the immediate dilutive (but temporary) effect of the capital increase of 28 March 2017. This result (absolute and per share) is greater than the forecast presented in the Securities Note of the aforementioned capital increase.

Of the items that have had no effect on the level of the proposed dividend, the change in the fair value of investment properties (as valued by independent experts) gave rise to unrealised capital gains (non-cash) for which more than €10 million has been recognised in the income statement. Fluctuations in the interest rates on the financial markets resulted in €6 million in unrealised capital gains (non-cash) on hedging instruments.

Taking these items into account, Aedifica's total profit amounts to €63 million (30 June 2016: €40 million).

Given the performance and achievements described above, Aedifica's Board of Directors proposes to the Annual General Meeting to distribute a gross dividend of €2.25 per share (subject to a reduced withholding tax rate of 15 %), in line with forecast. This is an increase of 7% compared to the prior year dividend distribution and above the budget. As a reminder, the dividend for the 2016/2017 financial year will be allocated over two coupons (coupon No.17 already detached and estimated at €1.66; coupon No.18 attached to the outstanding shares and estimated at €0.59).

Given the low consolidated debt-to assets ratio, a result of the successful March 2017 capital increase, the Company is set to continue on its path, pursuing continued growth at the pace shareholders have enjoyed since its IPO in October 2006. New investment opportunities for 2017/2018 were already under negotiation in Belgium, Germany and The Netherlands at the end of the 2016/2017 financial year; the acquisitions for an amount of €257 million, announced since 1 July 2017, provide excellent examples. These potential investments are fully aligned with Aedifica's investment strategy, which is highly favoured by the market. Before even considering new opportunities in Belgium, Germany and The Netherlands, the Company's future growth is ensured given its existing commitments to acquire, renovate, extend, and/or redevelop multiple sites. These projects fit perfectly with Aedifica's strategy in the senior housing segment, which aims to improve existing sites and to develop new projects in partnership with tenants/operators. As of 30 June 2017, the pipeline for these types of projects represented a total committed budget of approx. €122 million, to be invested over a three-year period. This strategy allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields.

The Board of Directors expects a higher dividend for 2017/2018, at €2.50 gross per share (subject to a reduced withholding tax rate of 15 %), an 11 % increase.



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2. Operations carried out before and after the 30 June 2017 closure

2.1. Operations carried out before the 30 June 2017 closure

2.1.1. Investments in Belgium

- Acquisition of a portfolio of 8 senior housing sites

On 19 August 2016, Aedifica acquired a portfolio of eight senior housing sites in Belgium given fulfilment of the outstanding conditions, announced in the press release of 24 May 2016. Aedifica took control of seven sites through the acquisition of real estate companies, and of one site through an asset deal. The portfolio comprises eight rest homes which are intended for seniors requiring continuous care and located in the Belgian provinces of Antwerp, Limburg and Flemish Brabant. All sites were built or redeveloped between 1996 and 2016. The Oosterzonne rest home is located in the centre of Zutendaal (8,000 inhabitants, Province of Limburg). The building comprises 82 units. The De Witte Bergen rest home is located in Lichtaart, a part of Kasterlee (18,000 inhabitants, Province of Antwerp). The site comprises 119 units. The Seniorenhof rest home is located in Tongeren (31,000 inhabitants, Province of Limburg) and comprises 52 units; the site also offers extension potential. The Beerzelhof rest home is located in Beerzel, a part of Putte (17,000 inhabitants, Province of Antwerp) and comprises 61 units. The Uilenspiegel rest home is located in Genk (65,000 inhabitants, Province of Limburg) and comprises 97 units; the site also offers extension potential. The Coham rest home is located in Ham (11,000 inhabitants, Province of Limburg) and comprises 120 units; the site also offers extension potential. The Sorgvliet rest home is located in Linter (7,000 inhabitants, Province of Flemish Brabant) and comprises 83 units. The Ezeldijk rest home is located in Diest (23,000 inhabitants, Province of Flemish Brabant) and comprises 105 units. The cumulated contractual value of these eight sites amounts to approx. €97 million. The operation was financed in part using Aedifica's credit facilities and partly through the takeover of existing credit facilities. The operator of the rest homes is the non-profit organisation ASBL Foyer de Lork. The group Senior Living Group took control over ASBL Foyer de Lork. The leases for these eight sites are irrevocable triple net long leases, which generate initial gross yields of more than 5 %. The contractual value amounts to approx. €97 million.

- Acquisition of a rest home in Glabbeek (Province of Flemish Brabant)

On 30 September 2016, Aedifica announced the acquisition of a senior housing site in Glabbeek via the acquisition (by Aedifica and its subsidiary Aedifica Invest SA) of 100 % of the shares of WZC Arcadia SPRL. This operation is a part of the agreement in principle (announced on 12 June 2014) for acquisition of a portfolio of five rest homes in the Province of Flemish Brabant in collaboration with B&R (the construction group). Residentie Den Boomgaard is well located in the centre of the Glabbeek commune (5,000 inhabitants, Province of Flemish Brabant), approx. 20 km from Leuven. The building can welcome 90 residents. The acquisition has been financed using Aedifica's credit facilities. The operator of the site is an entity of the Vulpia Group. The contract established for the rest home is an irrevocable 27-year triple net long lease. The initial gross yield amounts to approx. 5.5 % for a contractual value of approx. €12 million.



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- Acquisition of a rest home in Anderlecht (Brussels-Capital Region)

On 8 December 2016, Aedifica announced the acquisition of a rest home in Brussels, given fulfilment of the outstanding conditions announced in the press release of 28 June 2016. Les Jardins de la Mémoire is situated in Anderlecht (115,000 inhabitants, Brussels-Capital Region). The site benefits from an excellent location on the Université libre de Bruxelles (“ULB”) campus, where the Erasmus Hospital is also located. The rest home is specialised in caring for dementia patients. The building was constructed in 2005. Les Jardins de la Mémoire can welcome 110 residents, in 70 single rooms and 20 double rooms. This investment was carried out by the contribution in kind of the ownership of the building and the emphyteusis on the land, as well as by the takeover of an existing credit facility. The plot of land on which the building is situated is the subject of an 83-year long lease. The ULB holds the bare ownership of this plot of land. The transaction was financed in part through the issuance of 65,952 new Aedifica shares for an amount of approx. €4 million and partly through the takeover of an existing credit facility of approx. €7 million. The new shares are fully paid-up, with no par value. These shares are quoted on the stock market as of 12 December 2016 and will give dividend rights for the 2016/2017 financial year, provided that the contributor has assumed the expected dividend for the period from 1 July 2016 to 8 December 2016. The operator of the site is Les Jardins de la Mémoire ASBL, which became an entity of the group Senior Living Group during the summer of 2016. The contract established for the rest home is an irrevocable triple net long lease. The initial gross yield amounts to approx. 6 % for a contractual value of approx. €11 million.

- Acquisition of a rest home in Sint-Genesius-Rode (Province of Flemish Brabant)

On 30 May 2017, Aedifica announced the acquisition of a senior housing site in Belgium. The Residentie Blaret rest home benefits from an excellent location in a residential area of Sint-Genesius-Rode (18,000 inhabitants, Province of Flemish Brabant). The site features a former farmhouse (a protected monument which dates from the 19th century) which was extended and entirely redeveloped into a modern residential care facility serving the middle to high-end market segment, oriented toward seniors requiring on-going assistance. The rest home lies within a large private park with a pond and includes a physical therapy room, a restaurant and an underground parking lot. The site was completed in 2017 and is able to welcome 107 residents in an exceptional environment. Aedifica SA/NV acquired the full property of the site. The contractual value amounts to approx. €21 million (including VAT). The operation was financed using Aedifica’s credit facilities. The site is operated by an entity of the Vulpia group. The lease established for this site is an irrevocable 27-year triple net long lease. The initial gross yield amounts to approx. 5 %.



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2.1.2. Investments in Germany

- Acquisition of a portfolio of 5 senior housing sites

On 1 September 2016, Aedifica announced the acquisition of a portfolio of five rest homes in Germany, following the fulfilment of the outstanding conditions announced in the press release of 6 July 2016. The purchase price was paid in full, thus Aedifica SA controls henceforth the two Luxemburg companies that own the five sites. The operation was financed using Aedifica's credit facilities. The portfolio comprises five rest homes in the German states of Berlin, Bavaria and Saxony-Anhalt. All buildings were built between 2001 and 2003, with the exception of Frohnau rest home. The Am Kloster rest home is located at the outskirts of the city centre of Halberstadt (40,000 inhabitants, State of Saxony-Anhalt), 55 km southwest of Magdeburg. The site was built in 2003 and can welcome 136 residents. The Rosenpark rest home is located in Uehlfeld, a village near Höchstadt (13,000 inhabitants, State of Bavaria), at 40 km from Nuremberg. The rest home was built in 2003 and can welcome 79 residents. The Patricia rest home is located in a residential area in Nuremberg (500,000 inhabitants, State of Bavaria). The rest home was built in 2003 and can welcome 174 residents. The St. Anna rest home is located in a residential area at the outskirts of the historic centre of Höchstadt (13,000 inhabitants, State of Bavaria). The rest home was built in 2002 and can welcome 161 residents. The Frohnau rest home is located in Berlin (3,600,000 inhabitants, State of Berlin) in the area of Frohnau and can welcome 107 residents. The rest home was originally built in 1969 and subsequently renovated and expanded in 1992. The location and size of the site also offer future extension potential. The operator of the rest homes is the Vitanas group. The leases for these five sites are new irrevocable long leases. Initial gross yields amount to more than 6 % for a contractual value of approx. €60 million.

- Acquisition of a rest home in Berlin (State of Berlin)

On 15 December 2016, Aedifica announced the acquisition of a rest home in Germany. The Residenz Zehlendorf rest home is located in Zehlendorf (59.000 inhabitants, State of Berlin), a green, residential area of Berlin city (3,600,000 inhabitants). The rest home benefits from an excellent location near two parks and a hospital. It was built in 1984 and renovated in 1993 and 2002. A complete renovation of the site is planned, allowing the building to meet current and future comfort and conformity requirements. The site will be renovated in phases to enable operations to continue during works. Upon completion of this renovation, the building will be able to welcome 145 residents. The investment budget for the project amounts to approx. €5 million. Completion of the works is expected in 2019. This investment was realised through the acquisition of the control of a company based in Luxemburg, which currently owns the building. The operation was financed using Aedifica's credit facilities. The rest home is rented and operated by Residenz Zehlendorf Kranken- und Pflegeheim GmbH, a subsidiary of the Aaetas group. The contract established for the rest home is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7 %. The contractual value amounts to approx. €8 million. In time, Aedifica's total investment (including the renovation), will amount to approx. €13 million.



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- Acquisition of a senior housing site in Wuppertal-Elberfeld (State of North Rhine-Westphalia)

On 31 May 2017, Aedifica announced an agreement for the acquisition of a senior housing site in Germany. This agreement was subject to outstanding conditions, which have been fulfilled on 30 June 2017. The purchase price has been paid and Aedifica SA/NV has acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities. The Seniorenresidenz Laurentiusplatz senior housing site benefits from an excellent location in the centre of Wuppertal-Elberfeld (350,000 inhabitants, State of North Rhine-Westphalia). The office building (a protected monument which dates from the 19th century) was renovated and redeveloped into a residential care facility in 1998. The site has a capacity of 79 units, including 69 units intended for seniors opting to live independently with care services available on demand and 10 units for seniors requiring continuous care (rest home rooms). Aedifica has budgeted approx. €3 million for renovation works. Operations of the site will continue during renovation works. Completion of the works is expected by the end of 2018. The contractual value amounts to approx. €5 million. In time, Aedifica's total investment (including the renovation), will amount to approx. €8 million. The site is operated by an entity of the Medeor Seniorenresidenzen group (Seniorenresidenz Laurentiusplatz GmbH). The lease established for the site is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 6.5 %.

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

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



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2.1.3. Investments in The Netherlands

- Acquisition of a portfolio of 3 senior housing sites

On 14 September 2016, Aedifica announced the acquisition of a portfolio of three senior housing sites in The Netherlands. The portfolio comprises three senior housing sites in the Dutch provinces of Limburg and North Brabant. The Parc Imstenrade residence is located in Heerlen (87,000 inhabitants, Province of Limburg), approx. 20 km East of Maastricht. The site comprises multiple buildings dedicated for senior housing and care. The main building (a protected monument built in 1923, originally operated as a maternity hospital with a midwifery school) was entirely redeveloped as a senior housing site and expanded with addition of a new wing in 2000. Another new building was added to the site in 2007. Parc Imstenrade comprises 240 apartments for seniors, a care hotel in a separate building that comprises ten rooms and a wing for hospital care (“verpleeghuis”) comprising 13 units for seniors suffering from dementia. Moreover, the site (gross aboveground floor area of approx. 47,500 m²) contains several common areas, a restaurant, a convenience store, a physiotherapist’s office and approx. 380 above and underground parking spaces. The senior apartments are primarily rented out in the non-subsidised sector, but some apartments which are also offered in the subsidised sector. The site also contains plots of land which offer future extension potential. The Genderstate residence is located in Gestel, a residential area at the outskirts of Eindhoven’s city centre (225,000 inhabitants, Province of North Brabant). The site comprises two buildings and benefits from an excellent location in a green area next to public Genderpark park. The Genderstate residence is part of a larger site that offers several services and housing possibilities specifically for seniors in subsidised and non-subsidised sectors. Both buildings on the site were constructed in the early 2000s. The Genderstate residence (gross aboveground floor area of approx. 7,500 m²) contains 44 senior apartments (non-subsidised sector rentals) and approx. 45 above and underground parking spaces. The Petruspark residence is located in a residential area on the North side of Eindhoven (Province of North Brabant). The building was constructed in 1991 around a vast courtyard. The site (gross aboveground floor area of approx. 20,000 m²) comprises 139 senior apartments (non-subsidised rentals), a restaurant, several common areas and approx. 100 underground parking spaces. About half of the apartments were recently renovated and the other half will be renovated in the near future. Aedifica has allocated a budget amounting to €2 million to fund this ongoing renovation. These three sites are primarily or entirely focused on senior housing in the form of apartments that offer care services on-demand. The buildings weren’t designed as traditional rest homes (with rooms), rather, they were designed as classic apartment complexes, but with inclusion of specific accessibility features, common areas (e.g. restaurants, community spaces) and specialised facilities (e.g. on-call nursing services). Care and other services are optional for the residents. Nursing care is available on demand (as indicated by the presence of a wing for hospital care for seniors suffering from dementia in Parc Imstenrade). Consequently, these buildings offer a range of alternative usages, whether directed toward care services, traditional rentals, or sale on the private residential market. Aedifica Nederland BV, a 100 % Dutch subsidiary of Aedifica SA, acquired the full property of the three sites. The contractual value of this portfolio amounts to approx. €73 million, including plots of land amounting to €1.5 million. The initial yields for the existing buildings amount to approx. 5.5 %. The operation was financed using Aedifica’s credit facilities. The operator of the three sites is Stichting Vitalis Residentiële Woonvormen. This foundation is part of the Vitalis WoonZorg Groep, a group of foundations that has been active in the senior care and housing market since 1969 (and since 1999 under the name of Vitalis). Stichting Vitalis Residentiële Woonvormen sublets the apartments to residents and/or parts of the buildings to specialised operators (e.g. Stichting Vitalis Zorg Groep). Stichting Vitalis Zorg Groep (a foundation which is part of Vitalis



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WoonZorg Groep, but separated from Stichting Vitalis Residentiële Woonvormen) has committed itself to provide care services to the residents of the three sites for the duration of the lease period with Aedifica. The leases established with Stichting Vitalis Residentiële Woonvormen for these three sites are 15-year long leases (irrevocable by operator).

- Acquisition of a care residence in Vleuten (Province of Utrecht)

On 21 December 2016, Aedifica announced the acquisition of a senior housing site in The Netherlands. The Spes Nostra care residence is a small-scale residential care facility in the mid- to high-end market segment and is intended for seniors requiring continuous care. The site is located in Vleuten (7,000 inhabitants), an area near the historic centre of the city of Utrecht (340,000 inhabitants, Province of Utrecht). The building is a former convent, constructed in the 1950s, which was entirely redeveloped into a modern residential care facility for seniors. Transformation works were completed in November 2016. The site can welcome 30 residents. It also offers extension potential. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the Spes Nostra site. The contractual value amounts to approx. €7 million. The operation was financed using Aedifica's credit facilities. The site is operated by the Stepping Stones Home & Care group. The lease established for this site is an irrevocable 20-year triple net long lease, which generates an initial gross yield of approx. 7 %. The acquisition of Spes Nostra marks the 100th senior housing site in Aedifica's portfolio.

- Acquisition of a senior housing site in Oude Pekela (Province of Groningen)

On 19 January 2017, Aedifica announced the acquisition of a new senior housing site in the Netherlands. The Het Dokhuis care residence benefits from an excellent location in the centre of Oude Pekela (8,000 inhabitants, Province of Groningen), approx. 35 km from the city of Groningen. The site was completed in 2016 and comprises a medical centre and a care residence. The medical centre (situated on the ground floor) includes a pharmacy, a general practitioners' office, a physical therapists' office, a psychologists' office and a centre for medical analysis. The care residence (situated on the first and second floors) is a small-scale residential care facility and is intended for seniors requiring continuous care. It can welcome 32 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the site. The contractual value amounts to approx. €5 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by Stichting Oosterlengte. The medical centre is operated by several tenants. The lease established for the care residence is an irrevocable 15-year double net long lease. The leases established with the medical centre's five operators are irrevocable double net leases with a weighted average residual maturity of 14 years. In accordance with these double net leases, the owner will assume responsibility for the building's insurance costs and local taxes. A part of the building's maintenance costs is borne by the owner as well. However, (complete) maintenance of the building will be covered by the seller for a 10-year period in accordance with a specific management agreement. The initial gross (double net) yield amounts to approx. 7.5 %.



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- Acquisition of a care residence to be constructed in Hilversum (Province of North Holland)

On 31 March 2017, Aedifica announced an agreement for the acquisition of a senior housing site to be constructed in The Netherlands. This agreement was subject to one outstanding condition, which has been fulfilled on 23 May 2017. The Martha Flora Hilversum care residence will benefit from an excellent location in a residential area in the city centre of Hilversum (88,000 inhabitants, Province of North Holland). The site features a former office building which will be entirely redeveloped into a modern residential care facility for seniors requiring continuous care, in particular seniors suffering from dementia. The building is expected to be completed during the first half of 2018 and will be able to welcome 33 residents. On 23 May 2017, Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the plot of land (for a contractual value of approx. €2 million). The construction project will be carried out by Aalberts Bouw BV and delivered turnkey to Aedifica on behalf of Aalberts Ontwikkeling BV. The contractual value amounts to approx. €8 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by the Martha Flora group. The lease that was established for this site is an irrevocable 25-year triple net long lease, which will generate an initial gross yield of approx. 7 %.

- Acquisition of a care residence in Hilversum (Province of North Holland)

On 31 March 2017, Aedifica confirmed the acquisition of a senior housing site in The Netherlands, as announced in the press release of 1 March 2016. The Villa Walgaerde care residence is a small-scale residential care facility in the high-end market segment and is intended for seniors requiring continuous care. It is located in Hilversum (88,000 inhabitants, Province of North Holland) and benefits from an excellent location in a green, residential area at the outskirts of the city centre. The building is a protected monument which was entirely transformed into a modern residential care facility. Transformation works were completed in March 2017. Villa Walgaerde is able to welcome 15 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value amounts to approx. €4 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by Domus Magnus. The lease established for this site is an irrevocable 20-year triple net long lease, which generates an initial gross yield of approx. 7 %.

- Acquisition of two care residences in Kampen and Driebergen (Provinces of Overijssel and Utrecht)

On 4 April 2017, Aedifica announced the acquisition of two senior housing sites in The Netherlands. The Het Gouden Hart care residence is a small-scale residential care facility in the middle to high-end market segment, intended for seniors requiring continuous care. The site (a protected monument which dates from 1854) benefits from an excellent location in the historical centre of Kampen (35,000 inhabitants, Province of Overijssel). The building, which previously housed a barracks and subsequently a university, was entirely transformed into a modern residential care facility. Transformation works were carried out by Schagen Groep and were completed in early April 2017. The site comprises a care residence, which is able to welcome 26 residents, and a care hotel (intended for short-term rehabilitative and respite care) with a capacity of 11 residents. The Huize Dennehof care residence is located in Driebergen-Rijsenburg (18,500 inhabitants, Province of Utrecht), at approx. 15 km from the city of Utrecht. The site benefits from an excellent location next to a large park. It is a small-scale residential care facility in the middle to high-end market segment, oriented toward seniors requiring on-going assistance. The care residence is able to welcome 9 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the two sites. The contractual value of the sites amounts to approx. €7 million and



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€1 million, respectively. The operation was financed using Aedifica's credit facilities. Both care residences are operated by Het Gouden Hart BV. The leases established for both sites are irrevocable 20-year triple net long leases, which generate initial gross yields of approx. 7 %.

- Acquisition of a healthcare site to be constructed in Winschoten (Province of Groningen)

On 10 May 2017, Aedifica announced the acquisition of a healthcare site to be constructed, combining senior housing with a medical centre. The LTS healthcare site will benefit from an excellent location in the centre of Winschoten, part of Oldambt (38,500 inhabitants, Province of Groningen). The site features a former school building which will be entirely redeveloped and extended by Vastgoud BV. The site will be completed during the summer of 2018 and will comprise a medical centre, a care residence and apartments for seniors. The medical centre (situated on the ground floor) includes approx. fifteen units which will be rented out to various players in the care sector (i.e. a pharmacy, general practitioner's office, physical therapists' office, etc.). The care residence (situated on the first and second floors) is a small-scale residential care facility and is intended for seniors requiring continuous care. It will be able to welcome 32 residents. Approx. 50 apartments for seniors (situated on the second and third floors) will be rented out to seniors willing to live independently. Care services will be provided on-demand. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the plot of land (for a contractual value of approx. €2 million). The construction project will be carried out and delivered turnkey to Aedifica by Vastgoud BV. The contractual value of this site amounts to approx. €12 million. The operation will be financed using Aedifica's credit facilities. The care residence will be rented out to Stichting Oosterlengte. The medical centre will be operated by several tenants. The senior apartments will be rented out to an entity of the Vastgoud group, which will sublet the apartments to the residents. They will be able to benefit from on-demand care services provided by Stichting Oosterlengte. The lease established for the care residence is an irrevocable 15-year long lease. The leases that will be established with the medical centre's tenants are irrevocable leases for a period of 5 to 15 years. The lease for the senior apartments will be an irrevocable 15-year long lease. In accordance with these leases, the owner will assume responsibility for the building's insurance costs and local taxes. A part of the building's maintenance costs is borne by the owner as well. However, (complete) maintenance of the building will be covered by the seller for a 15-year period in accordance with a specific management agreement. The initial gross yield amounts to approx. 7.5 %.



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- Acquisition of a care residence in Leersum (Province of Utrecht)

On 29 May 2017, Aedifica announced the acquisition of a senior housing site to be constructed in The Netherlands. The future Het Gouden Hart van Leersum care residence will benefit from an excellent location in the centre of Leersum (8,000 inhabitants, Province of Utrecht). The site features a former town hall which will be entirely redeveloped into a modern residential care facility serving seniors requiring continuous care in the middle to high-end market segment. The site will have a capacity of 26 units. Aedifica has budgeted approx. €4 million for renovation works. Completion of the works is expected during the first quarter of 2018. On 29 May 2017, Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value of the site amounts to approx. €2 million. The construction will be carried out by Legemaat van Elst BV and delivered turnkey to Aedifica. Aedifica's total investment (including the renovation) will amount to approx. €6 million. The operation will be financed using Aedifica's credit facilities. The care residence will be operated by Het Gouden Hart. The lease established for this site is an irrevocable 20-year triple net long lease. The initial gross yield amounts to approx. 6.5 %.

- Acquisition of a healthcare site in Meppel (Province of Drenthe)

On 30 May 2017, Aedifica announced the acquisition of a healthcare site in The Netherlands. The Oeverlanden healthcare site is located in the centre of Meppel (33,000 inhabitants, Province of Drenthe) near the Wilhelminapark. The site comprises 140 housing units, including 92 apartments intended for seniors requiring either low care service levels or continuous care, 48 apartments catering to disabled people, and several common areas (e.g. conference rooms, recreation rooms, therapy rooms, a store, a hairdresser, a bar, etc.). The buildings were constructed in 1970, 2004 and 2012. After previous renovation works in 2001 and 2016, the tenant will soon continue the site's renovation. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA/NV, acquired the full property of the site. The contractual value of this site amounts to approx. €12 million. The operation was financed using Aedifica's credit facilities. The site is rented out to Zorggroep Noorderboog, a foundation (a Dutch not-for-profit organisation) set up following the merger between the Noorderboog foundation and the De Stouwe foundation. Part of the site (including 48 apartments) is sublet by Zorggroep Noorderboog to Promens Care, a Dutch foundation offering support to disabled people. The lease established for this site with Zorggroep Noorderboog is an irrevocable 18-year long lease, which generates an initial gross yield of approx. 6.5 %. In accordance with this lease, the tenant assumes responsibility for (complete) technical maintenance costs.



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2.1.4. Sites available for use after renovation and extension works

- Hasselt (Province of Limburg, Belgium)

On 30 September 2016, Aedifica announced that the Villa Temporis senior housing site (located in Hasselt, 76,000 inhabitants, Province of Limburg, Belgium) is available for use following completion of phase I of the extension project. Phase I of the extension involved the construction of a new rest home with a capacity of 63 units. The 40 existing assisted-living apartments will be completely renovated during phase II. Villa Temporis is well located in a residential area, near the centre of Hasselt. The rest home was acquired in 2014 and is rented out to an entity of the Vulpia group on the basis of a 27-year long lease. The lease generates an initial triple net yield of approx. 5.5 %. The contractual value of the site upon completion of phase I amounts to approx. €12 million (i.e. a contractual value of approx. €5 million for the existing building and plot of land and an invested budget of approx. €7 million for the construction project). The remaining investment budget for phase II amounts to approx. €2 million.

- Mont-Saint-Guibert (Province of Walloon Brabant, Belgium)

On 30 September 2016, Aedifica announced that a new building on the Au Bon Vieux Temps senior housing site (located in Mont-Saint-Guibert, 7,000 inhabitants, Province of Walloon Brabant, Belgium) is available for use. The construction included a rest home with a capacity of 79 units and 25 assisted-living apartments. Au Bon Vieux Temps is well located in the vicinity of the centre of Mont-Saint-Guibert. The site was acquired in 2008 and is rented out to an entity of the group Senior Living Group on the basis of a long lease, generating an initial triple net yield of approx. 6 %. The investment budget for the extension amounted to approx. €10 million.

- Hasselt (Province of Limburg, Belgium)

On 19 January 2017, Aedifica announced that the Vinkenbosch rest home (located in Hasselt, 76,000 inhabitants, Province of Limburg, Belgium) is available for use following completion of phase I of the extension project. Phase I of the extension involved the construction of a new rest home with a capacity of 80 units. During phase II, the initial building will be entirely redeveloped into a rest home with 30 units. After phase II (which is expected to start in 2017 and to be completed in 2018), the total capacity of the site will reach 110 units. Vinkenbosch is well located in a residential area in the centre of Kermt, part of Hasselt. The rest home was acquired in 2015 (see press release of 1 October 2015) and is rented out to an entity of Senior Living Group on the basis of a long lease which generates a triple net yield of approx. 5.5 %. The contractual value of the site upon completion of phase I amounts to approx. €15 million.

- Remicourt (Province of Liège, Belgium)

On 31 March 2017, Aedifica announced that the La Ferme Blanche rest home, located in Remicourt (6,000 inhabitants, Province of Liège, Belgium) is available for use following completion of transformation and extension works. Works included a complete renovation and the construction of a new wing to bring the capacity of the site to 90 units. The La Ferme Blanche rest home is located in a residential area of Pousset, part of Remicourt. The site was acquired in 2014 (see press release of 18 December 2014) and is rented out to an entity of the Vulpia group on the basis of a long lease which generates a triple net yield of approx. 5.5 %. The contractual value of the site after works amounts to approx. €10 million (i.e. a contractual value of approx. €4 million for the existing building and plot of land, and approx. €6 million for the transformation and extension works).



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- Koersel (Province of Limburg, Belgium)

On 4 April 2017, Aedifica announced that the Prinsenhof rest home, located in Koersel (Province of Limburg, Belgium) is available for use following extension works. Works included the construction of a new wing to bring the total capacity of the site to 91 units. The Prinsenhof rest home is well located in a green area near the centre of Koersel, part of Beringen (45,000 inhabitants). The site was acquired in 2015 (see press release of 17 December 2015) and is operated by WZC Prinsenhof VZW on the basis of a long lease which generates a triple net yield of approx. 6 %. Since 31 March 2017, the contractual value of the site after extension works amounts to approx. €10 million (i.e. a contractual value of approx. €6 million for the existing building and plot of land, and approx. €4 million for the extension works).

- Veerle-Laakdal (Province of Antwerp, Belgium)

On 4 April 2017, Aedifica announced that the Op Haanven rest home (located in Veerle-Laakdal, 16,000 inhabitants, Province of Antwerp, Belgium) is available for use following completion of the last phase of renovation and extension works. Works included renovation of a building and construction of a new wing to bring the total capacity of the site to 111 units. The Op Haanven rest home is located in the centre of Veerle-Laakdal. The site was acquired in 2008 (see press release of 3 June 2008) and is operated by an entity of Senior Living Group on the basis of a long lease which generates a triple net yield of approx. 6 %. The contractual value of the site after the last phase of renovation and extension works amounts to approx. €11 million.

- Kortrijk (Province of West Flanders, Belgium)

The 't Hoge senior housing site in Kortrijk is available for use following completion of phase II of the extension and renovation works during the fourth quarter of 2016/2017. Phase III is still subject to outstanding conditions. Completion of the works is expected during the 2018/2019 financial year. The site is operated by an entity of the group Senior Living Group.

- Kapellen (Province of Antwerp, Belgium)

The Plantijn rest home in Kapellen is available for use following completion of phase I of the extension and renovation works during the fourth quarter of 2016/2017. Completion of the works is expected during the 2019/2020 financial year. The site is operated by an entity of the Armonea group.

- Bruges (Province of West Flanders, Belgium)

The Hotel Martin's Brugge hotel in Bruges is available for use following completion of the works during the fourth quarter of 2016/2017. The site is operated by Martin's Hotels.



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2.1.5. Development projects in progress

As of 30 June 2017, the following development projects are in progress:

- Villa Temporis phase II (renovation of a rest home in Hasselt, Limburg, Belgium);
- Molenenk (construction of a care residence in Deventer, Overijssel, The Netherlands);
- Parc Imstenrade (renovation of a site in Heerlen, Limburg, The Netherlands);
- Petruspark (renovation of a site in Eindhoven, North Brabant, The Netherlands);
- Résidence Les Cheveux d'Argent (extension of a rest home in Sart-lez-Spa, Liège, Belgium);
- Résidence l'Air du Temps (extension and renovation of a rest home in Chênée, Liège, Belgium);
- Het Gouden Hart van Leersum (construction of a care residence in Leersum, Utrecht, The Netherlands);
- Huize Lieve Moenssens (extension and renovation of a rest home in Dilsen-Stokkem, Limburg, Belgium);
- Martha Flora Hilversum (construction of a care residence in Hilversum, North Holland, The Netherlands);
- Bonn (renovation of a rest home in Bonn, North Rhine-Westphalia, Germany);
- LTS Winschoten (construction of a care residence in Winschoten, Groningen, The Netherlands);
- De Stichel (extension of a rest home in Vilvoorde, Flemish Brabant, Belgium);
- Plantijn phase II (extension and renovation of a rest home in Kapellen, Antwerp, Belgium);
- Residenz Zehlendorf (renovation of a rest home in Berlin, State of Berlin, Germany).

2.1.6. Financing

In terms of financing, the following transactions took place since the beginning of the 2016/2017 financial year:

- August 2016: assumption of investment credit facilities as part of the acquisition of a portfolio of eight senior housing sites in Belgium (€33 million maturing between now and 2035);
- September 2016: established new bilateral credit facilities with ING (€40 million and €20 million, maturing in 2021 and 2023, respectively);
- October 2016: established two new bilateral credit facilities with BNP Paribas S.A. Niederlassung Deutschland, a new banking relationship in Germany (2 x €15 million, both maturing in 2021);
- December 2016: assumption of investment credit facilities as part of the acquisition of a rest home in Belgium (€7 million maturing between now and 2036);
- February 2017: established a new bilateral credit facility with Triodos Bank (€20 million, maturing in 2024);
- February 2017: refinancing of two credit facilities with ING which were due to mature in April 2017 (€30 million) and in November 2017 (€25 million), extending them to 2024 (total of €55 million)
- February 2017: refinancing of a credit facility with BNP Paribas Fortis (€30 million) which was due to mature in August 2017, extending it to 2024.



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

	<u>Lines</u>	<u>Utilisation</u>
- 2017/2018 :	37	30
- 2018/2019 :	131	111
- 2019/2020 :	80	68
- 2020/2021 :	91	91
- 2021/2022 :	167	100
- 2022/2023 :	160	33
- 2023/2024 :	156	106
- > 2024/2025 :	<u>78</u>	<u>78</u>
Total	898	615
Weighted Average Maturity (years)	4.5	4.2

Hence, no less than €195 million in bank financing was established or renegotiated during the 2016/2017 financial year.

Establishment of these credit facilities demonstrates once again the strong and durable relationship Aedifica maintains with its banks.

2.1.7. Other events

- Disposals

The disposal program for the assisted-living apartments located in Tienen (49 apartments) reached completion in the first half of the 2016/2017 financial year.

On 27 March 2017, the office building on rue Royale in Brussels (presented in the segment "hotels and others") was sold for an amount of approx. €2 million.

On 29 June 2017, the apartment building located at avenue de Tervueren 13A in Brussels (presented in the segment "apartment buildings") was sold for an amount of approx. €8 million.

The remaining assisted-living apartments to be sold (located at the Residentie Poortvelden site in Aarschot) amount to approx. €4 million. Thus, the assets classified as held for sale amount to €4 million as of 30 June 2017.

- Aedifica receives an award with regard to financial communication

On 8 September 2016, Aedifica received a 2nd consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2014/2015), keeping the Company at the top of the 117 real estate companies assessed by EPRA, the European association of listed real estate companies.



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- Optional dividend 2015/2016

On 28 October 2016, Aedifica's Board of Directors decided to offer shareholders the possibility to contribute their 2015/2016 net dividend entitlement back into 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 €65.919 per 43 no. 15 coupons (valued at €1.533 net each) contributed. Aedifica's shareholders opted to contribute approx. 37% of their net dividend entitlement back into the capital of the Company in exchange for new shares (i.e. instead of cash dividend payment). This resulted in a capital increase of approx. €8 million for Aedifica¹.

- Capital increase of €219 million

On 15 March 2017, Aedifica launched a capital increase in cash with priority allocation right in a gross amount of €219.3 million. The main objective was to raise new financial resources in order to pursue growth in its property portfolio while maintaining an appropriate debt-to-assets-ratio of approx. 50 to 55 %. On 28 March 2017, Aedifica issued 3,595,164 new shares at an issue price of €61.00 per share, i.e. €219,305,004.00 (including share premium). These new shares were immediately admitted to trading and give right to a prorata temporis dividend as from 28 March 2017.

2.2. Operations after the 30 June 2017 closure

- Acquisition of a care residence to be constructed in Ede (Province of Gelderland, The Netherlands)

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

¹ See press release of 2 December 2016.



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- Co-operation agreement for the construction and acquisition of two senior housing sites in The Netherlands

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

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

On 28 July 2017, Aedifica acquired a rest home in Germany given fulfilment of the outstanding conditions, as was announced in the press release of 13 June 2017. See section 2.1.2. above for a more elaborate account of the acquired site. The purchase price has been paid and Aedifica SA/NV has acquired the property and full use of the building. The operation was financed using Aedifica's credit facilities.

- Co-operation agreement for the construction of seventeen rest homes in Germany

On 17 August 2017, Aedifica announced the signing of a co-operation agreement with Specht Gruppe for the construction of seventeen rest homes in Germany. The rest homes (to be constructed) will be located in urban and rural areas in several states of northern Germany (Lower Saxony, North Rhine-Westphalia, Schleswig-Holstein, Mecklenburg-Vorpommern and Bremen). These residential care facilities will be designed for seniors requiring continuous care ("Pflegeheim") and will consist primarily of single rooms. In addition to the standard single rooms, larger rooms (suites) will be included to cater to the high-end market segment. The buildings will also house complementary services, such as day centres for seniors and, in some cases, childcare services or a pharmacy. One of the buildings will contain some apartments designed for independent living (with care services available on demand). Upon completion of all buildings, this portfolio will have a total capacity of approx. 1,500 units. The rest homes will generally be located on care campuses, which also contain buildings offering independent living apartments for seniors (with care services available on demand). With only one exception, these apartments will be constructed in separate buildings that will not be acquired by Aedifica. Aedifica will acquire the plots of land through the takeover of companies owned by Specht Gruppe (in principle after receipt of the development permits) during the next few months and, as is currently expected, by the end of the second quarter of 2018 at the latest. After each takeover, construction of the new buildings will begin. Therefore, an agreement will be signed with Residenz Baugesellschaft, an entity of Specht Gruppe, who will carry out the construction of the new buildings for a fixed amount and who guarantees its completion in due time. Assuming all development permits will be received, Aedifica's total investment will ultimately amount to approx. €200 million. The first buildings are expected to be completed by the



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end of 2018/beginning of 2019. The operation will be financed using Aedifica's credit facilities. All sites will be rented out to Residenz Management GmbH, an entity of Specht Gruppe, and will be operated by high quality operators. The sites will be rented out on the basis of irrevocable 30-year long leases and, in addition, will benefit from a triple net warranty of limited duration which will cover the buildings' maintenance. The initial yields amount to approx. 5.5 %.

- Completion of the renovation of assisted-living apartments in Hasselt (Province of Limburg, Belgium)

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

- Completion of a care residence in Deventer (Province of Overijssel, The Netherlands)

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

- Acquisition of a care residence in Zeist (Province of Utrecht, The Netherlands)

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



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3. Summary of the consolidated financial statements of 30 June 2017

3.1. Portfolio as of 30 June 2017

During the 2016/2017 financial year (1 July 2016 – 30 June 2017), Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale*** by €397 million, from a fair value of €1,131 million to €1,528 million (€1,545 million for the investment properties including assets classified as held for sale*). This 35 % growth comes mainly from net acquisitions (see sections 2.1.1, 2.1.2 and 2.1.3 above), completion of development projects (see section 2.1.4 above) and changes in the fair value of marketable investment properties recognised in income (+€16.1 million, or +1.1 %). The fair value of marketable investment properties, as assessed by independent experts, is broken down as follows:

- senior housing: +€18.8 million, i.e. +1.5 %;
- apartment buildings: +€0.2 million, i.e. +0.1 %;
- hotels and other: -€2.9 million, i.e. -4.1 %.

As of 30 June 2017, Aedifica has 192 marketable investment properties including assets classified as held for sale*, with a total surface area of approx. 798,000 m², consisting mainly of:

- 110 senior housing sites with a capacity of 10,349 residents;
- 862 apartments;
- 6 hotels comprising 544 rooms.

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

- 82 % senior housing;
- 14 % apartment buildings;
- 4 % hotels and other building types.

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

- 77 % in Belgium, of which:
 - 46 % in Flanders;
 - 21 % in Brussels;
 - 10 % in Wallonia;
- 14 % in Germany;
- 9 % in The Netherlands.

The **occupancy rate² of the total unfurnished portion of the portfolio** (representing 95 % of the fair value of marketable investment properties including assets classified as held for sale*) reached 98.7 % as of 30 June 2017. This is an increase, even compared to the record level reached at the end of the previous financial year (30 June 2016: 98.1 %).

² 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 5 % of the fair value of marketable investment properties) reached 73.5 % for the year ended 30 June 2017. This is a decrease as compared to the occupancy rate realised in the previous financial year (78.6 %) and a slight increase as compared to the last published occupancy rate (72.0 % as of 31 March 2017).

The **overall occupancy rate**³ of the total portfolio reached 99 % for the year ending 30 June 2017.

The **weighted average lease term** for all buildings in the Company's portfolio is 20 years, equal to 30 June 2016. This impressive aggregate performance is explained by the large proportion of long-term contracts (such as long leases) in the Company's portfolio.

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

30 June 2016						
(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	839,921	219,332	71,657	1,130,910	25,924	1,156,834
Annual contractual rents	49,299	11,779	4,533	65,611	-	-
Gross yield (%) **	5.9%	5.3%	6.3%	5.8%	-	-

° The amounts related to the furnished apartments correspond to the annualised rental income excl. VAT.

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

³ The global occupancy rate is calculated following EPRA methodology.



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3.2. Consolidated results⁴

The following sections analyse the consolidated financial statements using an analytical framework that is aligned with the Company's internal reporting structure.

Consolidated income statement - analytical format (x €1,000)	30 June 2017	30 June 2016
Rental income	78,983	59,822
Rental-related charges	-48	-35
Net rental income	78,935	59,787
Operating charges*	-13,158	-12,173
Operating result before result on portfolio	65,777	47,614
EBIT margin* (%)	83%	80%
Financial result excl. changes in fair value*	-16,538	-12,707
Corporate tax	-1,275	-581
EPRA Earnings*	47,964	34,326
Denominator (IAS 33)	15,235,696	14,122,758
EPRA Earnings* per share (€/share)	3.15	2.43
EPRA Earnings*	47,964	34,326
Changes in fair value of financial assets and liabilities	5,119	-5,685
Changes in fair value of investment properties	10,357	10,775
Gains and losses on disposals of investment properties	1,459	731
Deferred taxes	-1,541	120
Roundings	0	-1
Profit (owners of the parent)	63,358	40,266
Denominator (IAS 33)	15,235,696	14,122,758
Earnings per share (owners of the parent - IAS 33 - €/share)	4.16	2.85

The consolidated turnover (**consolidated rental income**) for the year amounts to €79.0 million, an increase of 32 % as compared to the prior year. This is in line with forecast (as derived from the annual outlook for the 2016/2017 financial year presented in the Securities Note regarding the capital increase of March 2017).

Changes in total consolidated rental income (€19 million, i.e. +32.0 % as compared to the same period of the previous financial year overall or -0.2 % on a like-for-like basis*) are presented below by segment:

- Senior housing: +€19.9 million, i.e. +45.2 % (or +1.5 % on a like-for-like basis*);
- Apartment buildings: -€0.8 million, i.e. -6.8 % (or -6.8 % on a like-for-like basis*);
- Hotels and other: +€0.1 million, i.e. +3.4 % (or +4.3 % on a like-for-like basis*).

The increasing rental income in the senior housing segment (+45.2 % and +1.5 % on a like-for-like basis*) demonstrates the relevance of Aedifica's investment strategy in this segment, which now generates almost 81 % of the Group's turnover and almost 96 % of its operating result before result on portfolio.

⁴ The income statement covers the 12-month period from 1 July 2016 to 30 June 2017. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or at the end of the period.



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The rental incomes of the apartment buildings, and in particular furnished apartments, have declined given difficult market conditions (the security situation and changes within the Brussels' regulatory framework for short term stays) and the ongoing renovation and transformation program. Their change compared to the previous financial year is in line with that observed over the previous quarters⁵.

The rental incomes of the hotels and others have increased over the financial year under review. As previously stated⁶, the Company does not expect this growth to continue, given the actual ratio between the rents and earnings of some of the tenants.

After deducting **rental-related charges**, the **net rental income** for the year ended 30 June 2017 amounts to €78.9 million (+32 % as compared to 30 June 2016).

The **property result** is €78.1 million (30 June 2016: €58.4 million). This result, less other direct costs, provides a **property operating result** of €74.1 million (30 June 2016: €54.2 million), which represents an operating margin* of 94 % (30 June 2016: 91 %).

After deducting overheads of €8.5 million (30 June 2016: €6.7 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 38 % to reach €65.8 million (30 June 2016: €47.6 million). This result represents an EBIT margin* of 83 % (30 June 2016: 80 %) and is above forecast.

The share of each segment in the operating result before result on portfolio (constituting the segment result under IFRS 8) is detailed below:

30 June 2017

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
Rental income	63,939	11,021	4,220	0	-197	78,983
Net rental income	63,933	11,002	4,197	0	-197	78,935
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	63,206	6,981	4,161	-8,571	0	65,777

30 June 2016

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items ^o	TOTAL
SEGMENT RESULT						
Rental income	44,033	11,828	4,080	0	-119	59,822
Net rental income	44,027	11,799	4,080	0	-119	59,787
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	43,399	7,005	4,042	-6,832	0	47,614

^o Mainly elimination of the internal rent for the administrative offices of the Company.

⁵ See press release of 16 May 2017.

⁶ See press release of 16 May 2017.



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After taking into account the cash flows generated by hedging instruments (described below), Aedifica's **net interest charges** amount to €15.4 million (30 June 2016: €11.9 million). The average effective interest rate* (2.3 % before capitalised interest on development projects) is below that reported in 2015/2016 (2.9 %) and below forecast (2.4 %). Taking into account other income and charges of a financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value (non-cash movements accounted for in accordance with IAS 39 are not included in the EPRA Earnings* as explained below), the **financial result excluding changes in fair value*** represents a net charge of €16.5 million (30 June 2016: €12.7 million), slightly below forecast.

Corporate taxes are composed of current taxes and deferred taxes. In conformity with the Company's legal status (i.e. as a RREC), current taxes (charge of €1.3 million; 30 June 2016: charge of €0.6 million) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax on the result generated abroad by Aedifica and tax on the result of consolidated subsidiaries. These taxes are in line with forecast. Deferred taxes are described below.

EPRA Earnings* (alternative performance measure replacing – and corresponding to – the previously published profit excl. changes in fair value, see appendix 5.7.1.) reached €48.0 million (30 June 2016: €34.3 million), or €3.15 per share, based on the weighted average number of shares outstanding (30 June 2016: €2.43 per share). This profit (absolute and per share) is above forecast.

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

- At the end of the financial year, **changes in the fair value of marketable investment properties** (corresponding to the sum of the positive and negative variations between that of 30 June 2016 or at the time of entry of new buildings in the portfolio, and the fair value estimated by experts as of 30 June 2017) taken into income amounted to +1.1 %, or +€16.1 million (30 June 2016: +1.5 %, or +€16.9 million). A change in fair value of -€5.8 million was recorded on development projects (compared to -€6.1 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €10.4 million (30 June 2016: +€10.8 million). Capital gains on disposals (€1.5 million; 30 June 2016: €0.7 million) are also taken into account here.
- In order to limit the interest rate risk stemming from its investments financing, Aedifica has put in place very conservative hedges (called "cash flow hedges") which, over the long term⁷, allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. Moreover, the financial instruments also reflect put options granted to non-controlling shareholders (in relation to the subsidiaries that are not wholly owned by the Group) which are the subject to appraisal at fair value. **Changes in the fair value of financial assets and liabilities** taken in the income statement as of 30 June 2017 represent an income of €5.1 million (30 June 2016: charge of €5.7 million).
- **Deferred taxes** (charge of €1.5 million as of 30 June 2017; income of €0.1 million as of 30 June 2016) arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are excluded from the EPRA Earnings*.

⁷ 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 weighted average lease term of Aedifica's leases is 20 years.



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Given the non-monetary elements described above, the **profit (attributable to owners of the parent)** amounts to €63.4 million (30 June 2016: €40.3 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €4.16 (30 June 2016: €2.85).

The **adjusted statutory result** as defined in the annex to the Royal Decree of 13 July 2014 regarding RRECs, is €42.1 million (30 June 2016: €32.2 million), an increase of 31 %. Taking into account the rights to dividend for the shares issued during the financial year, this represents an amount of € 2.74 per share (30 June 2016: €2.27 per share).

3.3. Consolidated balance sheet

Consolidated balance sheet (x €1,000)	30 June 2017	30 June 2016
Investment properties including assets classified as held for sale*	1,544,849	1,156,834
Other assets included in debt-to-assets ratio	22,566	15,832
Other assets	<u>2,707</u>	<u>496</u>
Total assets	1,570,122	1,173,162
Equity		
Equity excl. changes in fair value of hedging instruments*	922,094	668,155
Effect of the changes in fair value of hedging instruments	<u>-34,055</u>	<u>-47,407</u>
Equity	888,039	620,749
Liabilities included in debt-to-assets ratio	639,077	498,796
Other liabilities	<u>43,006</u>	<u>53,617</u>
Total equity and liabilities	1,570,122	1,173,162
<i>Debt-to-assets ratio (%)</i>	40.8%	42.5%

As of 30 June 2017, **investment properties including assets classified as held for sale*** represent 98 % (30 June 2016: 99 %) of the **assets** recognised on Aedifica's balance sheet, valued in accordance with IAS 40 (that is to say, accounted for at their fair value as determined by independent real estate experts, namely de Crombrughe & Partners SA, Stadim SCRL, CBRE GmbH and DTZ Zadelhoff VOF) at a value of €1,545 million (30 June 2016: €1,157 million). This heading includes:

- **Marketable investment properties including assets classified as held for sale*** (30 June 2017: €1,528 million; 30 June 2016: €1,131 million), which marked an increase of €397 million. The net growth in the fair value of marketable investment properties* is attributed mainly to €333 million from investment operations (see points 2.1.1, 2.1.2 and 2.1.3 above), to -€10 million for disinvestment operations (see point 2.1.7 above), to €51 million for the completion of development projects (see point 2.1.4 above), and to €16 million for the change in fair value of marketable investment properties.
- **Development projects** (30 June 2017: €17 million; 30 June 2016: €26 million), consisting primarily of investment properties under construction or renovation (see point 2.1.5 above). These projects are undertaken in the context of the multi-annual investment budget described in Appendix 4.

Other assets included in the debt-to-assets ratio represent 2 % of the total balance sheet (30 June 2016: 1 %).



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Since Aedifica's formation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and as a result of capital increases (in cash) in October 2010, December 2012, June 2015 and March 2017. It has increased to €474 million as of 30 June 2017 (30 June 2016: €374 million). The share premium amounts to €287 million as of 30 June 2017 (30 June 2016: €156 million). Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the statutory capital reserves. **Equity** (also called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

- €922 million excluding the effect of the changes in fair value of hedging instruments (30 June 2016: €668 million, including the €30 million dividend distributed in December 2016);
- or €888 million including the effect of the changes in fair value of hedging instruments (30 June 2016: €621 million, including the €30 million dividend distributed in December 2016).

As of 30 June 2017, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 regarding RRECs) reached €639 million (30 June 2016: €499 million), of which €614 million (30 June 2016: €479 million) represent amounts drawn on the Company's credit facilities. The **debt-to-assets ratio** amounts to 40.8 % on a consolidated level (30 June 2016: 42.5 %) and 38.6 % on a statutory level (30 June 2016: 40.4 %). The maximum ratio permitted for Belgian REITs is set at 65 % of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €379 million in constant assets (that is, excluding growth in the real estate portfolio) or €1,084 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, other things being equal, the Company to absorb a decrease of up to 38 % in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing bank commitments, which further limit the maximum debt-to-assets ratio to 60 %, the headroom available amounts to €301 million in constant assets, €753 million in variable assets, and - 32 % in the fair value of investment properties.

Other liabilities of €43 million (30 June 2016: €54 million) represent primarily the fair value of hedging instruments (30 June 2017: €34 million; 30 June 2016: €46 million).



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3.4. Net asset value per share

The table below presents 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 instruments⁸ and after accounting for the distribution of the 2015/2016 dividend in December 2016⁹, the net asset value per share based on the fair value of investment properties is €51.30 as of 30 June 2017 (30 June 2016: €44.98 per share).

Net asset value per share (in €)	30 June 2017	30 June 2016
Net asset value excl. changes in fair value of hedging instruments*	51.30	44.98
Effect of the changes in fair value of hedging instruments	-1.89	-3.34
Net asset value	49.40	41.64
Number of share outstanding (excl. treasury shares)	17,975,820	14,192,032

Number of shares	30 June 2017	30 June 2016
Number of shares outstanding [°]	17,975,820	14,192,032
Total number of shares	17,975,820	14,192,032
Total number of shares on the stock market ^{°°}	17,975,820	14,172,176
Weighted average number of shares outstanding (IAS 33)	15,235,696	14,122,758
Number of dividend rights ^{°°}	15,323,388	14,186,987

[°] After deduction of the treasury shares.

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

^{°°°} 19,856 shares were traded on 2 November 2016. 122,672 shares were traded on 2 December 2016. 65,952 shares were traded on 12 December 2016. 3,595,164 shares were traded on 28 March 2017.

3.5. Key performance indicators according to the EPRA principles

	30 June 2017	30 June 2016
EPRA Earnings* (in €/share)	3.15	2.43
EPRA NAV* (in €/share)	51.47	45.14
EPRA NNNAV* (in €/share)	48.93	41.45
EPRA Net Initial Yield (NIY) (in %)	5.2%	5.2%
EPRA Topped-up NIY (in %)	5.2%	5.2%
EPRA Vacancy Rate (in %)	1%	2%
EPRA Cost Ratio (including direct vacancy costs)* (in %)	17%	20%
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	17%	20%

⁸ The effect of the changes in fair value of hedging instruments of -€1.89 per share as of 30 June 2017 is the impact in equity of the fair value of hedging instruments, which is negative for €34 million, mainly booked in the liabilities on the balance sheet.

⁹ Recall that IFRS requires the presentation of the annual accounts before appropriation. The net asset value in the amount of €43.74 per share as of 30 June 2016 thus included the dividend distributed in December 2016, and should be adjusted by €2.10 per share in order to compare with the value as of 31 December 2016. This amount corresponds to the amount of the total dividend (€30 million) divided by the total number of shares outstanding as of 30 June 2016 (14,192,032).



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4. Outlook

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

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

- Its strategic focus on health care real estate and its expansion in Europe, which allows the Company to adapt to shifting market opportunities and economic conditions, in the context of an ageing population.
- Thanks to its investments in senior housing, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The weighted average lease term on the total of its leases (20 years) provides a very good view toward the majority of its future income streams over the long term.
- External financing of the real estate portfolio (including commitments for development projects) is assured, with credit facilities in place totalling €898 million and none of these are reaching maturity before June 2018. At present drawings on these credit facilities are in large part covered by hedging instruments.
- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 40.8 % as of 30 June 2017 (far below the maximum legal limit of 65 % imposed for Belgian REITs and the contractual maximum of 60 % imposed by way of bank covenants). This is further supported by the stable fair values that the Company's real estate portfolio has demonstrated for many years. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations (commitments representing approximately €122 million as of 30 June 2017 – plus €257 million for the acquisitions announced on 10 July (€9 million), 19 July (€40 million), 17 August (€200 million) and 24 August (€8 million) –, of which €105 million are still to be realised within a three-year period) and to realise new investments.

Considering all above, the Board of Directors projects to generate a rental income of €91 million for the 2017/2018 financial year, leading to an EPRA Earnings* of €57 million or €3.15 per share, and permitting a gross dividend of €2.50 per share (an increase of 11 %) to be distributed to shareholders. These projections are based on the expected perimeter of the real estate portfolio, excluding unexpected events, and stand to generate an increasing dividend as compared to that proposed by the Board of Directors for the 2016/2017 financial year.



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5. Principal risks and uncertainties

The Board of Directors considers that the key risk factors summarised in pages 7 to 19 of the French Securities Note regarding the capital increase of March 2017 remain relevant for the 2017/2018 financial year. The principal risk factors will of course be updated in the 2016/2017 Annual Financial Report that will be available as from 22 September 2017.

6. Corporate governance

6.1. Outgoing Director

Recall that Mr. Olivier Lippens ended his mandate as Director and Chairman of the Board of Directors (see press release of 30 September 2016). The Board once again expresses its appreciation for his contribution to Aedifica's development.

Ms. Sophie Maes will reach the end of the second renewal of her term as independent director (either as a natural person or a permanent representative of Bevalex SA, then of Insumat SA) and, in accordance with the provisions of Article 526ter of the Belgian Companies Code, lose her status of independent director on 27 October 2017. The Board of Directors wants to express its warmest thanks to Ms. Sophie Maes for her commitment since 2009.

6.2. Election of a new Chairman of the Board of Directors

As announced on 30 September 2016, Mr. Serge Wibaut was appointed new Chairman by the Board of Directors. Mr. Serge Wibaut has been a member of the Board of Directors since 2015, as Independent Director, and was Chairman of the Audit Committee since 2016. He has become a member of the Investment Committee as well.

Mr. Wibaut has been replaced by Ms. Adeline Simont in the position of Chairman of the Audit Committee. Ms. Simont has been a member of the Board of Directors since 2005. Although Ms. Simont is not an Independent Director, the Board of Directors is convinced she meets all the necessary conditions for this interim office in terms of competencies as well as experience.

6.3. Renewal of terms of office

The terms of Ms. Adeline Simont and Mr. Eric Hohl as members of the Board of Directors will expire at the upcoming Annual General Meeting of 27 October 2017. At the Annual General Meeting, a renewal of their offices will be proposed.

In case of election and after approval by the market authority (FSMA), they will act as non-executive directors for a new term ending in October 2020.



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6.4. Election of two new directors

At the Annual General Meeting of 27 October 2017, the shareholders will be proposed to approve the election of two new directors: Ms. Marleen Willekens, as non-executive independent director, and Mr. Luc Plasman, as non-executive independent director.

In case of election and after approval by the market authority (FSMA), they will act as director for a new term ending in October 2020.

7. Auditor's report

The Auditor confirmed that the financial information contained in this press release requires no reservation on this part and is consistent with the consolidated financial statements for which he has released an unqualified opinion.



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Aedifica is a Regulated Real Estate Company under Belgian law specialised in healthcare real estate, particularly in senior housing. Aedifica has developed a portfolio worth more than €1.5 billion in Belgium, Germany and in The Netherlands.

Aedifica has been quoted on the Euronext Brussels (continuous market) since 2006 and is identified by the following ticker symbols: AED; AED:BB (Bloomberg); AOO.BR (Reuters).

The Company's market capitalisation was €1.5 billion as of 31 August 2017.

Aedifica is included in the EPRA indices.

Forward-looking statement

This document contains forward-looking information that involves risks and uncertainties, including statements about Aedifica's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Aedifica. Should one or more of these risks, uncertainties or contingencies materialise, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, Aedifica does not assume any responsibility for the accuracy of these forward-looking statements.

For all additional information

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Appendices

1. Consolidated income statement

Year ending on 30 June (x €1,000)	2017	2016
I. Rental income	78,983	59,822
II. Writeback of lease payments sold and discounted	0	0
III. Rental-related charges	-48	-35
Net rental income	78,935	59,787
IV. Recovery of property charges	40	25
V. Recovery of rental charges and taxes normally paid by tenants on let properties	2,588	2,064
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	-2,588	-2,064
VIII. Other rental-related income and charges	-917	-1,454
Property result	78,058	58,358
IX. Technical costs	-1,247	-1,119
X. Commercial costs	-567	-584
XI. Charges and taxes on unlet properties	-165	-119
XII. Property management costs	-998	-1,037
XIII. Other property charges	-1,026	-1,252
Property charges	-4,003	-4,111
Property operating result	74,055	54,247
XIV. Overheads	-8,544	-6,694
XV. Other operating income and charges	266	61
Operating result before result on portfolio	65,777	47,614
XVI. Gains and losses on disposals of investment properties	1,459	731
XVII. Gains and losses on disposals of other non-financial assets	0	0
XVIII. Changes in fair value of investment properties	10,357	10,775
XIX. Other result on portfolio	0	0
Operating result	77,593	59,120
XX. Financial income	155	283
XXI. Net interest charges	-15,365	-11,904
XXII. Other financial charges	-1,328	-1,087
XXIII. Changes in fair value of financial assets and liabilities	5,119	-5,685
Net finance costs	-11,419	-18,393
XXIV. Share in the profit or loss of associates and joint ventures accounted for using the equity method	0	0
Profit before tax (loss)	66,174	40,727
XXV. Corporate tax	-2,816	-461
XXVI. Exit tax	0	0
Tax expense	-2,816	-461
Profit (loss)	63,358	40,266
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	63,358	40,266
Basic earnings per share (€)	4.16	2.85
Diluted earnings per share (€)	4.16	2.85



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2. Consolidated statement of comprehensive income

Year ending on 30 June (x €1,000)	2017	2016
I. Profit (loss)	63,358	40,266
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	7,276	-3,893
H Other comprehensive income, net of taxes	0	0
Comprehensive income	70,634	36,373
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	70,634	36,373

3. Consolidated balance sheet

ASSETS	2017	2016
Year ending on 30 June (x €1,000)		
I. Non-current assets		
A. Goodwill	1,856	1,856
B. Intangible assets	221	119
C. Investment properties	1,540,409	1,152,213
D. Other tangible assets	1,611	1,624
E. Non-current financial assets	2,959	794
F. Finance lease receivables	0	0
G. Trade receivables and other non-current assets	0	0
H. Deferred tax assets	1,208	676
I. Equity-accounted investments	0	0
Total non-current assets	1,548,264	1,157,282
II. Current assets		
A. Assets classified as held for sale	4,440	4,621
B. Current financial assets	0	0
C. Finance lease receivables	0	0
D. Trade receivables and other non-current assets	6,718	3,880
E. Tax receivables and other current assets	1,679	1,374
F. Cash and cash equivalents	8,135	4,947
G. Deferred charges and accrued income	886	1,058
Total current assets	21,858	15,880
TOTAL ASSETS	1,570,122	1,173,162



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EQUITY AND LIABILITIES	2017	2016
Year ending on 30 June (x €1,000)		
EQUITY		
I. Issued capital and reserves attributable to owners of the parent		
A. Capital	459,231	364,467
B. Share premium account	287,194	155,509
C. Reserves	78,256	60,507
a. Legal reserve	0	0
b. Reserve for the balance of changes in fair value of investment properties	131,253	115,366
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-29,397	-25,015
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-16,418	-23,560
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	-18,256
h. Reserve for treasury shares	0	0
k. Reserve for deferred taxes on investment properties located abroad	230	110
m. Other reserves	0	0
n. Result brought forward from previous years	16,300	11,862
D. Profit (loss) of the year	63,358	40,266
Equity attributable to owners of the parent	888,039	620,749
II. Non-controlling interests	0	0
TOTAL EQUITY	888,039	620,749
LIABILITIES		
I. Non-current liabilities		
A. Provisions	0	0
B. Non-current financial debts		
a. Borrowings	579,438	447,721
C. Other non-current financial liabilities	37,933	47,382
a. Authorised hedges	33,787	46,055
b. Other	4,146	1,327
D. Trade debts and other non-current debts	0	0
E. Other non-current liabilities	0	0
F. Deferred taxes liabilities	4,306	2,881
Non-current liabilities	621,677	497,984
II. Current liabilities		
A. Provisions	0	0
B. Current financial debts		
a. Borrowings	34,524	31,027
C. Other current financial liabilities	0	0
D. Trade debts and other current debts		
a. Exit tax	717	4,505
b. Other	20,252	14,216
E. Other current liabilities	0	0
F. Accrued charges and deferred income	4,913	4,681
Total current liabilities	60,406	54,429
TOTAL LIABILITIES	682,083	552,413
TOTAL EQUITY AND LIABILITIES	1,570,122	1,173,162



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4. Projects and renovations in progress (in € million)

Project or renovation (in millions €)		Estimated inv.	Inv. as of 30/06/2017	Futur inv.	Date of completion	Comments
I. In progress						
Villa Temporis II	Hasselt (BE)	2	0	2	2017/2018	Renovation of assisted-living apartments
Molenenk	Deventer (NL)	11	9	2	2017/2018	Construction of a new care residence
Genderstate/Petruspark/ Parc Imstenrade	Eindhoven (NL)/ Heerlen (NL)	2	0	2	2017/2018	Renovation
Résidence Les Cheveux d'Argent	Spa (BE)	3	0	3	2017/2018	Extension of a rest home
Résidence l'Air du Temps	Chênée (BE)	7	3	5	2017/2018	Extension and renovation of a rest home
Het Gouden Hart van Leersum	Leersum (NL)	4	0	3	2017/2018	Construction of a care residence
Huize Lieve Moenssens	Dilsen-Stokkem (BE)	4	0	4	2017/2018	Extension and renovation of a rest home
Martha Flora Hilversum	Hilversum (NL)	7	1	5	2017/2018	Construction of a care residence
Bonn	Bonn (DE)	1	0	1	2017/2018	Renovation of a rest home
Frohnau	Berlin (DE)	1	0	1	2017/2018	Renovation of a rest home
Vinkenbosch II	Hasselt (BE)	2	0	2	2018/2019	Renovation of a rest home
Seniorenresidenz Laurentiusplatz	Wuppertal- Elberfeld (DE)	3	0	3	2018/2019	Renovation of a rest home
LTS Winschoten	Winschoten (NL)	11	1	9	2018/2019	Construction of a care residence
De Stichel	Vilvoorde (BE)	4	0	4	2018/2019	Extension of a rest home
Plantijn II	Kapellen (BE)	4	0	4	2018/2019	Extension and renovation of a rest home
Résidence Aux Deux Parcs	Jette (BE)	2	0	2	2018/2019	Extension of a rest home
Plantijn III	Kapellen (BE)	1	0	1	2019/2020	Extension and renovation of a rest home
Residenz Zehlendorf	Berlin (DE)	5	0	5	2019/2020	Renovation of a rest home
II. Subject to outstanding conditions						
t Hoge III	Kortrijk (BE)	2	0	2	2018/2019	Extension of a rest home
III. Land reserves						
Terrain Bois de la Pierre	Wavre (BE)	2	2	0	-	Land reserve
Platanes	Brussels (BE)	0	0	0	-	Land reserve
IV. Acquisitions subject to outstanding conditions						
Seniorenheim am Dom	Halberstadt (DE)	9	0	9	2017/2018	Acquisition of a rest home
Oostende	Oostende (BE)	10	0	10	2017/2018	Acquisition of a rest home
Martha Flora Rotterdam	Rotterdam (NL)	2	0	2	2017/2018	Acquisition of a plot of land
Oostende	Oostende (BE)	2	0	2	2018/2019	Renovation of a rest home
Martha Flora Rotterdam	Rotterdam (NL)	6	0	6	2018/2019	Construction of a care residence
Mechelen	Mechelen (BE)	15	0	15	2019/2020	Acquisition of a new rest home
TOTAL		122	17	105		
Changes in fair value		-	-1	-		
Roundings		-	1	-		
On balance sheet			17			

Of these projects, 98 % are pre-let. It is expected that the total investment budget as of 30 June 2017 (€122 million) will be paid in cash. €257 million need to be added to the total investment budget due to the acquisitions announced on 10 July (€9 million), 19 July (€40 million), 17 August (€200 million) and 24 August (€8 million) (see section 2.2 above).



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5. Calculation details of the Alternative Performance Measures (APM for short)

Since many years, Aedifica uses in its financial communication Alternative Performance Measures in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. Some of these APM are recommended by the European Public Real Estate Association (EPRA) 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 press release are identified with an asterisk (*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. In this appendix, the APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements.

5.1. Investment properties

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

(x €1,000)	2017	2016
Marketable investment properties	1,523,235	1,126,289
+ Development projects	17,174	25,924
Investment properties	1,540,409	1,152,213
+ Assets classified as held for sale	4,440	4,621
Investment properties including assets classified as held for sale*, or real estate portfolio*	1,544,849	1,156,834
- Development projects	-17,174	-25,924
Marketable investment properties including assets classified as held for sale*	1,527,675	1,130,910

5.2. Rental income on a like-for-like basis*

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

(x €1,000)	2017	2016
Rental income	78,983	59,822
- Scope changes	-23,147	-3,866
= Rental income on a like-for-like basis*	55,836	55,956



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5.3. Operating charges*, operating margin* and EBIT margin*

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

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

30 June 2017

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items [°]	TOTAL
SEGMENT RESULT						
Rental income (a)	63,939	11,021	4,220	0	-197	78,983
Net rental income (b)	63,933	11,002	4,197	0	-197	78,935
Property result (c)	63,900	10,155	4,200	0	-197	78,058
Property operating result (d)	63,062	7,029	4,161	0	-197	74,055
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	63,206	6,981	4,161	-8,571	0	65,777
Operating margin* (d)/(b)						94%
EBIT margin* (e)/(b)						83%
Operating charges* (e)-(b)						13,158

30 June 2016

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items [°]	TOTAL
SEGMENT RESULT						
Rental income (a)	44,033	11,828	4,080	0	-119	59,822
Net rental income (b)	44,027	11,799	4,080	0	-119	59,787
Property result (c)	43,877	10,514	4,086	0	-119	58,358
Property operating result (d)	43,416	7,052	4,039	-141	-119	54,247
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	43,399	7,005	4,042	-6,832	0	47,614
Operating margin* (d)/(b)						91%
EBIT margin* (e)/(b)						80%
Operating charges* (e)-(b)						12,173

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



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5.4. Financial result excl. changes in fair value of financial instruments*

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

(x €1,000)	2017	2016
XX. Financial income	155	283
XXI. Net interest charges	-15,365	-11,904
XXII. Other financial charges	-1,328	-1,087
Financial result excl. changes in fair value*	-16,538	-12,708

5.5. Interest rate

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

(x €1,000)	2017	2016
XXI. Net interest charges	-15,365	-11,904
Capitalised interests	322	372
Annualised net interest charges (a)	-15,365	-11,904
Net interest charges before annualised capitalised interests (b)	-15,687	-12,276
Weighted average financial debts (c)	662,008	421,616
Average effective interest rate* (a)/(c)	2.3%	2.8%
Average effective interest rate before capitalised interests* (b)/(c)	2.3%	2.9%

5.6. Equity and net asset value per share

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

(x €1,000)	2017	2016
Equity attributable to owners of the parent	888,039	620,749
- Effect of the distribution of the dividend 2015/2016	0	-29,793
- Effect of the changes in fair value of hedging instruments	34,055	47,407
Equity excl. changes in fair value of hedging instruments*	922,094	638,362



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

5.7. 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:

5.7.1. EPRA Earnings*

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

EPRA Earnings*	30 June 2017	30 June 2016
<i>x €1,000</i>		
Earnings (owners of the parent) per IFRS income statement	63,358	40,266
Adjustments to calculate EPRA Earnings*, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	-10,357	-10,775
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-1,459	-731
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	-5,119	5,685
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	1,541	-120
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	0	0
Roundings	0	1
EPRA Earnings* (owners of the parent)	47,964	34,326
Number of shares (denominator IAS 33)	15,235,696	14,122,758
EPRA Earnings* per Share (EPRA EPS* - in €/share)	3.15	2.43



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5.7.2. 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)	30 June 2017	30 June 2016
<i>x €1,000</i>		
NAV per the financial statements (owners of the parent)	888,039	590,956
NAV per the financial statements (in €/share) (owners of the parent)	49.40	41.64
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	888,039	590,956
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	34,055	47,407
(v.a) Deferred tax	3,098	2,205
(v.b) Goodwill as a result of deferred tax	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV* (owners of the parent)	925,192	640,568
Number of shares	17,975,820	14,192,032
EPRA NAV* (in €/share) (owners of the parent)	51.47	45.14

5.7.3. 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)	30 June 2017	30 June 2016
<i>x €1,000</i>		
EPRA NAV* (owners of the parent)	925,192	640,568
Include:		
(i) Fair value of financial instruments	-34,055	-47,407
(ii) Fair value of debt	-8,523	-2,741
(iii) Deferred tax	-3,098	-2,205
EPRA NNNAV* (owners of the parent)	879,516	588,215
Number of shares	17,975,820	14,192,032
EPRA NNNAV* (in €/share) (owners of the parent)	48.93	41.45



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5.7.4. 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*	30 June 2017	30 June 2016
<i>x €1,000</i>		
Administrative/operating expense line per IFRS statement	-13,206	-12,208
<i>Rental-related charges</i>	-48	-35
<i>Recovery of property charges</i>	40	25
<i>Rental charges and taxes normally paid by tenants on let properties</i>	-917	-1,454
<i>Technical costs</i>	-1,247	-1,119
<i>Commercial costs</i>	-567	-584
<i>Charges and taxes on unlet properties</i>	-165	-119
<i>Property management costs</i>	-998	-1,037
<i>Other property charges</i>	-1,026	-1,252
<i>Overheads</i>	-8,544	-6,694
<i>Other operating income and charges</i>	266	61
EPRA Costs (including direct vacancy costs)* (A)	-13,206	-12,208
<i>Charges and taxes on unlet properties</i>	165	119
EPRA Costs (excluding direct vacancy costs)* (B)	-13,041	-12,089
Gross Rental Income (C)	78,983	59,822
EPRA Cost Ratio (including direct vacancy costs)* (A/C)	17%	20%
EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)	17%	20%
Overhead and operating expenses capitalised (including share of joint ventures)	78	28

Aedifica capitalises internal architect costs.



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6. Current situation of the portfolio

After the transactions carried out since 1 July 2017, the fair value of Aedifica's marketable investment properties including assets classified as held for sale* amounts to approx. €1,560 million (or €1,568 million for the investment properties including assets classified as held for sale*)¹⁰.

As of 5 September 2017, Aedifica has 196 marketable investment properties including assets classified as held for sale*, with a total surface area of approx. 811,000 m², consisting mainly of:

- 114 senior housing sites with a capacity of 10,495 residents;
- 862 apartments; and
- 6 hotels comprising 544 rooms.

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

- 82 % senior housing;
- 14 % apartment buildings; and
- 4 % hotels and other building types.

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

- 75 % in Belgium, of which:
 - 45 % in Flanders;
 - 20 % in Brussels;
 - 10 % in Wallonia;
- 14 % in Germany;
- 11 % in The Netherlands.

¹⁰ Based on the fair value of investment properties (including assets classified as held for sale) as of 30 June 2017, the contractual value of the acquisitions announced in the press releases of 10 July 2017 (Huize De Compagnie) and 24 August 2017 (Huize Hoog Kerckebosch, Molenenk and Villa Temporis), and the contractual value of the Am Dom senior housing site (see press release of 13 June 2017), of which conditions have been fulfilled in July 2017.