ANNUAL FINANCIAL REPORT

2013/2014

Aedifica, a Belgian listed company investing in residential real estate

aedifica

The urban way to live

Aedifica aims to position itself as the market leader among listed Belgian residential real estate companies.

Its strategy is based on two demographic trends: population ageing in Western Europe and population growth in Belgium's main cities. The Company aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

Aedifica has been quoted on Euronext Brussels (continuous market) since 2006. Aedifica offers the investor a high-quality alternative to direct investment in residential real estate.

Salve
Senior housing -
Brasschaat (Belgium)

376,000 m²
total surface area

€ 785 M
investment properties portfolio as of 30 June 2014

CONTENT

1. This chapter is part of the Consolidated Board of Directors' Report.

RISK FACTORS

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

Aedifica aims to manage these risks to the best of its ability, in order to generate recurring rental income and realise future capital gains.

The Executive Managers and the Board of Directors monitor Aedifica's main risk factors closely. They set conservative policies in this respect, which are updated and adapted as necessary to reflect changing risk factors and circumstances. Please note that completeness in respect of risk factors cannot be ensured, and that the following list is based on information available as of 9 September 2014. It is acknowledged that other risk factors may exist, which are currently unknown, remote or considered as benign for the Company, its operations and/or its financial position.

1. Market risks

1.1 Economic risks

Given the fact that supply and demand in the real estate market is impacted by general economic conditions, any negative shift in the main macro-economic indicators could hurt Aedifica's activity level and outlook. The Company's operations are indeed subject to economic cycles, since these affect the available income of tenants (and hence their ability to respect their financial commitments), new demand, and the availability of funds for new investments. The Company can also be affected by the default of its various partners: building managers, credit providers, hedge providers, and entrepreneurs. To mitigate these economic risks, Aedifica diversifies its investments across several segments in the residential market, which tend to respond differently to economic changes.

1.2 Risks related to the real estate market

Rent levels, vacancy rates, and property values are highly influenced by supply and demand in the real estate market, both in terms of space for sale and for let. The main risk factors faced by the Company arise from lower occupancy rates, decreases in contractual rents or building values on contract renewal, and capital losses when properties are disposed of.

To mitigate these risks, Aedifica's investment strategy is diversified, both geographically (recently extending operations beyond Belgium's borders) and by sector, within the residential market. Aedifica has been active in the senior housing segment in Germany since 2013.

Each segment of the residential market in which Aedifica invests targets different types of tenants who rent premises based on contracts with varying maturities (short-term for furnished apartments, medium-term for unfurnished apartments, and long-term for senior housing and hotels). Given the high proportion of long-term contracts (e.g. irrevocable contracts with a minimum initial maturity of 27 years called "emphytéoses / erfpachten") , which represent 73% of the fair value of marketable investment properties as of 30 June 2014), the average residual maturity of Aedifica's contracts stands at 19 years. This gives the Company a good view on future revenue streams over the long term.

Aedifica also intends to grow its portfolio in order to reduce the weight of each individual property, improve asset management, and increase the operating margin by realising economies of scale.

Ensemble Souveraine
Apartment buildings -
Brussels (Belgium)

1.3 Inflation risks

At constant interest rates, inflation risk is low for Aedifica, since rents are subject to indexation (mainly according to the full CPI or health CPI). The impact of inflation on rental income can be summarised as follows: an increase of the index of 100 bps would generate additional rental income of approximately €0.5 million.

In the context of increasing nominal interest rates, lower inflation implies higher real interest rates, which in turn implies that financial charges are growing faster than rental income. Aedifica has taken some important steps to mitigate this risk (see 3.3 below).

In case of negative inflation, most contracts set a floor at the level of the initial rent.

1.4 Concentration risk in the senior housing segment

Given the dynamism of the main group of professional operators active in the operation senior housing market, and the ongoing consolidation of this market, it is highly likely that one or more business combinations will occur among Aedifica's operators (i.e. groups controlling the legal entities). This may impact the diversification of Aedifica's tenant base. Such business combinations have occurred in the past in Aedifica's portfolio, which served to improve the professionalism of these legal entities (operators). The impact of these consolidations on the diversification of Aedifica's tenant base has been offset by the growth in the portfolio, with addition of new operators. The data concerning these groups are given in the Property Report included in the Annual Financial Report and in Note 3 of the Consolidated Financial Statements.

2. Risks related to Aedifica's property portfolio

The Board of Directors and the Executive Managers of Aedifica are aware of the risks linked to the management and quality of the Company's assets and have set clear and strict standards for building improvement, commercial and technical management, and investment and divestment, all with a view to limit vacancy and increase property values.

Up to 31 July 2013, Aedifica's properties were exclusively located in Belgium and consisted mainly of marketable properties used or intended to be used for housing. The composition (number of properties, surface area) and breakdown (by type of property, by segment, geographical) as of 30 June 2014 is provided in section 3.1 of the consolidated Board of Directors' Report included in this Annual Financial Report. Since summer 2013, Aedifica's portfolio also includes properties located in Germany.

Aedifica is also carrying out works on a portfolio of 28 development projects (see section 2.2.2 of the Property Report included in this Annual Financial Report). In accordance with IAS 40, marketable investment properties and development projects are presented together on the balance sheet, under the heading "I.C. Investment properties".

19 years

average remaining lease maturity of contracts as of 30 June 2014

2.1 Rents

Aedifica's turnover is made up of rental income generated on properties that are rented out to third parties (natural persons, companies, and operators of rest homes, assisted-living apartments or hotels). Bad debt provisions and vacancy rates could have an adverse impact on the income

1.Klein Veldeken
Senior housing -
Asse (Belgium)

2.Stephanie's Corner
Apartment buildings -
Brussels (Belgium)

statement. Moreover, when a rental contract matures and a new tenant is found, the new contract may generate lower rental income, especially in view of the current economic environment. An economic climate can also lead to renegotiations of current leases, in particular to reduce the rent of current contracts in order to rebalance the level of rent of the tenants compared to their potential future income, and therefore to maintain the sustainability of the cash flows generated by the building for the benefit of Aedifica. As property costs cannot always be reduced in line with rental income, the Company's income and cash flows could be further affected as a result.

In order to mitigate these risks, Aedifica diversifies its investments in the residential market, in terms of location, market segment, tenant profiles, and contract types. In the senior housing segment for example, Aedifica enters into long leases (mainly under the form of long-term "emphytéoses/erfpachten" in Belgium) with specialised operators, which generate high yields. By doing so, Aedifica can offset most risks associated with shorter-term contracts in the other segments (apartment buildings).

The Company is not credit-insured and is, thus, also exposed to the risk of default of its tenants. Procedures have been put in place to monitor the payment pattern of the few tenants with whom long leases ("emphytéoses/erfpachten" or others) have been signed, and to closely follow-up on any doubtful debtors. In addition, Aedifica benefits from rental guarantees set up in accordance with market standards and Belgian law, under the form of warranties issued by banks, cash deposits on bank accounts, or other securities.

Nevertheless, the Company continues to face a risk of lost rental income, and this risk can increase in line with any deterioration of the economic conditions. Movements in the provisions for bad debts are detailed in Note 34.

2.2 Asset management

The attractiveness of Aedifica's rental properties, as well as their valuation, depends on the perceived quality of the buildings, the effectiveness of the maintenance programme, and the security level achieved.

For this reason, Aedifica has put in place its own sales and marketing team. By doing so, the Company maintains direct contact with its tenants and tries to stay aware of their needs and wishes.

For the technical management of certain apartment buildings, Aedifica employs external service providers who act as asset managers and are permanently monitored by the Company's own building manager. Aedifica employs the same external service providers for the administrative and accounting management of certain apartment buildings. In case of default of any of these service providers, Aedifica's financial risk exposure is limited, since the tenants pay rents and provisions for charges directly into Aedifica's bank accounts. Asset managers have no access to the bank accounts into which rents are paid; withdrawals from bank accounts into which provisions for charges are paid are strictly restricted. Administrative and accounting management of other apartment buildings was recently internalised; related tasks are now performed internally by Aedifica's property accounting team.

The Company is generally the sole owner of its buildings. However, specific risks could arise from co-ownership or split sales of certain buildings.

Given the limited number of people employed by Aedifica, the organisation could be affected by the departure of key personnel. The unexpected departure of key personnel could also negatively impact the Company's ability to grow.

The Company may be involved in court procedures arising in the normal course of business. There are no significant cases on-going at present. Given the uncertainties arising from court procedures, the Company could have to assume new liabilities in the future.

2.3 Quality and valuation of the buildings

In order to sustain and even increase rental incomes, and to facilitate new lettings and/or building disposals, Aedifica carries out repair and maintenance works on its buildings on an ongoing basis. Nevertheless, these investments cannot fully eliminate the risk of impairment of the assets.

Aedifica also acquires planned or in progress development projects and initiates new projects, which positions the Company to oversee the development works and ensure that buildings delivered are of high quality. This approach to property acquisition is consistent with the Company's long-term vision.

An engineer-architect manages the development and renovation projects, and ensures that works contracted to third parties are properly carried out. Even as the Company does its best to negotiate contracts that minimise the risks arising from major works (e.g. delays compared to the expected completion date, deviation from budget, organisational issues, etc.), these cannot be totally avoided.

When a building requiring major renovation works is acquired, the fair value of the building at acquisition date generally reflects its state at that time. The cost of the renovation works to be carried out is included in the Company's financial planning.

The risk that buildings may be destroyed by fire or other calamity is insured for a total reconstruction value of €631 million (including the value of furnishings in the furnished apartments, and excluding the value of the lands). This represents 82% of the fair value of marketable investment properties as of 30 June 2014 (including lands). Insurance contracts are signed by Aedifica, or by the tenants in the case of long leases. The insurance contracts cover vacancy costs during the reconstruction period, but do not cover other risks, such as voluntary acts of the insured person, the risk of war, nuclear risks, the inherent vice, hidden defects, deterioration, decrepitude, or asbestos. Insurance premiums paid by Aedifica amount to €57 thousand for the 2013/2014 financial year.

The fair value of investment properties, as assessed quarterly by independent experts, changes over time and is recognised in accordance with IAS 40. A change of 1% in the fair value of investment properties would imply an impact of €7.7 million on the Company's net income and of approximately €0.75 on the net asset value per share. This would also impact the debt-to-assets ratio by 0.4%.

2.4 Risk of expropriation

At any time, property can be expropriated by Belgian public authorities, in line with applicable laws.

2.5 Risks arising from mergers, acquisitions and de-mergers

A major part of Aedifica's assets were acquired through mergers, de-mergers, or acquisition of shares in other real estate companies. Aedifica takes all necessary steps to ensure proper due diligence at the time of acquisition (e.g. by carrying out due diligence audits regarding the buildings and/or real estate companies, by obtaining warranties and representations, etc.). Nevertheless, it is unavoidable that hidden liabilities may be transferred to the Company.

3. Financial risks

Aedifica's financial management practices aim to ensure permanent access to financing, and to monitor and minimise the interest rate risk.

3.1 Debt structure

Aedifica's debt-to-assets ratio (as defined in the Royal Decree of 7 December 2010 on Belgian REITs) is included in section 3.3 of the Consolidated Board of Director's Report included in this Annual Financial Report. As of 30 June 2014, it amounts to 44.6% on statutory level and to 44.9% on consolidated level. This section also mentions the maximum ratio permitted before the Company reaches the maximum debt-to-assets ratio permitted for Belgian REITs (65% of total assets) or arising due to bank covenants (60% of total assets). When exceeding the debt-to-assets threshold of 50%, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the maximum permissible threshold of 65% (article 54 of the Royal Decree of 7 December 2010).

Aedifica's financial model relies on a structural indebtedness. As a result, cash balances are usually low, amounting to €1 million as of 30 June 2014.

As of 30 June 2014, Aedifica has neither pledged any Belgian buildings as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 3 out of the Company's 5 buildings in Germany are linked to a mortgage, respecting the requirements laid down in Article 57 of the Royal Decree of 7 December 2010.

3.2 Liquidity risk

Aedifica enjoys a strong and stable relationship with its banks, which form a diversified pool of multinational institutions. Details of Aedifica's credit facilities are disclosed in Note 40 of the Consolidated Financial Statements included in this Annual Financial Report.

As of 30 June 2014, Aedifica is using credit facilities totalling €346 million (2013: €228 million), out of €449 million in total available credit. This provides a headroom of €103 million (to which the effect of the extension established in July 2014 (€15 million) should be added) is sufficient to cover Aedifica's short term financial needs (including the development projects in progress) until the end of the third quarter of the 2014/2015 financial year. The expected investment amount for the existing projects is estimated at €209 million.

Given the regulatory status of Belgian REITs, and the type of property in which Aedifica invests, the risk of non-renewal of mature credit facilities is remote even in the context of a credit crunch, except in the event of unforeseen and extreme circumstances. There is a risk of increasing credit spreads should market conditions deteriorate as compared to those present at the time the current credit facilities were signed.

The Company would be exposed to a liquidity risk which would arise due to a lack of cash flow in the event of early termination of

44.9 %

consolidated debt-to-assets ratio as of 30 June 2014

the credit facilities. Should the Company fail to comply with the provisions of credit facility arrangements, the facilities might indeed be cancelled, re-negotiated, or forced into reimbursement. The covenants in place are in line with market practice, and in particular require that the debt-to-assets ratio (as defined by the Royal Decree of 7 December 2010) does not exceed 60%. Moreover, there is a risk of early termination in the event of a change of control, in case of non-compliance with the Company's obligations, and, more generally speaking, in the event of default as defined in these arrangements. Based on the information available to date, and the prospects for the foreseeable future, there is no indication of a possible early termination of one or more of the existing credit facilities. However, this risk cannot be ignored completely.

Internally, Aedifica is organised so as to regularly monitor the evolution of the financial markets, optimise the Company's financial structure over both the short and long terms, and manage financial risks (liquidity risk, interest rate risk). Aedifica aims to further diversify its funding sources, given market conditions.

New Philip
Senior housing -
Brussels (Belgium)

3.3 Interest rate risk

Almost all of Aedifica's financial debts are floating-rate borrowings. This allows Aedifica to benefit from low interest rates on the non-hedged part of its borrowings. To mitigate the risk of increasing interest rates, Aedifica follows a policy aimed at securing the interest rates related to at least 60 % of its current or highly probable indebtedness over several years.

This policy is supported by the fact that an increase in nominal interest rates, when not coupled with a simultaneous increase in inflation, implies an increase in real interest rates that cannot be offset by increasing rental incomes through indexation alone. Moreover, in case of accelerating inflation, there is a delay between the moment of the increase of the nominal interest rates and the timing of the indexation of rental incomes. When the interest rate curve is sufficiently flat (i.e. when interest does not vary a lot in relation of the maturity date), Aedifica aims to enter into hedges over longer periods, in line with its horizon of investment.

For example, assuming that the structure and level of financial debts remain unchanged, and assuming that no hedges have been entered into, simulations show that a 25 bps positive deviation (increase) in the 2014/2015 interest rates over the forecast rates would lead to an additional €1.0 million interest expense for the year ended 30 June 2015.

In order to manage the interest rate risk, Aedifica has put in place hedges (interest rate swaps, as well as caps and collars). All hedges are entered into with leading banks and relate to existing or highly probable risks. Where appropriate, Aedifica applies hedge accounting as defined by IAS 39. An analysis of the Company's hedges is provided in the Consolidated Board of Directors' Report and in Note 33 of the Consolidated Financial Statements included in this Annual Financial Report. The hedges are entered into for long periods; however, the agreements signed with the banks providing the hedges provide (in line with market practice) for events that would lead to early termination of the hedges or initiate margin calls (in cash for example) in favour of the banks.

Changes in the interest rate curve have a limited impact on the future interest expense, as at least 60% of the financial debts are hedged by IRS, caps or collars. Each change in the interest rates curve has an impact on the fair value of hedging instruments against income statement or equity (line "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS" and line "I.C.e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS"). A sensitivity analysis is provided in Note 33 of the consolidated financial statements included in this Annual Financial Report.

3.4 Counterparty risk

Signing a credit facility or hedging instrument with a bank generates a counterparty risk in the event of counterparty default. In order to mitigate this risk, Aedifica trades with several leading national and international banks to diversify its funding and hedging sources, while remaining cautious about the balance between cost and quality of the services provided. In the context of the current banking crisis, one should bear in mind that one or several counterparties could default.

In line with market practice, the agreements signed with banks include market shock clauses and major adverse change clauses which could lead to, in extreme circumstances, additional costs for the Company or possibly the early termination of the credit facility.

Aedifica has an ongoing relationship with the banks listed in Note 40 of the Consolidated Financial Statements included in this Annual Financial Report. With respect to hedging, the main providers (by order of magnitude) are ING, BNP Paribas Fortis and KBC Bank.

3.5 Foreign exchange risk

Aedifica earns all rental income and incurs all expenses within the euro-zone (except for one small supplier which charges for its services in USD). The borrowings of the Company are all denominated in Euros. Thus, Aedifica is not exposed to significant foreign exchange risk.

3.6 Financial planning risk

The yearly budget and long-term financial plan are important tools used in the decision-making process and in daily management activities. The budget and financial plan are derived from a computerised model that incorporates a number of assumptions; this model can suffer from programming errors, and human errors which may arise when using it. The potential for wrong assumptions, and undetected programming or human errors might put pressure on the Company's performance or threaten the Company's compliance with regulatory (e.g. legal covenants associated to Belgian REIT status, such as the debt-to-assets ratio) and contractual provisions (e.g. bank covenants).

Tervuren 13 A/B
Apartment buildings - Brussels (Belgium)

4. Regulatory risks

The Company is aware of applicable regulations and does its best to engage experts to provide supplementary assistance and advice. Nonetheless, it is exposed to the risk of non-compliance with regulations or environmental requirements.

Regulatory changes and new related constraints arising for the Company and/or its service-providers could hurt the profitability of the Company or its property values (e.g. through additional obligations at the expense of the Company and/or its tenants).

4.1 Corporate status

The Company's status and the legal framework within which Aedifica operates could be influenced by European legislation and its transposition into Belgian law. Key pieces of EU legislation which could affect the Company include: Directive 2011/61/EU on alternative investment fund managers (the European AIFMD Directive) and Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (the European EMIR Regulation).

The Company is currently governed as a public Belgian REIT under the Act of 3 August 2012 on certain forms of collective management of investment portfolios, according to which it qualifies as a self-managed "undertaking for collective investment" ("OPC/ICB"). Therefore, Aedifica is considered as an "alternative investment fund manager" ("AIFM") under the Act of 19 April 2014 on alternative investment funds and their managers, which transposes the European AIFMD Directive into Belgian law. The AIFM Act was published in the Belgian Official Journal on 17 June 2014 and entered (for the most part) into force on 27 June 2014. In principle, the Company will be subject to all of the requirements of the AIFM Act and to the decrees and regulations issued for its execution, as from the end of the fourth month after the entry into force of the RREC Act (see below). Before that date, the Company will have to make all necessary preparations and will be required to submit a request for authorisation to the FSMA, in accordance with the AIFM Act (unless it adopts the RREC status - see below).

If the REIT would be considered as a self-managed AIFM under the AIFM Act, the Company's activities, operational results, profitability, financial situation and forecast would be significantly affected. The additional obligations that arise from the AIFMD Directive, including those relating to administrative management systems, internal audit, management of conflicts of interest, risk management, liquidity management and the appointment of a depositary, would require the Company to adapt its internal organisation, rules and/or procedures, which would in turn make its management more cumbersome, hinder certain transactions and require additional resources to implement these new requirements. Application of the AIFMD Directive would, thus, lead to an increase in management and administration costs.

If the Belgian REIT should be considered as a self-managed AIFM, the Company would be subject not only to the rules arising from this directive but also to the European EMIR Regulation and other applicable European regulations (financial transaction tax as part of the common system devised by the Com-

€ 209 M
planned investments for existing projects

Martin's Klooster
Hotels and other -
Leuven (Belgium)

16 July 2014
entry into force of the RREC Royal Decree

15 %
withholding tax for residential REITs

mission, CRD IV (new capital and liquidity requirements for credit institutions that may affect the relationship with alternative investment fund counterparties), etc. The application of the EMIR Regulation would expose the Company to margin calls on its hedging instruments, which would lead to an increase in its financing needs and costs. The impacts of other regulations (e.g. tax on financial transactions, CRD IV) mainly entail higher costs for the Company.

Along with the AIFM Act, an Act was approved on 12 May 2014 that introduces the status of "regulated real estate company" ("RREC") (named in French as "société immobilière réglementée" or "SIR" and in Dutch as "gereglementeerde vastgoedvennootschap" or "GVV") (the RREC Act). The RREC Act was published in the Belgian Official Journal on 30 June 2014 and the Royal Decree of 13 July 2014 (which implements the RREC Act) was published in the Belgian Official Journal on 16 July 2014 (RREC RD). The RREC Act and the RREC RD entered into force on 16 July 2014.

The RREC RD contains a new legal framework which offers real estate companies that currently have the Belgian REIT status the possibility to change to a form that would not lead to application of the AIFMD Directive, provided that the real economic activity of these companies meets the characteristics and requirements specified in the RREC RD (consequently, these companies could not be considered as self-managed AIFMs).

Regulated real estate companies will remain subject to the prudential supervision of the FSMA, as well as to the constraints related to, among others, the debt-to-assets ratio, the diversification of risks and the distribution obligations which are derived from the current regime for Belgian REITs.

The fiscal regime of the regulated real estate company is virtually identical to the regime applicable to the concerned real estate companies that currently operate under the Belgian REIT status.

Given the characteristics and constraints established for the regulated real estate company status, the Company's Board of Directors has evaluated the suitability and feasibility for the Company (taking into account its activities) to propose a change of status to its shareholders. Within this context, the Board of Directors has also conducted an overall assessment of the operational, contractual and financial impacts that a change towards the AIFM or the RREC regime would imply for the Company. These analyses have been thoroughly considered before submitting to the FSMA its request for authorisation to transition towards RREC status and before presenting the option to the Company's shareholders for approval. The Board of Directors has also given due consideration to issues related to the legal withdrawal right. This withdrawal right (limited to up to €100,000 per shareholder and conditional to a holding period for the concerned shares) must be offered in the event of a change toward RREC status as approved by at least 80% of the votes at the General Meeting, to any shareholder who votes against the proposal (at the same General Meeting). Shares for which the withdrawal rights would validly be exercised, should either be repurchased by the Company (after which these shares would enter into its own portfolio as treasury shares) or be purchased by a third party. The Board of Directors can nevertheless attach an outstanding condition to the approval of the General Meeting regarding the global exercise of the withdrawal right. Aedifica initiated the transition process on 29 August 2014 by publishing the invitation to an Extraordinary General Meeting that will take place on 29 September 2014.

If the Company does not obtain the RREC status, it will, as from the end of the fourth month after the entry into force of the RREC Act, be considered a self-managed AIFM and will, in accordance with the AIFM Act, be required to submit a request for authorisation to the FSMA before this date. In the event the Company becomes a self-managed AIFM, all consequences described above will become applicable.

4.2 Tax regime

As a Belgian REIT, the Aedifica benefits from a specific tax regime under which its annual result (rental income and gains on disposals, after deduction of operating costs and financial expenses) is not subject to corporate tax (but subsidiaries are subject to corporate tax as is any other company).

The exit tax is calculated taking into account the provisions of the circular Ci. RH. 423/567.729 of 23 December 2004; the prescribed interpretation or practical application of this circular is subject to change at the Government's discretion at any time. The "real value" of a property as stated in the circular is calculated after deduction of the registration duties or of the VAT. This "real value" varies from (and can therefore be inferior to) the fair value of the property as listed in the financial statements under IFRS. The group considers itself compliant with the points of the administrative circular concerning the calculation of its exit tax payable.

Moreover, regulatory risks also include the effects of enacted or foreseen provisions, namely in respect of changes in taxation.

The Programme law of 27 December 2012 establishes a 25% withholding tax on dividends effective as of 1 January 2013. As a Belgian REIT investing directly at least 60% of its property in housing, and in accordance with Articles 171, 3° quater and 269, 3° of the Belgian Income Tax Code, Aedifica benefits from a reduction of the withholding tax to 15%. The concept of housing includes single-family houses and collective housing such as apartment buildings and rest homes. The investment threshold of 60% will be increased to 80% as from 1 January 2015 (as of 30 June 2014, Aedifica already exceeds the 80% investment threshold). Under this Programme law, Belgian REITs are also permitted to invest within the European Economic Area.

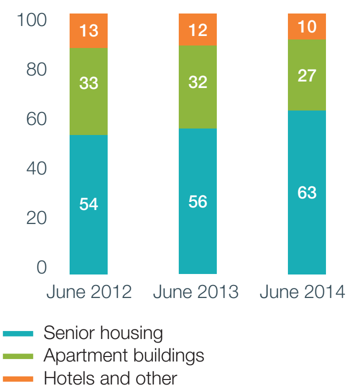
In the event that the Company's status as a Belgian REIT is lost (this would suppose major and re-iterated disregard for the provisions of the Belgian Act of 3 August 2012 and/or of the Royal Decree of 7 December 2010), the Company would also lose its specific tax status. This risk is considered to be very remote, since the Company undertakes all necessary steps to comply with the legal requirements. Furthermore, the loss of Belgian REIT status is generally considered an event of default, thus triggering the reimbursement of all loans granted to the Company.

Even with Belgian REIT status, the Company acts in the broader framework established by the Belgian Companies Code. The reserves available for distribution, computed in accordance with article 617 of the Belgian Companies Code and with the Royal Decree of 7 December 2010 (i.e. the reserves that the law or the articles of association do not prohibit from being paid-out), amount to €8 million as of 30 June 2014 (see Note 38 of the attached Consolidated Financial Statements).

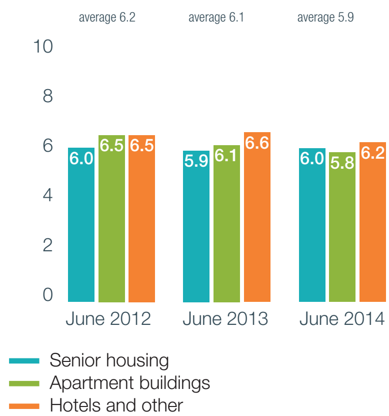
Seniorie de Maretak
Senior housing -
Halle (Belgium)

KEY FIGURES 2013/2014

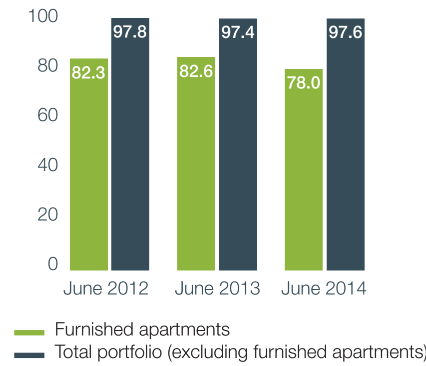
Breakdown by segment in fair value (%)



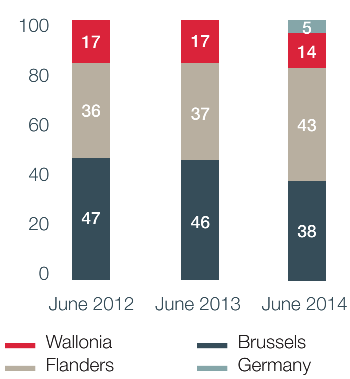
Gross yield by segment in fair value[1] (%)



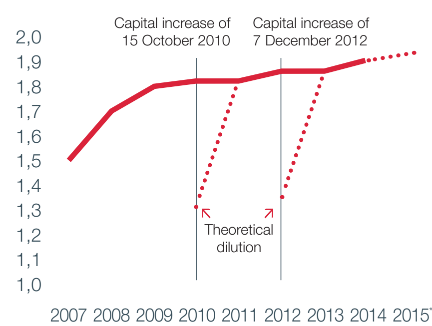
Occupancy rates (%)



Geographical breakdown in fair value (%)

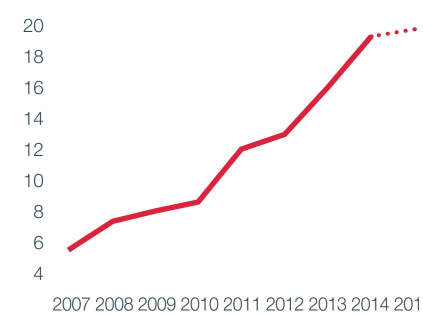


Dividend (€/share)



* Forecast (see section 11 of the Consolidated Board of Directors' Report in this Annual Financial Report).

Dividends distributed (in € million)



* Forecast (see section 11 of the Consolidated Board of Directors' Report in this Annual Financial Report).

19 years

average remaining lease maturity of current contracts, providing an excellent view toward future income streams

€1.90/share

proposed dividend for 2013/2014, which represents a statutory pay-out ratio of 95 %

€ 785 M

fair value of investment properties

1. Based on the fair value (re-assessed every 3 months, increased by the value of goodwill and the furniture in 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 being, in Belgium, supported by the operator. The same applies for hotels.

Key figures

Investment properties (x €1,000)	30 June 2014	30 June 2013
Marketable investment properties in fair value	765,789	614,211
Development projects	19,191	28,633
Total of investment properties in fair value	**784,980**	**642,844**

Net asset value per share (in €)	30 June 2014	30 June 2013
Based on fair value of investment properties		
Net asset value after deduction of dividend 2012/2013, excl. IAS 39	42.47	40.23
IAS 39 impact	-3.73	-3.28
Net asset value after deduction of dividend 2012/2013	38.74	36.95

Consolidated income statement - analytical format (x €1,000)	30 June 2014	30 June 2013
Rental income	40,675	36,230
Rental-related charges	-62	-147
Net rental income	40,613	36,083
Operating charges[1]	-9,192	-8,549
Operating result before result on portfolio	31,421	27,534
EBIT margin[2] (%)	77 %	76 %
Financial result excl. IAS 39	-10,965	-10,460
Corporate tax	-141	-70
Profit excl. IAS 39 and IAS 40	**20,315**	**17,004**
Weighted average number of shares outstanding (IAS 33)	9,917,093	8,715,370
Earnings per share excl. IAS 39 and IAS 40 (€/share)	2,05	1,95
Profit excl. IAS 39 and IAS 40	20,315	17,004
IAS 39 impact: changes in fair value of hedging instruments	-2,990	1,600
IAS 40 impact: changes in fair value of investment properties	3,816	9,013
IAS 40 impact: gains on disposals of investment properties	0	54
IAS 40 impact: deferred taxes	244	0
Profit (owners of the parent)	**21,385**	**27,671**
Weighted average number of shares outstanding (IAS 33)	9,917,093	8,715,370
Earnings per share (owners of the parent - IAS 33 - €/share)	2.16	3.17

1. Items IV to XV of the income statement. 2. Operating result before result on portfolio divided by the net rental income.

Consolidated balance sheet (x €1,000)	30 June 2014	30 June 2013
Investment properties (fair value)	784,980	642,844
Other assets included in debt-to-assets ratio	9,675	8,827
Other assets	65	526
Total assets	**794,723**	**652,197**
Equity		
Excl. IAS 39 impact	435,278	414,662
IAS 39 impact[1]	-38,203	-32,503
Equity	397,075	382,159
Liabilities included in debt-to-assets ratio	356,820	234,821
Other liabilities	40,828	35,217
Total equity and liabilities	**794,723**	**652,197**
Debt-to-assets ratio (%)	44.9 %	36.0 %

1. Fair value of hedging instruments (see Note 33).

Key performance indicators according to the EPRA principles	30 June 2014	30 June 2013
EPRA Earnings (in €/share)	2.05	1.95
EPRA NAV (in €/share)	42.45	40.24
EPRA NNNAV (in €/share)	38.51	36.95
EPRA Net Initial Yield (NIY) (in %)	5.2	5.2
EPRA Topped-up NIY (in %)	5.2	5.2
EPRA Vacancy Rate (in %)	2	2
EPRA Cost Ratio (including direct vacancy costs) (in %)	23	24
EPRA Cost Ratio (excluding direct vacancy costs) (in %)	22	24

LETTER TO THE SHAREHOLDERS

"Even before considering the new opportunities to expand in Belgium and in Germany, future growth is ensured for Aedifica given the Company's existing commitments to acquire, renovate, extend, and/or redevelop multiple sites."

OUR ACCOMPLISHMENTS IN 2013/2014

1. Expansion of the portfolio in Germany with acquisition of 5 rest homes
2. Acquisition of 13 buildings, bringing the number of senior housing sites to 50
3. Trust of the financial markets demonstrated by the establishment of €191 million in new and renegotiated bank credit facilities and by the issuance of new shares (€16 million) as part of two real estate operations
4. Rental income, EBIT margin and profit excluding IAS 39 and IAS 40: increasing and above budget

Dear shareholders,

Aedifica's investment strategy is built on two underlying demographic trends, namely population ageing in Western Europe and population growth in Belgium's main cities.

A year and a half after the capital increase of December 2012, Aedifica has realised an impressive series of new investments, mainly in the senior housing segment, which has become the Company's principal development pillar. No less than 13 buildings entered into Aedifica's portfolio during the 2013/2014 financial year (not to mention various extensions, redevelopments, etc.). With these acquisitions, the number of senior housing sites has grown to more than 50. The fair value of investment properties rose well above €700 million during 2013/2014 to reach €785 million by 30 June 2014. This marks an increase of €142 million (or 22%) in one year.

In addition to the €191 million in credit facilities established or renegotiated during the financial year, the Company was able to issue a significant number of new shares at the end of the period to finance its continued growth. These shares, which represent a cumulative amount of €16 million, were issued as part of two real estate operations (contributions in kind). This had an accretive effect on the net asset value per share and brought the total market capitalisation to €520 million.

Growth of the portfolio took place within the domestic market and, for the first time, by expanding beyond the country's borders. The acquisition of five rest homes in Germany was a major accomplishment for the Company in 2013/2014. Not only were these acquisitions Aedifica's first investments abroad since the Company was created in 2005, they are also the first investments of any Belgian REIT in the German market. These investments are consistent with Aedifica's strategy in the senior housing segment, allowing for better diversification of tenants and expanding the Company's operations in a market that tends to structure itself at a European level. Aedifica aims to continue its growth in Germany with its actions, communications, and other efforts ongoing in view of this goal. The German market has responded positively to Aedifica's arrival in the market: the Company was recognised as one of the top 5 investors in senior housing by Care-Invest during the Altenheim EXPO trade fair in Berlin in July 2014.

Even before considering the new opportunities to expand in Belgium and in Germany, future growth is ensured for Aedifica given the Company's existing commitments to acquire, renovate, extend, and/or redevelop multiple sites. These projects fit perfectly with Aedifica's strategy which, in the senior housing segment, aims to improve existing sites and to develop new projects in partnership with tenants/operators. The current pipeline for these types of projects represents a total committed budget in excess of €200 million, to be invested over a four year period. This strategy allows Aedifica to maintain a portfolio of high quality buildings that generate attractive net yields.

Stefaan Gielens (left)
Jean-Louis Duplat (right)

The assets of Aedifica's portfolio are divided into three segments:

- senior housing, which represents the most significant segment in terms of value (63% of the fair value of marketable investment properties), of rental income (60%) and of the operating result before result on portfolio (78%);
- apartment buildings (27% of the fair value of marketable investment properties); or
- hotels (which at 10% of the fair value of the marketable investment properties, now represent a residual, non-strategic segment for the Company).

Aedifica continues to improve its portfolio performance, which translates into excellent and increasing rental incomes (+12%), an increasing EBIT margin (77%), and well controlled financing costs. Profit excluding non-cash elements arising from application of accounting standards on financial instruments and investment property has reached €20.3 million (30 June 2013: €17.0 million, an increase of 19%), i.e. €2.05 per share (30 June 2013: €1.95 per share).

Aedifica owes its strong results for the 2013/2014 financial year to the enthusiasm, competence, and commitment of its staff who has yet again demonstrated their efforts to ensure the Company's continued growth in Belgium and abroad over the course of the year. Again this year, the Board of Directors expresses its sincere congratulations to the Aedifica team.

Given the performance and achievements described above, Aedifica's Board of Directors proposes to the Annual General Meeting to distribute a gross dividend of €1.90 per share. This is higher than the prior year dividend distribution and above budget (€1.86 per share).

In light of the instable environment that continues to unfold around the world, the Board of Directors anticipates a higher dividend for 2014/2015, amounting to €1.93 per share.

The 2014/2015 financial year will also be a year of regulatory framework change for the Belgian REIT sector. Following the transposition of the European "Alternative Investment Fund Managers" ("AIFM") Directive, Belgian REITs will soon be subject to new reporting requirements. Within this context, the Belgian Parliament approved an act that introduces the status of "Regulated Real Estate Company" ("RREC") (in French "SIR" standing for "Société Immobilière Réglementée" or in Dutch "GVV" standing for "Gereglementeerde VastgoedVennootschap") and offers existing Belgian REITs the possibility to adopt this new status. This Act, and the Royal Decree which implements it, entered into force on 16 July 2014. Within the four months following publication of this Royal Decree in the Belgian Official Gazette, every Belgian REIT will have to choose from one of two options: obtain an authorisation from the FSMA ("Financial Services and Markets Authority") to operate as an AIFM, or request authorisation by the shareholders to adopt the RREC status. Aedifica's Board of Directors believes that it is in the best interest of the company, its shareholders and effectively all stakeholders to adopt the RREC status. Application of the AIFMD directive, on the other hand, would burden the operating structure of the Company and trigger application of other regulations, such as those applicable to derivative instruments ("European Market Infrastructure Regulation" or "EMIR"). The combination of all these factors would decrease of the Company's dynamism in the market and have an important financial impact, with a significant increase of financial and operating costs. Aedifica's Board of Directors has, thus, chosen to submit to the FSMA an application for authorisation to become a RREC. With approval, the Company will be in a position to convene an Extraordinary General Meeting in autumn 2014 to vote on the change in status. Aedifica has initiated the process by issuing on 29 August 2014 the convocation of the Extraordinary General Meeting which will take place on 29 September 2014.

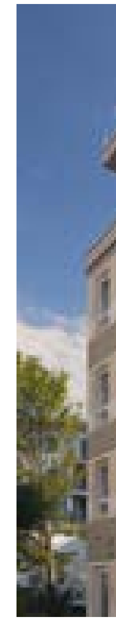
In conclusion, note that new investment opportunities are currently under consideration, both in Belgium and in Germany. These potential investments are fully aligned with the Company's strategy which is highly favoured by the market.

Stefaan Gielens,
Chief Executive Officer

Jean-Louis Duplat
Chairman of the Board of Directors

SENIOR HOUSING

The ageing of the baby-boom generation is progressing at a rapid pace in Belgium as well as in Europe, and will reach a peak by 2050. Professionalisation and consolidation in the Belgian senior housing market is evident. Aedifica participates actively as a real estate investor in Belgium as well as in Germany. Aedifica puts its buildings at the disposal of professional and specialised operators in the framework of long-term contracts that generate high net rental yields.



1. **SZ AGO Dresden**
   Saxony (Germany)
   This rest home, constructed in 2012, is located in the beautiful baroque city of Dresden and comprises 116 beds.
2. **Hestia**
   Wemmel (Belgium)
   This 222-bed rest home is the largest in Aedifica's portfolio.
3. **Oase Binkom**
   Binkom (Belgium)
   111 beds are currently operated in the building. An extension project is also planned for the site which will raise total capacity to 121 beds.


2

“The acquisitions carried out during the 2013/2014 financial year were the obvious choice for Aedifica in its continued effort to diversify its assets, both geographically and in terms of operators within its main strategic segment, senior housing, which now comprises more than 50 sites.”

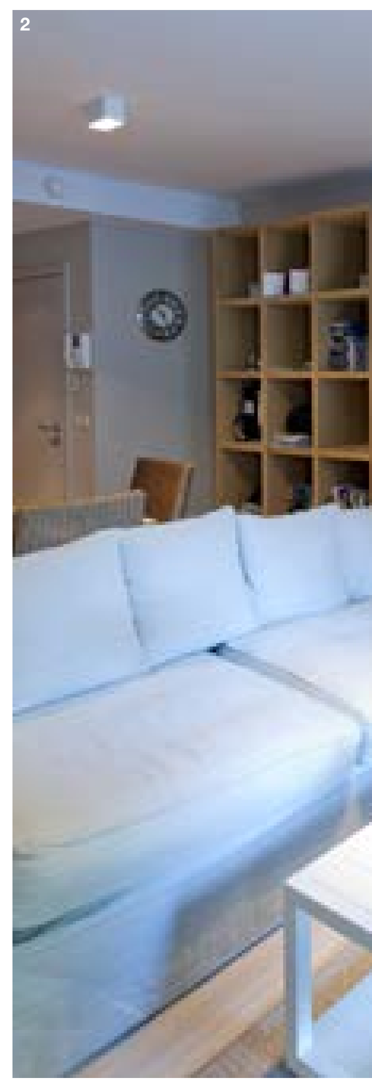
Stefaan Gielens, CEO

52
sites

63 %
of the portfolio

5 %
of the portfolio in Germany

6.0 %
gross rental yield



APARTMENT BUILDINGS

Aedifica possesses apartment buildings situated in lively districts that are centrally located and easily accessible within Belgian major cities such as Brussels and Antwerp. The buildings are primarily residential but, given their urban locations which commonly feature mixed-use buildings, may also include office or retail space.

The apartments are often furnished by the occupants under traditional rental contracts, while apartments furnished by Aedifica tend to be let under short-term rental contracts.

Aedifica is primarily interested in new or fully renovated buildings that are large enough to generate good returns and offer potential for capital gains, which may be realised through the sale of individual units within buildings initially acquired in full. Aedifica also acts upstream by investing in development projects that meet these criteria.

1. **Stephanie's Corner**
   Brussels (Belgium)
   Acquired by Aedifica in 2013, this 27-unit building is ideally located in the heart of the Louise district.
2. **Résidence Chamaris**
   Brussels (Belgium)
   Acquired by Aedifica in 2011, this 23-unit building is located in the Leopold district. It was originally an office building in the 1960s and was converted and renovated in 2009/2010.
3. **Sablon**
   Brussels (Belgium)
   This building is located in Brussels' city centre, in one of the most lively tourist and shopping districts of Europe's capital city. In addition to its 30 apartments, the building also includes The Mercedes House which features a high-end restaurant run by a star chef.

> "In 2013, Aedifica acquired an apartment building ideally located in the heart of Brussels' Louise district. The previous acquisition of a building of this type dates back two years. This newest building generates an initial gross rental yield of more than 5%."
>
> **Stefaan Gielens, CEO**

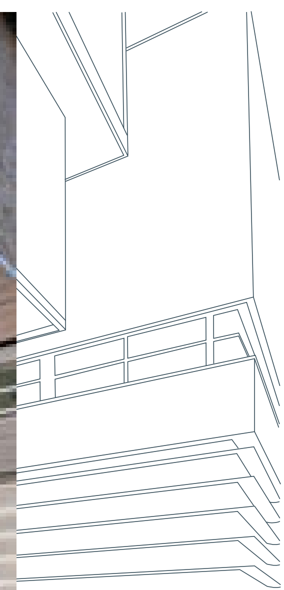
864	27 %	5.8 %
apartments	**of the portfolio**	**gross rental yield**

1. **Eburon**
   Tongeren (Belgium)
   The Eburon Hotel is originally the site of an ancient convent. The building has been fully renovated and transformed into a 4-star hotel. It was featured as the set of the TV series “Dag en Nacht” which aired on the Belgian TV channel VTM in 2010, as well as the TV game show “Mijn Restaurant! 2011” which aired on the same channel.
2. **Martin’s Klooster**
   Leuven (Belgium)
   Located in Leuven’s historical centre, the Martin’s Klooster comprises a unique 4-star hotel with 103 rooms following a complete renovation.
3. **Carbon**
   Genk (Belgium)
   The Carbon hotel is a 4-star design hotel located in the centre of Genk, which won the European prize for best interior restaurant design in 2008. It was nominated as one of the 50 best new hotels in the world by the magazine Forbes Traveler.

HOTELS AND OTHER

Aedifica acquired 6 hotels in prior years, all located in Belgium, which are operated by two professional and specialised operators under long-term contracts. Hotels are now considered as a residual nonstrategic segment for Aedifica.

This segment also includes a number of small properties (office buildings, a semi-industrial site, and land reserves).



6	10 %	6.2 %
hotels	**of the portfolio**	**gross rental yield**

13
additions to the portfolio during the 2013/2014 financial year

€ 785 M
fair value of investment properties as of 30 June 2014

97.6 %
high occupancy rate for the unfurnished portion of the portfolio

BOARD OF DIRECTORS' REPORT

+12 %

increase in consolidated rental income as compared to 30 June 2013

€ 209 M

development projects in the pipeline as of 30 June 2014

€ 191 M

credit facilities established or renegotiated since the beginning of the 2013/2014 financial year

CONSOLIDATED BOARD OF DIRECTORS' REPORT[1]

- Fair value of investment properties amounting to €785 million as of 30 June 2014, increase of €142 million as compared to 30 June 2013
  - First Belgian REIT active in the German market, with 5 rest homes already acquired in the country
  - Over 50 senior housing sites with 12 additions to the portfolio during the 2013/2014 financial year
  - Acquisition of one apartment building in 2013/2014 for a total of 13 additions to the portfolio during the financial year under review
- Over €200 million in development projects in the pipeline as of 30 June 2014, 96% pre-let
- Occupancy rate for the year ended 30 June 2014 : 97.6% for the unfurnished portion of the portfolio and 78.0% for the furnished portion (8% of the fair value of marketable investment properties)
- 12% increase in rental income as compared to 30 June 2013
- Rental income, EBIT margin and profit excluding IAS 39 and IAS 40 ahead of budget
- €6 million increase in the fair value of marketable investment properties, i.e. +0.8% recognised in the income statement
- €191 million in new credit facilities since the beginning of the 2013/2014 financial year
- 44.9% debt-to-assets ratio as of 30 June 2014
- Proposed gross dividend distribution of €1.90 per share, above budget

1. Strategy

1.1. Diversification

Aedifica aims to position itself as the market leader among listed Belgian residential real estate companies.

Our objective is to create a balanced portfolio of residential buildings that generates recurring revenues and offers potential for capital gains. We aim to take advantage of two underlying demographic trends, namely population ageing in Western Europe and population growth in Belgium's main cities. As evidence to support these trends, Belgium's federal Bureau of Planning expects the population of Brussels to increase significantly, surpassing 1.2 million inhabitants by 2020. Moreover, it anticipates that population ageing for the baby-boom generation will continue until it reaches its peak in Belgium, and in Europe, by 2050.

The long-term effects of these demographic evolutions on overall housing needs, and in particular on the specific needs of an ageing population, shape the key themes of Aedifica's strategy.

To attain its objectives, Aedifica has identified two strategic pillars in which it will concentrate activities: senior housing in Western Europe and apartment buildings in Belgium's main cities. The diversification sought by Aedifica centres on these two strategic pillars, which provide for easy adaptation of the Company's policy in response to shifting market opportunities and economic conditions. The two strategic poles are concentrated in two main segments (senior housing and apartment buildings) with a residual nonstrategic segment comprising hotels and other types of buildings. The weight of each segment may vary from one year to another according to changing circumstances.

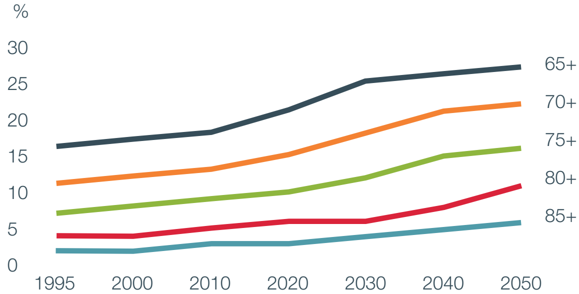
Aedifica's strategy – to specialise in the residential housing market and diversify into two strategic segments – constitutes its most unique feature and greatest strength. The Company strives to be innovative and constructive in order to provide its shareholders with a safe real estate investment over the long run, one that generates recurring revenues for them.

Aedifica's strategy is mainly a buy and hold type, which is by definition oriented over the long-term. Of course, this does not exclude disposals in accordance with an asset rotation policy, which aims to maintain the quality level of the Company's property portfolio and is standard practice for real estate companies. Disinvestments are also realised within the acquisition policy, when an acquired portfolio comprises properties that are considered nonstrategic.

a. Senior housing

Professionalisation and consolidation in the senior housing market is evident at a European level. Aedifica participates actively in Belgium as well as in Germany by acquiring buildings, engaging in sale and rent

Evolution of Belgian population by age group



Source: "Perspectives de Population 2013-2060", Belgian Federal Planning Bureau, 2014

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

back arrangements of existing buildings, by intervening in upstream construction of new buildings, or by undertaking upgrades, renovations and/or extensions of existing sites.

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

The nature of these long-term contracts compensates in large part for the risks associated with shorter-term apartment rentals, most notably in terms of vacancy rates (to date the senior housing segment has enjoyed a constant occupancy rate of 100%).

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

- A rest home is a specialised building in which the elderly reside and benefit from continuous assistance in daily-life (catering, cleaning, and nursing or other care).
- An assisted-living complex consists of one or several buildings that contain living spaces designed for the needs of the elderly and which allow residents to maintain autonomous living while benefiting from access to additional services on demand.

The senior housing market generates stable and recurring revenues, which provide for the distribution of dividends to Aedifica shareholders. According to a study published by DTZ Research in May 2013, Aedifica held the 2nd position in terms of private real estate investors in rest homes in Belgium for the period 2005-2012, representing 27% of the total amount invested by REITs, insurers banks and other types of investors. Considerable growth potential remains in this sector. As a portion of the number of beds approved by social security (INAMI/RIZIV) in Belgium, Aedifica holds approximately 3.5% of the market as of 30 June 2014.

Moreover, Aedifica's Board of Directors announced mid-2013 a first acquisition in Germany. Not only was this Aedifica's first investment abroad since the Company was created in 2005, it was also the first investment of any Belgian REIT in the German market.

This expansion into the German market is consistent with Aedifica's strategy in the senior housing segment. It allows for better diversification of tenants and extends the Company's operations in a market which tends to structure itself at a European level. This first operation abroad also followed changes in Belgian law, which opened the European market to residential Belgian REITs (see section on "Risk factors" of the Annual Financial Report). Information on the German senior housing market is given in the "Property Report" section of the Annual Financial Report.

b. Apartment buildings

Aedifica holds apartment buildings (preferably without co-owners) situated in lively districts that are centrally located and easily accessible within Belgium's major cities. The buildings are primarily residential but, given their urban locations which commonly feature mixed-use buildings, may also include office or retail space.

These investments are realised in two ways:

Acquisition of existing buildings

Aedifica is primarily interested in newer buildings that are large enough (i.e. contain a sufficient number of apartments) to provide good returns. The Company can also undertake upgrades or renovations to bring buildings up to the Company's expected quality standard. Aedifica also acquires portfolios of buildings with the intention to keep only those components that are fully aligned with the Company's investment strategy and dispose of any additional assets.

New constructions

Aedifica acts upstream by acquiring development projects for future completion and by developing its own new projects, in order to maintain quality standards and maximise returns over the long term.

The apartment buildings in Aedifica's portfolio offer good yield perspectives by good potential for capital gains, both through the future sale of entire buildings or the sale of individual units within buildings initially acquired in full.

Apartments are often furnished by the occupants under traditional rental contracts, how-

1st

Belgian REIT in Germany

2nd

largest private investor in rest homes for the period 2005-2012 in Belgium

ever apartments furnished by Aedifica tend to be let under short-term rental contracts that generate higher gross rental yields. The furnished apartments ("business-flats") respond to the specific housing needs of the expatriate community in Brussels, which can be linked to the presence of the European Institutions, NATO, and the headquarters of many international businesses in the city. Furnished apartment rentals do not constitute hotel activities; they are indeed a specific type of apartment rental. The buildings used for this purpose could equally be used for unfurnished apartment rentals or for the sale of individual units. The persistent high volatility in the furnished apartments market and the resulting impact on the net yield have led Aedifica to adapt the way it operates its apartments as follows, over the short and medium terms:

- The type of apartments offered in the market will become more flexible (in particular concerning the conversion of furnished apartments into unfurnished apartments).
- Short-term rentals of the furnished apartments will gradually be phased-out (in particular rentals of less than 3 months).
- Internally, the management and commercial teams have been merged in order to create an integrated management team and an integrated commercial team that covers the entire apartment portfolio (whether furnished or unfurnished).

c. Hotels and other

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

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

Given the regulations relating to the reduced withholding tax applicable to dividends distributed by Aedifica (see "Risk Factors" section of the Annual Financial Report), hotels (which are not strictly speaking residential investments) now represent a residual, non-strategic segment for the Company.

This segment also comprises a number of small properties including office buildings, semi-industrial sites, and land reserves.

1.2. Growth strategy

Aedifica follows a growth strategy which, between 31 December 2006 and 31 December 2013, has seen the Company rise successfully from 36th to 11th place in the ranking of Belgium's 100 largest real estate portfolios (according to the "Investors Directory 2014", edited by Expertise BVBA in January 2014). The Company intends to continue on this growth path in order to derive benefits linked to its scale, including:

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

11th position

among the 100 largest real estate portfolios in Belgium (36th in 2006)

13

acquisitions in 2013/2014

1.3. Possible strategic developments

Aedifica is studying the possibility of investing in new sectors of the real estate market and is continually evaluating the needs and opportunities generated by shifting demographics. Potential new sectors should be of a residential nature and combine housing functions with care and/or hospitality services.

Aedifica is also studying the possibility of investing in geographic markets outside of Belgium and Germany, with a focus on the senior housing segment.

2. Operations carried out before and after the 30 June 2014 closure

2.1. Operations carried out before the 30 June 2014 closure

Investments carried out during the financial year are detailed in section 2.1.1 and 2.1.2. The different operations are also described in the Company's press releases, which are available online at www.aedifica.be. The contractual value of acquisitions mentioned in this section complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.

2.1.1. Acquisitions

- **Seniorenzentrum AGO Herkenrath (Bergisch Gladbach, North Rhine-Westphalia), Dresden and Kreischa (Saxony)**

Aedifica signed, in front of the notary, the purchase agreements for three rest homes in Germany on 20 June 2013 ("Seniorenzentrum AGO Herkenrath" in Bergisch Gladbach in North Rhine-Westphalia) and 12 September 2013 ("Seniorenzentrum AGO Dresden" and "Seniorenzentrum AGO Kreischa" in Saxony). These agreements were subject to the usual outstanding conditions in Germany, which are mainly of administrative nature. The conditions were met on 1 August 2013 for the rest home located in Bergisch Gladbach, on 22 November 2013 for the rest home located in Dresden and on 28 December 2013 for the rest home located in Kreischa. The purchase price (approx. €21 million in total) was paid, and Aedifica SA automatically acquired the property and full use of the buildings on those dates.

- The "Seniorenzentrum AGO Herkenrath" is a recent construction which benefits from an excellent location and offers comfortable living spaces. It is located 20 km from Cologne (4th largest city in Germany in terms of population) in the centre of Herkenrath, part of the city of Bergisch Gladbach in North Rhine-Westphalia. The rest home was built in 2010 and contains 80 beds in 80 single rooms.
- The "Seniorenzentrum AGO Dresden" is located in a residential area of the beautiful baroque city of Dresden, the capital of Saxony. It is close to shops and public transportation and a main artery of the Löbtau district. Built in 2012, it contains 116 beds in 107 rooms.
- The "Seniorenzentrum AGO Kreischa" is located in a bucolic environment in the commune of Kreischa in Saxony, approx. ten kilometres from the city of Dresden. The rest home benefits from an excellent location along the Kurpark (the central park of Kreischa), close to shops, the town hall and the Klinik Bavaria (one of most important rehabilitation clinics in the country). Built in 2011, it contains 84 beds in 77 rooms.

These three establishments are operated by subsidiaries of the AGO Betriebsgesellschaft für Sozialeinrichtungen mbH ("AGO group"), a quality operator in the healthcare industry with an excellent reputation in the German market. It operates more than ten establishments and has its headquarters in Cologne. The contracts in place with the operator are irrevocable long-term leases with double net structure, meaning the repair and maintenance of the roof, structure and facades of the building remains the responsibility of the owner. The average remaining lease maturity of the three leases is approx. 23 years. Given the good quality of the buildings, the initial gross rental yield (double net) for the three rest homes amounts to approx. 7.5%. The contractual value of the three buildings amounts to approx. €21 million.

- **29 August 2013: "Salve" and "Plantijn" rest homes (Brasschaat and Kapellen, province of Antwerp)**

Aedifica (together with its subsidiary, Aedifica Invest SA) acquired all shares of the limited liability company Patrius Invest on 29 August 2013. Patrius Invest is the owner of two rest homes in the province of Antwerp: "Salve" in Brasschaat and "Plantijn" in Kapellen.

- The "Salve" rest home is located at the heart of a residential district in Brasschaat. This 117-bed rest home is operated by the Armonea group (a major player in the senior care market) under a 27-year triple net long lease (that began in June 2013). The contractual value amounts to approx. €8 million and generates an initial triple net yield of 6%. In addition, a 2-phase development project is in progress at the site, consisting of the demolition and reconstruction of the old section of the rest home (dating back to the beginning of the 20th century) and the complete renovation of the newer sections (two buildings dated 1979 and 1997). The delivery of phase I took place on 14 February 2014 (see section 2.1.2).
- The "Plantijn" rest home is located in a residential district close to the centre of Kapellen. The rest home contains 110 beds and is operated by the Armonea group under a 27-year triple net long lease (that began in June 2013). The contractual value amounts to approx. €8 million and generates an initial triple net yield of approx. 6%. In addition, a development project is planned for the site. This project includes the renovation of existing buildings (namely a building dating back to the beginning of the 20th century and more modern expansions added in 1972 and 1986) and the expansion of the site with construction of a new building on a plot of land next to the rest home. The development permit has already been obtained for this project. Completion of the development is expected in 2017/2018.

The total investment budget (as specified in the contracts) for the renovation and expansion works at these two sites amounts to approx. €16 million. These additional investments will, upon completion, generate a triple net yield of approx. 6%.

- **21 October 2013: Stephanie's Corner (Brussels)**

Aedifica (together with its subsidiary, Aedifica Invest SA) acquired all shares of the limited liability company Immo Dejoncker on 21 October 2013. Immo Dejoncker is the owner of the "Stephanie's Corner" apartment building in Brussels.

"Stephanie's Corner" comprises 27 apartments, 3 commercial spaces and a 27-space underground parking lot. The building (dated 2007) is located between rue Jean Stas and rue Dejoncker. This is an excellent location at the heart of the Louise district in Brussels, near to shops and public transportation links (trams and metros). The apartments are rented to private individuals on the basis of traditional residential leases while commercial spaces are rented under commercial leases. The contractual value of the building amounts to approx. €10 million (i.e. an acquisition value well below €3,000 / m² for the apartments) and generates an initial gross rental yield above 5%.

- **16 December 2013: "De Stichel" (Vilvoorde, province of Flemish Brabant) and "Huize Lieve Moenssens" (Dilsen-Stokkem, province of Limburg)**

Aedifica (together with its subsidiary, Aedifica Invest SA) acquired the control of the companies owning the "Huize Lieve Moenssens" rest home in Dilsen-Stokkem (Province of Limburg) and "De Stichel" rest home in Vilvoorde (Province of Flemish Brabant) on 16 December 2013.

€ 209 M
development projects in the pipeline

- The "De Stichel" rest home is located at the heart of a residential district (Koningslo) in Vilvoorde, close to the Military Hospital Queen Astrid and the Brussels Ring highway. The rest home benefits from a beautiful view of the surrounding fields with Brussels in the background. This 118-bed rest home was built in several phases between 1990 and 2006 and is operated by the Soprim@ group under a 27-year triple net long lease. The contractual value amounts to approx. €11 million and generates an initial triple net yield of approx. 6%. In addition, the actual building offers a significant potential to increase its capacity.
- The "Huize Lieve Moenssens" rest home is located in Dilsen-Stokkem (a few kilometres of Maasmechelen Village) near to a residential district. The land on which the rest home is situated is owned by the commune but is subject to a long lease set in 1981 for a period of 99 years. The building was initially built in 1986 as a centre for people with disabilities and later transformed to a rest home in two separate phases in 2002 and 2004. In 2007 a new wing was added to increase the capacity to its current 67 beds. The rest home is operated by the Soprim@ group under a 27-year triple net long lease. The contractual value amounts to approx. €5 million and generates an initial triple net yield of approx. 6.5%. In addition, the site offers significant potential for future expansion.
- 12 June 2014: Oase (Leuven-Aarschot-Tienen)

On 12 June 2014, Aedifica announced an agreement in principle between Aedifica, B&R and Oase for the acquisition of 5 new rest homes, in the region of Leuven, Aarschot and Tienen (Province of Flemish Brabant). This agreement in principle was partially executed with the acquisition of the rest home in Binkom on the same day and with the acquisition of the plot of land in Tienen on 30 June 2014.

- Oase Binkom: The rest home in Binkom (municipality of Lubbeek) is situated in a good and central location next to the church, approx. ten kilometres from Leuven. The rest home has two parts: the oldest section was built in 1989 and considerably extended in 2012; the newest section was fully renovated the same year. The building currently contains 111 beds. The concept and the finishings are of high-quality and reflect the standard that the operator (Oase) strives to maintain in all of its other rest home projects, with a focus on conviviality, variety of activities and on quality of care. The rest home is operated on the basis of a 27-year triple net long lease. The contractual value of the site amounts to approx. €12 million. An additional extension project is also planned for the site. This will involve the construction of a new wing to raise the total capacity of the site to 121 beds. An additional investment budget of approx. €2 million has been allocated to this project.
  The operation was partially realised through the contribution in kind of the building (by Oase ASBL (the former owner) and through the acquisition by Aedifica (together with its subsidiary, Aedifica Invest SA) of 100% of the shares of Rugever BVBA, a subsidiary of the B&R group and owner of the plot of land. The transaction was partially financed with issuance of 258,475 new Aedifica shares in the amount of €12,158,664. The new shares are fully paid-up, with no par value. These shares have been quoted on the stock market since 16 June 2014 and give dividend rights for the 2013/2014 financial year, with Oase assuming the amount of the expected dividend which accrued over the period 1 July 2013 to 11 June 2014.
  Rugever BVBA was merged with Aedifica SA at the Board of Directors on 30 June 2014.
- Oase Tienen: The site in Tienen is well located in a residential area of the city centre, close to shops, public transportation and to the RZ Tienen hospital. Upon completion of the construction in summer/autumn 2014, the site will comprise 178 units, including a 129-bed rest home and 49 assisted-living apartments. The rest home will be operated by the Oase Group on the basis of a 27-years triple net long lease. The Oase Group will operate the assisted-living apartments under an agreement for the right to use. Aedifica may consider selling these assisted-living apartments to third parties in the short term.
  Aedifica acquired the plot of land in Tienen through a contribution in kind made by Woon & Zorg Vg Tienen BVBA on 30 June 2014. The contractual value of the plot of land amounts to approx. €4 million. The initial net yield amounts to approx. 6%. Aedifica will receive this yield based on the surface rights granted to Woon & Zorg Vg Tienen BVBA in relation to the buildings under construction on this plot of land.
  The transaction was entirely financed by the issuance of 86,952 new Aedifica shares. The new shares are fully paid-up, with no par value. These shares have been quoted on the stock market since 2 July 2014 and give dividend rights for the 2013/2014 financial year, with Oase assuming the amount of the expected dividend which accrued over the period 1 July 2013 to 29 June 2014. Completion of the building and its acquisition by Aedifica are foreseen in summer/autumn 2014.
- 24 June 2014 and 26 June 2014: "Haus Dottendorf" (Bonn, North Rhine-Westphalia, Germany) and "Goldene Au" (Sonneberg, Thuringia, Germany) rest homes

On 5 May 2014, Aedifica announced the signing of the purchase agreements for two rest homes in Germany ("Haus Dottendorf" in Bonn, in North Rhine-Westphalia, and "Goldene Au" in Sonneberg, in Thuringia). These agreements signed in front of the notary in Frankfurt were subject to the usual outstanding conditions in Germany, which are mainly of administrative nature. The conditions were met on 24 June 2014 for the rest home located in Bonn and on 26 June 2014 for the rest home located in Sonneberg. The purchase price (€15 million) was paid on these dates and the property and full use of the buildings were automatically acquired.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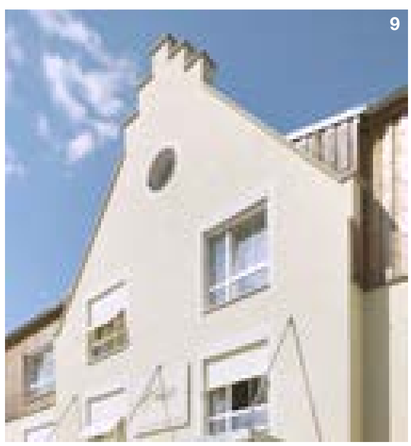
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MAIN ACQUISITIONS DURING THE 2013/2014 FINANCIAL YEAR

1. "**SZ AGO Herkenrath**" rest home in Bergisch Gladbach (North Rhine-Westphalia, Germany)
2. "**Plantijn**" rest home in Kapellen
3. "**Salve**" rest home in Brasschaat
4. "**Hestia**" rest home in Wemmel
5. "**Stephanie's Corner**" apartment building in Brussels
6. "**SZ AGO Dresden**" rest home in Dresden (Saxony, Germany)
7. "**De Stichel**" rest home in Vilvoorde
8. "**Huize Lieve Moenssens**" in Dilsen-Stokkem
9. "**SZ AGO Kreischa**" rest home in Kreischa (Saxony, Germany)
10. "**Larenshof**" rest home in Laarne
11. "**Koning Albert I**" rest home in Dilbeek
12. "**De Edelweis**" rest home in Begijnendijk
13. "**Oase Binkom**" rest home in Binkom
14. "**Haus Dottendorf**" rest home in Bonn (North Rhine-Westphalia, Germany)
15. "**Goldene Au**" rest home in Sonneberg (Thuringia, Germany)


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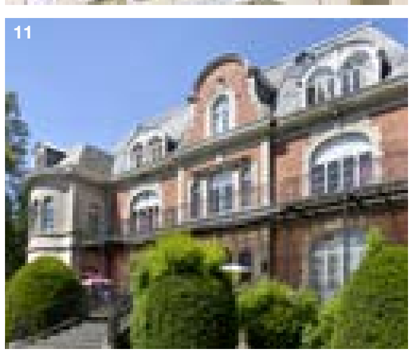
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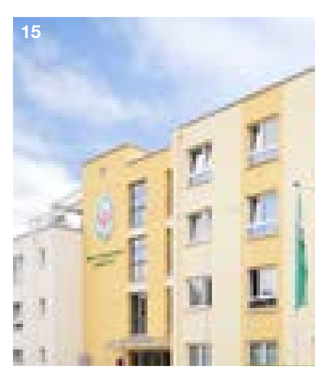
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Giono & Hugo
Apartment buildings - Jambes (Belgium)

- The "Goldene Au" rest home is located in a central residential area of Sonneberg, a border town between Thuringia and Bavaria. The rest home benefits from an excellent location, close to shops, the train station and the city hall. Built in 2010, it contains 81 rooms with a current capacity of 83 beds.
  This establishment is operated by Volkssolidarität, one of Germany's largest not-for-profit associations. It operates nurseries, social services and other establishments with social aims for the benefit of the German population. It operates more than sixty establishments and has its headquarters in Berlin.
- The "Haus Dottendorf" rest home is located in a residential area of Dottendorf in Bonn, North Rhine-Westphalia. The rest home benefits from an excellent location, close to a variety of shops. Built in 1994, it contains 81 rooms with a current capacity of 120 beds and 10 assisted-living apartments.
  This establishment is operated by Senator, one of the largest private rest home operators in Germany with its headquarters in Lübeck and more than 50 establishments across the country.

The contracts in place with the operator are irrevocable long term leases with double net structure, meaning the repair and maintenance of the roof, structure and facades of the building remains the responsibility of the owner. The average remaining lease maturity of the two leases is approx. 22 years. The initial gross rental yield (double net) for the two rest homes amounts to approx. 7.5%. The contractual value of the two leases amounts to approx. €15 million.

2.1.2. Completions of renovation and extension works

- 29 August 2013: Hestia rest home (Wemmel, province of Flemish Brabant)

Construction of the new "Hestia" rest home, located in Wemmel (in the province of Flemish Brabant), was completed on 29 August 2013.

The rest home is located in close proximity to Brussels in a residential area of Wemmel. With a total capacity of 222 beds, it is the largest rest home in Aedifica's portfolio. The site is operated by the Soprim@ group under a 27-year triple net long lease. The contractual value amounts to approx. €22 million (including the land acquisition and building construction) and generates an initial triple net yield of approx. 6%.

The project was carried out on behalf of Aedifica in the context of an agreement in principle signed on 21 February 2011 with the Soprim@ group.

- 14 February 2014: "Salve" rest home (Brasschaat, province of Antwerp)

Aedifica (together with its subsidiary Aedifica Invest SA) acquired all shares of the limited liability company Patrius Invest SA, owner of the "Salve" rest home on 29 August 2013 (see section 2.1.1). In the framework of the long lease, Aedifica committed to finance the redevelopment of the site (in two phases). Phase I of the project consisted of the demolition and reconstruction of the old section of the rest home while at the same time preserving the historical exterior front of the building; this phase was completed in February 2014. The phase I investment amounts to approx. €6 million and generates a triple net rental yield of approximately 6%.

Phase II will see the renovation of the more recent sections (two buildings dated 1979 and 1997). Delivery of phase II is expected in 2015.

- 17 February 2014: "Larenshof" rest home (Laarne, province of East Flanders)

On 7 September 2011 Aedifica acquired Larenshof, a site comprising a rest home and an assisted-living building located in a residential district in Laarne (East Flanders). Phase I (construction of the 62-bed rest home) and phase II (construction of an assisted-living building comprising 29 assisted-living apartments) were both completed in 2010/2011. Phase III (extension of the rest home) reached completion on 17 February 2014. The total investment for the site (Phases I, II and III) amounts to approx. €17 million and generates a triple net rental yield of approx. 6%. The site now comprises 119 units (90 rest home beds and 29 assisted-living apartments, of which 26 apartments belong to Aedifica). It is operated by the Armonea group, under a triple net long lease.

- 1 April 2014: "Eyckenborch" rest home (Gooik, Province of Flemish Brabant)

On 1 April 2014, phase I of the extension of the Eyckenborch rest home was added to the marketable investment properties. The remaining budget for phase II amounts to approx. €5 million.

- 28 April 2014: "Koning Albert I" rest home (Dilbeek, province of Flemish Brabant)

The "Koning Albert I" rest home was acquired in 2011. In the context of the long lease with the operator of the rest home (the Soprim@ group), Aedifica committed to finance the extension and renovation of the site in order to bring its total capacity to 110 units (67 rest home beds and 43 assisted-living apartments).

The site redevelopment was carried out in two phases:

- Phase I: construction of a new wing to welcome the 67 residents of the original rest home. This phase was completed one year ago.
- Phase II: demolition of the original rest home to enable the construction of an assisted-living building, and total renovation of the existing manor house in order to bring the capacity to 43 high-end assisted-living apartments. This second phase of the project became operational in April 2014.

The total investment for the site, after the extension and renovation works, amounts to approx. €15 million and generates a triple net rental yield of approx. 6%.

- **15 May 2014: "De Edelweis" rest home (Begijnendijk, province of Flemish Brabant)**

Phase II of the extension works of De Edelweis rest home in Begijnendijk was completed on 15 May 2014 and the rest home became operational the same day. Recall that the site, operated by an entity of the Senior Living Group, was acquired on 2010 with a 2-phase extension project planned for a total budget of approx. €3 million. Phase I was completed on 28 May 2013.

2.1.3. Development projects in progress

The Property Report included in this annual financial report includes a table describing all projects in progress as of 30 June 2014.

As of 30 June 2014, the following development projects are in progress:

- Eyckenborch (renovation and extension of a rest home in Gooik);
- 't Hoge (renovation and extension of a rest home in Kortrijk);
- Residentie Sporenpark (construction of a rest home in Beringen);
- Rue Haute (renovation of an apartment building in Brussels);
- Klein Veldeken (extension of an assisted-living building in Asse);
- Pont d'Amour (extension of a rest home in Dinant);
- Plantijn (extension and renovation of a rest home in Kapellen).

2.1.4. Financing

With regard to financing, €191 million in new and renegotiated financing has been secured since the beginning of the 2013/2014 financial year, through the following transactions and events:

- Take-over of €15 million existing credit facilities with the Bank für Sozialwirtschaft, attached to the buildings SZ AGO Herkenrath, SZ AGO Dresden and SZ AGO Kreischa;
- Take-over of €6 million existing credit facilities with BNP Paribas Fortis, through the acquisition of the companies Aedifica Invest Dilsen SA and De Stichel SA;
- New €30 million bilateral credit facility with BNP Paribas Fortis;
- New €30 million bilateral credit facility with ING;
- New €35 million bilateral credit facility with Banque Européenne du Crédit Mutuel;
- Renewal (€30 million) and extension (€15 million) of the bilateral credit facility with KBC Bank maturing on 30 June 2014;
- Renewal (€15 million) and extension (€15 million) of the bilateral credit facility with BNP Paribas Fortis maturing on 26 August 2014.

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

2014/2015:	56
2015/2016:	85
2016/2017:	150
2017/2018:	67
2018/2019:	60
2019/2020:	30
2020/2021:	2
> 2022/2023	14
	464

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

2.2. Operations after the 30 June 2014 closure

2.2.1. Growth of the portfolio

- **10 July 2014: "Oase Aarschot Wissenstraat" rest home (Aarschot, province of Flemish Brabant)**

Aedifica announced the acquisition (together with its subsidiary, Aedifica Invest SA) of 100% of the shares of the BVBA Woon & Zorg Vg Aarschot on 10 July 2014. Woon & Zorg Vg Aarschot is the current owner of a plot of land and buildings in Aarschot (Wissenstraat) and was a subsidiary of the B&R group. This transaction is a part of the agreement in principle (announced on 12 June 2014) for the acquisition of a portfolio of five rest homes in the province of Flemish Brabant in partnership with Oase and B&R.

The site in Aarschot (Wissenstraat) is well located in a residential area close to the city centre, approx. 20 kilometres from Leuven. The site was completed in June 2014 and recently became operational. It comprises 164 units, including a 120-bed rest home and a 44-unit assisted-living apartment complex. Both buildings are connected underground and by an aboveground pedway. The rest home is operated by a non-profit organisation of the Oase group, on the basis of a 27-year triple net long lease, which generates an initial triple net yield of approx. 6%. The Oase Group operates the assisted-living apartments under an agreement for the right to use with a duration of 27 years. Aedifica may consider selling the assisted-living apartments to third parties in the short term, since they are considered nonstrategic assets in this transaction. The contractual value of the entire site amounts to approx. €24 million.

3. Analysis of the 30 June 2014 Consolidated Financial Statements

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

3.1 Portfolio as of 30 June 2014

During the 2013/2014 financial year (1 July 2013 – 30 June 2014), Aedifica increased its portfolio of marketable investment properties by €152 million, from a fair value of €614 million to €766 million (€785 million for the total portfolio, including development projects). This growth (of 25%) is mainly attributed to acquisitions (see section 2.1.1.) and completion of development projects (see section 2.1.2.) realised during the financial year.

222 beds

"Hestia", the largest rest home in Aedifica's portfolio

€ 20.3 M

profit excl. IAS 39 and IAS 40 as of 30 June 2014

The change in the fair value of marketable investment properties recognised in income (+€5.7 million, or +0.8%) has been assessed by independent experts and is broken down as follows:

- senior housing: +€5.9 million, i.e. +1.2%;
- apartment buildings: -€0.1 million, i.e. -0.1%, of which:
  - unfurnished apartment buildings: -€0.2 million, i.e. -0.1%;
  - furnished apartment buildings: +€0.0 million, i.e. +0.1%;
- hotels and other: -€0.1 million, i.e. -0.1%.

As of 30 June 2014, Aedifica has 139 marketable investment properties, with a total surface area of approx. 376,000 m², consisting mainly of:

- 52 senior housing sites with a capacity of 4,849 residents;
- 64 apartments, of which:
  - 583 apartments rented under traditional "unfurnished" residential contracts;
  - 281 apartments rented under "furnished" residential contracts;
- 6 hotels comprising 521 rooms.

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

- 63% senior housing;
- 27% apartment buildings, of which:
  - 19% unfurnished apartment buildings;
  - 8% furnished apartment buildings;
- 10% hotels and other building types.

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

- 95% in Belgium, of which:
  - 43% in Flanders;
  - 38% in Brussels;
- 14% in Wallonia.
- 5% in Germany.

The **occupancy rate** (see glossary) **of the total unfurnished portion of the portfolio** amounts to 97.6% for the year ended 30 June 2014 (represents 92% of the fair value of marketable investment properties; 90% as of 30 June 2014). This occupancy level remains very high, and is higher than that achieved over the 2012/2013 financial year (97.4%).

The **occupancy rate of the furnished portion of the portfolio** reached 78.0% for the year ended 30 June 2014 (represents only 8% of the fair value of marketable investment properties). This is a decrease as compared to the occupancy rate realised in the previous financial year (82.6%) but higher than the last published occupancy rate (76.8% as of 31 March 2014). This reflects the amplified seasonality arising from the economic climate, as noted in previous publications, and is also explained by the fact that Aedifica is currently taking advantage of the economic slowdown to renovate some of its furnished apartments and the Company's will to gradually avoid rentals of less than 3 months (see section 1.1 b. of the consolidated Board of Directors' Report).

The **overall occupancy rate** of the portfolio reached 98% for the year ended 30 June 2014.

The **average remaining lease maturity** for all buildings in the portfolio is 19 years, an increase compared to 30 June 2013 (18 years). According to the "Belgian REIT Overview", published each month by Bank Degroof, Aedifica is significantly ahead of the industry average in terms of its average remaining lease maturity. This impressive aggregate performance is explained by the large proportion of long term contracts (such as long leases) in the Company's portfolio.

3.2 Consolidated income statement

The Consolidated Financial Statements are provided as part of this Annual Financial Report. The following sections of this Consolidated Board of Directors' Report analyse the financial statements using an analytical framework that is aligned with the Company's internal reporting structure. The consolidated income statement covers the 12 month period from 1 July 2013 to 30 June 2014. Acquisitions are accounted for on the date of the effective transfer of control. Such operations will present different impacts on the income statement, depending on whether they took place at the beginning, during, or end of the period.

The consolidated turnover (**consolidated rental income**) for the year amounts to €40.7 million, an increase of 12% compared to the prior year. This is slightly higher than the budget published in the 2012/2013 Annual Financial Report.

The changes in total rental income (+€4.4 million, i.e. +12%, or -2% on a like-for-like basis) are presented below by segment:

- Senior housing: +€5.0 million, i.e. +26% (or +2% on a like-for-like basis);
- Apartment buildings: -€0.2 million, i.e. -1% (or -4% on a like-for-like basis) of which:

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

	30 June 2014	30 June 2013
Rental income	40,675	36,230
Rental-related charges	-62	-147
Net rental income	40,613	36,083
Operating charges[1]	-9,192	-8,549
Operating result before result on portfolio	31,421	27,534
EBIT margin[2] (%)	77%	76%
Financial result excl. IAS 39	-10,965	-10,460
Corporate tax	-141	-70
Profit excl. IAS 39 and IAS 40	**20,315**	**17,004**
Weighted average number of shares outstanding (IAS 33)	9,917,093	8,715,370
Earnings per share excl. IAS 39 and IAS 40 (€/share)	2.05	1.95
Profit excl. IAS 39 and IAS 40	20,315	17,004
IAS 39 impact[3]	-2,990	1,600
IAS 40 impact[4]	3,816	9,013
IAS 40 impact[5]	0	54
IAS 40 impact[6]	244	0
Profit (owners of the parent)	**21,385**	**27,671**
Weighted average number of shares outstanding (IAS 33)	9,917,093	8,715,370
Earnings per share (owners of the parent - IAS 33 - €/share)	2.16	3.17

1. Items IV to XV of the income statement. 2. Operating result before result on portfolio divided by the net rental income. 3. Changes in fair value of hedging instruments 4. Changes in fair value of investment properties 5. Gains on disposals of investment properties. 6. Deferred taxes.

- Unfurnished: +€0.1 million, i.e. +2% (or -4% on a like-for-like basis);
- Furnished: -€0.3 million, i.e. -5% (or -5% on a like-for-like basis);

- Hotels and other: -€0.4 million, i.e. -10% (or -10% on a like-for-like basis).

The evolution of rental income in the senior housing segment (+26% and +2% on a like-for-like basis) demonstrates the relevance of Aedifica's investment strategy in this segment, which already generates more than 60% of the Company's turnover and almost 80% of its operating result before result on portfolio. As mentioned in previous publications, the negative growth in other segments can be attributed mainly to the rent reductions granted to certain tenants during the 2012/2013 financial year in order to preserve their rent to EBITDAR ratios, and therefore their cash flows and asset values.

After deducting **rental-related charges**, the **net rental income** for the year ended 30 June 2014 amounts to €40.6 million (+13% as compared to 30 June 2013).

The **property result** is €39.1 million (30 June 2013: €34.6 million). This result, less other direct costs, provides a **property operating result** of €35.6 million (30 June 2013: €31.2 million), which represents an operating margin of 88% (30 June 2013: 87%).

After deducting overheads of €4.2 million (30 June 2013: €3.9 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 14%, to reach €31.4 million (30 June 2013: €27.5 million). This result represents an EBIT margin (see glossary) of 77% (30 June 2013: 76%).

After taking account of the cash flows generated by hedging instruments (described below), **net interest charges** amount to €11.1 million (30 June 2013: €10.0 million). The average effective interest rate (4.0% before capitalising interest on development projects) is below that reported in 2012/2013 (4.2%) and the average effective interest rate included in the budgeted figures (4.2%). Taking into account other income and charges of a financial nature (including €0.6 million of non-recurrent income resulting from two contributions in kind on 12 and 30 June 2014, which has been paid to Aedifica when the contributor assumed the expected dividend which accrued over the period 1 July 2013 up to the day before de date of contributions), 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 profit excluding IAS 39 and IAS 40 as explained below), the **financial result excluding IAS 39** represents a net charge of €11.0 million (30 June 2013: €10.5 million).

The **corporate taxes** are composed of current taxes and deferred taxes. In conformity with the Company's legal status (i.e. as a Belgian REIT), current taxes (charge of €141 thousand; 30 June 2013: charge of €70 thousand) consist primarily of Belgian tax on Aedifica's non-deductible expenditures, tax generated abroad and tax on the result of consolidated subsidiaries. Deferred taxes are described below.

The **profit excluding IAS 39 and IAS 40** reached €20.3 million (30 June 2013: €17.0 million), or €2.05 per share, based on the weighted average number of shares outstanding (30 June 2013: €1.95 per share). This includes the €0.6 million, or €0.06 per share, in non-recurrent financial income as mentioned above. The recurrent profit excluding IAS 39 and IAS 40 amounts to €19.7 million (an increase of 16% as compared to €17.0 million in 2012/2013), or €1.99 per share. This result (in absolute terms and per share) is strongly ahead (+5%) of expectations (€18.7 million, or €1.89 per share).

The income statement includes, among others, three 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 instruments (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 2013 or the time of entry of new buildings in the portfolio, and the fair value estimated by experts as of 30 June 2014) taken into income amounted to +0.75%, or +€5.7 million (30 June 2013: +1.05% or +€6.2 million) which shows a continuation of the positive trend observed since 1 January 2010. A change in fair value of -€1.8 million was recorded on development projects (compared to +€2.8 million for the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €3.8 million (30 June 2013: +€9.0 million).
- In order to limit the interest rate risk stemming from the financing of its investments, Aedifica has put in place very conservative hedges (called "cash flow hedges") which, over the long term, allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. These instruments are detailed in Note 33 of the Consolidated Financial Statements. The **impact of IAS 39** (changes in fair value) taken into income as of 30 June 2014 represents a charge of €3.0 million (30 June 2013: an income of €1.6 million).

Helianthus
Senior housing -
Melle (Belgium)

- Deferred taxes (income of €244 thousand as of 30 June 2014 with no comparative figure applicable for 30 June 2013) arose from the recognition at fair value of the buildings located abroad in conformity with IAS 40. This deferred tax (with no monetary impact, that is to say non-cash) is thus excluded from the result excluding IAS 39 and IAS 40.

Given the non-monetary elements described above, the **profit (attributable to owners of the parent)** amounts to €21.4 million (30 June 2013: €27.7 million). The earnings per share (basic earnings per share, as defined in IAS 33 and calculated in Note 26 to the Consolidated Financial Statements) is €2.16 (30 June 2013: €3.17).

The **adjusted statutory result** as defined in the annex to the Royal Decree of 7 December 2010 regarding Belgian REITs, is €20.4 million (30 June 2013: €17.9 million), an increase of 14% (as calculated in note 50). Taking into account the dividends accruing for shares issued over the course of the financial year, this represents an amount of €1.99 per share (30 June 2013: €2.05 per share). The decrease of the adjusted statutory result per share can be attributed to two elements: financing for the acquisition of subsidiaries not yet absorbed by the parent company and the increase in the denominator (i.e. number of shares) resulting from the capital increase of 7 December 2012.

3.3 Consolidated balance sheet

As of 30 June 2014, **investment properties** represent 99% (30 June 2013: 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) at a value of €785 million (30 June 2013: €643 million). This heading includes:

- Marketable investment properties (30 June 2014: €766 million; 30 June 2013: €614 million), which marked an increase of €152 million. The net growth in the fair value of marketable investment properties in operation is attributed to €96 million from investment operations (see point 2.1.1), €47 million for the completion of development projects (see point 2.1.2), and €6 million for the change in fair value of marketable investment properties.
- Development projects (30 June 2014: €19 million; 30 June 2013: €29 million), consisting primarily of investment properties under construction or renovation (see point 2.1.3). These projects are undertaken in the context of the multi-annual investment budget described in section 2.2.2 of the property report included the 2013/2014 Annual Financial Report.

"Other assets included in the debt-to-assets ratio" represent 1% of the total balance sheet (30 June 2013: 1%).

Since the formation of Aedifica, its capital has evolved steadily along with its real estate activities (contributions, mergers, etc.) and thanks to capital increases in October 2010 and December 2012. It has increased to €270 million as of 30 June 2014 (30 June 2013: €254 million). The share premium amounts to €65 million as of 30 June 2014 (30 June 2013: €65 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, taking into account the fair value of its investment portfolio, amounts to:

- €435 million excluding the IAS 39 impact (30 June 2013: €415 million, including the €16 million dividend paid out in November 2013);
- or €397 million including the IAS 39 impact (30 June 2013: €382 million, including the €16 million dividend paid out in November 2013).

As of 30 June 2014, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 7 December 2010 on Belgian REITs) reached €357 million (30 June 2013: €235 million), of which €346 million (30 June 2013: €227 million) represent amounts drawn on the Company's credit facilities, detailed in Note 40. The **debt-to-assets ratio** amounts to 44.9% on a consolidated level (30 June 2013: 36.0%) and 44.6% on a statutory level (30 June 2013: 36.0%). The maximum ratio permitted for Belgian REITs is set at 65% of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €159 million in constant assets (that is, excluding growth in the real estate portfolio) or €456 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 up to a 31% in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing commitments with its banks, which further limit the maximum debt-to-assets ratio of 60%, the headroom available amounts to €119 million in constant assets, €299 million in variable assets, and -25% in the fair value of investment properties.

Other liabilities of €41 million (30 June 2013: €35 million) represent mainly the fair value of hedging instruments (30 June 2014: €38 million; 30 June 2013: €32 million).

Consolidated balance sheet (x €1,000)

	30 June 2014	30 June 2013
Investment properties (fair value)	784,980	642,844
Other assets included in debt-to-assets ratio	9,678	8,827
Other assets	65	526
Total assets	**794,723**	**652,197**
Equity		
Excl. IAS 39 impact	435,278	414,662
IAS 39 impact[1]	-38,203	-32,503
Equity	397,075	382,159
Liabilities included in debt-to-assets ratio	356,820	234,821
Other assets	40,828	35,217
Total equity and liabilities	**794,723**	**652,197**
Debt-to-assets ratio (%)	44.9	36.0

1. Fair value of hedging instruments (see Note 33).

The table below presents the evolution of the net asset value per share.

Recall that IFRS requires the presentation of the annual accounts before appropriation. Net assets in the amount of €38.59 per share as of 30 June 2013 thus included the dividend distributed in November 2013, and should be adjusted by €1.64 per share in order to compare with the value as of 30 June 2014. This amount corresponds to the amount of the total dividend (€16 million) divided by the total number of shares outstanding as of 30 June 2013 (9,902,998) and is less than the coupons No. 10 an No. 11 which amounted to €1.86 per share (certain shares held rights to a prorata temporis dividend only).

Excluding the non-monetary impact (that is to say, non-cash) of IAS 39 and after accounting for the payment of the 2012/2013 dividend in November 2013, the net assets per share based on the fair value of investment properties is €42.47 as of 30 June 2014, as compared to €40.23 per share on 30 June 2013.

3.4 Consolidated cash flow statement

The cash flow statement included in the attached Consolidated Financial Statements shows total cash flows for the period of +€0.4 million (30 June 2013: -€1.3 million), which is made up of net cash from operating activities of +€34.8 million (30 June 2013: +€31.1 million), net cash from investing activities of -€87.1 million (30 June 2013: -€32.7 million), and net cash from financing activities of +€52.7 million (30 June 2013: +€0.3 million).

3.5 Segment information

3.5.1. Senior housing

Rental income in this segment amounts to €24.6 million (30 June 2013: €19.5 million), or 60% of Aedifica's total rental income. These buildings are generally operated under triple-net long leases (see glossary) and, as such, the property operating result for this segment is almost equal to the rental income. The fair value of investment properties attributed to this segment under IFRS 8 has been established at €482 million (30 June 2013: €344 million), or 63% of the fair value of Aedifica's total marketable investment properties.

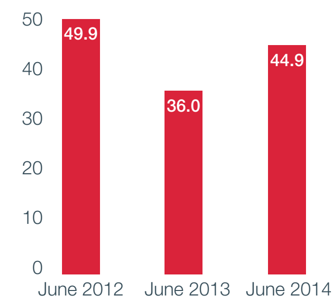
3.5.2. Apartment buildings

Rental income in this segment amounts to €12.1 million (30 June 2013: €12.2 million), or 30% of Aedifica's total rental income. After deducting direct costs related to this activity, the property operating result for apartment buildings amounts to €7.1 million (30 June 2013: €7.4 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €210 million (30 June 2013: €198 million), or 27% of the fair value of Aedifica's total marketable investment properties.

In order to compare last year's Board of Director's report with this year's, the main figures of apartment buildings are ventilated between the unfurnished apartment buildings and the furnished apartment buildings as follows:

- unfurnished apartment buildings:
  - rental income: €7.1 million (30 June 2013: €7.0 million), or 17% of Aedifica's total rental income;
  - property operating result: €5.1 million (30 June 2013: €5.2 million);
  - fair value of investment properties: €146 million (30 June 2013: €135 million), or 19% of the fair value of Aedifica's total marketable investment properties.

Debt-to-assets ratio (%)



Net asset value per share (in €)

	30 June 2014	30 June 2013
Based on fair value of investment properties		
Net asset value after deduction of dividend 2012/2013, excl. IAS 39	42.47	40.23
IAS 39 impact	-3.73	-3.28
Net asset value after deduction of dividend 2012/2013	38.74	36.95
Number of share outstanding (excl. treasury shares)	10,249,083	9,902,998

- furnished apartment buildings:
  - rental income: €5.0 million (30 June 2013: €5.3 million), or 12% of Aedifica's total rental income;
  - property operating result: €2.1 million (30 June 2013: €2.2 million);
  - fair value of investment properties: €64 million (30 June 2013: €63 million), or 8% of the fair value of Aedifica's total marketable investment properties.

3.5.3. Hotels and other

Rental income in this segment amounts to €4.1 million (30 June 2013: €4.6 million), or 10% of Aedifica's total rental income. After deducting direct costs related to this activity the property operating result for these buildings amounts to €4.1 million (30 June 2013: €4.5 million). The fair value of investment properties attributed to this segment under IFRS 8 has been established at €73 million (30 June 2013: €73 million), or 10% of the fair value of Aedifica's total marketable investment properties.

4. Appropriation of the results

The Board of Directors proposes to the Annual General Meeting of 24 October 2014 to approve the Aedifica SA Annual Accounts of 30 June 2014 (for which a summary is provided in the chapter "Abridged Statutory Annual Accounts" of this Annual Financial Report) and to distribute a gross dividend of €1.90 per share, which is ahead of budget and that represents a statutory pay-out ratio of 95%.

Effective 1 January 2013, the withholding tax is 15%. The reader is referred to section 5.2 of the chapter entitled "Standing Documents" of the Annual Financial Report for more information on the tax treatment of dividends.

The Board of Directors proposes to cancel the dividend rights related to 2013/2014 for the treasury shares held by Aedifica SA.

Based on the number of issued shares as of 30 June 2014, taking into account the rights attached thereto, and at the exclusion of 34 shares held by Aedifica SA, the statutory result for the financial year 2013/2014 will be submitted as presented in the table below.

The proposed dividend respects the requirements laid down in Article 27 of the Royal Decree of 7 December 2010 regarding Belgian REITs in that it is greater than the required minimum pay-out of 80% of the adjusted statutory result, after deduction of the debt reduction over the financial year.

The proposed dividend will be payable, after approval at the Annual General Meeting, as from 31 October 2014 ("payment date" of coupon 12 related to the 2013/2014 financial year). The dividend will be paid by bank transfer as from the same date. The "ex-date" of coupon No. 12 will be the 29 October 2014. The net dividend per share after deduction of 15% withholding tax will amount to €1.6150.

Proposed appropriation (x €1,000)

	30 June 2014	30 June 2013
A. Profit (loss)	**18,582**	**27,538**
B. Transfer to/from the reserves	**-947**	**10,667**
1. Transfert to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	1,799	9,013
- previous fiscal years	0	0
- disposals of investment properties	0	54
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	0	0
3. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (-)		
- fiscal year	-1	-137
- previous years	0	0
4. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (+)		
- fiscal year	0	0
- previous years	0	0
5. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (-)		
- fiscal year	-2,989	1,737
- previous years	0	0
6. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (+)		
- fiscal year	0	0
- previous years	0	0
7. Transfert to/from the reserve of the balance of currency translation differences on monetary assets and liabilities (-/+)	0	0
8. Transfert to the reserve of the fiscal latencies related to investment properties abroad (-/+)	244	0
9. Transfert to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	0	0
11. Transfer to/from the result carried forward of the previous years (-/+)	0	0
C. Remuneration of the capital provided in article 27, § 1, para. 1	**16,323**	**0**
D. Remuneration of the capital - other than C	**3,151**	**16,211**
E. Result to be carried forward	**56**	**661**

5. Key risks (excluding those linked to financial instruments)

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

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

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

The following risks are presented in detail in the section "Risk Factors" of this Annual Financial Report: market risks (economic risks, risks related to the real estate market, inflation risk, concentration risk in the senior housing segment); risks related to Aedifica's property portfolio (rents, asset management, quality and valuation of buildings, risk of expropriation, risk arising from mergers, de-mergers and acquisitions), and regulatory risks. Risks related to financial instruments are described in the following section.

6. Use of financial instruments

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

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

Martin's Klooster
Hotels and other -
Leuven (Belgium)

7. Related party transactions

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

Moreover, certain types of transactions are covered by Article 18 of the Royal Decree of 7 December 2010 (with the exception of cases explicitly covered by Article 19 of the same Royal Decree). Over the course of the 2013/2014 financial year, no transactions covered by this article and outside of normal business transactions were executed between Aedifica and its regular service providers.

8. Subsidiaries

As of 30 Jun 2014, Aedifica SA holds two stable subsidiaries, established in Belgium. Aedifica Invest SA is wholly owned by Aedifica SA (along with Aedifica Invest Brugge SA). This subsidiary was created to facilitate takeovers and temporarily hold the shares of target companies. Aedifica Invest Brugge SA is wholly owned by Aedifica SA (along with Aedifica Invest SA); it holds the residual right to the expansion of Martin's Hotel Brugge.

Furthermore, as of 30 June 2014, Aedifica also holds 5 subsidiaries holding real estate assets; these subsidiaries will be merged with Aedifica in the following months. These subsidiaries are: Patrius Invest SA, Immo Dejoncker SA, Aedifica Invest Vilvoorde SA, Aedifica Invest Dilsen SA and De Stichel SA.

9. Research and development

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

10. Treasury shares

Aedifica applies IFRS both for the preparation of its Consolidated Financial Statements and for its Statutory Accounts. In accordance with IAS 32 and the Annex C of the Royal Decree of 7 December 2010, treasury shares held by Aedifica are presented as a reduction to total equity. As of 30 June 2014, the number of treasury shares held by the Aedifica Group amounts to 34, or 0.0003% of equity.

In addition, as of 30 June 2014, Aedifica SA benefits from pledges on shares of the Company, constituted in connection with buildings acquisitions. These guarantees are detailed in Note 45.3.2 of the Consolidated Financial Statements.

11. Outlook for 2014/2015

The projections presented below have been developed by the Board of Directors with a view to establish the budget for the 2014/2015 financial year on a comparable basis with the Company's historical financial information.

11.1 Assumptions

11.1.1 External factors

a) The indexation rate of rents and charges: 0.86% on average for the financial year, in line with the monthly projections released by the Belgian Federal Planning Bureau on 1 July 2014;

b) Investment properties: assessed at their fair value, based on a zero growth rate;

c) Average interest rate before capitalised interests: 3.4% based on the Euribor rate curve of 4 August 2014, bank margins, and hedges currently in place;

d) The budget supposes a change in legal status to Regulated Real Estate Company (see section 4.1 of chapter on risk factors).

Hestia
Senior housing -
Wemmel (Belgium)

11.1.2 Internal factors

a) Rents: rent projections are based on current contractual rates and take indexation into account. Vacancy rates, charges on unoccupied properties and agency fees (commissions) from the time of relocation are also taken into consideration in the projections. Forecasts are updated and projections revised as necessary in light of the latest operational trends and the actual state of the markets in which the Company is active.

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

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

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

d) Investment budget: it is assumed that projected net investments for the next financial year, (i.e. €81 million), will be paid in cash. These consist mainly of cash outflows related to the renovations and development projects in progress (as described in section 2.2.2 of the property report included in this Annual Financial Report).

e) Financial assumptions:

- Average cash balance of €1 million.
- The model permits controlling the debt-to-assets ratio to a maximum of 65%.
- Changes in the fair value of hedging instruments for financial debts (IAS 39) are not modelled as they have no impact on the profit excluding IAS 39 and IAS 40, and are not estimable. Thus, these changes have no impact on the projections presented below.

11.2 Financial projections

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

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

- Its diversified investment strategy concentrated on two strategic pillars (senior housing in Western Europe, apartment buildings in Belgium's main cities) creates the ability to adapt to market opportunities and to the evolution of the economic situation. Note, however, that the rental income of furnished apartment buildings and hotels is more sensitive to economic fluctuations than other properties.
- Thanks to its investments in senior housing, Aedifica benefits from indexed long term rental incomes, which generate high net yields. The average remaining lease maturity on the total of its leases (19 years) provides a very good view toward future income streams over the long term.
- Investments in apartment buildings offer a potential for capital gains.
- External financing of the real estate portfolio (including commitments for development projects) is assured with credit facilities in place totalling €464 million and with only €56 million of these reaching maturity before the end of the 2014/2015 financial year. To date, the drawings on these credit facilities are almost fully covered by hedging instruments (interest rate swaps, caps, or collars).
- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 44.9% as of 30 June 2014 (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 since the beginning of the economic and financial crisis. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations (commitments representing approximately €228 million as of 30 June 2014, of which €209 million are to be realised within a period of four years – note that of these commitments, €23 million should, in principle, be financed through issuance of new Aedifica shares) and to realise new investments.

Considering the Company's strengths and the assumptions listed above (see section 11.1), the Board of Directors projects to generate rental income of €46.3 million for the 2014/2015 financial year, leading to a profit excluding IAS 39 and IAS 40 of €22.1 million or €2.15 per share, and permitting a gross dividend of €1.93 per share 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 2013/2014 financial year. On this basis, the net profit would reach €22.1 million. The distributable reserves (statutory) calculated in accordance with Article 617 of the Belgian Companies Code and the Royal Decree of 7 December 2010 would amount to €10.1 million.

11.3 Important remark concerning projected financial information

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

"As a statutory auditor of the company and applying the EC regulation n° 809/2004 of the European Commission of 29 April 2004, we have prepared the present report on the forecasts of the consolidated balance sheet and income statement of the company, included in chapter 11 of its annual report, as approved by the Board of Directors of the company on 25 August 2014. The assumptions included in paragraph 11.1 result in the following profit forecast (excluding IAS 39 and IAS 40 entries) for the year 2014-2015:

- Date: 30 June 2015

Result excluding IAS 39 and IAS 40 entries: €22,1 million

Board of Director's responsibility

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

Auditor's responsibility

It is our responsibility to provide an opinion on the forecasts as required by Annex I, item 3.2 of the EU Regulation n° 809/2004. We are not required nor do we express an opinion on the possibility to achieve that result or on the assumptions underlying these forecasts.

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

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

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

Opinion

In our opinion: (i) the forecasts have been properly compiled on the basis of the assumptions stated above; and (ii) the basis of accounting used for these forecasts is consistent with the accounting policies applied by Aedifica sa for the consolidated financial statements of 2013-2014.

Brussels, 25 August 2014

Ernst & Young Réviseurs d'Entreprises sccrl, Statutory auditor, represented by Jean-François Hubin, Partner"

12. Conflicts of interest

A single conflict of interest occurred over the course of the 2013/2014 financial year, as explained below.

At the 2 September 2013 meeting of the Board of Directors: executive management remuneration

"Pursuant to Article 523 of the Belgian Companies Code, Mr. Jean Kotarakos and Mr. Stefaan Gielens announced that they had interests contrary to those of the Company for which they informed the Chairman and left the meeting.

Mr. Pierre Iserbyt, Chairman of the Nomination and Remuneration Committee, made a report to the Board on the deliberation of the aforementioned committee, which proposed to establish the gross variable remuneration of executive management as follows:

(i) The variable remuneration for the 2012/2013 fiscal year consists of an individual amount (gross) equivalent to a maximum of 50% of gross annual remuneration excluding sundry benefits and pension plan contributions. The proposed amounts were determined based on the committee's overall satisfaction with management performance in accordance with the quantitative and qualitative objectives mentioned in the remuneration report of the Annual Financial Report 2011/2012 and recorded in the amendments to management conventions signed on 3 September 2012. Recall that the remuneration will only be awarded if the actual profit excluding IAS 39 and IAS 40 equals at least 80% of the budgeted amount. Also recall that the criteria (and their weighting) applied for the appropriation of variable remuneration were the following: profit excluding IAS 39 and IAS 40 per share (35%), growth of the real estate portfolio (35%), operating margin (operating result before result on portfolio divided by the net rental income) (10%), occupancy rate (10%), and team management (10%). The committee concluded that executive management had attained the objectives that had been set and proposed to grant as variable remuneration €137,000 to the CEO and €99,000 to the CFO.

(ii) As regards the 2013/2014 financial year, the committee proposed that the variable remuneration be raised to a maximum amount equal to 50% of annual gross remuneration excluding sundry benefits and pension plan contributions. Variable remuneration will only be awarded if the actual profit excluding IAS 39 and IAS 40 equals at least 85% of the budgeted amount. The amount of variable remuneration will be determined based on quantitative and qualitative objectives established and evaluated by the Board of Directors. The Committee proposes that these objectives be fixed according to criteria that are weighted in terms of their importance. The criteria applied for the appropriation of variable remuneration (and their weighting) will be the following: profit excluding IAS 39 and IAS 40 per share (25%), growth of the real estate portfolio (25%), rents (10%), operating margin (operating result before result on portfolio divided by the net rental income) (10%), occupancy rate (10%) and team management (20%).

(iii) Regarding the 2014/2015 financial year, the committee proposed that the variable remuneration be set at a maximum amount equal to 50% of annual gross remuneration excluding sundry benefits and pension plan contributions, and based on award criteria to be determined at a later stage.

Furthermore, Mr. Pierre Iserbyt informed the Board of Directors that the Nomination and Remuneration Committee is in favour of adjusting executive management's fixed remuneration and proposed as such to give, in addition to the foreseen contractual indexation, an annual gross amount of €20,156.50 to the CEO and the CFO.

€81 M

planned investment for the next financial year

The Board approved the Committee's proposals. Mr. Jean Kotarakos and Mr. Stefaan Gielens re-entered the meeting and heard the Board's decisions concerning executive management remuneration."

13. Capital increases carried out within the framework of the authorised capital

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

By decision of the Board of Directors acting within the framework of the authorised capital, the capital was increased by €12,158,952 (from €254,292,531.52 to €266,451,483.52) on 12 June 2014 (refer to section 2 of this consolidated Board of Directors' Report). 258,475 new shares without par value were issued in exchange for a contribution in kind. The shares have the same rights as existing shares.

By decision of the Board of Directors acting within the framework of the authorised capital, the capital was increased by €4,000,000 (from €266,451,483.52 to €270,451,483.52) on 30 June 2014 (refer to section 2 of this consolidated Board of Directors' report). 86,952 new shares without par value were issued in exchange for a contribution in kind. The shares have the same rights as existing shares.

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

14. Environmental, ethical, and social matters

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

14.1 Environmental matters

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

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

Aedifica holds environmental permits for operations relating to listed elements of its buildings. It holds urban development permits, the majority of which were obtained by the former owners of buildings under development. Where the responsibility for environmental and urban development permits falls to its tenants, Aedifica uses every endeavour to encourage the tenants to obtain the required permits on a timely basis.

For the buildings managed by Aedifica (directly or indirectly through external managers), the technical and security installations are periodically inspected for conformity with applicable legislation. Regarding buildings for which the tenants assume responsibility for the property and its technical systems, Aedifica makes every effort to ensure that the required inspections are organised in due time. In addition, a programme is in place to ensure the conformity and compliance of building elevators.

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

The regulation on the energy performance of buildings ("PEB") requires that a study on energy performance is conducted for all new construction projects. For existing buildings, the regulation has introduced a certificate to attest to the energy performance of the buildings, with reference to its energy performance coefficient. For buildings managed by Aedifica (directly or indirectly through external managers), a programme is in place to obtain this certification. Regarding buildings for which the tenant assumes responsibility for the property and its technical systems, Aedifica makes every effort to ensure that the necessary certificates are obtained.

As a priority item for apartment building renovations, Aedifica replaces oil and gas burning heating systems with natural gas systems, and seeks to improve the overall level of thermal insulation in its buildings (level K).

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

Carbon
Hotels and other - Genk (Belgium)

14.2 Social matters

The Aedifica Board of Directors is composed of 11 directors, comprising 4 women and 7 men. The gender diversity requirement included in the Belgian Act of 28 July 2011 (which modifies among others the Belgian Companies Code) is already met given the current composition of the Company's Board of Directors. The Company's mixed gender ratio of 36% exceeds the 30% threshold required by law for financial years beginning on or after 1 July 2017. Aedifica's high percentage of women on the Board has been noted in various studies dealing with gender diversity in governance bodies of Belgian companies (most notably in articles published on 18 October 2012 in De Morgen, 2 March 2011 in L'Echo, 26 July 2010 in De Tijd, and 4 December 2009 in Expertise News).

Aedifica aims to promote the personal development of its employees by offering a work environment that is motivating, comfortable, and adapted to their needs. The Company strives to identify and further reinforce the talents of its staff in favour of promoting diversity and equal opportunity in the workplace. As of 30 June 2014, the Aedifica team consists of 36 full time equivalent positions (FTEs), or 38 individuals (31 individuals on 30 June 2013). Total staff break down by gender is 21 women and 17 men, and by position type is 23 staff and 15 labourers. During the 2013/2014 financial year, Aedifica recorded an average of 13 hours of training per FTE (8 hours as of 30 June 2013). The average age of the Aedifica team is 41 years, unchanged as compared to that observed on 30 June 2013.

Aedifica functions in the framework of Joint Committees 100 (labourers) and 218 (staff). The remuneration proposed by Aedifica remains positioned with reference to market remuneration for similar functions. For the 2013/2014 financial year remuneration includes a plan for non-recurring benefits linked to the Company's profitability, as was the case as from 2008/2009 onwards. In addition, other recurring benefits are offered, such as a defined contribution group insurance plan and hospitalisation coverage.

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

14.3 Ethical and societal matters

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

Aedifica's investments respond to multiple housing needs and the Company contributes to the renewal of certain districts (for example, with the renovation of its building in rue Haute in Brussels, or the construction of a residential building on the Chaussée de Louvain on a former industrial site in Schaerbeek). The Company also offers solutions to the challenges associated with the ageing population through its investments in senior housing. Further, Aedifica contributes to the perseveration of national heritage as the owner of several listed buildings (for example the Résidence Palace and building in rue du Lombard in Brussels, Martin's Brugge hotel, and hotel Martin's Klooster in Leuven).

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

Aedifica participates in debates related to the Belgian REIT sector (via the REITs workshop organised within the Belgian Association of Asset Managers or BEAMA), and related to the new legislation regarding regulated real estate companies (SIR/GVV), and is a member of the Association of Belgian listed companies (via the "Association Belge des Sociétés cotées" or ABSC). The Company is also a member of the "Union Professionnelle du Secteur Immobilier" (UPSI) and sponsors the VFB and Investa federations and investment associations.

Both members of Aedifica's Executive Managers participate personally as speakers for university and post-graduate programmes offered by the University of Leuven (KU Leuven) and the University of Brussels (Université Libre de Bruxelles).

15. In the event of a takeover bid

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

15.1 Structure of the share capital

15.1.1 Share capital

There is one single category of shares without par value: all shares are fully paid-up. At 30 June 2014, the share capital amounts to €270,451,483.52, consisting of 10,249,117 shares, each one representing 1/10,249,117th of the share capital.

15.1.2 Rights and obligations attached to the shares

All holders of shares have equal rights and obligations, except for the dividend right, which may be granted on a prorata temporis basis in certain cases, in particular when new shares are issued. In such cases, these new shares must remain nominative until detachment of the coupon representing the aforementioned dividend. Please refer to the applicable law, being the Belgian Companies Code, the Belgian Act of 3 August 2012 related to the undertakings for collective investments, and the Royal Recree of 7 December 2010 related to Belgian REITs. Moreover, attention should be paid to the Articles of Association of the Company (see section 4 of the chapter "Standing Documents" in the Annual Financial Report).

Genders balance at Aedifica

Directors' report

15.2 Legal, contractual or statutory limits to transfer of shares

There are no legal or statutory limits for share transfers.

In order to provide sufficient liquidity to the shareholders, Article 87 of the "Belgian Act of 3 August 2012 related to the Undertakings for Collective Investments" requires that the shares of Belgian REITs are listed on a regulated stock exchange.

The totality of the 10,249,117 Aedifica shares are listed on the Euronext Brussels continuous market.

15.3 Specific control rights

There are no shareholders benefitting from specific control rights.

15.4 Control mechanisms in favour of personnel

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

15.5 Legal or statutory limits to voting rights

As of 30 June 2014, Aedifica holds 34 treasury shares (representing a carrying amount of €56 thousand, acquired in 2006 by way of mergers), for which voting rights are suspended, in accordance with Article 622 of the Belgian Companies Code. This amount is unchanged as of the publication date of the Consolidated Board of Directors' Report. There are no other limits to voting rights.

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

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

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

15.7.1 Nomination and replacement of members of the Board of Directors

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

If not re-elected, the office of director ends just after the general meeting that decides on re-elections.

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

A director elected to replace another director finishes the original term of the replaced director.

15.7.2 Change of the Articles of Association

Please refer to the regulations applicable to Belgian REITs. In particular, one should bear in mind that any contemplated change to the Articles of Association must be approved by the market authority (FSMA).

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

Pursuant to Article 6.4 of the Articles of Association, the Board of Directors is authorised to increase the share capital in one or several steps up to €180,000,000 million, at the moment and subject to the conditions set by the Board of Directors (in accordance with Article 603 of Belgian Companies Code, and as set out in Note 38 of the Consolidated Financial Statements). To date, the remaining balance of the authorised capital amounts to €91,109,553.

Moreover, Aedifica may, in accordance with Article 6.2 of the Articles of Association, repurchase, or receive as security, treasury shares under the conditions set out in the Belgian Companies Code; the Company must also inform the market authority (FSMA) in due time. Treasury shares pledged as of 30 June 2014 are described in section 10 of this Consolidated Board of Directors' Report.

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

The credit facilities of 26 August 2011, 11 July 2012, 27 June 2013, 5 August 2013 and 10 July 2014 (bilateral credits issued by BNP Paribas Fortis), as well as the credit facilities of 24 October 2011, 25 June 2012, 4 April 2013 and 28 April 2014 (bilateral credits issued by ING Belgium) and the credit facility of 7 May 2013 (bilateral credit issued by Bank Degroof), provide for early termination in the event of a change in control (control being defined as the concentration of 50% plus one share in the hands of a single shareholder, or as the concentration of 50% plus one voting right in the hands of a single shareholder).

The credit facilities of 23 January 2012 and 19 June 2014 issued by KBC Bank provide for early termination in case of substantial change in the shareholding structure that could result in a change in the composi-

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full time equivalent positions

tion of the Board of Directors or in the risk assessment carried out by the bank.

The credit facilities of 26 June 2013 issued by Banque LB Lux (of which the activity has been resumed by its parent company Bayerische Landesbank on 1 July 2014) provide for early termination in the event of a substantial change in control. Control is defined with reference to the capital holdings of Aedifica (more than 50%) or by reference to the right or possibility to control, either directly or indirectly, the management activities or the majority of the Board of Directors.

The credit facility of 6 June 2014 issued by Banque Européenne du Crédit Mutuel provides for early termination in the event of a substantial change in control in favour of one or more investors acting in concert. "Control" and "action in concert" are defined with reference to the Belgian Companies Code.

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

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

If the management agreement signed with the CFO is terminated by the CFO or by the Company within a period of 6 months after the launch of a takeover bid, the CFO will receive an indemnity amounting to 12 months of benefits (except in case of serious misconduct).

No such clause has been included in contracts signed with Aedifica staff.

16. Independence and competence with respect to accounting and audit of at least one member of the Audit Committee

The Audit Committee of the Company is made up of 4 non-executive directors; among these, 2 meet the independence criteria set out by Article 526ter of the Belgian Companies Code. Namely, Mr. Jean-Louis Duplat and Mrs. Brigitte Gouder de Beauregard (acting as permanent representative of Re-Invest SA):

1° Have never acted as executive directors, as members of the Direction Committee, or as persons in charge of the daily management, of Aedifica or of a related party of Aedifica;

2° Have acted as non-executive directors during less than 3 consecutive terms, for a total term of less than 12 years;

3° Have not been part of management personnel (as defined by Article 19,2° of the Act of 20 September 1948) of Aedifica, or of a related party of Aedifica. Moreover, they have never been hired as employees of Aedifica, or of a related party of Aedifica;

4° Have never received any remuneration or other substantial benefit from Aedifica or a related party of Aedifica, except as for their remuneration and attendance fees as non-executive directors;

5° Have no shareholdings in Aedifica;

6° Have no significant business relationships with Aedifica or with a related party of Aedifica, either directly as an employee or indirectly as a partner, shareholder, member of the Board of Directors, or as management personnel (as defined by Article 19,2° of the Act of 20 September 1948) of an entity with has that kind of relationship with Aedifica;

7° Have not been, over the last 3 years, a Partner of or employed by the statutory auditor of Aedifica, or of a related party of Aedifica;

8° Are not executive directors in another entity in which Mr. Stefaan Gielens and/or Mr. Jean Kotarakos act as non-executive directors. Furthermore, they do not have major relationships with Mr. Stefaan Gielens and/or Mr. Jean Kotarakos through other duties in other entities;

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

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

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

17. Corporate governance statement

The statement of corporate governance (including the remuneration report and the description of the main features of systems of internal control and risk management) is provided in the chapter "Corporate governance statement", on pages 94 to 109 of this Annual Financial Report.

Brussels, 25 August 2014

EPRA[1]

1. The data in this chapter are not compulsory according to the Belgian REIT regulation and are not subject to verification by the FSMA.

11 %
weighting in the Belgian EPRA index

€ 2.05/share
EPRA Earnings

2 %
EPRA Vacancy Rate

EPRA

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

The EPRA ("European Public Real Estate Association") is the voice of Europe's publicly traded real estate sector and the most widely used global benchmark for listed real estate. It represents more than 200 active members and over €250 billion in real estate assets. The European indices include more than 85 constituents, with a free-float market capitalisation of more than €120 billion. The criteria for inclusion in the indices are publicly available on the EPRA website (www.epra.com).

Inclusion in the EPRA indices has always been a key milestone for Aedifica, especially following the Company's successful rights issue in 2012. It displays a wider recognition of Aedifica's commitment to best practice, and provides an opportunity for global investors to play a part in the Company's continued success. This success is reflected in the average daily trading volume of Aedifica's shares, which has doubled in just a few months (5,000 shares per day on average during the 2011/2012 financial year compared to approx. 10,500 shares per day during the 2012/2013 financial year).

"Inclusion in the EPRA index has always been a key milestone for Aedifica, especially following the Company's successful rights issue in 2012. It displays a wider recognition of Aedifica's commitment to best practice, and provides an opportunity for global investors to play a part in the Company's continued success."

Stefaan Gielens, CEO

Aedifica is registered in the European Index with a weighting of approx. 0.3% and in the Belgian Index with a weighting of approx. 11%.

Aedifica's stock price increased by 8% (from €42.00 to €45.50 per share) between 6 December 2012, after the final closing of markets before the commencement of trading for new shares issued in the context of the capital increase of December 2012, and 7 March 2013, the date of the publication announcing Aedifica's inclusion in the EPRA Indices. The stock price of Aedifica rose again by 10% between 7 March 2013 and 30 June 2014 (€50.00 per share).

In August 2011, the Board of Directors of the European Public Real Estate Association ("EPRA") published an update of the report entitled "EPRA Reporting: Best Practices Recommendations" ("EPRA Best Practices"). The report is available on the EPRA website.

This document contains EPRA's recommendations for defining the main financial performance indicators applicable to listed real-estate companies. Aedifica supports this approach to reporting standardisation, which has been designed to improve the quality and comparability of information. The Company supplies its investors with most of the information recommended by EPRA.

Key performance indicators according to the EPRA principles

	30 June 2014	30 June 2013
EPRA Earnings (in €/share)	2.05	1.95
EPRA NAV (in €/share)	42.45	40.24
EPRA NNNAV (in €/share)	38.51	36.95
EPRA Net Initial Yield (NIY) (in %)	5.2	5.2
EPRA Topped-up NIY (in %)	5.2	5.2
EPRA Vacancy Rate (in %)	2	2
EPRA Cost Ratio (including direct vacancy costs) (in %)	23	24
EPRA Cost Ratio (excluding direct vacancy costs) (in %)	22	24

Key performance indicators according to the EPRA principles

		30 June 2014	30 June 2013
EPRA Earnings Recurring earnings from core operational activities	x €1,000	20,315	17,004
	€ / share	2.05	1.95
EPRA NAV Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystalise in a long-term investment property business model	x €1,000	435,034	398,452
	€ / share	42.45	40.24
EPRA NNNAV EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes	x €1,000	394,693	365,949
	€ / share	38.51	36.95
EPRA Net Initial Yield (NIY) Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchaser's costs	%	5.2	5.2
EPRA Topped-up NIY This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents	%	5.2	5.2
EPRA Vacancy Rate Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	%	2	2
EPRA Cost Ratio (including direct vacancy costs) Administrative/operational expenses per IFRS income statement, including the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs	%	23	24
EPRA Cost Ratio (excluding direct vacancy costs) Administrative/operational expenses per IFRS income statement, less the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs	%	22	24

EPRA Earnings (x €1,000)

	30 June 2014	30 June 2013
Earnings for IFRS (owners of the parent) income statement	**21,385**	**27,671**
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in fair value of investment properties, development properties held for investment and other interests	-3,816	-9,013
(ii) Profits or losses on disposal of investment properties	0	-54
(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	2,990	-1,600
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	-244	0
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Minority interests in respect of the above	0	0
EPRA Earnings (owners of the parent)	**20,315**	**17,004**
Number of shares	9,917,093	8,715,370
EPRA Earnings per Share (EPRA EPS in €/share)	**2.05**	**1.95**

EPRA Net Asset Value (NAV) (x €1,000)

	30 June 2014	30 June 2013
NAV per the financial statements (owners of the parent)	**397,075**	**365,949**
NAV per the financial statements (in €/share) (owners of the parent)	**38.74**	**36.95**
Effect of exercice of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercice of options, convertibles and other equity interests	**397,075**	**365,949**
Include:		
(i) Revaluation to fair value of investment properties	0	0
(ii) Revaluation to fair value of tenant leases held as finance leases	0	0
(iii) Revaluation to fair value of trading properties	0	0
Exclude:		
(iv) Fair value of financial instruments	38,203	32,503
(v.a) Deferred taxes	-244	0
(v.b) Goodwill as a result of deferred taxes	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV (owners of the parent)	**435,034**	**398,452**
Number of shares	10,249,083	9,902,998
EPRA NAV (in €/share) (owners of the parent)	**42.45**	**40.24**

EPRA Triple Net Asset Value (NNNAV) (x €1,000)

	30 June 2014	30 June 2013
EPRA NAV (owners of the parent)	**435,034**	**398,452**
Include:		
(i) Fair value of financial instruments	-38,203	-32,503
(ii) Fair value of debt	-2,382	0
(iii) Deferred taxes	244	0
EPRA NNNAV (owners of the parent)	**394,693**	**365,949**
Number of shares	10,249,083	9,902,998
EPRA NNNAV (in €/share) (owners of the parent)	**38.51**	**36.95**

EPRA Rendement initial net (RIN) et EPRA RIN ajusté (x €1,000)

	30 June 2014					
	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Intersegment items	Total
Investment properties in fair value	482,401	210,128	73,260	19,191	0	784,980
Trading properties (+)	0	0	0	0	0	0
Development projects (-)	0	0	0	-19,191	0	-19,191
Marketable investment properties in fair value	**482,401**	**210,128**	**73,260**	**0**	**0**	**765,789**
Allowance for estimated purchasers' costs (+)	13,584	5,707	2,191	0	0	21,482
Investment value of investment properties available for lease	**495,985**	**215,835**	**75,451**	**0**	**0**	**787,271**
Annualised cash passing rental income (+)	28,725	12,425	4,564	0	0	45,714
Property charges[1] (-)	-23	-4,447	-39	-69	-106	-4,684
Annualised net rents	**28,702**	**7,978**	**4,525**	**-69**	**-106**	**41,030**
Notional rent expiration of rent free periods or other lease incentives (+)	0	0	0	0	0	0
Topped-up net annualised rent	**28,702**	**7,978**	**4,525**	**-69**	**-106**	**41,030**
EPRA NIY (in %)	**5.8**	**3.7**	**6.0**	**0.0**	**-**	**5.2**
EPRA "Topped-up" NIY (in %)	**5.8**	**3.7**	**6.0**	**0.0**	**-**	**5.2**

	30 June 2013					
	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Intersegment items	Total
Investment properties in fair value	343,550	197,689	72,972	28,633	0	642,844
Trading properties (+)	0	0	0	0	0	0
Development projects (-)	0	0	0	-28,633	0	-28,633
Marketable investment properties in fair value	**343,550**	**197,689**	**72,972**	**0**	**0**	**614,211**
Allowance for estimated purchasers' costs (+)	8,767	5,577	2,181	0	0	16,525
Investment value of investment properties available for lease	**352,317**	**203,266**	**75,153**	**0**	**0**	**630,736**
Annualised cash passing rental income (+)	20,404	12,177	4,788	0	0	37,369
Property charges[1] (-)	0	-4,282	-17	-68	-100	-4,467
Annualised net rents	**20,404**	**7,895**	**4,771**	**-68**	**-100**	**32,902**
Notional rent expiration of rent free periods or other lease incentives (+)	0	0	0	0	0	0
Topped-up net annualised rent	**20,404**	**7,895**	**4,771**	**-68**	**-100**	**32,902**
EPRA NIY (in %)	**5.8**	**3.9**	**6.3**	**0.0**	**-**	**5.2**
EPRA "Topped-up" NIY (in %)	**5.8**	**3.9**	**6.3**	**0.0**	**-**	**5.2**

1. The scope of the real-estate charges to be excluded for calculating the EPRA *Net Initial Yield* is defined in the EPRA *Best Practices* and does not correspond to "real-estate charges" as presented in the consolidated IFRS accounts.

Investment properties - Rental data (x €1,000)

	30 June 2014						
	Gross rental income	Net rental income	Lettable space (in m²)	Contractual rents[3]	Estimated rental value (ERV) on empty spaces	Estimated rental value (ERV)	EPRA Vacancy rate (in %)
Segment							
Senior housing	24,565	24,546	235,232	28,725	0	32,809	0
Apartment buildings	12,024	7,126	101,626	12,425	947	12,238[4]	8
Hotels and other	4,132	4,094	39,208	4,564	63	4,312	1
Non-allocated	0	-69					
Intersegment items	-108	-106					
Total marketable investment properties	**40,613**	**35,591**	**376,065**	**45,714**	**1,010**	**49,359**	**2**
Reconciliation to income statement							
Properties sold during the 2013/2014 financial year	0	0					
Properties held for sale	0	0					
Other Ajustments	0	0					
Total marketable investment properties	**40,613[1]**	**35,591[2]**					

	30 June 2013						
	Gross rental income	Net rental income	Lettable space (in m²)	Contractual rents[3]	Estimated rental value (ERV) on empty spaces	Estimated rental value (ERV)	EPRA Vacancy rate (in %)
Segment							
Senior housing	19,517	19,517	166,969	20,404	0	23,527	0
Apartment buildings	12,129	7,373	98,476	12,177	866	11,553[4]	7
Hotels and other	4,535	4,517	39,208	4,788	0	4,294	0
Non-allocated	0	-68					
Intersegment items	-101	-100					
Total marketable investment properties	**36,080**	**31,239**	**304,653**	**37,369**	**866**	**39,374**	**2**
Reconciliation to income statement							
Properties sold during the 2012/2013 financial year	3	3					
Properties held for sale	0	0					
Other Ajustments	0	0					
Total marketable investment properties	**36,083[1]**	**31,242[2]**					

1. The total gross rental income" defined in EPRA *Best Practices*, reconciled with the consolidated IFRS income statement, corresponds to the "net rental income" of the consolidated IFRS accounts.
2. The total "net rental income" defined in EPRA *Best Practices*, reconciled with the consolidated IFRS income statement, corresponds to the "property operating result" of the consolidated IFRS accounts.
3. The current rent at the closing date plus future rent on leases signed as at 30 June 2013 or 30 June 2014.
4. This ERV does not take into account a furnished occupancy.

Investment properties - Like-for-like net rental income (x €1,000)

	30 June 2014					30 June 2013	
	Net rental income on a like-for-like basis	Acqui-sitions	Disposals	Transfers due to completion	Net rental income[1]	Net rental income on a like-for-like basis	Like-for-like net rental income
Segment							
Senior housing	19,404	3,140	0	2,002	24,546	19,111	2%
Apartment buildings	6,831	295	0	0	7,126	7,373	-7%
Hotels and other	4,063	31	0	0	4,094	4,487	-9%
Non-allocated	-69	0	0	0	-69	-68	1%
Intersegment items	-106	0	0	0	-106	-100	6%
Total marketable investment properties	**30,123**	**3,466**	**0**	**2,002**	**35,591**	**30,803**	**-2%**
Reconciliation to income statement							
Properties sold during the financial year					0	3	
Properties held for sale					0	0	
Other Ajustments					0	0	
Total marketable investment properties					**35,591**	**30,806**	

1. Marketable investment properties owend throughout the 2 financial years. The total “net rental income” defined in EPRA *Best Practices*, reconciled with the consolidated IFRS income statement, corresponds to the “property operating result” of the consolidated IFRS accounts.

Investment properties - Valuation data (x €1,000)

	30 June 2014			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate (in %)
Segment				
Senior housing	**482,401**	**5,896**	**5.8**	**12**
Apartment buildings	210,128	-145	7.2	-9[1]
Hotels and other	73,260	-99	6.0	-7
Total marketable investment properties	**765,789**	**5,562**	**5.2**	**5**
Reconciliation to the consolidated IFRS balance sheet				
Development projects	19,191	-1,836		
Total marketable investment properties	**784,980**	**3,816**		

	30 June 2013			
	Fair value	Changes in fair value	EPRA NIY (in %)	Reversion rate (in %)
Segment				
Senior housing	343,550	7,347	5.8	13
Apartment buildings	197,689	-82	3.9	-13[1]
Hotels and other	72,972	-1,017	6.3	-12
Total marketable investment properties	**614,211**	**6,248**	**5.2**	**3**
Reconciliation to the consolidated IFRS balance sheet				
Development projects	28,633	2,765		
Total marketable investment properties	**642,844**	**9,013**		

1. This reversion rate does not take into account a furnished occupancy for some apartments.

Investment properties - Lease data

	30 June 2014			
	Average remaining maturity[1] (in years)	Current rent of leases expiring (x €1,000)		
		Not later than one year	Later than one year and not later than five years	Later than five years
Segment				
Senior housing	24	0	0	28,725
Apartment buildings	2	9,092	2,722	611
Hotels and other	29	189	63	4,312
Total marketable investment properties	**19**	**9,189**	**2,877**	**33,648**

1. Termination at following possible break.

Properties being constructed or developed (in millions €)

	30 June 2014							
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (in m²)	% Pre-let	ERV on completion
Total	19.4	205.4	3.2	228.0	2017/2018	±112,000	96	13.3

	30 June 2013							
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (in m²)	% Pre-let	ERV on completion
Total	24.5	147.0	4.4	175.9	2015/2016	±87,000	96	10.5

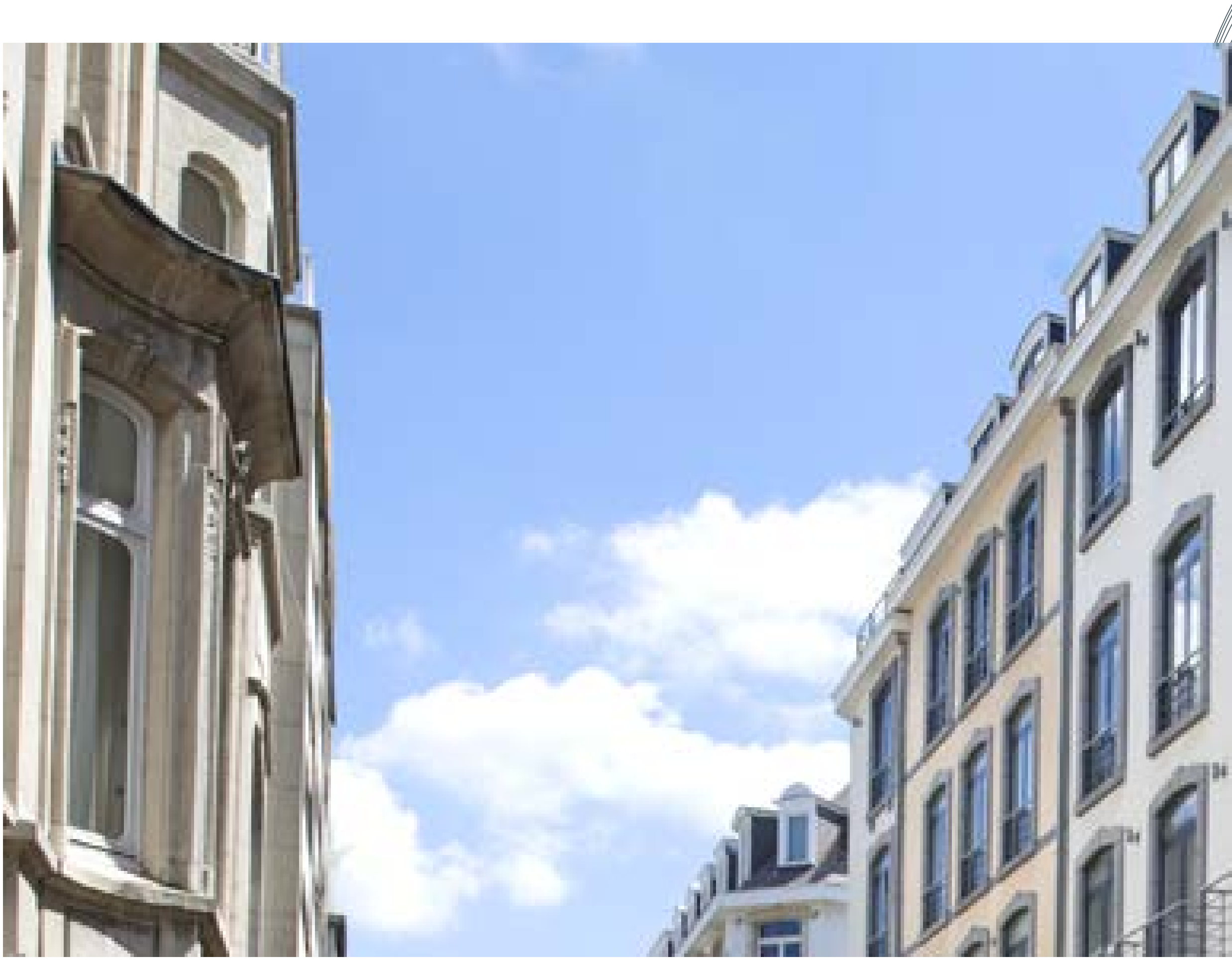
The breakdown for these projects is provided in section 2.2.2. of the property report.

EPRA Cost ratios (x €1,000)

	30 June 2014	30 June 2013
Administrative/operating expense line per IFRS statement	**-9,524**	**-8,696**
Rental-related charges	-62	-147
Recovery of property charges	36	40
Rental charges and taxes normally paid by tenants on let properties	-1,510	-1,565
Technical costs	-933	-942
Commercial costs	-549	-486
Charges and taxes on unlet properties	-162	-126
Property management costs	-717	-684
Other property charges	-1,187	-1,078
Overheads	-4,202	-3,855
Other operating income and charges	32	147
EPRA Costs (including direct vacancy costs) (A)	**-9,254**	**-8,696**
Charges and taxes on unlet properties	162	
EPRA Costs (excluding direct vacancy costs) (B)	**-9,092**	**-8,696**
Gross Rental Income (C)	**40,675**	**36,230**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**23 %**	**24 %**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**22 %**	**24 %**
Overhead and operating expenses capitalised (including share of joint ventures)	30	33

Aedifica capitalises internal architect costs.

PROPERTY REPORT



€ 785 M

fair value of investment properties

19 years

average remaining lease maturity of current contracts

5.9 %

average gross yield in fair value

PROPERTY REPORT

1. The real estate market

All data presented in sections 1.1 and 1.3 of this chapter is based on information publicly available through the Belgian Ministry of Economy as of 31 March 2014.

1.1 The Belgian residential market[1]

Turnover on the residential secondary market is stagnating: since 2010, approx. €29 billion has been generated annually by selling single-family dwellings, apartments and building lands under registration rights. The stricter credit policies of the financial institutions as a consequence of Basel III directives is weighing more and more on the activity. A second phenomenon that continued over the course of 2013 can be seen in the increase in real interest rates. These rates are determinants of both activity levels and price formation. The basis rate for mortgage loans increased slightly in the course of 2013, from 3.4 % in the first semester to 3.74 % at the end of the year. Inflation amounted to 1.46 % in January but decreased to 0.97 % in December. This means that the real interest rate, the difference between the basis rate for mortgage loans and inflation, rose from 1.98 % in January to 2.77 % in December. In contrast, the real interest rate did not reach 1 % for almost the entire two-year period from October 2010 to October 2012.

1. Written on 11 August 2014 by Stadim SCRL, and reproduced with permission.

Compared to 2012 and to the most recent peak, respectively, we note a decrease in activity for each segment of: 2 % and 8 % (peak in 2011) for private dwellings ; 2 % and 5 % (peak in 2010) for apartments; 7 % and 41.5 % (peak in 2005) for vacant lands; 8 % and 29 % (peak in 2006) for started single-family dwellings; and 9 % and 28 % (peak in 2006) for apartments under construction.

For 2013, the sum of all sales of existing single-family dwellings and apartments plus single-family dwellings and apartments under construction, by region, includes only 39 (per thousand households) compared to 45 in 2006 in Flanders, 28 compared to 35 in 2006 in Wallonia, and 25 compared to 32 in 2005 in Brussels. This decrease in sales volume increased sharply the demand for rented dwellings. As a consequence, more households benefitting from higher incomes are staying for longer periods of time on the rental market.

Prices continue to show an upward trend: in 2013, we observed an increase of 1.1 % for single-family dwellings, 2.4 % for apartments and 2.7 % of vacant lands. Only apartments on the Belgian coast register a slight decrease (-1.5 %), while the rest of Flanders increased by 4.5 %.

Over a period of thirty years (between 1983 and 2013), the prices for private dwellings have multiplied by 6.45. This represents an average yearly increase of 6.4 %, compared to an average inflation of 2.2 %. The most important factors reflected during this period include, on one hand, the increase in the consumer price index (+92.43 %) and in the purchasing power (inflation excluded) of households (+57.37 %), and on the other hand, the increase in the borrowing capacity arising due to the reduction in interest rates (+94.25 %) and the evolution of the duration of loans (+9.62 %). The result obtained when multiplying these four factors (1.9243 x 1.5737 x 1.9425 x 1.0962) shows that the base index of 100 (starting in 1983) reached 645 in 2013. This is not even 0.5 % above the evolution in the sales price level (642).

> 2,000 units

increase of the number of rest home beds in Belgium in 2013

8 M

population over 75 years in Germany

+ 2.4 %

increase in apartment prices in Belgium

“Population ageing will be further amplified by the generation of baby boomers that will reach age 60 in more or less ten years. Consequently, the need for specific senior housing will increase over the next decades.”

Over a period of 100 years (1913-2013), prices for single-family dwellings have increased by a factor of 786. This represents an annual rise of 6.89 %, compared to an average inflation of 5.59 %.

We have now, once again, reached historically low interest rates, which imply that the next price evolution will slow down considerably. It is expected that the interest rates will stay low for a long period, and that the expected increase due to inflation and purchasing power will also remain limited.

Given that financial institutions now opt for loans covering approx. 80 % of the purchase price, the fundamental obstacle for acquisition is the need for starting capital. After taking account of the registration rights and other transaction costs, we can assume that the buyer must have approx. 30 % of the purchase price in starting capital. Parents and grandparents were traditionally an important aid to achieve this. The increased life expectancy of parents and grandparents and the erosion of their capital in meeting their basic needs have an effect on young persons who are forced to postpone their first property acquisition and, as stated above, stay on the rental market for a longer period.

1.2 The market of furnished apartments in Belgium

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

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

Demand for furnished apartment rentals and rental values soared up to 2008. The worldwide financial crisis reversed this trend by the spring of 2009. Since this time, there has been increased volatility in occupancy rates and prices.

In Flanders, the activity of renting furnished apartments is subject to a specific regulation, the Decree of 10 July 2008 on Touristic Housing. In the Brussels-Capital Region, an Ordinance was also adopted under which the activity of furnished apartments rentals, and their service providers, are henceforth regulated by the regulatory framework for touristic housing (Ordinance of 8 May 2014 on Touristic Housing).

1.3 The senior housing market des seniors

1.3.1 Belgium[1]

The total number of rest home beds in Belgium increased by more than 2,000 in units in 2013 to reach a capacity of 134,297 beds. Such a leap has not been observed since 2002. However, according to several studies, this increase remains below the real annual additional need. Many of these studies are based on the growth perspectives for the number of persons over 65 years, which will rise from 17 % to 22 % of the population between 2013 and 2030. Within this category, the portion of seniors who are still autonomous is growing fast and, a result, the number of dependant persons is increasing less sharply. According to a Dutch study (CBS), life expectancies have increased between 1980 and 2010, increasing from 72.5 to 79 years for men and from 79 to 83 years for women. The number of years during which elderly people suffer from health problems has remained stable since 1990 for men (approx. 15 years) and since 1998 for women (approx. 20 years). Increasingly, domestic technologies and homecare also play a more important role. The average duration of stay remains relatively stable. Over the last 5 years, the number of beds has increased by 6,052 units. Representing 72 % of the market, private not-for-profit organisations operate the lion’s share of these units.

As a long-term investment, health care real estate is attracting more and more interest. The investment market has rapidly extended toward insurers and pension funds for whom (very) long-term contracts – which are, moreover, indexed – present attractive features. This also corresponds to operators’ desire to pursue a long-term strategy. The financial ratios considered by operators, such as the debt to turnover, differ from those of interest to real estate investors. For investors, a debt that is eight times the turnover (rental income) is easily acceptable, whereas, for operators, debt generally amounts to 25 % of the turnover. The separation between operational activities and real estate, which is also found in the hotel segment, is therefore a logical consequence. However, these two aspects remain linked, with profits split between the two parties: they are thus dependent on one to another. For the operator, the building represents a “real estate machine” that cannot be defective at any time. Like in the hotel segment, triple net contracts are logically established in the healthcare sector as well. It is essential for the operator that the quality of the asset is maintained and that it can intervene quickly if needed.

This type of contract is misleading to the investor who thinks that he is entirely relieved of all matters relating to building management under the very long-term contracts established with the operators. The sustainability of operating the establishment, the technical requirements of the building and the conformity to regional regulations constantly in evolution, are the Achilles heel of relations between investors and operators. What value will remain if a building is not up to code? If the establishment were located in collective community services zone ("blue zone"), what alternative use would be possible? If it is no longer profitable to operate a building given the decrease in state/public subsidies, change in regulation or an excessive rent, a downward rent revision will be carried out or the activity may not be able to continue. It is crucial for the investor to monitor all changes and trends of either technical or regulatory nature and as well as those affecting operations.

In a circular letter published on 24 June 2014, the Flemish Minister for Welfare, Public Health and Family, prohibited the sale of individual rooms in a rest home as an investment property. Co-ownership in the health care sector, while permitted in the apartment sector, has fortunately reached an impasse. Except for justified social reasons, it will be impossible to request from co-owners to carry out important investments at the same time. Should this view be adopted in other Belgian regions and be extended to other types of properties or operations in co-ownership, how would it be possible to maintain the quality requirements of a hotel, a student residence or even a house transformed into an apartment building?

Gross rental yields are decreasing as a result of the more pronounced professionalisation of rest homes operators and attractiveness for investors and interest rate reductions. Certain transactions (based on long-term triple net contracts) are already being established at minimal rental yields 5.5 %. In this context, the necessity of quality and versatility or in general terms the sustainability of the investment, is even more important: which such yields, there is no room for error. Attempts are made to pair the residences of other groups of dependent persons (young persons with a disability) with senior care establishments by capitalising on the experience acquired in this sector. Ancillary services such as welcoming, catering, etc. could also be coupled, which could improve the complementarity and flexibility of real estate assets. In some cases, target groups are so few that independent establishments are not profitable; the abovementioned initiatives offer new possibilities, including for local projects.

1.3.2 Germany[1]

General Trends

Ageing population and increasing life expectancies especially affect the German market. Germany has about 81 million inhabitants, of which approximately 17 million are over 65 (21%) and an estimated 8 million are older than 75 years (10%). The ageing population will be further amplified by the generation of baby boomers who will reach age 60 in more or less ten years. Consequently, the need for specific senior housing will increase over the next decades.

When looking at the population by age cohorts, it can be noticed that approx. 0.5% of people below 60 years of age need long-term care. This percentage increases to 10% for those between 60 and 80 years and reaches 20% after the age of 80. The total capacity in rest homes in Germany should be expanded, given the number of persons in need of care. It is expected that this number will rise from approximately 2.5 million today to approximately 3 million by 2030.

Currently, there are approx. 880,000 beds in more than 12,000 rest homes in Germany. These are operated by not-for-profit operators (approx. 54.4%), private operators (approx. 40.5%) or public operators (approx. 5.1%), in a very fragmented market. The market share of the five biggest operators is estimated to be below 10%.

According to some market studies, the capacity of rest homes should increase by approximately 380.000 units by 2030. Thus, the ageing population offers significant growth potential and consolidation opportunities in the collective senior housing sector in Germany.

Investment Market

The trend towards a bullish market for suitable nursing home investments has continued in 2014. This is evident not only in the increasing demand from investors already active in the market but also in the ever-larger numbers of international investors crowding into the market, having discovered this type of property as an asset class that is secured by demographic trends.

The transaction volume in nursing homes was at least 700 million EUR in 2013. It can be assumed that this volume will also be equalled in 2014, not least because of the increasing multipliers, which are ever more frequently exceeding the 15-times rental income mar

As well as the new international investors, steadily increasing numbers of investors are entering the market in order to break up properties into individual sheltered apartments, which are then offered to private investors. They achieve a large proportion of added value through yield compression. New properties in particular are experiencing lively demand from this type of investor. The effect of this is that the established institutional investors (special funds and closed-end funds) are having to rethink their relatively inflexible acquisition criteria.

While in 2012 and the start of 2013 the upper limit of rental multipliers on purchase was still only 13.5 to 13.8 times, factors of up to 15 times are now being paid in this sector. The trend of steadily increasing demand for many types of property is now evident.

1.4 The hotel market[2]

The occupancy rate at end 2013 shows a limited increase compared to 2012 (<1 %) to approx. 72 % in the middle and upper segments. The RevPar (Revenue per Available Room) increased significantly by 1.8 % as compared to 2012 whereas the average price in the upper segment (4 stars) only increased by 0.5 %. A similar trend continued during the first five months of 2014, except for the average price, which fell slightly (-0.2 %) as a result of a weak April.

The increase in the number of nights in the art cities continued in 2013. Brugge remains the most attractive tourist destination with more than 1.80 million nights, of which approx. 85 % in hotels. However, the increase of 3.3 % is limited as compared to Leuven which saw a rise of more than 16 % in a much smaller market (approx. 415,000 nights in total). The average gross occupancy rate in 2013 amounted to 71 % in Brugge and to more than 68 % in Leuven.

The global number of nights in Limburg was down slightly by approx. 2.5 % in 2013. In Hasselt, the number of nights remained stable, but both Genk (-5 %) and Tongeren (-8 %) experienced a sharp decline. The occupancy rate of hotels in Limburg was lower than that of other provinces and was more pronounced in December as compared to other provinces. The annual average occupancy rate for the three- and four-star hotels is approx. 57 % and 63 % respectively (based on an average response rate - according to the number of rooms - of 31 % for the three-star hotels and of 44 % for the four-star hotels).

2013 was an excellent year for investments in the hotel market, with total investment volume in the EMEA region just under €10 billion. For 2014, a new increase in investment volume is expected. In Belgium, however, new hotel projects are relatively few. The opening of Het Tafelrond (4 stars, 44 rooms) located on the Grote Markt in Leuven should be effective by end 2015.

The sale of the Sofitel Louise Hotel in Brussels was realised in the first quarter. The total investment value for this 169-room hotel amounted to approx. €16 million. In Mechelen, the 69-room Holiday Inn hotel, located on the Veemarkt, was sold for approx. €6 million. The Ramada Plaza hotels in Antwerp and Liège are currently also for sale.

1. Written on 23 July 2014 by CBRE GmbH, and reproduced with permission.
2. Written on 10 July 2014 by de Crombrugghe & Partners SA, and reproduced with permission.

2. Consolidated property portfolio as of 30 June 2014

2.1 Evolution of the portfolio

(x €1,000)	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013	30 June 2013
Investment properties in fair value					
Senior housing	482,401	438,362	421,231	391,417	343,550
Apartment buildings	210,128	208,842	208,045	197,521	197,689
Hotels and other	73,260	73,410	73,264	73,615	72,972
Total of marketable investment properties in fair value	**765,789**	**720,614**	**702,540**	**662,553**	**614,211**
Development projects	19,191	18,492	25,704	19,228	28,633
Total of investments properties in fair value	**784,980**	**739,106**	**728,244**	**681,781**	**642,844**
Contractual rents[1]	**45,714**	**43,230**	**42,263**	**40,290**	**37,369**
Contractual rents + ERV on empty spaces	**46,724**	**44,366**	**43,523**	**41,288**	**38,235**
Estimated rental value (ERV)[1]	**49,358**	**46,031**	**45,711**	**43,156**	**39,374**
Occupancy rate[1] of the investment properties (%)					
Total Portfolio (excl. furnished apartments)	97.6 %	97.1 %	96.7 %	97.2 %	97.4 %
Furnished apartments	78.0 %	76.8 %	77.8 %	79.4 %	82.6 %

1. See glossary.

2.2 Summary table as of 30 June 2014

2.2.1 Marketable investment properties

		Address	Totale surface (m²)[1]	Residential surface (m²)
	Senior housing			
1	Château Chenois	1410 Waterloo	6,354	6,354
2	New Philip	1190 Brussels	3,914	3,914
3	Jardins de Provence	1070 Brussels	2,280	2,280
4	Bel Air	1030 Brussels	5,350	5,350
5	Résidence Grange des Champs	1420 Braine-l'Alleud	3,396	3,396
6	Résidence Augustin	1190 Brussels	4,832	4,832
7	Ennea	9100 Sint Niklaas	1,848	1,848
8	Kasteelhof	9200 Dendermonde	3,500	3,500
9	Wielant	8570 Anzegem/Ingooigem	4,834	4,834
10	Résidence Parc Palace	1180 Brussels	6,719	6,719
11	Résidence Service	1180 Brussels	8,716	8,716
12	Résidence du Golf	1070 Brussels	6,424	6,424
13	Résidence Boneput	3960 Bree	2,993	2,993
14	Résidence Aux Deux Parcs	1090 Brussels	1,423	1,423
15	Résidence L'Air du Temps	4032 Chênée	2,763	2,763
16	Au Bon Vieux Temps	1435 Mont-Saint-Guibert	1,268	1,268
17	Op Haanven	2431 Veerle-Laakdal	4,675	4,675
18	Résidence Exclusiv	1140 Brussels	4,253	4,253
19	Séniorie Mélopée	1080 Brussels	2,967	2,967
20	La Boule de Cristal	5564 Wanlin	1,290	1,290
21	Les Charmes en Famenne	5560 Houyet (Mesnil-Saint-Blaise)	3,165	3,165
22	Seniorerie La Pairelle	5100 Wépion	6,016	6,016
23	Gaerveld (assisted-living apartments)	3500 Hasselt	1,504	1,504
24	Résidence du Plateau	1300 Wavre	8,069	8,069
25	Seniorie de Maretak	3130 Begijnendijk	5,684	5,684
26	De Edelweis	1500 Halle	6,914	6,914
27	Bois de la Pierre	1300 Wavre	2,272	2,272
28	Buitenhof	2930 Brasschaat	4,386	4,386
29	Klein Veldeken	1730 Asse	3,363	3,363
30	Koning Albert I	1700 Dilbeek	7,775	7,775
31	Eyckenborch	1755 Gooik	5,710	5,710
32	Rietdijk	1800 Vilvoorde	2,155	2,155
33	Marie-Louise	1780 Wemmel	1,959	1,959
34	Gaerveld (rest home)	3500 Hasselt	6,994	6,994
35	Larenshof	9270 Laarne	6,988	6,988
36	Ter Venne	9830 Sint-Martens-Latem	6,634	6,634
37	Pont d'Amour	5500 Dinant	4,364	4,364
38	Résidence Les Cheveux d'Argent	4845 Sart-lez-Spa	4,177	4,177
39	't Hoge	8500 Kortrijk	2,055	2,055
40	Helianthus	9090 Melle	2,409	2,409
41	Hestia	1780 Wemmel	12,682	12,682
42	Plantijn	2950 Kapellen	5,958	5,958
43	Salve	2930 Brasschaat	6,730	6,730
44	SZ AGO Herkenrath	51429 Bergisch Gladbach (Germany)	4,000	4,000
45	SZ AGO Dresden	01159 Dresden (Germany)	5,098	5,098
46	De Stichel	1800 Vilvoorde	6,257	6,257
47	Huize Lieve Moenssens	3650 Dilsen-Stokkem	4,301	4,301
48	SZ AGO Kreischa	01731 Kreischa (Germany)	3,670	3,670
49	Haus Dottendorf	53129 Bonn (Germany)	5,927	5,927
50	Goldene Au	96515 Sonneberg (Germany)	4,141	4,141
51	Oase Binkom	3211 Binkom	4,076	4,076
52	Oase Tienen (plot of land)	3300 Tienen	0	0
	Total of the segment "Senior housing"		**235,232**	**235,232**

1-2-3-4-5-6. Notes - see next page

Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
115	100.0%	856,600	856,600	1,074,900
111	100.0%	469,000	469,000	580,700
72	100.0%	385,000	385,000	379,800
161	100.0%	700,000	700,000	794,600
75	100.0%	414,200	414,200	488,400
94	100.0%	520,900	520,900	522,600
35	100.0%	187,400	187,400	179,200
81	100.0%	338,900	338,900	489,300
103	100.0%	520,600	520,600	605,700
162	100.0%	1,212,400	1,212,400	1,292,200
175	100.0%	1,247,000	1,247,000	1,049,400
194	100.0%	750,700	750,700	1,146,200
78	100.0%	439,600	439,600	516,100
53	100.0%	222,600	222,600	280,900
88	100.0%	450,000	450,000	505,400
43	100.0%	196,000	196,000	174,700
91	100.0%	401,200	401,200	440,100
104	100.0%	688,900	688,900	656,800
70	100.0%	477,900	477,900	385,700
41	100.0%	90,900	90,900	160,500
96	100.0%	289,200	289,200	340,600
140	100.0%	743,500	743,500	681,400
20	100.0%	163,700	163,700	165,600
143	100.0%	1,237,700	1,237,700	1,200,700
122	100.0%	515,400	515,400	694,700
105	100.0%	732,100	732,100	863,300
65	100.0%	429,700	429,700	417,900
80	100.0%	533,300	533,300	636,700
41	100.0%	395,000	395,000	711,500
110	100.0%	897,700	897,700	912,700
89	100.0%	626,800	626,800	856,700
59	100.0%	327,600	327,600	342,100
0	100.0%	126,900	126,900	310,600
115	100.0%	769,800	769,800	781,700
117	100.0%	1,002,900	1,002,900	942,100
102	100.0%	957,700	957,700	1,124,300
74	100.0%	498,200	498,200	866,600
80	100.0%	240,300	240,300	317,200
62	100.0%	202,300	202,300	455,200
45	100.0%	232,300	232,300	451,300
222	100.0%	1,298,000	1,298,000	1,545,700
110	100.0%	468,000	468,000	833,400
117	100.0%	837,300	837,300	866,700
80	100.0%	575,000	575,000	613,273
116	100.0%	583,200	583,200	670,950
118	100.0%	643,100	643,100	660,800
67	100.0%	321,650	321,650	348,400
84	100.0%	416,500	416,500	414,896
130	100.0%	740,000	740,000	711,240
83	100.0%	402,240	402,240	397,531
111	100.0%	718,459	718,459	738,300
0	100.0%	230,000	230,000	211,500
4,849	**100.0%**	**28,725,349**	**28,725,349**	**32,808,790**

Property report

		Address	Totale surface (m²)[1]	Residential surface (m²)
	Apartment buildings			
1	Tervueren 13 A/B	1040 Brussels	4,628	621
2	Sablon	1000 Brussels	4,655	3,342
3	Complexe Laeken - Pont Neuf	1000 Brussels	5,720	4,637
4	Le Bon 24-28	1000 Brussels	1,666	1,666
5	Lombard 32	1000 Brussels	1,431	1,095
6	Complexe Louise 331-333	1050 Brussels	4,871	1,509
7	Place du Samedi 6-10	1000 Brussels	3,769	2,365
8	Broqueville 8	1150 brussels	638	638
9	Bataves 71	1040 Brussels	552	312
10	Tervueren 103	1040 Brussels	881	410
11	Louis Hap 128	1040 Brussels	688	688
12	Rue Haute	1000 Brussels	2,630	1,380
13	Résidence Palace	1040 Brussels	6,388	6,189
14	Churchill 157	1180 Brussels	2,210	1,955
15	Auderghem 237-239-241-266-272	1040 Brussels	1,739	1,739
16	Edison	5000 Namur	2,029	758
17	Verlaine/Rimbaud/Baudelaire	5000 Namur	2,795	1,518
18	Ionesco	5100 Jambes	930	930
19	Musset	5000 Namur	562	472
20	Giono & Hugo	5100 Jambes	1,412	1,412
21	Antares	5100 Jambes	439	439
22	Ring	2018 Antwerp	11,381	7,227
23	Résidence Gauguin et Manet	6700 Arlon	2,885	2,885
24	Résidence de Gerlache	1030 Brussels	6,794	6,174
25	Ensemble Souveraine	1050 Brussels	11,847	11,354
26	Louise 130	1050 Brussels	1,110	694
27	Louise 135 (+ 2 parkings Louise 137)	1050 Brussels	1,978	1,930
28	Louise 270	1050 Brussels	1,043	958
29	Vallée 48	1050 Brussels	623	623
30	Livourne 16-18 (+ 24 parkings Livourne 7-11)	1050 Brussels	1,567	1,567
31	Freesias	1030 Brussels	3,635	3,138
32	Héliotropes	1030 Brussels	1,493	1,223
33	Livourne 20-22	1050 Brussels	1,326	1,326
34	Livourne 14	1050 Brussels	324	324
35	Résidence Chamaris	1000 Brussels	1,838	1,702
36	Stephanie's Corner	1060 Brussels	3,150	2,617
	Total of the segment “Apartment buildings”		**101,626**	**77,816**
	Hotels and other			
1	Hotel Martin’s Brugge	8000 Brugge	11,369	0
2	Royale 35	1000 Brussels	1,813	0
3	Martin's Klooster	3000 Leuven	6,935	0
4	Bara 124-126	1040 Brussels	1,539	0
5	Corbais 18	1435 Mont-Saint-Guibert	292	292
6	Carbon	3600 Genk	5,715	0
7	Eburon	3700 Tongeren	4,016	0
8	Ecu	3600 Genk	1,960	0
9	Eurotel	3620 Lanaken	4,779	0
10	Villa Bois de la Pierre	1300 Wavre	320	160
11	Duysburgh	1090 Brussels	470	470
12	Résidence du Lac	1050 Brussels	0	0
	Total of the segment “Hotels and other”		**39,208**	**922**
	TOTAL MARKETABLE INVESTMENT PROPERTIES		**376,065**	**313,970**

1. Surface excluding ground and parkings. The cellars are taken into consideration only in exceptional cases.
2. See glossary. As reminder, the occupancy rate of the buildings with furnished apartments can not be compared to the occupancy rate calculated on the rest of the portfolio, as the methodology is different. We also note that the occupancy rate of the residential and mixed buildings includes units in renovation and hence temporarily not rentable.
3. The amounts related to the buildings with furnished apartments correspond to the annualised rental income excl. VAT.

Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
3	70.9%	419,620	591,495	626,080
30	87.1%	831,110	953,782	934,560
42	82.1%	537,653	655,246	677,578
15	86.0%	153,541	178,528	189,285
13	88.5%	192,147	217,195	178,343
8	97.9%	641,800	655,600	674,000
24	87.9%	288,553	328,188	308,120
6	30.6%	21,354	69,881	70,308
3	100.0%	60,120	60,120	57,480
6	92.8%	115,880	124,925	120,605
7	97.8%	78,417	80,217	77,488
20	80.3%	213,249	265,652	313,898
57	95.6%	577,600	604,400	711,800
22	90.6%	241,946	267,116	267,838
22	82.5%	162,755	197,363	183,228
7	77.1%	97,159	125,998	138,265
21	91.5%	239,619	261,849	271,333
10	97.4%	93,882	96,402	98,895
6	100.0%	51,420	51,420	50,200
15	74.2%	96,905	130,513	135,770
7	100.0%	41,231	41,231	39,323
88	100.0%	741,000	741,000	860,100
35	77.5%	245,784	317,009	306,825
75	94.0%	762,966	811,866	817,158
116	73.7%	2,138,773	2,138,773	1,476,018[6]
9	74.6%	181,612	181,612	164,900[6]
31	82.3%	560,020	560,020	346,800[6]
14	87.3%	254,837	254,837	148,100[6]
6	64.1%	93,135	93,135	89,100[6]
16	82.5%	335,784	335,784	263,800[6]
37	67.3%	345,948	345,948	361,600[6]
25	87.4%	255,711	255,711	175,300[6]
12	92.0%	319,337	319,337	187,700[6]
6	78.5%	48,563	48,563	34,100[6]
23	89.9%	473,876	473,876	355,290[6]
27	95.2%	510,979	536,649	526,238
864	**n.a.**	**12,424,285**	**13,371,240**	**12,237,426**
0	100.0%	1,589,397	1,589,397	1,171,460
0	100.0%	190,155	190,155	174,405
0	100.0%	1,377,015	1,377,015	1,141,080
0	0.0%	0	63,113	63,113
1	100.0%	26,800	26,800	12,400
0	100.0%	456,600	456,600	565,300
0	100.0%	333,800	333,800	462,800
0	100.0%	174,300	174,300	232,200
0	100.0%	291,500	291,500	377,700
4	100.0%	31,000	31,000	40,100
5	100.0%	63,200	63,200	40,300
0	100.0%	30,700	30,700	30,700
10	**98.6%**	**4,564,467**	**4,627,580**	**4,311,558**
5,723	**n.a.**	**45,714,101**	**46,724,169**	**49,357,774[6]**

4. For the buildings with furnished apartments, no estimated rented value (ERV) were added for vacancy.
5. See glossary.
6. This ERV is not comparable to the contractual rents because (for the buildings with furnished apartments) it does not take into account the fact that the apartments are furnished.

Property report

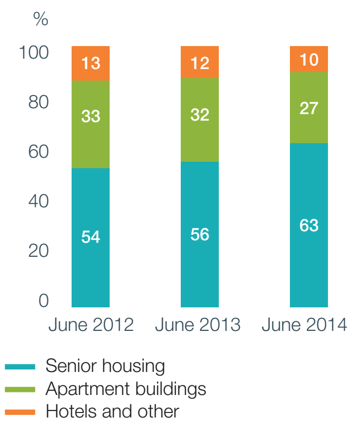
2.2.2 Projects and renovations in progress (in € million)

Project or renovation		Estimated inv.	Inv. as at 30 June 2014	Future inv.	Date of completion	Comments
I. In progress						
Eyckenborch	Gooik	4.9	1.5	3.4	2014/2015	Extension of a rest home
Residentie Sporenpark	Beringen	17.4	7.8	9.6	2014/2015	Construction of a new rest home
Rue Haute	Brussels	1.9	1.1	0.8	2014/2015	Renovation of an apartement building
Klein Veldeken	Asse	3.5	0.9	2.6	2014/2015	Extension of a serviceflatbuilding
Martin's Brugge	Brugge	1.2	0.6	0.6	2014/2015	Partial renovation of the hotel
Sundry	Sundry	2.9	1.2	1.7	2014/2015	Renovation of 4 buildings
Salve	Brasschaat	2.4	0.0	2.4	2015/2016	Renovation and redevelopment of a rest home
't Hoge	Kortrijk	4.9	1.3	3.6	2015/2016	Extension and renovation of a rest home
Helianthus	Melle	3.4	0.2	3.2	2015/2016	Extension of a rest home
Pont d'Amour	Dinant	7.9	2.3	5.6	2015/2016	Extension of a rest home
Au Bon Vieux Temps	Mont-Saint-Guibert	9.8	0.3	9.5	2015/2016	Construction of a rest home home
Aux Deux Parcs	Jette	2.3	0.0	2.3	2016/2017	Extension of a rest home
Op Haanven	Veerle-Laakdal	2.9	0.0	2.9	2016/2017	Extension and renovation of a rest home
Air du Temps	Chênée	5.8	0.2	5.6	2016/2017	Extension and renovation of a rest home
Plantijn	Kapellen	7.6	0.0	7.6	2017/2018	Extension and renovation of a rest home
II. Subject to outstanding conditions						
Résidence Cheveux d'Argent	Spa	3.0	0.0	3.0	2015/2016	Extension of a rest home
Résidence du Lac	Brussels	5.0	0.0	5.0	2016/2017	Construction of an apartment building
Huize Lieve Moenssens	Dilsen-Stokkem	7.0	0.0	7.0	2016/2017	Extension and renovation of a rest home
Oase Binkom	Binkom	2.2	0.0	2.2	2016/2017	Extension of a rest home
Marie-Louise	Wemmel	3.2	0.0	3.2	2016/2017	Renovation and reconversion of a rest home
Tervuren	Tervuren	24.0	0.0	24.0	2017/2018	Construction of a new rest home
III. Land reserves						
Plot of land Bois de la Pierre	Wavre	1.8	1.8	0.0	-	Land reserve
Platanes	Brussels	0.2	0.2	0.0	-	Land reserve
IV. Acquisitions subject to outstanding conditions						
Oase Aarschot Wissenstraat	Aarschot	24.0	0.0	24.0	10.07.2014	1 new rest home with assisted-living apartments
Oase Tienen	Tienen	20.0	0.0	20.0	2014/2015	1 new rest home with assisted-living apartments
Krentzen	Olen	18.0	0.0	18.0	2015/2016	New rest home home with 122 units
Overbeke	Wetteren	13.0	0.0	13.0	2015/2016	New rest home home with 113 units
Oase projects	Aarschot & Glabbeek	27.8	0.0	27.8	2015-2017	Construction of 2 new rest homes
Total		**228.0**	**19.4**	**208.6**		
Capitalised costs		-	0.5	-		
Changes in fair value		-	-0.9	-		
Roundings		-	0.2	-		
On balance sheet			**19.2**			

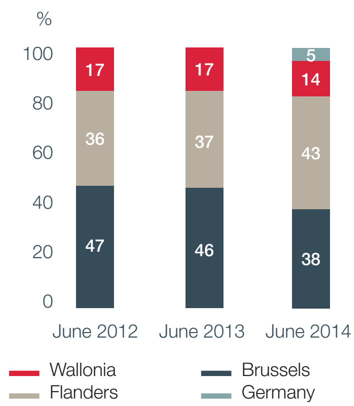
Of these projects, 96 % are pre-let. It is expected that the total investment budget of €209 million will be paid in cash, except for €23 million relating the Olen and Wetteren projects for which new shares will be issued by Aedifica (as mentioned in Note 45 of the Consolidated Financial Statements – the remaining €8 million will be paid in cash).

3. Portfolio analysis as of 30 June 2014

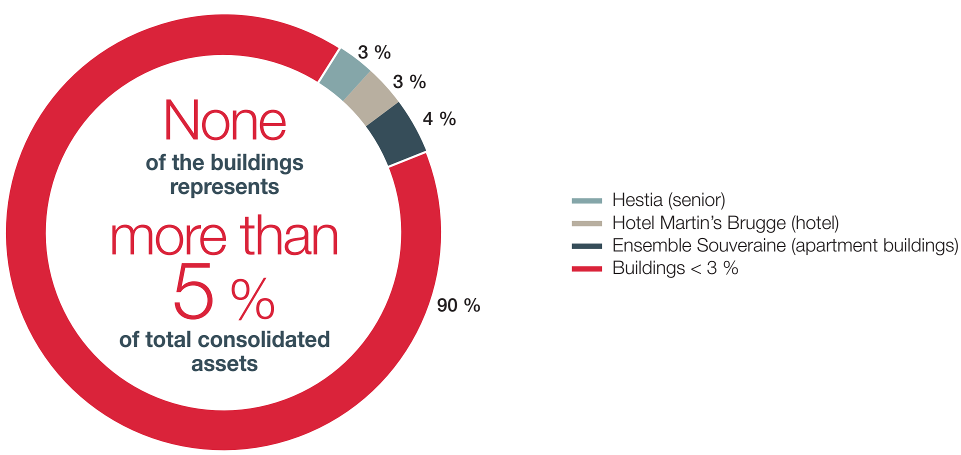
3.1. Breakdown by segment (in fair value)



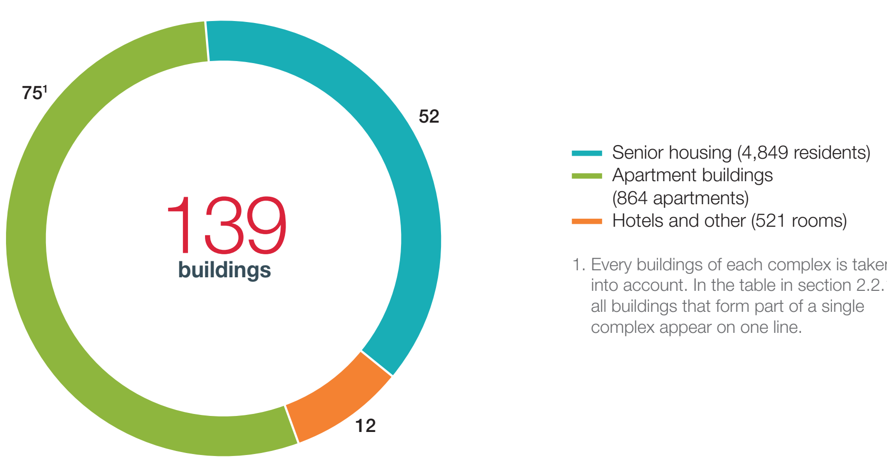
3.2. Geographical breakdown (en juste valeur)



3.3. Breakdown by building (in fair value)



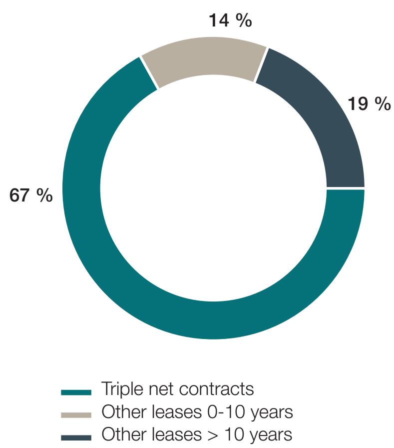
3.4. Number of buildings per segment



1. Every buildings of each complex is taken into account. In the table in section 2.2.1, all buildings that form part of a single complex appear on one line.

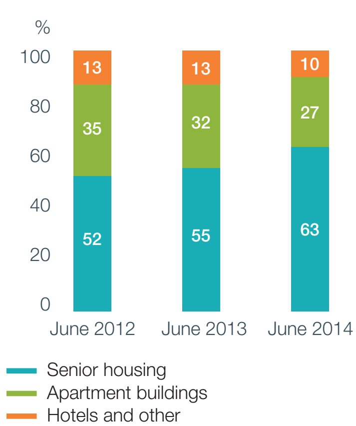
Property report

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

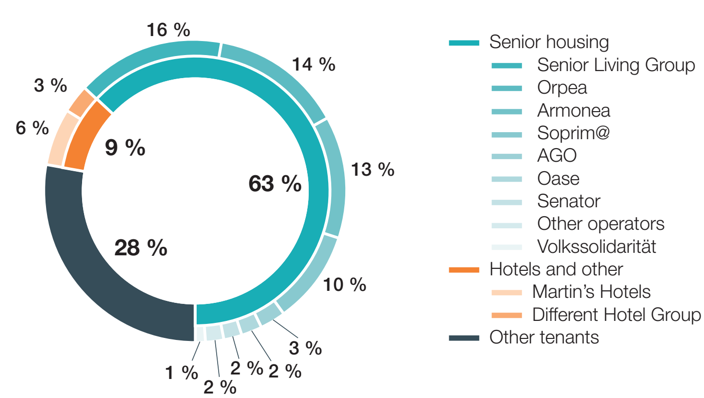


3.6. Breakdown by lease maturity of contracts (based on fair value)

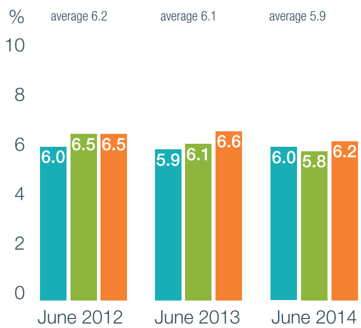
3.7. Breakdown by segment (in contractual rents)



3.8. Breakdown of senior housing contractual rents by group controlling the legal entities in contractual relation with Aedifica (30 June 2014)



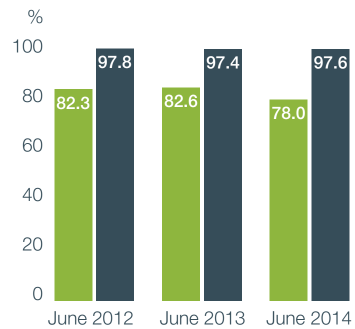
3.9. Gross yield by segment (based on fair value)[1]



Senior housing
Apartment buildings
Hotels and other

1. Increased by the goodwill and the book value of furnishings (in the furnished apartments)

3.10. Occupancy rates[1]



Furnished apartments
Total portfolio (excluding furnished apartments)

1. See glossary.

Global occupancy rate for the year ended 30 June 2014 is

98 %

Property report

3.11. Property portfolio in value insured

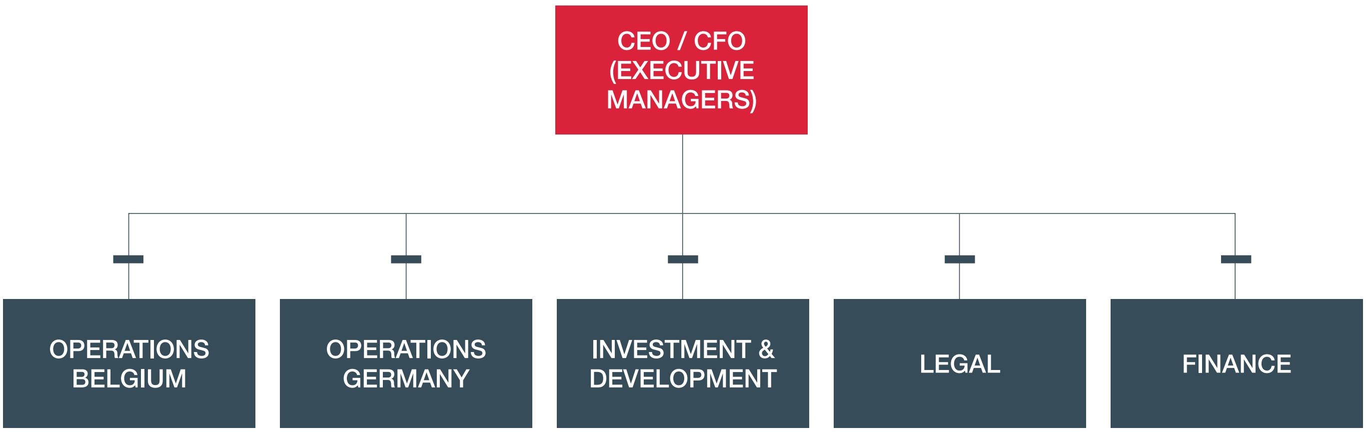
Aedifica's investment properties are insured for a total value of €631 million (including furniture in the furnished apartments, and excluding lands), i.e. €362 million for senior housing, €192 million for apartment buildings and €77 million for hotels and other.

Résidence Chamaris
Apartment buildings - Brussels (Belgium)

4. Management team

4.1. Aedifica's internal organisation

The Company is structured as shown by the organisational chart below:



Each component of the organisational chart is described in the following paragraphs.

Operations Belgium

Aedifica's daily activities in Belgium mainly involve managing its apartment buildings and the senior housing sites.

For the commercial management of its apartment buildings, Aedifica employs a Sales and Marketing Manager who secures rentals through direct contact with tenants and real estate agents. She is assisted by an internal commercial team.

Technical management of Aedifica's apartment buildings ("technical property management") includes the diligent management of the buildings' common areas, implementation and follow-up of maintenance and technical control contracts, management of insurance claims, and assistance to tenants at the time of arrival and departure. Technical management is carried out by both Aedifica's own team and by external service providers who are continuously monitored by Aedifica's Building Manager. The Building Manager ensures that their duties are performed and quality standards maintained.

Administrative and accounting management ("administrative property management") includes managing the calls for rent payments and indexations, provisions for charges, quarterly closing of common area expenses, tax recoveries, budgeting for common area expenses, and tracking of tenant payments. Administrative management is also carried out by both Aedifica's own team and external service providers, under the supervision of Aedifica's Property Accounting Manager.

External property managers are selected based on a competitive bidding process and given their reputation in the Belgian market. Contracts generally cover a period of 1 year and include the possibility for renewal. In terms of risk management, Aedifica appointed several external property managers, depending in particular on their specialities and their geographic location. These intermediaries are assigned with either the full responsibility for day-to-day management of the buildings on both the technical and administrative levels or for day-to-day technical management only, in cases where Aedifica performs administrative and accounting management internally. Aedifica monitors external service providers through periodic reporting and by conducting spot checks. The remuneration of external managers is proportional to the rental incomes generated. Overall, remuneration of external service providers amounted to €0.1 million (VAT included) during the 2013/2014 financial year, or less than 2 % of the net rental income for the concerned buildings. External building managers currently appointed by Aedifica in Belgium are the following:

BNP PARIBAS REAL ESTATE PROPERTY MANAGEMENT BELGIUM SA
Boulevard Louis Schmidt 2 bte 3
1040 Brussels
For the Complex Louise 331-333.

Knight Frank SA
Avenue Louise 143
1050 Brussels
For the Stephanie's Corner building.

O.P. MANAGEMENT SA
Avenue Emile De Mot 19
1000 Brussels
For the Laeken - Pont Neuf Complex and the buildings Lebon 24-28, Place du Samedi 6-10, Royale 35, Churchill 157, Tervueren 13 A/B and Résidence Palace.

LGI Property Management SA
Chaussée de la Hulpe 150
1170 Brussels
For the buildings Lombard 32, Broqueville 8, Bataves 71, Tervueren 103, Louis Hap 128, Auderghem 237-239-241-266-272 and rue Haute.

CBRE SA
Avenue Lloyd George 7
1000 Brussels
For the Sablon and Résidence de Gerlache buildings.

LEGRAND PRM SA
Rue du Trou Perdu 7
5300 Thon
For the buildings Edison, Verlaine/Rimbaud/Baudelaire, Ionesco, Musset, Giono & Hugo, Antares.

PIANISSIMMO
Rue des Fabriques 1
6747 Saint-Leger
For Résidence Gauguin et Manet.

Aedifica employs an architect for “Project Management” tasks in Belgium, for both apartment buildings and senior housing. He is responsible for managing construction and major renovation projects (generally as from the time that the development permit is obtained). He is also responsible for ensuring satisfactory completion of the projects entrusted to specialised companies. In addition, the Project Manager organises technical due diligence audits in Belgium, employing external specialists if necessary and in function of the characteristics of the case.

Regarding senior housing in Belgium, Aedifica has established long-term contracts (mainly in the form of long leases) with specialised and professional operators who assume responsibility for building maintenance (triple-net contracts). Thus, Aedifica is not responsible for the daily management of these buildings. However, it monitors overall quality via ad hoc visits (in particular in the framework of periodic portfolio evaluations and with the follow-up of extension and renovation projects in progress). Although the rental contracts are triple-net, the Company insists on improving existing sites as well as developing new projects in partnership with its tenants/operators. This practice allows the Company to maintain a portfolio of high-quality buildings that generate attractive net yields over the long term. This kind of partnership includes all aspects of the development of real estate projects, whether they are of technical, legal, organisational or other kind of nature. Such projects are presented in the table “projects and renovations in progress” in section 2.2.2 of this Property Report. The main actors involved are the CEO, the Investment Manager, the Development Manger, the Project Manager and the Legal Counsel.

The management principles applicable for senior housing are also applied to hotels. The management principles applicable for apartment buildings are applied to the other buildings.

Operations Germany

The buildings located in Germany follow the same management principles as those described above for senior housing in Belgium. The contracts in place with the operators are also irrevocable long-term leases, but are of a double net structure (vs. triple net structure in Belgium). This means that the repair and maintenance of the roof, structure and facades of the buildings remains the responsibility of the owner.

Given their experience gained in Belgium, Aedifica’s Development Manager and Investment Manager are well positioned to oversee the daily management of the German portfolio. Started in 2013, this portfolio is still in the early stages of development. For 3 of the 5 German buildings, the following building manager has been appointed for the “technical property management” tasks:

DPF Immobilien Verwaltung GmbH
Hackescher Markt 2-3
D-10178 Berlin
For the buildings SZ AGO Herkenrath, SZ AGO Dresden, SZ AGO Kreischa.

Its remuneration amounted to €16,000 (VAT included) during the 2013/2014 financial year, or less than 2 % of the net rental income for the concerned buildings.

Investment & Development

Aedifica assigns the “investment” aspects of its operational activities to the Company’s Investment Manager who acts as the key contact point for new investment opportunities in Belgium and abroad. The Investment Manager filters the cases and undertakes preliminary studies before presenting them to the Executive Managers and, if accepted, to the Investment Committee and Board of Directors. The Investment Manager also organises various aspects of the due diligence audits in close cooperation with other concerned members of the Company’s internal team and by engaging external specialists, depending on the characteristics of the cases.

Aedifica assigns the “Development” aspects of its operational activities to an internal Architect-Engineer, who is in general responsible for development projects, both in Belgium and abroad, from the preliminary study phase until the development permit is obtained. Furthermore, Architect-Engineer organises the technical due diligence audits abroad, by engaging external specialists as needed.

Legal

Aedifica assigns the “Legal” aspects of its operational activities to a team led by its Legal Counsel whose mission includes the day-to-day management of the legal affairs of the Company and its subsidiaries (“corporate housekeeping”) as well as assistance in other aspects of operational activities (“legal support”). Its mission mainly involves conducting legal due diligence audits, carried out with assistance of external specialists depending on the cases’ individual characteristics, drafting conventions and, occasionally, dispute management. Insurance coverage is also centralised here.

Finance

The “Finance” aspects of Aedifica’s operational activities cover many disciplines, such as the financing of day-to-day activities and investments, accounting, taxation, cash management, internal reporting, controlling, external financial communication and investor relations, and credit control). The management of human resources, IT and the vehicle fleet is also centralised here.

Wielant
Senior housing - Anzegem/Ingooigem (Belgium)

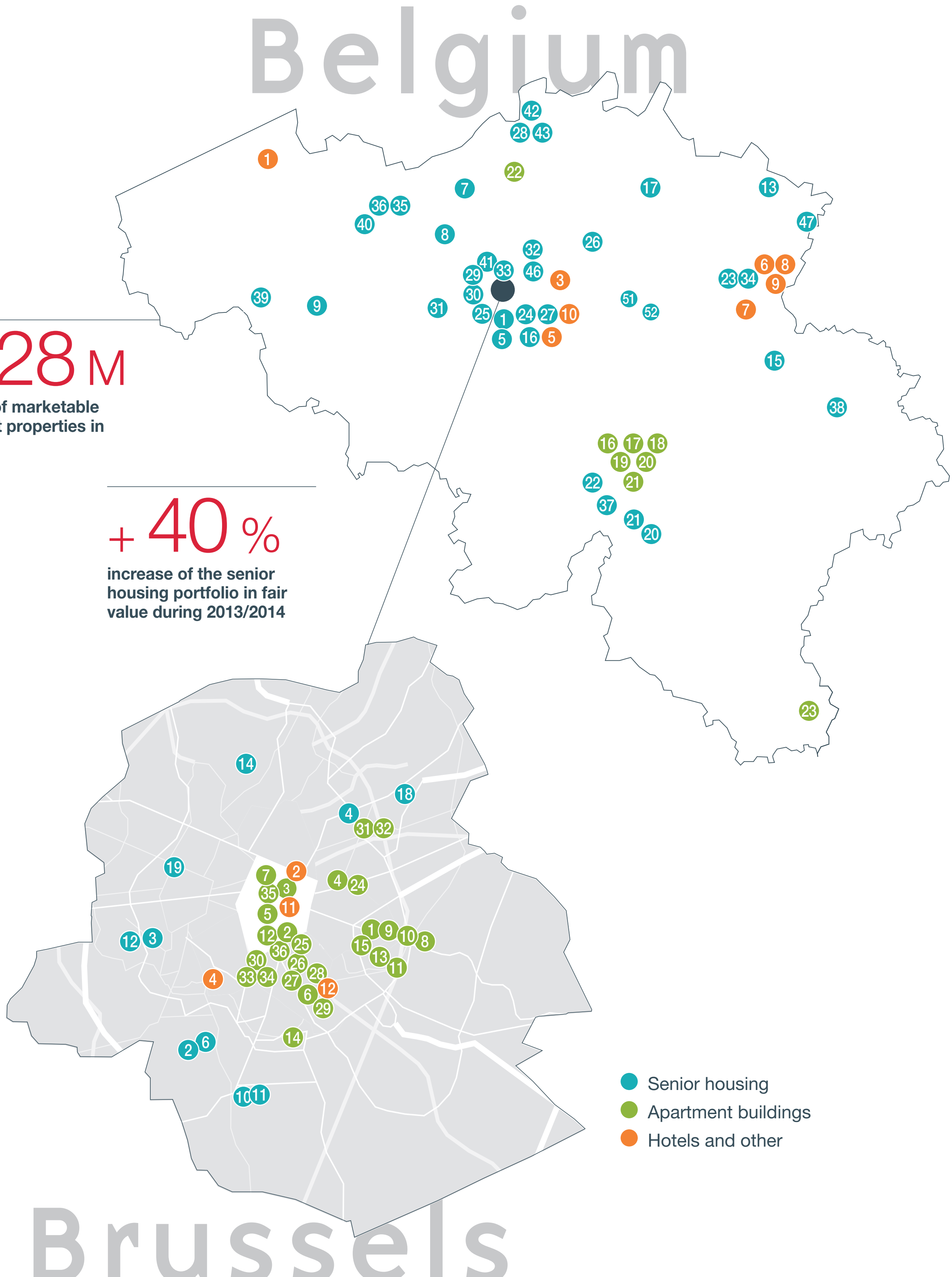
5. Investment property fact sheets

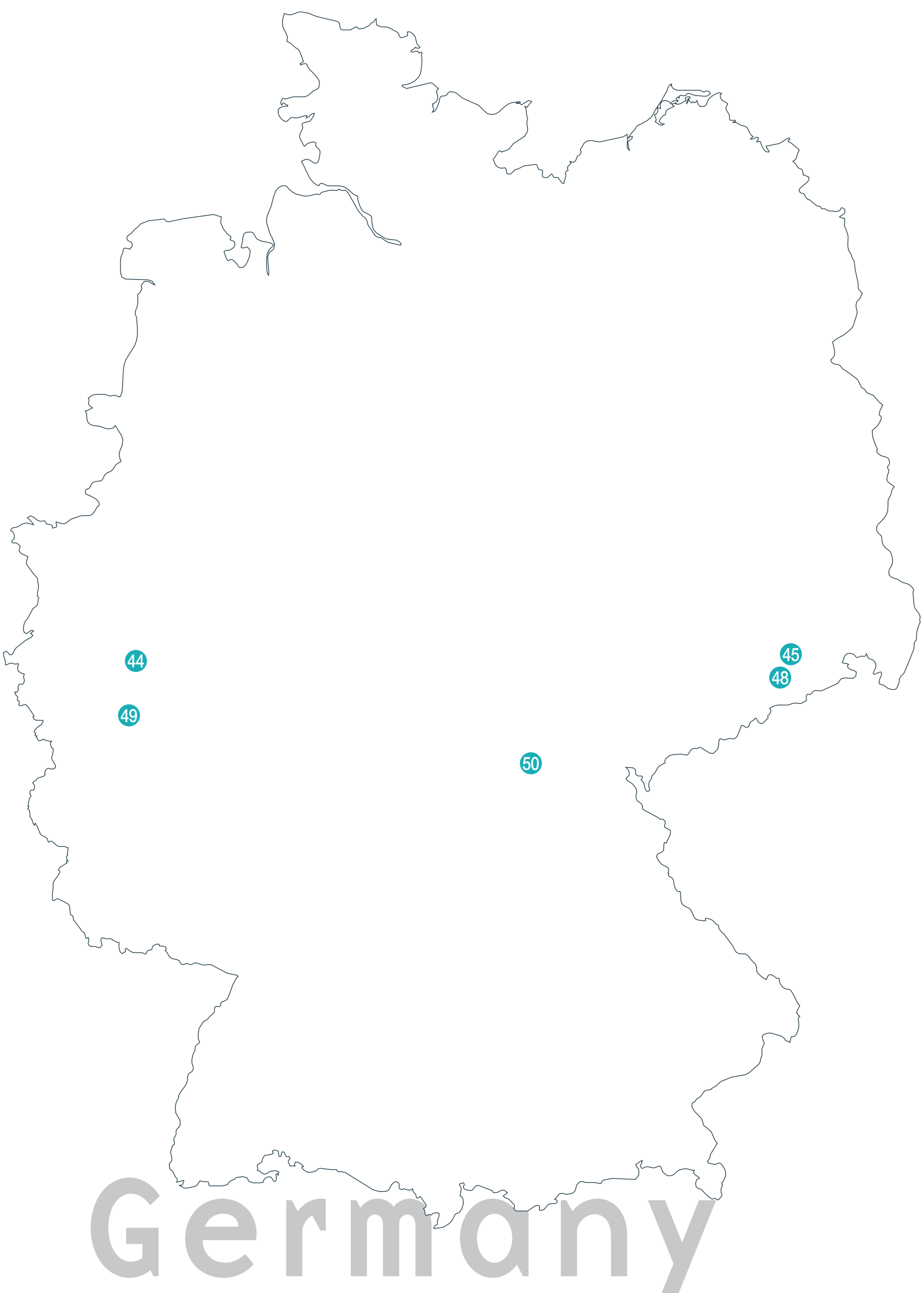
€ 728 M

fair value of marketable investment properties in Belgium

+ 40 %

increase of the senior housing portfolio in fair value during 2013/2014

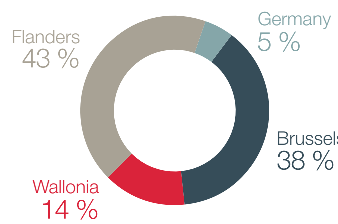




€ 38 M

fair value of marketable investment properties in Germany

Geographical breakdown



Property report

SENIOR HOUSING

1 - Château Chenois

- Chemin des Postes 260 - 1410 Waterloo
- Year of construction / renovation: 1985 - 2009
- Location: “Château Chenois” is located at the heart of a very nice and green area between the chemin des Postes, rue Bruyère-Saint-Jean and avenue Beau Vallon.
- Operator: An entity of the Orpea group (30-year long lease).

2 - New Philip

- Avenue Monte-Carlo 178 - 1190 Brussels
- Year of construction / renovation: 1999
- Location: “New Philip” is located between the avenue de Monte-Carlo, the roundabout Monaco and the chaussée de Brussels.
- Operator: An entity of the Orpea group (30-year long lease).

3 - Jardins de Provence

- Boulevard Sylvain Dupuis 94-96 - 1070 Brussels
- Year of construction / renovation: by the end of the 1990s - extension in 2007
- Location: “Jardins de Provence” is located along the boulevard Sylvain Dupuis, between rue A. Demunter and rue J. Morjeau, behind the Anderlecht stadium.
- Operator: An entity of the Orpea group (30-year long lease).

4 - Bel Air

- Boulevard Lambermont 227 - 1030 Brussels
- Year of construction / renovation: 1997
- Location: “Bel Air” is located at the corner of boulevard Lambermont and chaussée de Haecht with a lateral view over the Josaphat park, and in front of the Aeropolis site.
- Operator: An entity of the Orpea group (30-year long lease).

5 - Résidence Grange des Champs

- Rue Grange des Champs 140 - 1420 Braine-l’Alleud
- Year of construction / renovation: 1995
- Location: “Résidence Grange des Champs” is located in a residential area, in a street perpendicular to the chaussée d’Alsemberg and near to the chaussée Bara.
- Operator: An entity of the Orpea group (30-year long lease).

6 - Résidence Augustin

- Chaussée d’Alsemberg 305 - 1190 Brussels
- Year of construction / renovation: 2006
- Location: “Résidence Augustin” is located at the corner of chaussée d’Alsemberg and avenue Saint-Augustin, a few steps from Altitude 100.
- Operator: An entity of the Orpea group (15-year financial lease).

7 - Ennea

- Lepelhoekstraat 19 - 9100 Sint-Niklaas
- Year of construction / renovation: 1997
- Location: “Ennea” is located in the city of Sint-Niklaas, along the Lepelhoekstraat, in a residential area.
- Operator: An entity of the group Senior Living Group (27-year long lease).

8 - Kasteelhof

- Steenweg van Aalst 110 - 9200 Dendermonde
- Year of construction / renovation: 1994
- Location: “Kasteelhof” is located in the city of Dendermonde, along the Steenweg van Aalst, between the Kerkhofweg and the Denderstraat.
- Operator: An entity of the group Senior Living Group (27-year long lease).

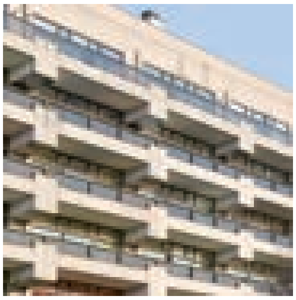
9 - Wielant

- Schellebellestraat 8 - 8570 Anzegem/Ingooigem
- Year of construction / renovation: 1997 - 2001
- Location: “Wielant” is located in a green area in the municipality of Ingooigem (Anzegem).
- Operator: An entity of the group Senior Living Group (27-year long lease).

10 - Résidence Parc Palace

- Avenue du Lycée Français 2 - 1180 Brussels
- Year of construction / renovation: 1992 - 2001
- Location: “Résidence Parc Palace” is located in a green area in the municipality of Uccle.
- Operator: An entity of the Orpea group (36-year long lease).

11 - Résidence Service



- Avenue du Lycée Français 6 - 1180 Brussels
- Year of construction / renovation: 1997 - 2001 - 2008/2009
- Location: “Résidence Service” is located in a green area in the municipality of Uccle.
- Operator: An entity of the Orpea group (36-year long lease).

12 - Résidence du Golf

- Rue du Sillon 119-121 - 1070 Brussels
- Year of construction / renovation: 1997 - 2001
- Location: “Résidence du Golf” is located in the municipality of Anderlecht.
- Operator: An entity of the Orpea group (27-year long lease).

13 - Résidence Boneput

- Boneputstraat 5 - 3960 Bree
- Year of construction / renovation: 1994 - 1999
- Location: "Résidence Boneput" is located in a green area in the municipality of Bree, not far from the city centre.
- Operator: An entity of the group Senior Living Group (27-year long lease).

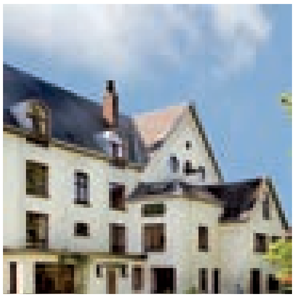
14 - Résidence Aux Deux Parcs

- Rue Duysburgh 21 - 1090 Brussels
- Year of construction / renovation: 1987 - 2008
- Location: "Résidence Aux Deux Parcs" is located in a residential and green zone in Jette, between Parc de la Jeunesse and Square Léopold, at about 300 metres from the Brugmann hospital.
- Operator: An entity of the group Senior Living Group (27-year long lease).

15 - Résidence l'Air du Temps

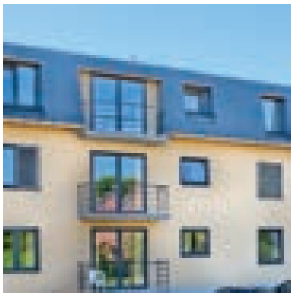
- Rue des Haisses 60 - 4032 Chênée
- Year of construction / renovation: 1997 - 2008
- Location: "Résidence l'Air du Temps" is perched on a hill, surrounded by nature despite its proximity to the city of Liège.
- Operator: An entity of the group Senior Living Group (27-year long lease).

16 - Au Bon Vieux Temps



- Rue de Corbais 14 - 1435 Mont-Saint-Guibert
- Year of construction / renovation: 1988 - 2006
- Location: "Au Bon Vieux Temps" is located 100 metres from the train station and 500 metres from the centre of the village.
- Operator: An entity of the group Senior Living Group (27-year long lease).

17 - Op Haanven

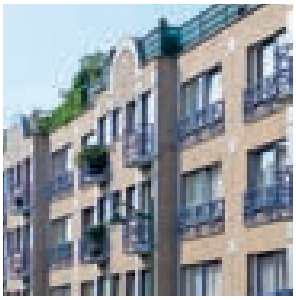


- Oude Geelsebaan 33 - 2431 Veerle-Laakdal
- Year of construction / renovation: 1988 - 2005
- Location: "Op Haanven" is located in the centre of the municipality of Veerle-Laakdal.
- Operator: An entity of the group Senior Living Group (27-year long lease).

18 - Résidence Exclusiv

- Rue Jean-Baptiste Desmeth 50 - 1140 Brussels
- Year of construction / renovation: 1993 – extension in 2012
- Location: "Résidence Exclusiv" is located near the Square S. Hoedemaekers in Evere.
- Operator: An entity of the group Senior Living Group (27-year long lease).

19 - Séniorie Mélopée



- Rue de la Mélopée 50 - 1080 Brussels
- Year of construction / renovation: 1993 – 1994 – extension in 2010
- Location: "Séniorie Mélopée" is located in the centre of the municipality of Molenbeek-Saint-Jean.
- Operator: An entity of the group Senior Living Group (27-year long lease).

20 - La Boule de Cristal

- Rue du Château 47 - 5564 Wanlin
- Year of construction / renovation: 1998
- Location: "La Boule de Cristal" is located in Wanlin in the region of Dinant, in a rural and rustic environment.
- Operator: Le Carrosse (27-year long lease).

21 - Les Charmes en Famenne

- Rue du Tchaurnia 32 - 5560 Houyet (Mesnil-Saint-Blaise)
- Year of construction / renovation: 1982
- Location: "Les Charmes en Famenne" is located in a green and rural area.
- Operator: An entity of the Armonea group (27-year long lease).

22 - Seniorerie La Pairelle

- Chaussée de Dinant 708-710 - 5100 Wépion
- Year of construction / renovation: 2012
- Location: "Seniorerie La Pairelle" is located in Wépion, on the banks of the Meuse River, less than a kilometre from the city centre.
- Operator: An entity of the Armonea group (27-year long lease).

23 - Résidence Gaerveld

- Kramerslaan - 3500 Hasselt
- Year of construction / renovation: 2008 – 2009
- Location: "Résidence Gaerveld" is a new building located near the city centre of Hasselt.
- Operator: An entity of the Armonea group (27-year long lease).

24 - Résidence du Plateau

- Chaussée d'Ottenbourg 221 - 1300 Wavre
- Year of construction / renovation: 1994 – 2001 - 2007
- Location: "Résidence du Plateau" is located in Wavre.
- Operator: An entity of the group Senior Living Group (27-year long lease).

25 - Seniorie de Maretak

- Ziekenhuis 10 - 1500 Halle
- Year of construction / renovation: 2007
- Location: “Seniorie de Maretak” is located in Halle, next to the regional St-Maria hospital.
- Operator: An entity of the group Senior Living Group (27-year long lease).

26 - De Edelweis

- Liersesteenweg 165-171 - 3130 Begijnendijk
- Year of construction / renovation: 1993 – 2003 – 2014
- Location: “De Edelweis” is located in Begijnendijk (Flemish Brabant).
- Operator: An entity of the group Senior Living Group (27-year long lease).

27 - Bois de la Pierre

- Venelle du Bois de la Pierre 20 - 1300 Wavre
- Year of construction / renovation: 1955 – 1987 – extension in 2012
- Location: “Bois de la Pierre” is located in Wavre.
- Operator: Pierre Invest SA (27-year long lease).

28 - Buitenhof

- Papestraat 24 - 2930 Brasschaat
- Year of construction / renovation: 2005 - 2008
- Location: “Buitenhof” is located in a green zone around Brasschaat in Antwerp.
- Operator: Buitenhof ASBL (27-year long lease).

29 - Klein Veldeken

- Klein Veldeken 12A - 1730 Asse
- Year of construction / renovation: 1996
- Location: “Klein Veldeken” is located in a green zone around Asse in Flemish Brabant.
- Operator: An entity of the Soprim@ group (27-year long lease).

30 - Koning Albert I

- Keperenberg 36 - 1700 Dilbeek
- Year of construction / renovation: 1972 – extension in 2014
- Location: “Koning Albert I” is located in a park of 3 hectares in Dilbeek (Flemish Brabant).
- Operator: An entity of the Soprim@ group (27-year long lease).

31 - Eyckenborch

- Bronnenweg 2 - 1755 Gooik
- Year of construction / renovation: 1993/1994 - 2003/2004 - 2014
- Location: “Eyckenborch” is located in the centre of Gooik (Flemish Brabant).
- Operator: An entity of the Soprim@ group (27-year long lease).

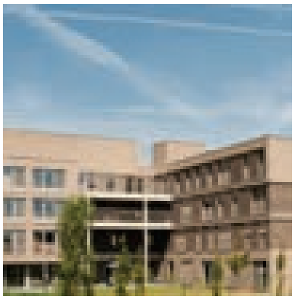
32 - Rietdijk

- Bolwerkstraat 7 - 1800 Vilvoorde
- Year of construction / renovation: 1996
- Location: “Rietdijk” is located in the centre of Vilvoorde (Flemish Brabant).
- Operator: An entity of the Soprim@ group (27-year long lease).

33 - Marie-Louise

- Zijp 157 - 1780 Wemmel
- Year of construction / renovation: 1960 -1970
- Location: “Marie-Louise” is located in a residential area in Wemmel (Flemish Brabant).
- Operator: An entity of the Soprim@ group (27-year long lease).

34 - Gaerveld



- Runkstersteenweg 212 - 3500 Hasselt
- Year of construction / renovation: 2011
- Location: “Gaerveld” is a new building located near the city centre of Hasselt.
- Operator: An entity of the Armonea group (27-year long lease).

35 - Larenshof

- Schoolstraat 11-13-15 en Achterstraat 27, 35-37 - 9270 Laarne
- Year of construction / renovation: 2011 – 2012 – 2013
- Location: “Larenshof” is located in a residential area in Laarne.
- Operator: An entity of the Armonea group (30-year long lease).

36 - Ter Venne

- Vennelaan 21 - 9830 Sint-Martens-Latem
- Year of construction / renovation: 2011 – 2012
- Location: “Ter Venne” is located in the residential and green area of Elsakker.
- Operator: An entity of the Armonea group (30-year long lease).

Property report

37 - Pont d'Amour

- Rue Pont d'Amour 58 - 5500 Dinant
- Year of construction / renovation: 2012
- Location: "Pont d'Amour" is located close to the citadel and historical centre of Dinant.
- Operator: An entity of the Armonea group (27-year long lease).

38 - Résidence Les Cheveux d'Argent

- Avenue F. Jérôme - 4845 Sart-lez-Spa
- Year of construction / renovation: 1988 - 2000
- Location: "Résidence Les Cheveux d'Argent" benefits from a beautiful location on the hillside of Spa.
- Operator: An entity of the group Senior Living Group (27-year long lease).

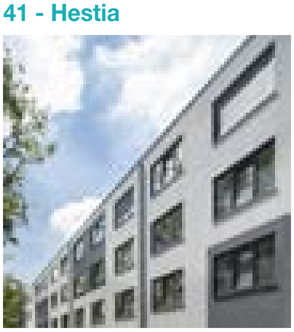
39 - 't Hoge

- 't Hoge 55-57 - 8500 Kortrijk
- Year of construction / renovation: 1983 - 1994
- Location: " 't Hoge" is located in a residential area, near to the AZ Groeninge hospital, Kennedylaan and the university campus KULAK.
- Operator: An entity of the group Senior Living Group (27-year long lease).

40 - Helianthus

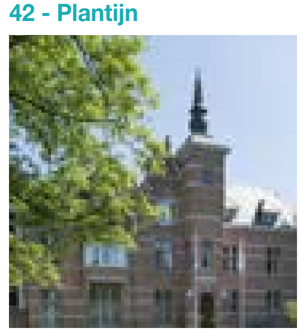
- Brusselsesteenweg 322 - 9090 Melle
- Year of construction / renovation: 1998 - 2007
- Location: "Helianthus" is located in a private park measuring 1 hectare, in a residential area in front of the Paters Jozefieten College.
- Operator: An entity of the group Senior Living Group (27-year long lease).

41 - Hestia



- Zijp 20 - 1780 Wemmel
- Location: "Hestia" is located in a residential area in Wemmel (Flemish Brabant).
- Operator: An entity of the Soprim@ group (27-year long lease).

42 - Plantijn



- Koningin Astridlaan 5 - 2950 Kapellen
- Year of construction / renovation: 1972
- Location: "Plantijn" is located in a residential district close to the centre of Kapellen.
- Operator: An entity of the Armonea group (27-year long lease).

43 - Salve

- Rustoordlei 77 - 2930 Brasschaat
- Year of construction / renovation: 1979 - 2013
- Location: “Salve” is located in a residential district in Brasschaat.
- Operator: An entity of the Armonea group (27-year long lease).

44 - SZ AGO Herkenrath

- Kirchgasse 1 - 51429 Bergisch Gladbach - Germany
- Year of construction / renovation: 2010
- Location: “SZ AGO Herkenrath” is located 20 km from Cologne, in the city of Bergisch Gladbach in North Rhine-Westphalia.
- Operator: An entity of the AGO group (25-year long lease).

45 - SZ AGO Dresden

- Wernerstrasse 37 - 01159 Dresden - Germany
- Year of construction / renovation: 2012
- Location: “SZ AGO Dresden” is located in a residential district of Dresden, the capital of Saxony.
- Operator: An entity of the AGO group (25-year long lease).

46 - De Stichel

- Romeinsesteenweg 145 - 1800 Vilvoorde
- Year of construction / renovation: from 1990 until 2006
- Location: “De Stichel” is located in a residential district of Vilvoorde, the Military Hospital Queen Astrid and the Brussels Ring highway.
- Operator: An entity of the Soprim@ group (27-year long lease).

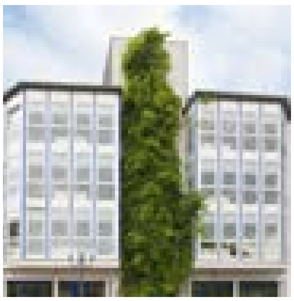
47 - Huize Lieve Moenssens

- Lieve Moenssenslaan 3 - 3650 Dilsen-Stokkem
- Year of construction / renovation: 1986 - 2007
- Location: “Huize Lieve Moenssens” is located near a residential district of Dilsen-Stokkem, a few kilometres from Maasmechelen Village.
- Operator: An entity of the Soprim@ group (27-year long lease).

48 - SZ AGO Kreischa

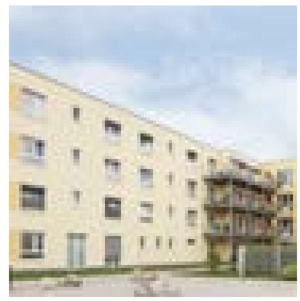
- Dresdner Strasse 4-6 - 01731 Kreischa - Germany
- Year of construction / renovation: 2011
- Location: “SZ AGO Kreischa” is located along the central park of Kreischa, approx. ten kilometres from Dresden.
- Operator: An entity of the AGO group (25-year long lease).

49 - Haus Dottendorf



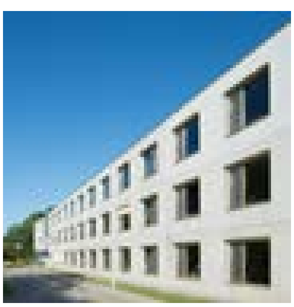
- Hinter Hoben 179 - 53129 Bonn - Germany
- Year of construction / renovation: 1994
- Location: “Haus Dottendorf” is located in a residential area close to a variety of shops.
- Operator: Senator (25-year long lease).

50 - Goldene Au



- Bettelhecker Strasse 1 - 96515 Sonneberg - Germany
- Year of construction / renovation: 2010
- Location: “Goldene Au” is located in a residential area, close to a variety of shops, the train station and the city hall.
- Operator: Volkssolidarität (20-year long lease).

51 - Oase Binkom



- Kerkstraat 5 - 3211 Binkom
- Year of construction / renovation: 1989 – 2012
- Location: “Oase Binkom” is located next to a church, approx. ten kilometres from Leuven.
- Operator: An entity of the Oase group (27-year long lease).

52 - Oase Tienen

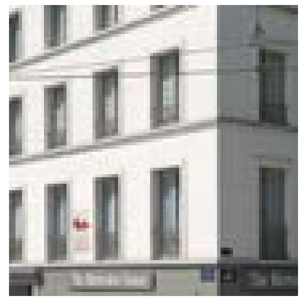
- Withuisstraat-Raeymaeckersvest - 3300 Tienen
- Year of construction / renovation: 2014
- Location: Plot of land in a residential area of the city centre, close to a variety of shops, public transport and the RZ Tienen hospital. The construction of a rest home and assisted-living apartments is currently under way.
- Operator: The site will be operated by an entity of the Oase group.

APARTMENT BUILDINGS

1 - Tervueren 13 A/B

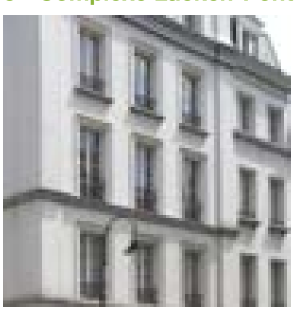
- Avenue de Tervueren 13 A/B Avenue des Celtes 4-10 - 1040 Brussels
- Year of construction / renovation: 1990 - 1995
- Location: Building located close to the European district of Brussels, at the corner of avenue de Tervueren and avenue des Celtes.
- Description: The building comprises 3 apartments and commercial spaces spread over 9 levels, and a commercial level with the possibility to transform the commercial spaces into residential space.

2 - Sablon



- Rue Bodenbroek 22-25 - Rue de Ruysbroeck 63-67 1000 Brussels
- Year of construction / renovation: 2003 - 2004
- Location: Building ideally located in the Grand Sablon area, a highly regarded and central tourism and shopping district in the centre of Brussels.
- Description: The building comprises 30 apartments spread over five levels as well as a commercial level.

3 - Complexe Laeken-Pont Neuf

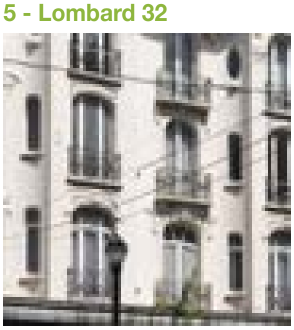


- Rue de Laeken 89-117-119-123-125 - Rue du Cirque 25-29 - Rue du Pont Neuf 3-3A - 1000 Brussels
- Year of construction / renovation: 1993
- Location: Benefitting from an impressive view of the Pont-Neuf gardens, the complex is located in Brussels' city centre, close to the "place de Brouckère", the Flemish Royal Theatre, the Grand Place, and the business centres located on boulevard Albert II.
- Description: The complex consists of several buildings and residential houses, designed by various European architects, and comprising 42 apartments, offices, and a commercial space.

4 - Le Bon 24-28

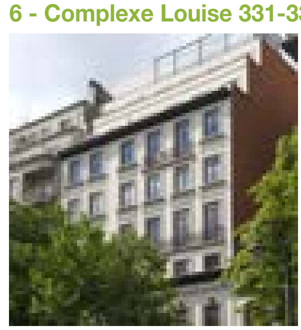
- Rue Philippe le Bon 24-28 - 1000 Brussels
- Year of construction / renovation: 1990
- Location: Located in the rue de la Loi and boulevard du Regent district, very close to the European institutions and the Leopold district.
- Description: The building comprises 15 apartments spread over 6 levels.

5 - Lombard 32



- Rue du Lombard 32 - 1000 Brussels
- Year of construction / renovation: 1995
- Location: Building located close to Brussels' Grand Place, on the corner of rue du Lombard and rue de l'Etuve, a lively tourist district in the capital.
- Description: The building comprises 13 apartments spread over 7 levels and a commercial level. The building's facade is classified by the city of Brussels as from the 1st level.

6 - Complexe Louise 331-333



- Avenue Louise 331-333 - Rue Jordaens 10 - 1050 Brussels
- Year of construction / renovation: 2000
- Location: Complex located between avenue Louise and rue Jordaens.
- Description: Mixed-use complex, which includes a building fronting on avenue Louise and comprising 5 apartments and office spaces spread over 9 levels, a central block (former stables) comprising 3 apartments, a multi-purpose space and offices, as well as a single-family home located in the rear on rue Jordaens.

7 - Place du Samedi 6-10

- Place du Samedi 6-10 - 1000 Brussels
- Year of construction / renovation: Partially renovated in 2004
- Location: Building located in the touristic centre of Brussels, near to the Vieux Marché aux Poissons and the Grand Place.
- Description: The building comprises 24 apartments spread over 6 levels, as well as a commercial space on the ground level and on the first floor.

8 - Broqueville 8

- Avenue de Broqueville 8 - 1150 Brussels
- Year of construction / renovation: 1959 - partially renovated in 2008
- Location: Building located in Brussels near Montgomery Square.
- Description: The building is held under traditional co-ownership arrangements; Aedifica owns 6 apartments.

9 - Bataves 71

- Rue des Bataves 71 - 1040 Brussels
- Year of construction / renovation: Partially renovated in 1996 and 2011
- Location: Building located at the corner of rue des Bataves and avenue de Tervueren.
- Description: The building comprises 3 apartments and an office space spread over 4 levels.

10 - Tervueren 103

- Avenue de Tervueren 103 - 1040 Brussels
- Year of construction / renovation: 1990 (renovation) – 1995 (renovation), 2011 (partially renovated)
- Location: Building located at the corner of rue de l'Armée and avenue de Tervueren.
- Description: The building comprises 6 apartments and an office space spread over 4 levels, plus a commercial ground floor.

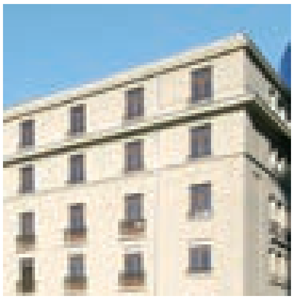
11 - Louis Hap 128

- Rue Louis Hap 128 - 1040 Brussels
- Year of construction / renovation: 1990 (renovation) – 2011/2012 (renovation)
- Location: Building located on a residential road that links place Saint-Pierre with chaussée d'Auderghem.
- Description: The building comprises 7 apartments spread over 6 levels.

12 - Rue Haute

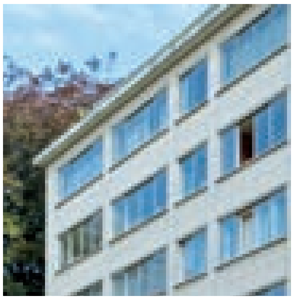
- Rue Haute 39-51 - 1000 Brussels
- Year of construction / renovation: 1961 - 1985 (renovation) – 2012 (renovation in progress)
- Location: Building located along the upper part of rue Haute, near to Sablon.
- Description: The building comprises 20 apartments spread over 5 levels, and a ground-floor commercial space.

13 - Résidence Palace



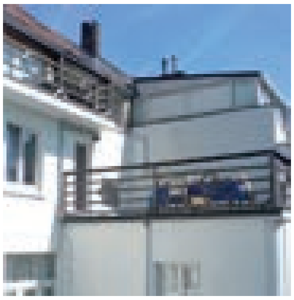
- Chaussée d'Etterbeek 62 - 1040 Brussels
- Year of construction / renovation: 2006
- Location: Building located at the heart of the Leopold district, near to the European institutions and the Schuman train station.
- Description: This prestigious building comprises 57 apartments spread over 7 floors, as well as a ground-floor commercial space.

14 - Churchill 157



- Avenue Winston Churchill 157 - 1180 Brussels
- Year of construction / renovation: 1974 – partially renovated in 2011 and 2012
- Location: Building located in the Churchill/Molière district in Uccle, offering a view over the Montjoie park, which is accessible via a private garden.
- Description: The building comprises 22 apartments and an office space spread over 9 levels.

15 - Auderghem 237-239-241-266-272



- Avenue d'Auderghem - 237-239-241-266-272 - 1040 Brussels
- Year of construction / renovation: End of 19th century – several renovations between 1999 and 2004
- Location: Building located near to "La Chasse", the European district and the Cinquantenaire esplanade.
- Description: Houses divided into apartments, in 19th-century Brussels' style in which Aedifica holds numbers 237: 4 apartments and a concierge spread over 5 levels; 239/241: co-ownership in which Aedifica holds 9 apartments spread over 4 and 5 levels; 266: co-ownership in which Aedifica holds 3 apartments spread over 3 levels; and 272: 5 apartments spread over 4 levels.

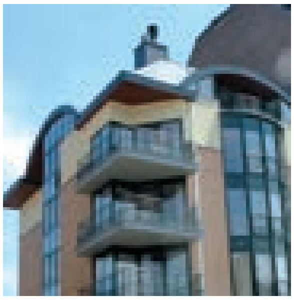
16 - Edison

- Avenue Sergent Vrithoff 123-129 - 5000 Namur
- Year of construction / renovation: 1972 - 2004
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur.
- Description: Mixed-use building, which comprises 7 apartments and an office space, spread over 4 levels.

17 - Verlaine/Rimbaud/Baudelaire

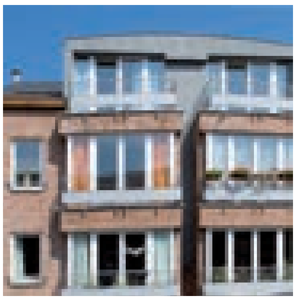
- Avenue Sergent Vrithoff 131-143 - 5000 Namur
- Year of construction / renovation: 1998
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur.
- Description: Mixed-use building, which comprises 21 apartments and an office space, spread over 5 levels.

18 - Ionesco



- Boulevard de la Meuse 81 - 5100 Jambes
- Year of construction / renovation: 2004
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur, in a residential area near to the major traffic routes.
- Description: The building comprises 10 apartments spread over 7 levels.

19 - Musset

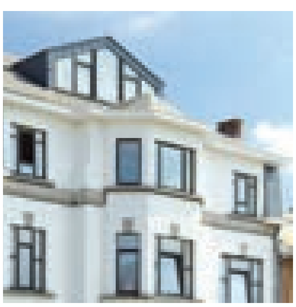


- Rue Henri Bles 140 - 5000 Namur
- Year of construction / renovation: 2002
- Location: Building located in the municipality of Salzinnes, near to the centre of Namur.
- Description: The building comprises 6 apartments and an office space, spread over 4 levels.

20 - Giono & Hugo

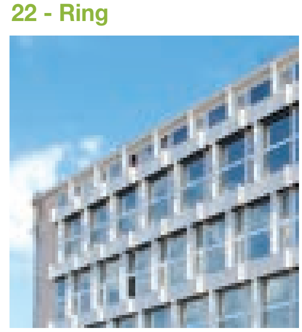
- Rue Capitaine Jomouton 30-32 - 5100 Jambes
- Year of construction / renovation: 2004 - 2005
- Location: Complex located in the municipality of Jambes, south of Namur, in a residential district near to the major traffic routes.
- Description: 2 adjacent residential buildings of almost same configuration and finish, comprising 15 apartments spread over 4 levels.

21 - Antares



- Rue Champêtre 46 - 5100 Jambes
- Year of construction / renovation: 1956 - 1994
- Location: Building located in the municipality of Jambes, south of Namur, in a residential district near to the major traffic routes.
- Description: Houses divided in apartments, comprising 7 apartments spread over 4 levels.

22 - Ring

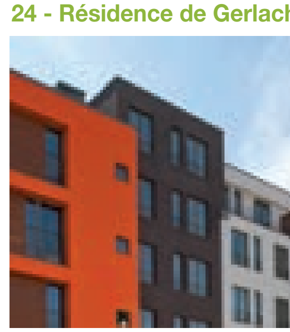


- Plantin en Moretuslei 107-115 - 2018 Antwerp
- Year of construction / renovation: 1993 - 1994 (renovation)
- Location: Complex located near to the major road access leading to the centre of Antwerp, near to the Ring, but also the Diamond district, the central train station and the offices of the Kievitplein.
- Description: Complex in 2 parts, of which the 1st section comprises commercial spaces and a hotel, and the 2nd section is in co-ownership with Aedifica holding 87 apartments.

23 - Résidence Gauguin et Manet

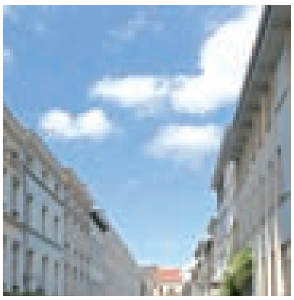
- Rue du Wäschbour 22-24 - 6700 Arlon
- Year of construction / renovation: 2007
- Location: Building located in a new subdivision, less than a kilometre from the centre of Arlon.
- Description: The building comprises 35 residential apartments spread over 2 blocks, each with 4 levels above ground.

24 - Résidence de Gerlache



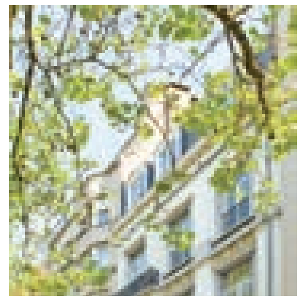
- Chaussée de Louvain 710-732 - 1030 Brussels
- Year of construction / renovation: 2011
- Location: Building located halfway between the European district and the NATO.
- Description: This low-energy building comprises 75 residential apartments spread over 5 levels, 4 commercial spaces and a space for liberal profession.

25 - Ensemble Souveraine



- Rue Souveraine 5, 21-35, 39-45 - 1050 Brussels
- Year of construction / renovation: 1985 to 1995 – 2011/2012 (partially renovated)
- Location: Lot of building located in a quiet street, perpendicular to chaussée d'Ixelles and avenue Louise.
- Description: Houses divided in apartments; the building comprises 116 apartments and recreational infrastructure.

26 - Louise 130

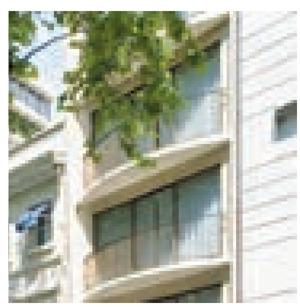


- Avenue Louise 130 - 1050 Brussels
- Year of construction / renovation: End of the 19th century - 1996
- Location: Building located in a highly regarded district, between the shops of avenue Louise and the restaurants of the Châtelain district.
- Description: The building comprises 9 furnished apartments spread over 3 levels and a ground-floor commercial space.

27 - Louise 135

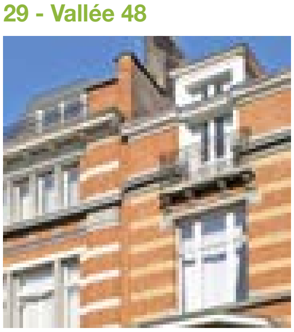
- Avenue Louise 135 - 1050 Brussels
- Year of construction / renovation: 1996
- Location: Building located in a highly regarded district, between the shops of avenue Louise and the restaurants of the Châtelain district.
- Description: The building comprises 31 furnished apartments spread over 12 levels and a ground-floor commercial space.

28 - Louise 270



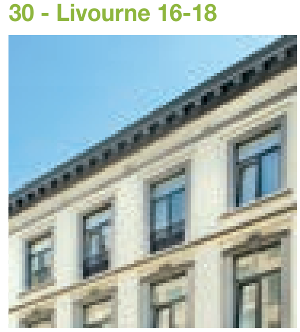
- Avenue Louise 270 - 1050 Brussels
- Year of construction / renovation: 1996 – renovation of 10 apartments in 2012
- Location: Building located in a highly regarded district, between the shops of avenue Louise and the restaurants of the Châtelain district.
- Description: The building comprises 14 furnished apartments and a small ground-floor commercial space.

29 - Vallée 48



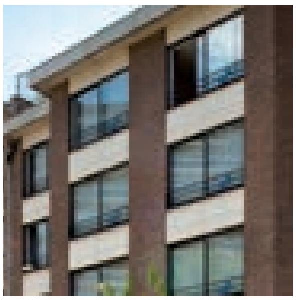
- Rue de la Vallée 48 - 1000 Brussels
- Year of construction / renovation: 1993
- Location: Building located in a nice and green area near to avenue Louise, Abbaye de la Cambre and Place Flagey.
- Description: The building comprises 6 furnished apartments.

30 - Livourne 16-18



- Rue de Livourne 16-18 - 1000 Brussels
- Year of construction / renovation: 2004
- Location: Building located between the chaussée de Charleroi and avenue Louise, near to the Goulet Louise and its numerous luxury shops.
- Description: The building comprises 2 adjacent houses, containing 16 furnished apartments.

31 - Freesias



- Allée des Freesias 18 - 1030 Brussels
- Year of construction / renovation: 1990
- Location: Building located in the Flowers district of Schaerbeek, near to NATO, the industrial zones of Diegem and Zaventem Airport.
- Description: The building comprises 37 furnished apartments.

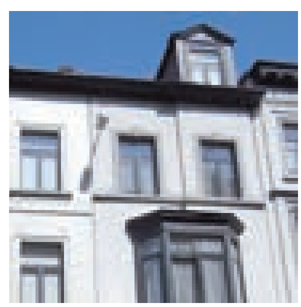
32 - Héliotropes

- Avenue des Héliotropes 35 - 1030 Brussels
- Year of construction / renovation: 1979
- Location: Building located in the Flowers district of Schaerbeek, near to NATO, the industrial zones of Diegem and Zaventem Airport.
- Description: The building comprises 25 furnished apartments.

33 - Livourne 20-24

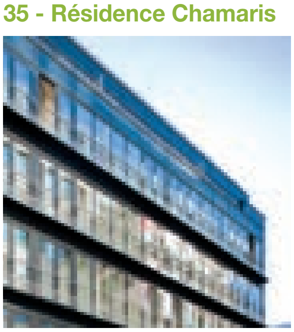
- Rue de Livourne 20-24 - 1050 Brussels
- Year of construction / renovation: 2010
- Location: Building located between chaussée de Charleroi and avenue Louise, near to the Goulet Louise and its numerous luxury shops.
- Description: The building comprises 2 adjacent houses, containing 15 furnished apartments.

34 - Livourne 14



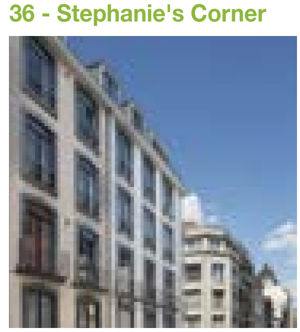
- Rue de Livourne 14 - 1050 Brussels
- Year of construction / renovation: 2010
- Location: Building located between chaussée de Charleroi and avenue Louise, near to the Goulet Louise and its numerous luxury shops.
- Description: The building comprises 3 furnished apartments.

35 - Résidence Chamaris



- Rue d'Arlon 39 - 1000 Brussels
- Year of construction / renovation: 2010
- Location: Building located at the heart of the Leopold Quarter, Brussels' premier business district next to the main European Union institutions.
- Description: The building comprises 23 furnished apartments and 1 ground-floor commercial space.

36 - Stephanie's Corner



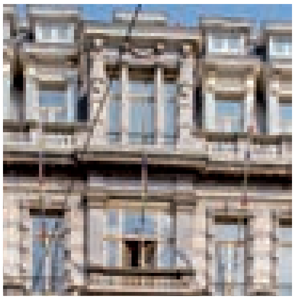
- Rue Jean Stas/ Rue Dejoncker - 1060 Brussels
- Year of construction / renovation: 2007
- Location: Building located in a highly ranked district, close to the shops of avenue Louise.
- Description: The building comprises 27 apartments, 3 commercial spaces and a 27-space underground parking lot.

HOTELS AND OTHER

1 - Hotel Martin's Brugge

- Oude Burg 5 - 8000 Brugge
- Year of construction / renovation: 2005 - 2009
- Location: Three-star hotel located in the heart of Old Brugge, near to the Belfry and the historical city.
- Description: The hotel comprises 178 rooms (after integration of De Tassche Hotel, acquired in July 2008) and 8 seminar rooms, consisting of a central body and 3 annexed buildings equipped for the hotel industry. The entire complex has been transferred to the operator "Martin's Hotels Group" which manages the hotel (under a 36-year long lease with an option to extend for both the lessor and the lessee).

2 - Royale 35



- Rue Royale 35 - 1000 Brussels
- Year of construction / renovation: 1985
- Location: Building located near to the boulevard du Botanique, which forms part of the Brussels' inner ring road.
- Description: The office building is spread over 6 levels with a ground-floor commercial space and a rear annex building.

3 - Martin's Klooster

- Onze-Lieve-Vrouwstraat 18 - 3000 Leuven
- Year of construction / renovation: 2003 - 2012
- Location: Four-star hotel located at the heart of the historic centre of Leuven ("island of the Dijle")
- Description: The hotel comprises 103 rooms and suites. The hotel also includes a new conference centre, a lounge bar, a new reception lobby, and an orangery for events. The entire complex has been transferred to the operator "Martin's Hotels Group" which manages the hotel (under a 36-year long lease).

4 - Bara 124-126

- Rue Bara 124-126 - 1070 Brussels
- Year of construction / renovation: 1963
- Location: Building located in the triangle district in Anderlecht, between the chaussée de Mons and the Brussels-South train station.
- Description: Semi-industrial building used as an office and for exhibition and storage room purposes, spread over 5 levels.

5 - Corbais 18

- Rue de Corbais 18 - 1435 Mont-Saint-Guibert
- Year of construction / renovation: -
- Location: Adjacent villa to the "Au Bon Vieux Temps" rest home.
- Description: "Corbais 18" is a villa located on a vacant land of 26.5 ares, adjacent to the "Au Bon Vieux Temps" rest home. The site is intended to be integrated into the "Au Bon Vieux Temps" rest home.

6 - Carbon

- Europalaan 38 - 3600 Genk
- Year of construction / renovation: 2008
- Location: Four-star design hotel located in the heart of Genk.
- Description: The hotel comprises 60 rooms and suites, a restaurant and one of the most beautiful spas in Belgium. The entire complex has been transferred to the operator "Different Hotel Group" which manages the hotel (under a 27-year long lease).

7 - Eburon

- De Schiervelstraat 10 - 3700 Tongeren
- Year of construction / renovation: 2008
- Location: Four-star design hotel located at the heart of the historical city of Tongeren.
- Description: The hotel comprises 52 rooms and suites. The entire complex has been transferred to the operator "Different Hotel Group" which manages the hotel (under a 27-year long lease).

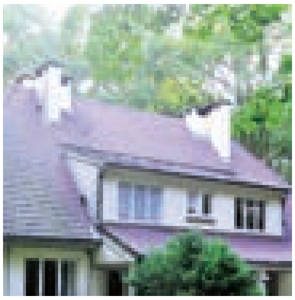
8 - Ecu

- Europalaan 46 - 3600 Genk
- Year of construction / renovation: 1992
- Location: Budget hotel of high quality in the centre of Genk.
- Description: The hotel comprises 51 rooms and has been transferred to the operator "Different Hotel Group" which manages the hotel (27-year long lease).

9 - Eurotel

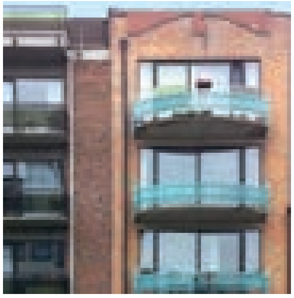
- Koning Albertlaan 269 - 3620 Lanaken
- Year of construction / renovation: 1987 - 2007 - 2010
- Location: Four-star hotel located in Lanaken, near to the centre of Maastricht.
- Description: The hotel comprises 79 rooms, all recently renovated, a restaurant, a spa and a sport centre. The entire complex has been transferred to the operator "Different Hotel Group" which manages the hotel (27-year long lease).

10 - Villa Bois de la Pierre



- Venelle du Bois de la Pierre 20 - 1300 Wavre
- Year of construction / renovation: 1955 - 1987
- Location: Adjacent villa to the "Villa Bois de la Pierre" rest home.
- Description: "Villa Bois de la Pierre" is located next to the "Bois de la Pierre" rest home. The villa counts 4 apartments and office spaces.

11 - Duysburgh



- Rue Duysburgh 19 - 1090 Brussels
- Year of construction / renovation: -
- Location: Adjacent building to the "Aux Deux Parcs" rest home.
- Description: "Duysburgh" is a building located in a residential and green zone, between Parc de la Jeunesse and Square Léopold, and not far from the Brugmann hospital. The building is intended to be incorporated into the "Aux Deux Parcs" rest home.

12 - Résidence du Lac

- Entre l'avenue Louise, la rue Vilain XIIII et la rue du Lac - 1050 Brussels
- Year of construction / renovation: -
- Location: Plot of land located between avenue Louise, rue Vilain XIIII and rue du Lac.
- Description: The plot of land is located in a highly ranked district, near avenue Louise, the Etangs d'Ixelles and the Abbaye de la Cambre. A residential project is being studied on the plot of land, which is currently rented.

6. Experts' report[1]

Gentlemen,

We are pleased to send you our estimate of the value of the investment properties of Aedifica as at 30 June 2014.

Aedifica assigned to the experts the task of determining the investment value and the fair value of its portfolio of investment properties. Assessments are established taking into account the remarks and definitions contained in the reports and the guidelines of the International Valuation Standards issued by the "IVSC".

We have acted as independent experts. The experts have a relevant and recognised qualification and have an ongoing experience for the location and the type of buildings assessed.

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

The fair value of the portfolio amounted to €784,980,188 as of 30 June 2014, including €765,789,250 for marketable investment properties. Contractual rents amounted to €45,714,101 which corresponds to an initial rental yield of 5.97%[2] compared to the fair value of marketable investment properties. Assuming that the marketable investment properties, except for furnished apartments, are 100% rented and that the currently vacant spaces are rented at market prices, contractual rents would amount to €46,724,169, i.e. an initial rental yield of 6.10%[3] compared to the fair value of marketable investment properties.

In the context of a reporting compliant with the International Financial Reporting Standards, our evaluations reflect the fair value:

- The fair value defined by the IAS 40 and IFRS 13 norms is the price which is obtained when selling assets or which is paid for the transfer of liabilities, in a normal transaction between market participants on the assessment date. "IVSC" considers that these conditions are met if the definition of the market value is respected. Furthermore, the market value must also reflect the current lease contracts, the current cash flow and reasonable assumptions about potential income rentals and costs.
- In this context the transfer costs require adaptation to the market costs. Based on the analysis of a large number of transactions, the experts acting at the request of publicly traded real estate companies, reunited in a working group, came to the following conclusion: the «fiscal engineering» which is largely used in various forms (also totally legal), implies that the impact of transfer costs on major investment properties, whose value exceed €2.5 million, is limited to 2.5%. The investment value corresponds therefore to the fair value plus 2.5% of transfer costs. The fair value is then calculated by dividing the investment value by 1.025.

Elements below the threshold of €2.5 million remain subject to usual transfer taxes. Their fair value corresponds thus to the value excluding transfer taxes which takes into account the current leases. In this specific case, for residential units, the fair value reflects the potential capital gain if sold per apartment.

Patrizia Tortolani, MRICS,
de Crombrugghe & Partners SA,
20 August 2014

Céline Janssens, MRE, MRICS and
Katrien Van Grieken, MRE,
Stadim CVBA, 21 August 2014

Dr. Henrik Baumunk and **Andreas Polter,**
CBRE GmbH, 25 August 2014

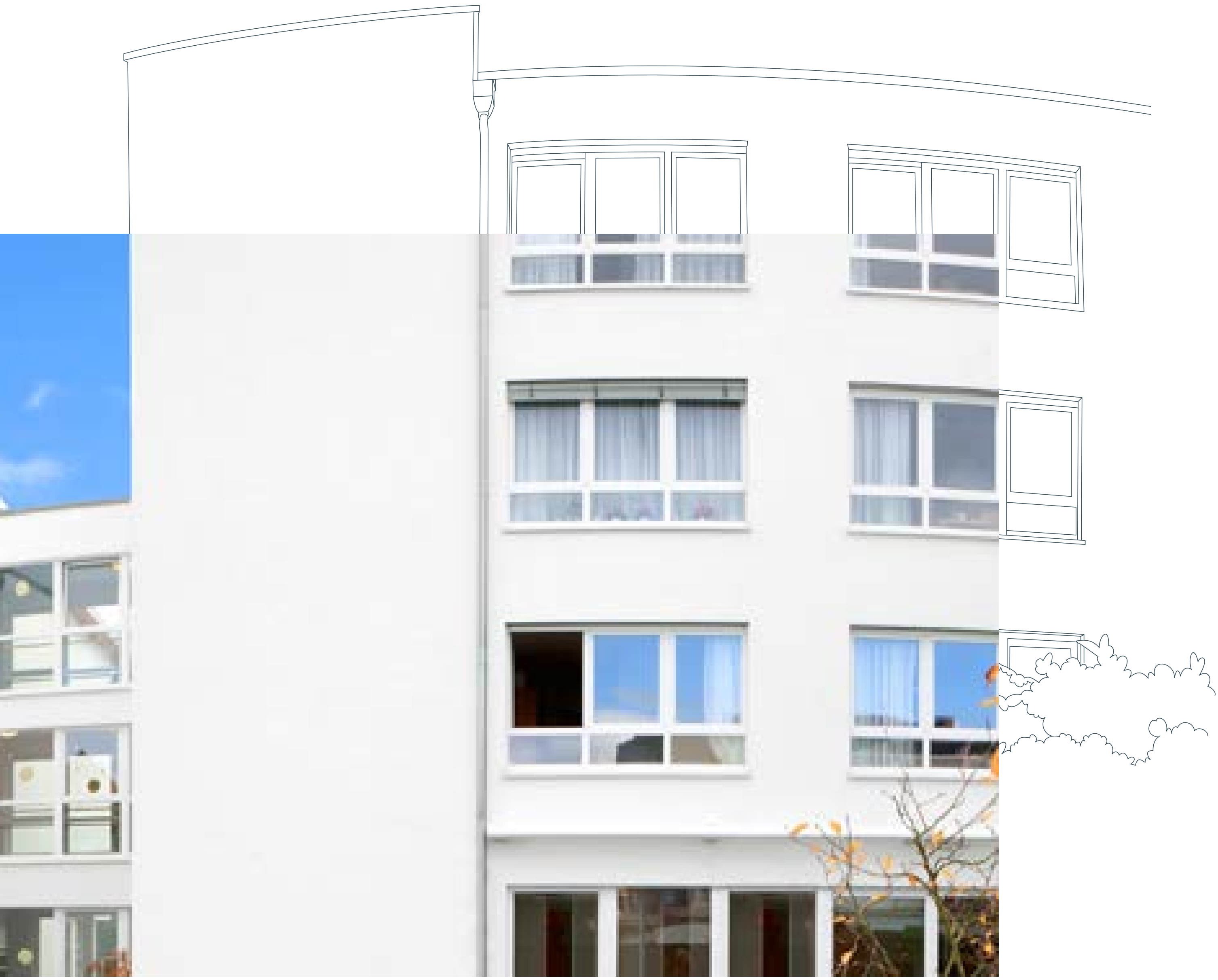
€ 785 M

fair value of the portfolio

1. The expert report was reproduced with the agreement of Crombrugghe & Partners SA, Stadim CVBA and CBRE GmbH.
2. 5.94% compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishments.
3. 6.07% compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishments.

AEDIFICA IN THE STOCK MARKET

€ 50.00
share price at the end of the financial year



88 %
free float

10,249,117
total number of shares listed since 2 July 2014

€ 508 M
market capitalisation at the end of the financial year

AEDIFICA IN THE STOCK MARKET

Aedifica provides the investor an alternative to direct investment in residential real estate.

4th

REIT in terms of fair value of investment properties portfolio

€ 50.00

share price as of 30 June 2014

Aedifica's diversified investment policy (see section "Strategy" in the Consolidated Board of Directors' Report) offers the shareholder a unique investment that generates optimal rental incomes with a limited risk profile. The structure of Aedifica's portfolio generates attractive returns, opportunities for growth and capital gains, and recurrent dividends.

According to the "Belgian REIT Overview", published each month by Bank Degroof, Aedifica is currently the 4th Belgian REIT in terms of the fair value of its investment property portfolio (5th as of 30 June 2013). Regarding liquidity, the Company saw an average daily volume of €410 thousand over the last 12 months; this is a considerable improvement as compared to the situation prevailing before the capital increase in cash of December 2012, when the average daily volume amounted to €230 thousand.

1. Stock price and volume

Aedifica's stock price (AED) has been quoted on Euronext Brussels continuous market since 23 October 2006. Since that date, Aedifica has completed two capital increases in cash and with preferential rights.

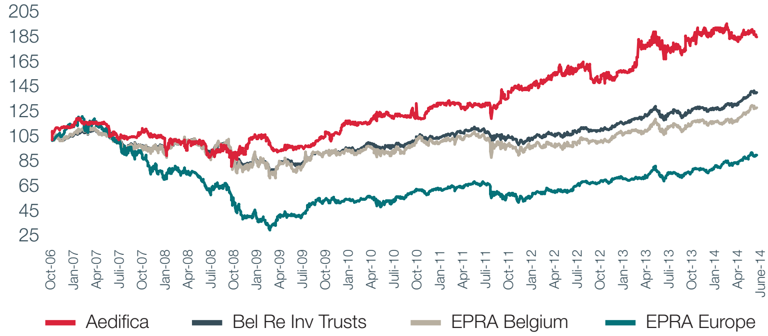
- 15 October 2010: issuance of 2,013,334 new shares at a subscription price of €33.45 per share to raise a total gross amount of €67 million.
- 7 December 2012: issuance of 2,697,777 new shares at a subscription price of €37,00 per share to raise a a total gross amount of €99.8 million.

On 30 June 2014, Aedifica was registered in the Bel Real Inv. Trusts index with a weighting of 6.74 % and in the Bel Mid Index[1] with a weighting of 2.80 %.

Based on the stock price on 30 June 2014 (€50.00), Aedifica shares show:

- an 18 % premium as compared to the net asset value per share excluding IAS 39, based on the fair value of the property portfolio;
- a 29 % premium as compared to the net asset value per share including IAS 39, based on the fair value of the property portfolio.

Comparison – indices in total return
From 23 October 2006 (IPO) to 30 June 2014



1. The Bel Mid index is composed of values which do not belong to the BEL20 index, with a floating market capitalisation above the BEL20 index level multiplied by €50,000, and a turnover of at least 10%. In addition, no value can represent more than 10% of the Bel Mid index.
2. For additional information on the EPRA indice, refer to EPRA's web site (www.EPRA.com).

Between the date of the IPO (after deduction of the coupons which represented the preferential rights issued as part of the 15 October 2010 and 7 December 2012 capital increases) and 30 June 2014, Aedifica's stock price increased by 34.5 %. This increase shows a very favourable contrast when compared to the Bel Mid Index and EPRA Europe[2] indexes, which fell by 0.1 % and 33.1 %, respectively, over the same period.

2. Dividend policy

Aedifica has the obligation to distribute the majority of its profits in the form of dividends (see "income to distribute" in the glossary). The proposed gross dividend for 2013/2014 financial year amounts to €1.90 per share (2006/2007: €1.48 per share; 2007/2008: €1.71 per share; 2008/2009: €1.80 per share; 2009/2010: €1.82 per share; 2010/2011: €1.82 per share; 2011/2012: €1.86 per share; 2012/2013: €1.86 per share) as detailed in Note 38 of the Consolidated Financial Statements. The coupon is payable 5 working days after the date of the ordinary general shareholder's meeting, which is fixed in the Articles of Association to be held annually on the 4th Friday of October. The coupon related to the 2013/2014 financial year will be paid as from 31 October 2014.

As residential REIT, the withholding tax for Aedifica investors amounts to 15 %. For the tax treatment of the dividend, readers, in particular shareholders who are Belgian tax payers (natural persons), are referred to section 5 of the chapter entitled "Standing Documents" included in this Annual Financial Report. The net dividend per share after deduction of the withholding tax of 15 % will amount to €1.6150.

Aedifica share

	30 June 2014	30 June 2013
Share price at closing (in €)	50.00	47.50
Net asset value per share (based on fair value) after deduction of the dividend 2012/2013 excl. IAS 39 (in €)	42.47	40.23
Premium (+)/(-) Discount (based on fair value) excl. impact IAS 39	17.7 %	18.1 %
Net asset value per share (based on fair value) before deduction of the dividend 2012/2013 incl. IAS 39 (in €)	38.74	36.95
Premium (+)/(-) Discount (based on fair value) inlc. impact IAS 39	29.1 %	28.5 %
Market capitalisation	508,108,250	469,863,018
Free float[1]	88.17 %	88.17 %
Total number of shares listed[5]	10,162,165	9,874,985
Denominator for the calculation of the net asset value per share	10,249,083	9,902,998
Average daily volume	7,581	10,508
Velocity[2]	19.5 %	30.5 %
Gross dividend per share (in €)[3]	1.90	1.86
Dividend gross yield[4]	3.8 %	3.9 %

1. Pourcentage of the capital of a company held by the market, according to the definition of Euronext.
2. Total volume of share exchanged annualised divided by the total number of shares listed on the market, according to the definition of Euronext.
3. 2013/2014: Proposed dividend at the Annual General Meeting.
4. Gross dividend per share divided by the closing share price.
5. Excluding 86,952 shares listed since 2 July 2014.

Number of shares

	30 June 2014	30 June 2013
Number of shares outstanding[1]	10,249,083	9,902,998
Total number of shares	10,249,117	9,903,690
Total number of shares on the stock market[2]	10,162,165	9,874,985
Weighted average number of shares outstanding (IAS 33)	9,917,093	8,715,370
Number of dividend rights[3]	10,249,083	8,715,339

1. After deduction of the treasury shares.
2. Excluding 86,952 shares listed since 2 July 2014.
3. Based on the rights to the dividend for the shares issued during the year.

88 %

free float

3. Shareholding structure

Aedifica shareholders holding more than 5 % of the Company's total number of shares are listed in the table below (as of 30 June 2014, based on the number of shares held by the shareholders concerned as of 15 October 2010). Declarations of transparency are available on Aedifica's website. As of the date of this report (9 September 2014), the Company has not received any additional declarations of transparency after 15 October 2010.

Shareholders

	In % of the capital
Jubeal Fondation	6.37 %
Wulfsdonck Investment SA (via Finasucre SA)	5.46 %
Free Float	88.17 %

SZ AGO Kreischa
Senior housing - Kreischa (Germany)

Haus Dottendorf
Senior housing -
Bonn (Germany)

4. Shareholder's calendar[1]

Annual General Meeting 2014	24 October 2014
Dividend payment date - coupon related to the 2013/2014 financial year	
– Dividend - Coupon related to the 2013/2014 financial year ("ex-date")	29 October 2014
– Dividend - Record date	30 October 2014
– Dividend - Coupon payment ("payment date")	As from 31 October 2014
Interim statement	13 November 2014
Semi-annual financial report 31.12.2014	24 February 2015
Interim statement	12 May 2015
Annual press release	3 September 2015
Annual Financial Report 2014/2015	23 September 2015
Annual General Meeting 2015	23 October 2015
Dividend - coupon related to the 2014/2015 financial year ("ex-date")	28 October 2015

Financial service for the coupon payment: Degroof Bank (main paying agent) or any other financial institution

1. These dates are subject to change.

CORPORATE GOVERNANCE STATEMENT

11 members

of the Board of Directors

5 independents
among the 11 Directors

3 committees
of the Board of Directors

36 %
mixed gender ratio among the Board of Directors

CORPORATE GOVERNANCE STATEMENT

This chapter on corporate governance is part of the Consolidated Board of Directors' report. The Corporate Governance Statement is issued in accordance with the provisions of the Belgian Corporate Governance Code 2009 (the "2009 Code") and the Belgian Act of 6 April 2010 amending the Belgian Companies Code.

The Corporate Governance Charter was set out by the Board of Directors of Aedifica and aims to provide full disclosure regarding the governance rules in place at Aedifica. It is available on the Company's website (www.aedifica.be) and was last updated on 30 March 2012.

1. Code of reference

Aedifica acts in accordance with the principles of the 2009 Code published on 12 March 2009, while taking into consideration the Company's unique features and characteristics. Aedifica considers itself compliant with all provisions of the aforementioned Code, except as regards the following two items (application of the "comply or explain" principle):

- Principle 2.9 of the 2009 Code: in view of the Company's current characteristics, the Board of Directors decided not to appoint a General Secretary.
- Principle 5.2 of the 2009 Code: the composition of the Audit Committee does not fully comply with appendix C of the 2009 Code, as explained below (see section 4.4.1).

The Royal Decree of 6 June 2010 specifies that the 2009 Code is the only applicable code. The 2009 Code is available on the website of the Belgian State Gazette, as well as on www.corporategovernancecommittee.be

"Aedifica acts in accordance with the principles of the 2009 Code on Corporate Governance published on 12 March 2009, while taking into consideration the Company's characteristics."
Jean-Louis Duplat

2. Internal control and risk management

This section aims to provide a description of the main features of the Company's internal control system and risk management practices.

2.1 Risk management and internal control

The Board of Directors is responsible for the Company's identification and assessment of risks, as well as for monitoring the effectiveness of internal controls. Aedifica's Executive Managers are responsible for setting up an effective internal control environment and putting in place effective risk management practices.

In these respects, the Belgian legal framework is made up of the following regulations:

- The Belgian Act of 17 December 2008 setting up audit committees in listed companies (in application of the European Directive 2006/43 on the financial control of corporations);
- The Belgian Act of 6 April 2010 on corporate governance within listed companies and on the regulation modification concerning professional prohibition within the banking and financial sector (the so-called "Corporate Governance Act").

This framework is enhanced (situation on 30 June 2014) by:

- The Belgian Act of 3 August 2012 on undertakings for collective investments; and
- The Belgian Corporate Governance Code 2009.

Aedifica has put in place risk management procedures and an internal control system that are consistent with the Company's way of operating and with the environment in which it evolves. This system is based on the internal control model called "COSO" ("Committee of Sponsoring Organisations of the Threadway Commission"). COSO is a well-known international organisation that stems from the private sector. Its purpose is to promote the improvement in the quality of corporate governance rules, internal control, risk management and financial reporting.

The COSO model has 5 components:

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

The last version of the COSO (2013) defines 17 principles underlying these five components which clarify the requirements of an efficient internal control system.

2.2 Internal control environment

The underlying principles of the component "internal control environment" are the following:

- Principle 1: The organisation demonstrates a commitment to integrity and ethical values:
  - As regards ethics, Aedifica has developed a Charter of Ethics (named "Code of Conduct") as of 2010, which formalises the previously existing unwritten codes of conducts. This charter includes matters such as conflicts of interests, confidentiality, dealing codes, misappropriation of corporate assets, business gifts, and respect for others.
  - As regards integrity, Aedifica complies with legal provisions regarding conflicts of interests (see below).
- Principle 2: The Board of Directors demonstrates independence from management and exercises oversight of the development and performance of internal control:
  The Board of Directors comprises 11 members, 5 of whom are independent, as defined by Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code (see below). Given their experience (see below), the Directors are sufficiently qualified for their positions, particularly in respect of accounting, finance and remuneration policy. Aedifica's Board of Directors supervises the effectiveness of the risk management practices and of the internal control implemented by the Executive Managers.
- Principle 3: The Executive Managers establish, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives:
  - The organisational chart of Aedifica is kept up to date.
  - Aedifica has a Board of Directors, an Audit Committee, a Nomination and Remuneration Committee and an Investment Committee whose tasks are detailed below.
  - In accordance with Article 39 § 2 of the Belgian Act of 3 August 2012 related to certain undertakings for collective investments, the CEO and the CFO (the Executive Managers) are in charge of the daily management of the Company and for the joint representation of the Company in these activities. They report to the Board of Directors. The Executive Managers are responsible for setting up an effective internal control environment and for putting in place effective risk management practices.
- Principle 4: The organisation demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives:
  The Company's recruitment processes ensure the qualification of the Executive Managers and personnel. For each position, there is a defined profile and a suitable training programme. Aedifica endeavours to favour the personal development of its workers, by offering them a motivating and comfortable working environment adapted to their needs. The Company identifies their talents and contributes to their reinforcement. Succession plans are elaborated according to the evolution of the career plans and according to chances of personnel leaving temporarily (maternity leave, parental leave…) or permanently (such as retirements).
- Principle 5: The organisation holds individuals accountable, in particular for their internal control responsibilities in the pursuit of objectives:
  Each member of the Aedifica team has at least one evaluation interview per year with his responsible, based on a framework that approaches the relationships between Company and employee in a very broad way. Furthermore, the remuneration and assessment policy of Executive Managers and personnel is based on achievable and measurable targets. It was thoroughly analysed in 2009 by specialised consultants, with a follow-up performed in 2010 and in 2011. A further study of remuneration of the Executive Managers was carried out in 2011.

2.3 Risk analysis

The underlying principles of the component "risk analysis" are the following:

- Principle 6: The organisation specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives:
  "Aedifica aims to position itself as the market leader among listed Belgian residential real estate companies. At Aedifica, our objective is to create a balanced portfolio of primarily residential buildings, which generate recurring revenues and offer potential for capital gains. Therefore, Aedifica acts in a conservative way as regards to risk culture. The strategy is based on underlying demographic trends, in particular population ageing in Western Europe and population growth in Belgium's main cities".

- Principle 7: The organisation identifies risks to the achievement of its objectives across the entity and analyses risks as a basis for determining how the risks should be managed:
  The Company has a risk map. The main risks are monitored by the Board of Directors every 3 months and disclosed in the Annual and Semi-annual Financial Reports, as well as in interim statements. The risks are also followed up during the regular meetings of the Board of Directors. Mitigating actions are undertaken as and when required. For a detailed list of the risks identified, please refer to the section "Risks factors" of the Annual Financial Report.

- Principle 8: The organisation considers the potential for fraud in assessing risks to the achievement of objectives:
  Any attempt to fraud is properly analysed to mitigate the potential effects on the Company and to avoid any new attempt.

- Principle 9: The organisation identifies and assesses changes that could significantly impact the system of internal control:
  Significant changes are continuously identified and analysed, both at the level of the Executive Managers as of that of the Board of Directors. This analysis enriches the section "Risk Factors" of the Annual Financial Report.

2.4 Control activities

The underlying principles of the component "control activities" are the following:

- Principle 10: The organisation selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels:
  - In accordance with the aforementioned Belgian Act of 3 August 2012, there is an audit trail for each property acquisition or disposal. This covers the origin of the transaction, the identification of parties involved, the precise nature of the transaction, and the time and place were the transaction took place. This can be achieved through the notarial deeds (in cases of outright purchase of property, contribution in kind, merger, de-merger or partial de-merger). Furthermore, each transaction is tested upfront to ensure conformity with the Company's Articles of Association and with the applicable regulations;
  - The Executive Managers carry out a monthly analysis of the deviation of actual figures against budgeted amounts. The same process is performed quarterly by the Audit Committee and then by the Board of Directors;
  - Key indicators such as occupancy rates, trade receivables and cash balances are monitored daily;
  - A summary of outstanding balances is reviewed daily for other tenants (long-term leases);
  - The 4-eye principle is applied:
    - Contract signature: jointly by the CEO and the CFO (or, if not possible, jointly by two directors), except in the case of rental agreements for apartments and office/retail spaces, for which a specific delegation of power is organised;
    - Invoice approval: jointly by the manager in charge and by the CEO (or CFO);

Mixed gender ratio among the Board of Directors

Female **36 %**
Male **64 %**

De Edelweis
Senior housing -
Begijnendijk (Belgium)

· Invoice payment: jointly by the accountant in charge of daily treasury management and by the CFO (or CEO);
· A specific delegation of power is organised for treasury operations.
- Moreover, the Company has put in place specific control measures to mitigate its main financial risks:
· Interest rate risk: hedges are entered into with leading banks (mainly IRS, caps and collars);
· Counterparty risk: Aedifica has working relationships with several leading banks to diversify its funding sources.

— Principle 11: The organisation selects and develops general control activities over technology to support the achievement of objectives:
Technologies employed by the Company are selected using a "best of breed" approach (as opposed to an integrated system approach). Every technological application is under the responsibility of a pilot, while the management of the infrastructure (hardware and network), the security of the access and the storage of computerised data are ensured by a service provider, working with Aedifica on the basis of a service-level agreement ("SLA"). All rental agreements are registered. Contracts and other important documents, including notarial deeds, are stored in a suitable way outside the Company's headquarters.

— Principle 12: The organisation deploys control activities through policies that establish what is expected and in procedures that put policies into action:
Formal documentation is carried out as with an objective aimed at continual improvement, which also takes into account the balance between the level of formalisation and the size of the Company.

2.5 Information and communication

The underlying principles of the component "information and communication" are the following:

— Principle 13: The organisation obtains or generates and uses relevant, quality information to support the functioning of internal control:
The company's information management system provides relevant and complete information in a timely manner, responding to both internal control as well as external reporting needs.

— Principle 14: The organisation communicates information internally other necessary for the good functioning of other internal control components, including in relation to objectives and responsibilities for internal control:
The internal information elements regarding internal control are disseminated in a transparent manner within the Company to make clear to all the Company's policies, procedures, objectives, and roles and responsibilities. The communication procedures are aligned to fit with the size of the Company. They mainly consist of general communications targeted at personnel, physical meetings and e-mail correspondence.

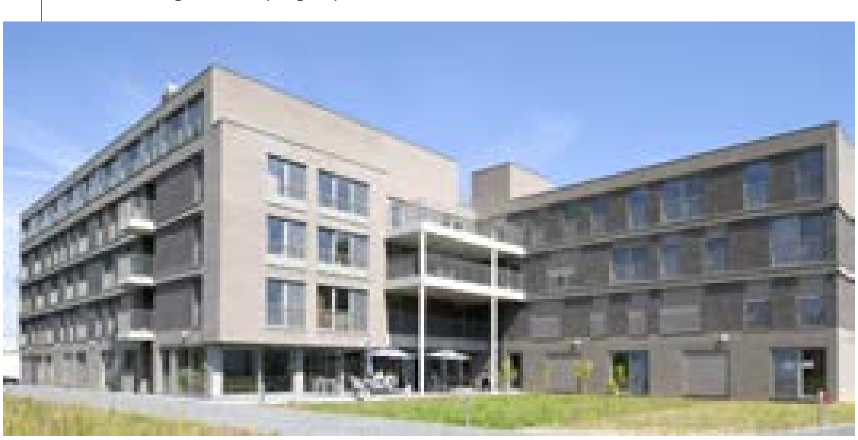
— Principle 15: The organisation communicates with external parties regarding matters affecting the functioning of internal control:
- In the broad sense, external communication (aimed at the shareholders – publication of occasional and periodic information – but also general communication towards other stakeholders) is essential for a listed company. Aedifica devotes its attention to its external communication duty on a daily basis.
- External communication related to internal control follows a process for the elaboration and publication of periodical information (editing by the Executive Managers, revision by the Audit Committee, approval by the Board of Directors).

2.6 Monitoring activities

The underlying principles of the component "surveillance and monitoring" are the following:

- Principle 16: The organisation selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning:
  To ensure the effectiveness of the above components of COSO, Aedifica has put in place (since the 2010/2011 financial year) an internal audit function to review the Company's main processes. The internal audit is organised over a 3-year cycle. The specific scope of the internal audit is determined on a yearly basis in consultation with the Audit Committee and the internal auditor. Given the independence requirements and taking the principle of proportionality into consideration, Aedifica has chosen to outsource the internal audit by entrusting this function to a specialised consultant.
- Principle 17: The organisation evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including the Executive Managers and the Board of Directors, as appropriate:
  The recommendations developed by the internal audit are communicated to the Audit Committee. This ensures that the Executive Managers put in place the anticipated corrective actions.

Résidence Gaerveld
Senior housing - Hasselt (Belgium)



3. Shareholding structure

The shareholding structure, as derived from the transparency declarations received, is provided in the section "Aedifica in the Stock Market" in this Annual Financial Report.

4. Board of Directors and Committees

4.1 Current composition of the Board of Directors

The Company's directors are elected for a term of up to 3 years at the Annual General Meeting. They are revocable, and can be re-elected.

At the Annual General Meeting of 25 October 2013, the following positions were renewed for a 3-year term ending after the annual general meeting of 2016:

- Mr. Jean Kotarakos, executive director, and;
- Mr. Olivier Lippens, non-executive director representing the shareholders.

As of 30 June 2014, Aedifica was directed by a Board of 11 members, which includes the 5 independent directors (required under Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code) as listed below.

Moreover, a significant level of gender diversity (required by the Belgian Act of 28 July 2011) has already been achieved. The Board includes 4 women and 7 men, a gender diversity ratio of 36%, which is higher than the minimum ratio of one third set by law for financial years beginning on or after 1 July 2017.

4.2 Members expiring at the Ordinary General Meeting

The terms of Mr. Jean-Louis Duplat, of Mrs. Galila Barzilaï Hollander, of Mrs. Adeline Simont, of Services et Promotion de Lasne SA represented by Mr. Jacques Blanpain and of Insumat SA represented by Mrs. Sophie Maes as members of the Board of Directors will expire at the upcoming Annual General Meeting of 24 October 2014.

Mr. Jean-Louis Duplat, independent director since Aedifica was created, reached the end of the second renewal of his term as independent director and loses, in accordance with the provisions of Article 526ter of the Companies Code, his status of independent director on 24 October 2014.

At the Annual General Meeting, the following will be proposed:

- to renew the mandate of Mrs. Adeline Simont,
- to elect Mr. Eric Hohl as non-executive director,
- to elect Mrs. Sophie Maes as independent director,
- to elect Mrs. Hilde Laga as 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 2017.

1. Mr. Jean-Louis Duplat
Chairman - Independent Director

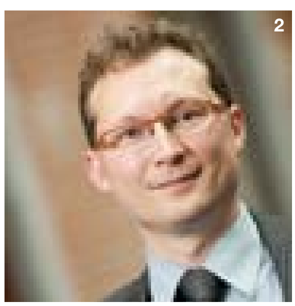
Belgian - 30.05.1937
32, avenue des Erables
1640 Rhode-Saint-Genèse

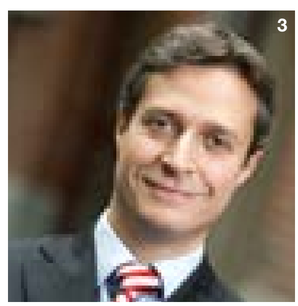
- Beginning of 1st office as Director: 14 November 2005
- Term of office: October 2014
- Other offices as director or current positions: Chairman of the Board of Directors of Portolani NV - Chairman of the Fondation d'intérêt public Child Focus -Member of "Proxy-voting committee " CANDRIAM SA - Chairman of la société de droit luxembourgeoise SA Portolani - Director of IPG International SA.
- Offices as Director in the past 5 years and professional career : Member of the "Strategic committee" of the Dutch-Belgian group Bencis - Director of Omega-Pharma SA - Director of Brantano - Honorary Chairman of the Commission Bancaire et Financière and of the Tribunal de Commerce de Brussels - Director of the fondation d'utilité publique Fondation Hypocrate CHIREC.

2. Mr. Stefaan Gielens, mrics
Managing Director - Chief Executive Officer - Executive Manager

Belgian - 21.10.1965
331-333, avenue Louise - 1050 Brussels

- Beginning of 1st office as Director: 1 January 2006
- Term of office: October 2015
- Other offices as director or current positions: CEO of Aedifica SA - Director of Aedifica Invest SA, Aedifica Invest Brugge SA, Aedifica Invest Vilvoorde SA, Aedifica Invest Dilsen SA, De Stichel SA, Immo Dejoncker SA and Patrius Invest SA.
- Offices as director in the past 5 years and professional career: Manager of Fish Affairs SPRL - Several positions and offices as director in several companies of the group KBC, including the group Almafin, including the offices of Managing Director of Almafin Real Estate SA and Director of Immolease-Trust SA - Member of the Brussels Bar.





3. Mr. Jean Kotarakos
Director - Chief Financial Officer
Executive Manager

Belgian - 20.02.1973
331-333, avenue Louise - 1050 Brussels

- Beginning of 1st office as Director: 3 June 2008
- Term of office: October 2016
- Other offices as director or current positions: CFO of Aedifica SA, Director of Aedifica Invest SA, Aedifica Invest Brugge SA, Patrius Invest SA, Immo Dejoncker SA, Aedifica Invest Vilvoorde SA, De Stichel SA and Aedifica Invest Dilsen SA.
- Offices as director in the past 5 years and professional career: Finance and Quality Manager SA D'Ieteren Lease NV - Head of Consolidation & Corporate Planning SA D'Ieteren NV - Auditor KPMG.

5. Services et Promotion de Lasne SA represented by Mr. Jacques Blanpain
Director representing the shareholders

R.P.M. 0427.291.631
30, Clé des Champs - 1380 Lasne

- Beginning of 1st office as Director: 14 November 2005
- Term of office: October 2014
- Other offices as director or current positions of the Company: /
- Offices as director of the Company in the past 5 years: /
- Other offices as director or current positions as natural person: Managing Director of Services et Promotion de Lasne, Managing Director of Chrono Euro Diffusion SA.
- Other offices as Director as natural person in the past 5 years and professional career: Director of Chrono Euro Diffusion SA, Longchamp Libertas SA, Le Manoir SA, Olphi SA, Emmabe SA, Bertimo SA, Services et Promotion de la Vallée SA.

4. Mrs. Galila Barzilaï Hollander
Director representing the shareholders

Belgian and Israeli - 13.01.1949
65A, chemin de Bas Ransbeck - 1380 Ohain

- Beginning of 1st office as Director: 14 November 2005
- Term of office: October 2014
- Other offices as Director or current positions: Director of Hôtel Siru SA, Mat-LMB SA, Monlogis SA and Association-Révolution SA - Manager of E.I.C.C. SPRL and L'Héritage SPRL.
- Offices as Director in the past 5 years and professional career: /

6. Monsieur Jean Franken
Independent Director

Belgian - 2.10.1948
30, avenue du Joli Mai - 1332 Genval

- Beginning of 1st office as Director: 1 July 2013
- Term of office: October 2016
- Other offices as director or current positions: /
- Offices as Director in the past 5 years and professional career: Director and member of the Direction Committee of Cofinimmo, Managing Director of several investment and real estate developments companies including Prifast SA and Igopex SA.

7. Re-Invest SA represented by Mrs. Brigitte Gouder de Beauregard
Independent Director

R.P.M. 0436.020.344
34, avenue Saturne -1180 Brussels

- Beginning of 1st office as Director: 14 November 2005
- Term of office: October 2015
- Other offices as director or current positions of the Company: General Director of the following French companies : SAS AG Real Estate France, SAS Louvresses Development I, II, III et IV, SA Parc des Louvresses Development I, II, III et IV, Immo Nation SPPICAV, SAS Immo Parking, Parc des Louvresses V, SAS Louvresses Developpement.
- Offices as director of the Company in the past 5 years: /
- Other offices as director or current positions as natural person: Director of l'ASBL Musée de l'Europe, Director of Orphee SA, Managing Director of REINVEST SA.

8. Serdiser SCA represented by Mr. Pierre Iserbyt
Independent Director

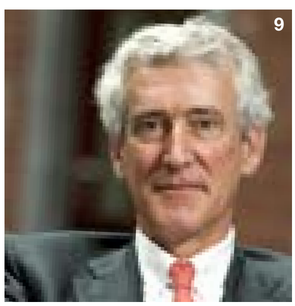
R.P.M. 0478.945.121
Headquarters of the Company: 42a, rue des Palais - 1030 Brussels

- Beginning of 1st office as Director: 23 March 2006
- Term of office: October 2015
- Other offices as director or current positions of the Company: Director of Mons-Revitalisation and of Mons-Appui.
- Offices as director of the Company in the past 5 years: Chairman of City Mall Invest SA, Director of Foruminvest SA, of De Vlier.
- Other offices as director or current positions as natural person: Chariman of Centre d'Art Contemporain Wiels SA, Director of the Fondation Herbert.
- Other offices as director as natural person in the past 5 years and professional career: Managing Director of GIB Immo, Managing Director of Redevco.

9. Mr. Olivier Lippens
Director representing the shareholders

Belgian - 12.10.1953
Avenue Hermann-Debroux 40-42, 1160 Brussels

- Beginning of 1st office as Director: 12 October 2010
- Term of office: October 2016
- Other offices as director or current positions: Managing Director of Wulfsdonck SA, Finasucre SA, Iscal Sugar SA, Iscal Sugar BV. Chairman of Devolder SA. Director of Bundaberg (FIA). Director of la Compagnie Sucrière, Galactic SA, Futerro SA, Unibra SA, Société anonyme des Galeries Royales Saint Hubert SA, Naturex.
- Offices as director in the past 5 years and professional career: Finasucre - PwC (Coopers & Lybrand).



10. Insumat SA represented by Mrs. Sophie Maes
Independent Director

RPR 0437.119.216
9, Moutstraat - 9000 Ghent

- Beginning of 1st office as Director: 18 May 2011 (co-option date of the Board of Directors, in replacement of Bevalex SA, represented by its permanent representative Mrs. Sophie Maes ; the appointment of Insumat SA was approved at the Extraordinary General Meeting of 29 June 2011).
- Term of office: October 2014
- Other offices as director or current positions of the Company: Director of Alides Projects SA, Orelio SA, Building Hotel Maes SA, Investera SA and Investpool SA, ACS Technics SA, Alides SA, Espace Belliard SA, Fonsny SA, Gindac SA, Immo Spa SA, Krekelendries SA, R. Maes SA, Paestum SA, Ghent Industrial Investment SA, Aalterpaint SA, Montea Management NV.
- Offices as director of the Company in the past 5 years: /
- Other offices as director or current positions as natural person: CEO Group Maes, Advanced Computer Systems Technics SA, Investissement Leopold SA, Profin SPRL, Algemene Bouw Maes SA, MAPP SCI, Imco SCI, VOKA Vlaams Economisch Verbond VZW, BVS UPSI, BNP Paribas Fortis (Comité de gestion), Insumat SA, Vlaams Overleg Voor Ruimtelijke ordening en huisvesting VZW, Building Hotel Maes SA.
- Other offices as director as natural person in the past 5 years and professional career : Director of Saturno SA, of Romano SA and of Bevalex SA, VOKA-Kamer van Koophandel Oost-Vlaanderen VZW, Messian SA, Espace Belliard SA, Alides SA, Fonsny SA, R. Maes SA, Alides Projects SA, Krekelendries SA, Immo Spa SA.

11. Mrs. Adeline Simont
Director

Belgian - 16.01.1960
36, Ancien Dieweg - 1180 Brussels

- Beginning of 1st office as Director: 14 November 2005
- Term of office: October 2014
- Other offices as director or current positions: Managing Director of Degroof Corporate Finance SA - Director of Société Civile des Galeries Royales Saint Hubert, Andel SA (Group Martin's Hotels), Collines de Wavre SA, Axxes Certificates SA, Bassem Certificates SA, Bon Pasteur SA, Degroof Social Immo SA, Atlantic Certificates SA, Picardie Invest NV.
- Offices as director in the past 5 years and professional career: Director of Compagnie financière de l'Industrie, Société Civile Anonyme des Galeries Royales Saint Hubert - Several positions within Banque Degroof SA in the Corporate Finance & Investment Banking department and in the Credit department.

4.3 Activity report of the Board of Directors

During the 2013/2014 financial year, the Board of Directors met 10 times and covered the following items:

- Operating and financial reporting;
- Communication policy;
- Investment policy;
- Financing policy by debt and equity;
- Analysis and approval of investment cases;
- Internal organisation of the Company;
- Organisation of the general meetings of shareholders;
- Reporting from the committees;
- Composition of the Board of Directors;
- Review and approval of the trading updates and of the Annual and Semi-annual Financial Reports;
- Review and approval of the yearly budget, the long-term financial plan and the short-term outlook;
- Review and approval of the special reports issued by the Board of Directors in relation to mergers and contributions-in-kind;
- Completion of these mergers and contributions-in-kind.

4.4 Committees of the Board of Directors

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

4.4.1 Audit Committee

Legally speaking, there is no obligation for Aedifica to set up an Audit Committee, since the tasks devoted by law to the Audit Committee[1] could alternatively be carried out by the Board of Directors. Nonetheless, the Board decided several years ago to establish an Audit Committee to act as an advisory body reporting to the Board of Directors.

The Board of Directors of Aedifica decided on 15 November 2010 to ask Mr. Olivier Lippens to join the Audit Committee. Since then, the Audit Committee consists of 4 directors, of whom 2 are independent. The 2009 Code recommends that a majority of Audit Committee members be independent directors. The election of Mr. Olivier Lippens as a member of the Audit Committee is nonetheless considered as a positive event for the Committee and the Company, given his education and professional experience. Mr. Olivier Lippens has strong qualifications, namely in accounting, audit and finance matters. In addition, the Chairman of the Audit Committee is an independent director who will cast the deciding vote in the event of a tie. Thus, within the Audit Committee, the majority of the voting power is granted to the Committee's independent members. The Audit Committee provides recommendations to the Board of Directors, but the decision power is located at the level of the Board of Directors.

The current composition of the Audit Committee, as well as the tasks entrusted to meet the criteria set out in the Belgian Act of 17 December 2008 on Audit Committees of listed companies. All members of the Audit Committee hold the qualifications required by law. The independent directors meet the criteria of Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Code.

The Audit Committee consists of 4 Directors, including 2 independent directors, namely:

- Re-Invest SA, represented by Mrs. Brigitte Gouder de Beauregard
  Chairman of the Committee
  Independent Director
- Mr. Jean-Louis Duplat
  Independent Director
- Mrs. Adeline Simont
  Director
- Mr. Olivier Lippens
  Director representing the shareholders

During the 2013/2014 financial year, the audit committee met 4 times. The statutory auditor attended committee meetings on 2 occasions.

In the context of its mission (i.e. to ensure the accuracy and fair presentation of the annual and semi-annual reports, the quality of internal and external reporting, and the quality of the published information), the Audit Committee covered the following items:

- Quarterly reviews of the accounts, press releases and financial reports;
- Review of internal management procedures;
- Monitoring of changes in standards and regulations.

4.4.2 Nomination and Remuneration Committee

Legally speaking, there is no obligation for Aedifica to set up a Nomination and Remuneration Committee, since the tasks devoted by law to the Nomination and Remuneration Committee could alternatively be carried out by the Board of Directors. Nonetheless, the Board decided several years ago to establish a Nomination and Remuneration Committee. The current composition of the Nomination and Remuneration Committee, and as well as the tasks entrusted to meet the criteria set out in the Act of 6 April 2010 inserting Arti-

1. The law provides an exception for the companies which meet at least 2 of the following 3 criteria (on a consolidated basis): (i) average personnel below 250 people; (ii) total balance sheet value equal to or lower than €43 million; (iii) turnover equal to or lower than €50 million.

cle 526quater in the Belgian Companies Code. The Nomination and Remuneration Committee is made up of a majority of independent directors, as defined by Article 526ter of the Belgian Companies Code, who are sufficiently qualified with regard remuneration policy.

The Nomination and Remuneration Committee consists of 3 Directors, namely:

- Serdiser SCA represented by
  Mr. Pierre Iserbyt
  Chairman of the Committee
  Independent Director
- Re-Invest SA, represented by
  Mrs. Brigitte Gouder de Beauregard
  Independent Director
- Mrs. Adeline Simont
  Director

During the 2013/2014 financial year, the Committee met 5 times, to cover the following items:

- Composition of the Board of Directors;
- Assessment of the Executive Managers and of the variable remuneration for the financial year ended 30 June 2013;
- Review of the Executive Managers' remuneration;
- Preparation of the remuneration report as of 30 June 2013;
- Organisation of the Company.

4.4.3 Investment Committee

The Investment Committee consists of Executive Managers and of 6 other directors, including 4 independent directors and 2 directors representing the shareholders, namely:

- Serdiser SCA represented by
  Mr. Pierre Iserbyt
  Chairman of the Committee
  Independent Director
- Re-Invest SA, represented by
  Mrs. Brigitte Gouder de Beauregard
  Independent Director
- Insumat SA represented by
  Mrs. Sophie Maes
  Independent Director
- Services et Promotion de Lasne SA represented by Mr. Jacques Blanpain
  Director representing the shareholders
- Mr. Jean Franken
  Independent Director
- Mr. Olivier Lippens (since the meeting of 6 May 2013)
  Director representing the shareholders
- Mr. Stefaan Gielens
  CEO
- Mr. Jean Kotarakos
  CFO

During the 2013/2014 financial year, the Investment Committee met 7 times to assess investment opportunities. In all, 58 cases were analysed. In addition, a number of communications were organised (by phone or by electronic means) when formal meetings were deemed unnecessary.

4.5 Attendance of the directors and remuneration of the non-executive directors

Attendance at the Board of Directors and the committees and the related remuneration

Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee	Remuneration of the office (€)	Attendance fees (€)
Jean-Louis Duplat	9/10	4/4	-	-	13,600	10,850
Stefaan Gielens	10/10	-	-	7/7	-	-
Adeline Simont	9/10	4/4	5/5	-	11,330	14,850
Serdiser SCA represented by Pierre Iserbyt	7/10	-	5/5	7/7	11,330	15,550
Re-Invest represented by Brigitte Gouder de Beauregard	8/10	4/4	4/5	6/7	11,330	18,000
Services et Promotion de Lasne represented by Jacques Blanpain	0/10	-	-	-	11,330	0
Jean Franken	10/10	-	-	3/3	11,330	10,900
Galila Barzilaï Hollander	5/10	-	-	-	11,330	4,250
Jean Kotarakos	10/10	-	-	7/7	-	-
Insumat SA represented by Sophie Maes	8/10	-	-	6/7	11,330	11,600
Olivier Lippens	8/10	4/4	-	6/7	11,330	14,800
Total	**-**	**-**	**-**	**-**	**104,240**	**100,800**

4.6 Executive Managers

4.6.1 Composition

The Board of Directors decided not to set up a Direction Committee as defined in the Belgian Companies Code. On 30 June 2014, the Executive Managers are Mr. Stefaan Gielens, CEO, and Mr. Jean Kotarakos, CFO.

In accordance with Article 39 of the Belgian Act of 3 August 2012 on undertakings for collective investments, the CEO and the CFO are in charge of the daily management of the Company and for the joint representation of the Company in these activities. They report to the Board of Directors.

4.6.2 Remuneration

Refer to the Remuneration Report presented in section 8 below.

5. Preventing conflicts of interest

5.1 Conflicts of interest

The directors, the persons in charge of daily management and any other corporate officers cannot act as counterparties in transactions with the Company or entities controlled by the Company. They cannot earn any benefit from transactions carried out with the Company, except when the transaction is undertaken in the best interest of the Company, in accordance with the Company's investment policy, and in line with market practice. The Company must inform the market authority (FSMA) in advance of any such transaction.

These transactions are immediately disclosed in a press release and in the annual and half year financial reports.

The market authority need not be informed of the transactions listed in Article 19 of the Royal Decree of 7 December 2010 on Belgian REITs. Articles 523 and 524 of the Belgian Companies Code are always applicable, as is Article 18 of the Royal Decree.

No conflict of interest on real estate transactions occurred during the course of the 2013/2014 financial year. The only occurrence of conflict of interest was the Executive Managers' remuneration, as detailed in section 12 of the consolidated Board of Directors' report included in this Annual Financial Report.

5.2 Compliance Officer

In accordance with Appendix B of the 2009 Code, Mr. Jean Kotarakos, CFO, acts as the Company's Compliance Officer. In this regard, he must ensure that the Deal Code is properly applied and that any insider trading is properly reported, in order to reduce the risk of abuse of insider trading.

5.2.1 Monitoring of the transactions carried out on Aedifica shares

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

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

- (a) starting on the first day of a new financial year and on the first day of the second half of the financial year, ending when the annual and semi-annual press releases are published;
- (b) starting one month before the press release related to the first and third quarters of the financial year, and ending when the quarterly press releases are published;
- (c) when privileged information is known.

5.2.2 Limits to insider dealings

Leaders who contemplate any transaction on equity instruments or derivatives instruments linked to Aedifica must give notice to the Compliance Officer at least 48 hours in advance (by fax or e-mail). The Compliance Officer, who contemplates any transaction on equity instruments or derivatives instruments linked to Aedifica, must give notice to the Chairman of the Board of Directors at least 48 hours in advance (by fax or e-mail). The leaders must then confirm completion of the transaction within 5 working days.

The leaders must notify the FSMA of transactions realised on their account in relation to shares of the Company. Notification must be given within 5 working days following the completion of the transactions.

6. Assessment process

Under the scrutiny of the Chairman, the Board of Directors regularly performs a self-assessment of its size, composition, way of functioning (as well as those of the committees), and interaction with the Executive Managers. This should be done at least every 2 to 3 years.

This assessment aims to perform 4 tasks:

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

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

The non-executive directors regularly review their own interaction with the Executive Managers. To this end, they meet at least once per year in the absence of the CEO and of any other executive director.

A regular review of the input of each director is organised in order to adapt the composition of the Board as needed and take into account any changes in circumstances. When the re-election of a director is approaching, the input and effectiveness of the director is reviewed based on a transparent and well defined procedure.

The Board of Directors ensures that adequate succession planning is in place. It monitors the balance of skills and experience in the Board (for both executive and non-executive directors).

7. Rights to acquire shares

The “long term incentive plan” granted to the Executive Managers (as announced in the 2008/2009 Annual Financial Report for the coming financial years) was approved at the 25 October 2013 Annual General Meeting of the Shareholders. Within this plan, the Executive Managers have the right to definitively purchase Aedifica shares, thanks to a gross payment of €30,000 in favour of the CEO and CFO. The net payment of €13,922.19 (after deduction of personal withholding taxes) was used by them to acquire 329 shares each at a unit price of €42.32 (being the last know closing share price multiplied by a factor amounting to 100/120th, in accordance with comment 36/16 of the Belgian Income Tax Code). The CEO and the CFO irrevocably committed to hold these shares for a period of 2 years. The shares sold by Aedifica were part of the treasury shares held by the Company.

For the upcoming financial year, the Board of Directors will once again propose to the shareholders to approve a “long term incentive plan” under the same form previously used, with a gross value of €80,000 for each Executive Manager, in accordance with principle 7.13 of the 2009 Code and with Article 14 of the Belgian Act of 6 April 2010.

8. Remuneration report

The Remuneration Report is provided in accordance with the 2009 Code and with the Act of 6 April 2010, applicable to Aedifica since the beginning of the 2010/2011 financial year.

8.1 Internal procedures

During the 2013/2014 financial year, the remuneration policy for non-executive directors and Executive Managers were set out as follows:

- Non-executive directors: the continuity principle has been applied (as regards the composition of the remuneration);
- Executive Managers: the Management agreements signed with the CEO and the CFO in 2006 and 2007, respectively, have been honoured. The foreseen contractual indexation is applicable. Additional agreements were signed on 2 September 2011, 3 September 2012, 2 September 2013 and 25 August 2014 with the CEO and CFO in order to clearly define criteria for the variable remuneration (see section 8.2 below), in accordance with Article 13 of the Act of 6 April 2010, which came into force for Aedifica on 1 July 2011.

During the same period, the actual remuneration of the non-executive directors and Executive Managers was determined as follows:

- Non-executive directors: in accordance with the decisions taken by the shareholders during the Annual General Meeting of 11 October 2011, the actual remuneration of the non-executive directors amounted to: a fixed remuneration of €13,600 excl. VAT for the Chairman and of €11,330 excl. VAT for the other non-executive directors, and attendance fees of €850 excl. VAT for each meeting of the Board or of €800 excl. VAT for each committee meeting. For the 2013/2014 financial year, the Board of Directors will collectively receive €205,040.
- Executive Managers: the actual level of remuneration was determined based on the Executive Managers' agreements signed in 2006 (CEO) and 2007 (CFO), on the additional abovementioned agreements, in accordance with the criteria for the variable remuneration set out in section 12 of the Consolidated Board of Directors' Report. These remuneration packages were reviewed in 2009 and 2011 by specialised consultants.

8.2 Executive Managers' remuneration

The remuneration package of the Executive Managers consists of: fixed remuneration (arising from the Management Agreements and the long term incentive plan), variable remuneration (for which no claw-back in favour of the Company is applicable), post-retirement benefits (defined contribution plan and associated benefits), and other components (medical insurance, benefits-in-kind linked to the usage of a company car). The amounts are shown in the table below.

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

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

- The variable remuneration for the 2013/2014 financial year is a (gross) amount representing maximum 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The effective amount was determined by the Board of Directors, based on quantitative and qualitative criteria listed in the 2012/2013 Annual Financial Report of as well as in the aforementioned additional agreements signed on 2 September 2013. Recall that the variable remuneration can only be paid if the actual profit excl. IAS 39 and IAS 40 per share is at least 85% of the budgeted amount. The criteria (and their weight) were as follows: profit excl. IAS 39 and IAS 40 per share (25%), growth of the property portfolio (25%), rents (10%), operating margin (operating result before result on portfolio divided by the net rental income) (10%), occupancy rates (10%), and team management (20%). The Board of Directors concluded on 25 August 2014 that the Executive Managers met the objectives and decided to grant as variable remuneration €147,000 to the CEO and €108,000 to the CFO.

Total remuneration for the 2013/2014 financial year (in €)

	Stefaan Gielens - CEO	Jean Kotarakos - CFO	Total
Fixed remuneration (management agreements)	349,589	252,427	602,016
Fixed remuneration ("long term incentive plan")	30,000	30,000	60,000
Variable remuneration	147,000	108,000	255,000
Pension scheme	51,085	32,047	83,132
Insurance premiums	5,536	4,643	10,179
Benefits in kind	6,235	5,913	12,148
Total	**589,445**	**433,030**	**1,022,475**

- In respect of the 2014/2015 financial year, the maximum variable remuneration will be equal to 50% of the annual remuneration excluding sundry benefits and post-retirement benefits. The variable remuneration can only be paid if the actual profit excl. IAS 39 and IAS 40 per share is at least 85% of the budgeted amount. The effective amount will be determined by the Board of Directors based on consolidated quantitative and qualitative criteria: consolidated profit excl. IAS 39 and IAS 40 per share (25%), growth of the consolidated property portfolio (including the internationalisation of the Group's activities) (30%), consolidated operating margin (operating result before result on portfolio divided by the net rental income) (25%) and management of the Group's teams (20%).
- In respect of the 2015/2016 financial year, the maximum variable remuneration will be kept to 50% of the annual remuneration excluding sundry benefits and post-retirement benefits, based on quantitative and qualitative criteria that will be set in a future stage.

The Nomination and Remuneration Committee has established a "long term incentive plan" for the Executive Managers (see section 7 above).

For information purposes, note that the ratio between the total remuneration of the CEO for 2013/2014 and the average remuneration of personnel amounts to 9 times.

Each Executive Manager benefits from a company car as from the time of entering the Company. The cost to the Company (rental charge and petrol) was €20,000 excl. VAT for the CEO and €15,000 excl. VAT for the CFO in 2013/2014. The Company reimburses the Executive Managers' actual professional expenses, and grants a fixed allowance for representation expenses of €300 per month (as from 1 July 2008). Each Executive Manager also uses a Company PC and mobile phone.

During the 2014/2015 financial year, Executive Managers' remunerations will be indexed, as specified in the Management Agreements.

The Management Agreements signed with the CEO and the CFO may be terminated in the following circumstances:

- If Aedifica gives a 12-month notice;
- Immediately in case of serious misconduct (notice must be sent by registered mail);
- Immediately in case of withdrawal by the market authority (FSMA) of their approval of the hiring of the Executive Manager;
- Immediately if the Executive Manager does not act as Executive Managers during a period of 3 months, except in case of illness or accident;
- Immediately if the Executive Manager cannot act as Executive Managers during a period of 6 months, in case of illness or accident.

The Management Agreements provide for specific events of termination in the event of a change in control of the Company, as disclosed in section 15.10 of the Consolidated Board of Directors' Report.

The only case in which an indemnity granted to an Executive Manager could exceed 12 months of remuneration is in the event of a change in control of the Company; in this case, the CEO is eligible to obtain 18 months' remuneration. The Nomination and Remuneration Committee highlights the fact that this clause is included in the Management Agreement signed with the CEO in 2006 and that it is consistent with market practice. The approval of the shareholders is not required, as specified in Article 9 of the Belgian Act of 6 April 2010.

8.3 Remuneration of the Board of Directors

The Board of Directors expects to keep its remuneration policy unchanged for the non-executive directors. This policy is described in section 8.1 above.

FINANCIAL STATEMENTS[1]

1. The annual financial reports, the Board of Directors' reports and the statutory auditor's reports related to financial years 2010/2011, 2011/2012 and 2012/2013, and the experts' reports, interim statements and semi-annual reports (including the statutory auditor's reports) are available on the website of the Company (www.aedifica.be) or on request at the headquarters of the Company

CONTENT

1. Consolidated Financial Statements

1.1 Consolidated Income Statement

Year ending on 30 June (x €1,000)		Notes	2014	2013
I.	Rental income	4	40,675	36,230
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges	5	-62	-147
Net rental income			**40,613**	**36,083**
IV.	Recovery of property charges	6	36	40
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	7	1,096	1,151
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	8	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	9	-1,096	-1,151
VIII.	Other rental-related income and charges	10	-1,510	-1,565
Property result			**39,139**	**34,558**
IX.	Technical costs	11	-933	-942
X.	Commercial costs	12	-549	-486
XI.	Charges and taxes on unlet properties	13	-162	-126
XII.	Property management costs	14	-717	-684
XIII.	Other property charges	15	-1,187	-1,078
Property charges			**-3,548**	**-3,316**
Property operating result			**35,591**	**31,242**
XIV.	Overheads	16	-4,202	-3,855
XV.	Other operating income and charges	17	32	147
Operating result before result on portfolio			**31,421**	**27,534**
XVI.	Gains and losses on disposals of investment properties	18	0	54
XVII.	Gains and losses on disposals of other non-financial assets	19	0	0
XVIII.	Changes in fair value of investment properties	20	3,816	9,013
Operating result			**35,237**	**36,601**
XX.	Financial income	21	894	326
XXI.	Net interest charges	22	-11,128	-9,953
XXII.	Other financial charges	23	-731	-833
XXIII.	Changes in fair value of financial assets and liabilities	47	-2,990	1,600
Net finance costs			**-13,955**	**-8,860**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)			**21,282**	**27,741**
XXV.	Corporate tax	24	103	-70
XXVI.	Exit tax	25	0	0
Tax expense			**103**	**-70**
Profit (loss)			**21,385**	**27,671**
Attributable to :				
	Non-controlling interests		0	0
	Owners of the parent		**21,385**	**27,671**
Basic earnings per share (€)		26	2.16	3.17
Diluted earnings per share (€)		26	2.16	3.17

1.2 Consolidated Statement of Comprehensive Income

Year ending on 30 June (x €1,000)		2014	2013
I.	Profit (loss)	21,385	27,671
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	-3,736	-418
	B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-2,710	1,344
	H. Other comprehensive income*, net of taxes	0	1,593
Comprehensive income		**14,939**	**30,190**
	Attributable to :		
	Non-controlling interests	0	0
	Owners of the parent	**14,939**	**30,190**

* Difference between the investment value determined by the independent expert and the contractual value agreed between parties, after deduction of ancillary costs related to acquisitions.

1.3 Consolidated Balance Sheet

ASSETS Year ending on 30 June (x €1,000)	Notes	2014	2013
I. Non-current assets			
A. Goodwill	27	1,856	1,856
B. Intangible assets	28	21	21
C. Investment properties	29	784,980	642,844
D. Other tangible assets	31	1,911	1,849
E. Non-current financial assets	32	461	968
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets	54	244	0
I. Equity-accounted investments		0	0
Total non-current assets		**789,473**	**647,538**
II. Current assets			
A. Assets classified as held for sale		0	0
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables and other non-current assets	34	2,938	2,514
E. Tax receivables and other current assets	35	495	893
F. Cash and cash equivalents	36	1,156	725
G. Deferred charges and accrued income	37	661	527
Total current assets		**5,250**	**4,659**
TOTAL ASSETS		**794,723**	**652,197**

EQUITY AND LIABILITIES **Year ending on 30 June (x €1,000)**	**Notes**	**2014**	**2013**
EQUITY	38		
I. Issued capital and reserves attributable to owners of the parent			
A. Capital		264,231	248,072
B. Share premium account		64,729	64,730
C. Reserves		46,730	41,686
a. Legal reserve		*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties		*91,863*	*82,798*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		*-17,582*	*-13,848*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		*-19,484*	*-16,637*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS		*-15,729*	*-17,467*
h. Reserve for treasury shares		*-56*	*-84*
m. Other reserves		*0*	*0*
n. Result brought forward from previous years		*7,718*	*6,924*
D. Profit (loss) of the year		21,385	27,671
Equity attributable to owners of the parent		**397,075**	**382,159**
II. Non-controlling interests		**0**	**0**
TOTAL EQUITY		**397,075**	**382,159**
LIABILITIES			
I. Non-current liabilities			
A. Provisions	39	0	0
B. Non-current financial debts			
a. Borrowings	40	274,955	171,484
C. Other non-current financial liabilities	32	37,774	32,373
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred taxes liabilities		0	0
Non-current liabilities		**312,729**	**203,857**
II. Current liabilities			
A. Provisions	39	0	0
B. Current financial debts			
a. Borrowings	40	70,945	55,721
C. Other current financial liabilities		0	0
D. Trade debts and other current debts			
a. Exit tax	41	615	137
b. Other	41	10,305	7,479
E. Other current liabilities		0	0
F. Accrued charges and deferred income	42	3,054	2,844
Total current liabilities		**84,919**	**66,181**
TOTAL LIABILITIES		**397,648**	**270,038**
TOTAL EQUITY AND LIABILITIES		**794,723**	**652,197**

1.4 Consolidated Cash Flow Statement

Year ending on 30 June (x €1,000)	Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		21,385	27,671
Non-controlling interests		0	0
Tax expense	24	-103	70
Amortisation and depreciation		599	553
Write-downs	5	43	126
Change in fair value of investment properties (+/-)	20	-3,816	-9,013
Gains and losses on disposals of investment properties	18	0	-54
Net finance costs		13,955	8,860
Changes in trade receivables (+/-)		-467	250
Changes in trax receivables and other current assets (+/-)		397	2,665
Changes in deferred charges and accrued income (+/-)		-133	15
Changes in trade payables and other current debts (excl. exit tax) (+/-)		2,773	-285
Changes in accrued charges and deferred income (+/-)		212	288
Cash generated from operations		**34,845**	**31,146**
Taxes paid		-70	-54
Net cash from operating activities		**34,775**	**31,092**
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-11	-11
Purchase of real estate companies and marketable investment properties		-49,714	-7,322
Purchase of tangible assets		-651	-313
Purchase of development projects		-36,727	-25,392
Disposals of investment properties		0	248
Net changes in non-current receivables		46	44
Net investments in other assets		0	0
Net cash from investing activites		**-87,057**	**-32,746**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs *		0	96,855
Disposals of treasury shares		28	30
Dividend for previous fiscal year		-16,211	-13,305
Net changes in borrowings		98,444	-68,839
Net changes in other loans		0	0
Net finance costs paid		-10,802	-10,669
Repayment of financial debts of acquired or merged companies		-10,461	-1,956
Repayment of working capital of acquired or merged companies		-8,285	-1,778
Net cash from financing activities		**52,713**	**338**
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		**431**	**-1,316**
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		725	2,041
Total cash flow for the period		431	-1,316
Cash and cash equivalents at end of period	**36**	**1,156**	**725**

* The capital increases of 2013/2014 (contributions in kind) did not result in any cash flow.

1.5 Consolidated Statement of Changes in Equity

Year ending on 30 June (x €1,000)	**2012**	**Capital increase in cash**	**Capital increase in kind**	**Acquisitions / disposals of treasury shares**	**Consolidated comprehensive income**	**Appropriation of the result**	**Roundings**	**2013**
Capital	180,873	66,386	814	0	0	0	-1	248,072
Share premium account	34,261	30,469	0	0	0	0	0	64,730
Reserves	37,104	0	0	30	2,519	2,033	0	41,686
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*71,727*	*0*	*0*	*0*	*1,593*	*9,478*	*0*	*82,798*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-13,430*	*0*	*0*	*0*	*-418*	*0*	*0*	*-13,848*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-17,906*	*0*	*0*	*0*	*1,344*	*-75*	*0*	*-16,637*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-8,082*	*0*	*0*	*0*	*0*	*-9,385*	*0*	*-17,467*
h. Reserve for treasury shares	*-114*	*0*	*0*	*30*	*0*	*0*	*0*	*-84*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*4,909*	*0*	*0*	*0*	*0*	*2,015*	*0*	*6,924*
Profit (loss)	15,338	0	0	0	27,671	-15,338	0	27,671
Equity attribuable to owners of the parent	**267,576**	**96,855**	**814**	**30**	**30,190**	**-13,305**	**-1**	**382,159**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**267,576**	**96,855**	**814**	**30**	**30,190**	**-13,305**	**-1**	**382,159**

Year ending on 30 June (x €1,000)	2013	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2014
Capital	248,072	0	16,159	0	0	0	0	264,231
Share premium account	64,730	0	0	0	0	0	-1	64,729
Reserves	41,686	0	0	28	-6,446	11,460	2	46,730
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*82,798*	*0*	*0*	*0*	*0*	*9,067*	*-2*	*91,863*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-13,848*	*0*	*0*	*0*	*-3,736*	*0*	*2*	*-17,582*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,637*	*0*	*0*	*0*	*-2,710*	*-137*	*0*	*-19,484*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-17,467*	*0*	*0*	*0*	*0*	*1,737*	*1*	*-15,729*
h. Reserve for treasury shares	*-84*	*0*	*0*	*28*	*0*	*0*	*0*	*-56*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*6,924*	*0*	*0*	*0*	*0*	*793*	*1*	*7,718*
Profit (loss)	27,671	0	0	0	21,385	-27,671	0	21,385
Equity attribuable to owners of the parent	**382,159**	**0**	**16,159**	**28**	**14,939**	**-16,211**	**1**	**397,075**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**382,159**	**0**	**16,159**	**28**	**14,939**	**-16,211**	**1**	**397,075**

1.6 Notes to the Consolidated Financial Statements

Note 1: General information

Aedifica SA (referred to in the financial statements as “the Company”, “the Parent” or “the Group”) is a limited liability company having opted for public real estate investment company with fixed capital (REIT) status under Belgian law. Its primary shareholders are listed in Note 38. The address of its registered office is the following:
Avenue Louise 331-333, B-1050 Brussels (telephone: +32 (0)2 626 07 70)

Aedifica is positioned as a leading Belgian listed company investing in residential real estate. Its strategy is aimed at creating a balanced portfolio of residential buildings that generates recurring revenues and offers potential for capital gains. Aedifica’s investment strategy is built on two underlying demographic trends, namely population ageing in Western Europe and population growth in Belgium’s main cities.

To attain its objectives, Aedifica has identified two strategic pillars in which it will concentrate activities: senior housing in Western Europe and apartment buildings in Belgium’s main cities. The diversification sought by Aedifica centres on these two strategic pillars, which provide for easy adaptation of the Company’s policy in response to shifting market opportunities and economic conditions. The two strategic poles are concentrated in two main segments: senior housing, apartment buildings. Hotels and other types of buildings constitutes a residual non-strategic segment. The weight of each segment may vary from one year to another according to changing circumstances.

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

Publication of the Consolidated Financial Statements was approved by the Board of Directors on 25 August 2014. The Company’s shareholders have the power to amend the Consolidated Financial Statements after issue at the Annual General Meeting, to be held on 24 October 2014.

Note 2: Accounting policies

Note 2.1: Basis of preparation

The Consolidated Financial Statements cover the 12-month period ending 30 June 2014. They have been prepared in conformity with “International Financial Reporting Standards” (“IFRS”) and the interpretations of the “International Financial Reporting Interpretations Committee” (“IFRIC”), issued as of 30 June 2014 and approved by the European Union (“EU”).

These are fully in line with the standards and interpretations published by the “International Accounting Standards Board” (“IASB” applicable as of 30 June 2014) as elements of IAS 39 that were rejected by the EU are not applicable for the Aedifica group. The Consolidated Financial Statements have also been prepared in accordance with the spirit and provisions of the Royal Decree of 7 December 2010 on Belgian REITs.

The Consolidated Financial Statements are prepared in Euros, and presented in millions of Euros.

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

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

The preparation of the Consolidated Financial Statements in conformity with IFRS requires significant judgment in the application of accounting policies (including the classification of lease contracts, identification of business combinations, and calculation of deferred taxes) and the use of certain accounting estimates (such as impairment tests involving goodwill). Underlying assumptions are based on prior experience, input from third parties (notably real estate experts), and on other relevant factors. Actual results may vary on the basis of these estimations. Consequently, the assumptions and estimates are regularly revisited and modified as necessary.

A summary of significant accounting policies is provided in Note 2.2. The new and amended standards and interpretations listed below are obligatory and have been applied by the Group since 1 July 2013 and have no impact on the Consolidated Financial Statements presented for the 2012/2013 financial year:

- IFRS 1 (amended) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters;
- IAS 19 (amended) – Employee Benefits;
- IFRIC 20 (new interpretation) – Stripping Costs in the Production Phase of a Surface Mine;
- IFRS 7 (amended) – Disclosures – Offsetting Financial Assets and Financial Liabilities;
- IFRS 1 (amended) – Government Loans;
- Improvement to 5 IFRS standards (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) issued in May 2012;

IFRS 13 “Fair Value Measurement”, entered into force for the group on 1 July 2013, but has had no effect other than:
- recognition in the income statement during the period (under line “XVIII. Changes in fair value of investment properties”) of amounts (income of €0.6 million) which would previously have been booked directly to equity;
- addition of new entries in Note 29 regarding investment properties ;
- recognition in the income statement during the period (under line “XVIII. Changes in fair value of investment properties”) of amounts (income of €0.3 million) reflecting own credit risk (“DVA” or “debit valuation adjustment”) and counterparty credit risk (“CVA” or “credit valuation adjustment”) to determine the fair value of the hedging instruments;
- adaptation of Note 33 regarding hedging instruments and addition of Note 55 regarding fair value.

Several new standards, as well as amendments and interpretations related to existing standards have been issued and will become mandatory for application in financial years beginning on or after 1 July 2014. These changes, which the Aedifica group has not adopted anticipatively, include the following (as of 30 June 2014):

- IFRS 9 (new) – Financial Instruments (effective 1 July 2018, pending EU approval);
- IFRS 12 (new) – Disclosure of Interests in Other Entities (effective 1 July 2014);
- IFRS 11 (new) – Joint Arrangements (effective 1 July 2014);
- IFRS 10 (new) – Consolidated Financial Statements (effective 1 July 2014);
- IAS 27 (amended) – Separate Financial Statements (effective 1 July 2014);
- IAS 28 (amended) – Investments in Associates and Joint Ventures (effective 1 July 2014);
- IAS 32 (amended) – Presentation – Offsetting Financial Assets and Financial Liabilities (effective 1 July 2014);
- IFRS 10, IFRS 11 and IFRS 12 (amended) – Transition Guidance (effective 1 July 2014).
- IFRS 10, IFRS 12 and IAS 27 (amended) – Investment Entities (effective 1 July 2014);
- IAS 36 (amended) – Recoverable Amount Disclosures for Non-Financial Assets (effective 1 July 2014);
- IAS 39 (amended) – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 July 2014);
- IFRIC 21 (new interpretation) - Levies (effective 1 July 2014);
- Annual Improvements to IFRS 2011-2013 Cycle issued in December 2013 (effective 1 July 2014, pending EU approval);
- Annual Improvements to IFRS 2010-2012 Cycle issued in December 2013 (effective 1 July 2014, pending EU approval);
- IAS 19 (amended) – Defined Benefit Plans : Employee Contributions (effective 1 July 2014, pending EU approval);
- IFRS 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations (effective 1 July 2016, pending EU approval);
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 July 2016, pending EU approval);
- IAS 16 et IAS 41 (amended) – Bearer Plants (effective 1 July 2016, pending EU approval);
- IFRS 14 (new) – Regulatory Deferral Accounts (effective 1 July 2016, pending EU approval);
- IFRS 15 (new) – Revenue from Contracts with Customers (effective 1 July 2017, pending EU approval).

The Group is currently evaluating the impacts of the above-listed changes.

Note 2.2: Summary of significant accounting policies

The main significant accounting policies applied during the preparation of the Consolidated Financial Statements are presented below. These methods were applied consistently to all previous financial years, with the exception of rule I.C 1.3. (“Treatment of differences at the time of acquisition”). This rule was adapted prospectively as of 1 July 2013 following the entry into force of IFRS 13 “Fair Value Measurement”.

The numbering of the paragraphs below refers to the lines presented on the balance sheet and income statement.

Consolidation principles – Subsidiaries

All entities for which Aedifica directly or indirectly holds more than half of the voting rights or has the power to control operations are considered subsidiaries and included in the scope of consolidation. In accordance with IAS 27, subsidiaries are fully consolidated as from the date on which control is transferred to the Group; they are de-consolidated as from the date that control ceases. All intercompany transactions, balances, and unrealised gains and losses on transactions between the Group's companies are eliminated.

I.A. Goodwill

Business combinations are recognized using the purchase method in accordance with IFRS 3. The excess of the acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition is recognized as goodwill (an asset). In the event that this value is negative, it is recognized immediately in profit. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

I.B. Intangible Assets

Intangible assets are capitalised as assets at their acquisition cost and are amortised using the straight-line method at annual rates between 25 % and 30 %.

I.C. Investment Properties

1. Initial recognition

1.1. Acquisition value

If the acquisition of a building takes place by cash payment, through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issuance of new shares, by merger through takeover of a property, or by a partial de-merger, the deed costs, audit and consultancy costs, reinvestment bank fees, costs of lifting security on the financing of the absorbed company, and other costs relating to the merger are also considered part of the acquisition cost and capitalised in the asset accounts on the balance sheet.

1.2. Fair value

Properties in the Group's portfolio or which enter into its portfolio, either with payment in cash or in kind, are valued by independent experts at their fair value.

The fair value of investment properties is calculated as follows:

- Buildings with an investment value greater than €2.5 million: Fair value = investment value / (1+ the average transaction cost defined by BEAMA);
- Buildings with an investment value less than €2.5 million:
    1) Where the expert considers that the building can be divided and sold in separate units (notably individual apartments), the fair value is defined as the lower of the separated investment value / (1 + % transfer tax levied in the region where the building is located) and the investment value / (1+ the average transaction cost defined by BEAMA);
    2) Where the expert considers that the building cannot be divided and sold in separate units, the fair value is the investment value / (1 + % transfer tax levied in the region where the building is located).

The average transaction cost defined by BEAMA is revised annually and adjusted as necessary in increments of 0.5 %. Experts attest to the percentage deducted and retained in regular reports to shareholders; it currently amounts to 2.5 %.

1.3. Treatment of differences at the time of acquisition

If, for acquisitions such as those defined in section IC 1.1 ("Acquisition value") above, the investment value determined by the independent expert is different than the acquisition value defined in section IC 1.1, the difference (after subtracting the exit tax) is recognised as follows:

- the negative difference between fair value and the investment value attributable to estimated transaction costs is booked directly in equity under line "I.C.c Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties".
- the balance is booked in the income statement under line "XVIII. Changes in fair value of investment properties".

2. Accounting for works projects (subsequent expenditures)

Costs incurred by Aedifica for works carried out on investment properties are accounted for using one of two distinct methods, depending on the nature of the costs. The cost of repairs and maintenance, which neither add new functionality nor constitute a significant enhancement or upgrade to the building, are recognised as expenses as incurred and, thus, deducted from profit for the year. Subsequent expenditures related to two types of works projects are capitalised as assets on the Company's balance sheet:

a) Major renovations and extensions: these usually take place every 25 to 35 years and represent an almost complete renovation of the building, often reusing parts of the original building and applying the most up-to-date building techniques.

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Upon completion of these major renovation projects, the buildings are considered as new and are presented as such in the real estate portfolio.
b) Upgrades: these consist of occasional works that add new functionality, increase capacity, or significantly enhance or upgrade the building, making it possible to raise rents, and thus increasing the building's estimated rental income.

The appreciation in building values as a result of these projects is generally recognised by experts, which validates the probability that future benefits will flow to the Group as a result of the investment. Thus, all costs directly attributable to these types of works projects are capitalised in assets on the balance sheet. Attributable costs include but are not limited to: direct materials, contractor fees, technical studies, and architectural fees (up to 30 June 2006, only the cost of external architects were deemed eligible; since that time, both the cost of both internal and external architects are included). Any excess of these costs over fair value is recognised in the income statement (expense).

Borrowing costs are capitalised for all qualifying works projects with duration of more than one year.

3. Recurring remeasurement and remeasurement in the event of share transactions

<u>3.1. Depreciation</u>
In accordance with IAS 40, Aedifica applies the fair value model and does not recognise depreciation on its properties, the rights in rem on properties, or on properties rented to the Company under finance leases.

<u>3.2. Share transactions</u>
Real estate properties held by Aedifica and by the subsidiaries under its control are valued by experts each time the Company proceeds to issue new shares, list shares on the stock exchange, or repurchase shares other than through the stock exchange. While Aedifica is not bound by this valuation, any issue or repurchase price set below this level must be justified (in the form of a special report).

A new valuation is not required when a share issuance falls within four months of the last valuation of the property concerned, so long as the experts confirm that neither the economic situation nor the physical state of the property make a new valuation necessary.

<u>3.3. Quarterly revaluations</u>
Real estate experts perform a calculation of fair value at the end of the first three quarters of the financial year based on the conditions of the properties and on fluctuations observed in the real estate market. This valuation is carried out on a building-by-building basis and covers Aedifica's entire real estate portfolio, including properties held by its subsidiaries.

<u>3.4. Annual revaluation</u>
At the end of each financial year, an expert conducts a precise valuation of the following items:

- Real estate properties, properties by destination, and property rights in rem held by Aedifica and by its subsidiaries;
- Options on properties held by Aedifica and its subsidiaries, as well as the properties to which these options relate;
- Rights arising from contracts through which one or multiple properties are held by Aedifica (or its subsidiaries) under finance lease, as well as the underlying properties.

These valuations are binding for Aedifica and must be reflected in the accounts. Thus, the carrying amount of the properties in the accounts corresponds to the fair value at which they are assessed by Aedifica's independent experts.

<u>3.5. Accounting for changes in fair value</u>
Changes in the fair value of real estate properties, as determined by independent experts, arise each time the value is assessed. They are accounted for in the income statement.

4. Asset disposals

Upon disposal of an investment property, the gain or loss on disposal is recognised in the income statement, in line "XVI. Gains and losses on disposals of investment properties".

5. Owner-occupied investment property

Any investment property occupied by Aedifica is transferred to the line "other tangible assets" of the balance sheet. Its fair value at the time of the transfer becomes its so-called acquisition cost. If the Company only occupies a small part of the building, the whole building is recognised as "investment property" in the balance sheet and continues to be carried at fair value.

6. Development projects
Buildings under construction, renovation, or extension, which are considered development projects are recognised on the balance sheet at historical cost, including transfer taxes, non-recoverable VAT and indirect expenses (capitalised interest, insurance, legal fees, architectural fees, consulting fees, etc.). If the historical cost deviates from the fair value appraised by the independent expert, the deviation is recognised in the income statement in order to bring the carrying amount in line with the fair value. Costs incurred in the preliminary phase of development projects are recognised at their historical value.

I.D. Other tangible assets
Tangible assets with definite useful lives, which fall outside the scope of investment property, are initially recognised at their acquisition cost. The components approach is not applied (based on materiality criteria). Depreciation is charged on a linear basis using the pro rata temporis method. Thus, if the financial year does not cover 12 months (i.e. in case of a change in the Company's year-end), the depreciation charge is adjusted accordingly. As residual values are considered marginal, accumulated depreciation is expected to cover the total acquisition cost of each item included in other tangible assets.

The following depreciation rates are applied:
- Plant, machinery and equipment: 20 %;
- Furniture for furnished apartments: 10 % to 20 %;
- Other furniture and vehicles: 25 %;
- IT: 33 %.

I.E. Non-current financial assets

1. Hedging instruments
When a derivative provides cash flow hedges to cover a specific risk arising from a financial asset or a firm commitment or a highly probable transaction liability and meets the criteria for hedge accounting under IAS 39, the effective portion of the income or the charge is recognised directly in equity (line "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS"). The ineffective portion is recognised in the income statement. When a derivative does not meet the criteria for hedge accounting under IAS 39, it is recognised on the balance sheet at its fair value, and changes in fair value are recognised in the income statement as they occur. The same treatment is applied for hedging instruments showing a negative fair value.

2. Other financial and non-current assets
Financial assets available for sale are valued at fair value (market value if available, otherwise acquisition value). Changes in fair value are recognised in equity (under "I.C.i. Reserve for the balance of changes in fair value of financial assets available for sale"). Receivables are valued at amortised cost.

I.G. Deferred taxes
When a building is acquired outside of Belgium, the net income generated is subject to a foreign income tax. Deferred taxes are recognised on the balance sheet in relation to any unrealised gains (temporary difference between the fair value and the assessed value used for tax purposes of the building in question).

II.A. Assets held for sale
Properties that are considered non-strategic and which will are intended to be sold are included in line II.A. They are recognised at fair value.

II.C/D/E. Receivables
Receivables are measured at amortised cost. Impairments are recognised when the insolvency of the debtor is confirmed.

II.G. Deferred charges and accrued income
Costs incurred during the year, which relate partially or in full to the following year, are recognised on a proportional basis as deferred charges. Revenues and portions of revenues earned over the course of one or several subsequent financial years, but which are also related to the current year, are recognised in income for the amount earned in the current year.

I.A. et II.A. Provisions
A provision is recognized on the balance sheet when the Group has an implicit or legal obligation as a result of a past event, and for which it is probable the resources will be used to extinguish this obligation. Provisions are measured by calculating the present value of expected cash flows using a market interest rate. They are reflected as a liability on the balance sheet.

II.B/D/E. Current debts
Debts are recognized at amortised cost at the year-end date. Debts denominated in foreign currencies are converted into Euros using the spot rate on the year-end date.

II.F. Accrued charges and deferred income
Damages and interests paid by a lessee for breach of contract are booked in the income statement at the time of receipt.

I. to XV. Operating result before result on portfolio
The objective of lines I through XV is to reflect the operating profit generated by the Company's rental property portfolio, including general operating costs.

XVI. to XVIII. Operating result
The objective of lines XVI through XVIII is to reflect in the income statement all transactions and accounting adjustments related to the value of the Company's portfolio:
- Realised capital gains and losses: capital gains and losses are included in the line "Gains and losses on disposals of investment properties".
- Unrealised gains and losses (carried at fair value): changes in the portfolio's fair value are included in the income statement under "changes in fair value of investment properties".
- Commissions paid to real estate agents and other transaction costs: commissions related to the sale of buildings are deducted from the sale price in determining the gain or loss on disposal which is recognised in the operating result. Fees paid to real estate and technical experts are recognised as current expenses.

Commitments and contingencies
The Board of Directors values commitments and contingencies at the nominal value of the legal obligation as stated in the contract; in the absence of a nominal value or in exceptional cases, these values are disclosed for information purposes.

Group insurance
Aedifica's insurance contracts are considered defined contribution plans, which imply no additional future obligations.

Note 3: Operating segments

Note 3.1: Presented segments

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

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

These three operating segments are consistent with the internal reports provided to the Group’s chief operating decision-makers, as required under IFRS 8. The accounting policies presented in Note 2 are used for internal reporting purposes, including segment reporting.

All revenues are earned from external clients located in the Company’s country of residence (Belgium: €39,559 thousand) and abroad (Germany: €1,116 thousand), and all non-current assets are located in the Company’s country of residence, with the exception of €37,350 thousand located in Germany. In 2012/2013, all revenues were earned from non-current assets located in Belgium.

Each group of entities that falls under common control is considered as a single customer under IFRS 8. Revenues generated through transactions with a single customer representing more than 10 % of the Company’s total revenues must be disclosed. This requirement applies to:

- the 9 buildings (in the senior housing segment) operated by legal entities controlled by the Orpea group, for which rents represent 16 % of the Company’s total 2013/2014 rental income (18 % in the prior financial year);
- the 16 buildings (in the senior housing segment) operated by legal entities controlled by the Senior Living Group group, for which rents represent 17 % of the Company’s total 2013/2014 rental income (18 % in the prior financial year);
- the 9 buildings (in the senior housing segment) operated by legal entities controlled by the Armonea group, for which rents represent 13 % of the Company’s total 2013/2014 rental income (11 % in the prior financial year).

Rents mentioned here represent the turnover realised by the Company over the duration of the financial year, which differ from the contractual rents (representing the agreements in place at the time of the year-end closure) on which the analyses included in the Property Report of this Annual Financial Report are based (refer to sections 3.7 and 3.8 of the Property Report).

Note 3.2: Segment information

Year ending on 30 June (x €1,000)		2014					
		Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items*	TOTAL
SEGMENT RESULT							
I.	Rental income	24,566	12,084	4,132	0	-107	40,675
II.	Writeback of lease payments sold and discounted	0	0	0	0	0	0
III.	Rental-related charges	-1	-60	0	0	-1	-62
Net rental income		**24,565**	**12,024**	**4,132**	**0**	**-108**	**40,613**
IV.	Recovery of property charges	0	36	0	0	0	36
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	135	916	45	0	0	1,096
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	-135	-916	-45	0	0	-1,096
VIII.	Other rental-related income and charges	0	-1,512	2	0	0	-1,510
Property result		**24,565**	**10,548**	**4,134**	**0**	**-108**	**39,139**
IX.	Technical costs	-3	-846	-15	-68	-1	-933
X.	Commercial costs	0	-546	-3	0	0	-549
XI.	Charges and taxes on unlet properties	0	-159	-4	0	1	-162
XII.	Property management costs	-16	-703	0	0	2	-717
XIII.	Other property charges	0	-1,168	-18	-1	0	-1,187
Property charges		**-19**	**-3,422**	**-40**	**-69**	**2**	**-3,548**
Property operating result		**24,546**	**7,126**	**4,094**	**-69**	**-106**	**35,591**
XIV.	Overheads	-1	-50	-2	-4,256	107	-4,202
XV.	Other operating income and charges	1	60	0	-28	-1	32
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**24,546**	**7,136**	**4,092**	**-4,353**	**0**	**31,421**
SEGMENT ASSETS							
Marketable investment properties		482,401	210,128	73,260	-	-	765,789
Development projects		-	-	-	19,191	-	19,191
Investment properties							**784,980**
Other assets		-	-	-	9,743	-	9,743
Total assets							**794,723**
SEGMENT DEPRECIATION		**0**	**-516**	**0**	**-83**	**0**	**-599**
SEGMENT INVESTMENTS							
Marketable investment properties		86,010	9,965	0	-	-	95,975
Development projects		-	-	-	0	-	0
Investment properties		**86,010**	**9,965**	**0**	**0**	**0**	**95,975**
INVESTMENT PROPERTIES IN ACQUISITION VALUE		**441,721**	**199,288**	**71,344**	**-**	**-**	**712,353**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES		**5,896**	**-145**	**-99**	**-1,836**	**-**	**3,816**

* Mainly elimination of the internal rent for the administrative offices of the company.

Year ending on 30 June (x €1,000)		2013					
		Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items*	TOTAL
SEGMENT RESULT							
I.	Rental income	19,517	12,235	4,579	0	-101	36,230
II.	Writeback of lease payments sold and discounted	0	0	0	0	0	0
III.	Rental-related charges	0	-103	-44	0	0	-147
Net rental income		**19,517**	**12,132**	**4,535**	**0**	**-101**	**36,083**
IV.	Recovery of property charges	0	40	0	0	0	40
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	146	855	149	0	1	1,151
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	-146	-855	-149	0	-1	-1,151
VIII.	Other rental-related income and charges	0	-1,566	1	0	0	-1,565
Property result		**19,517**	**10,606**	**4,536**	**0**	**-101**	**34,558**
IX.	Technical costs	0	-867	-12	-63	0	-942
X.	Commercial costs	0	-484	-2	0	0	-486
XI.	Charges and taxes on unlet properties	0	-124	-4	0	0	-128
XII.	Property management costs	0	-685	0	0	1	-684
XIII.	Other property charges	0	-1,070	-1	-5	0	-1,076
Property charges		**0**	**-3,230**	**-19**	**-68**	**1**	**-3,316**
Property operating result		**19,517**	**7,376**	**4,517**	**-68**	**-100**	**31,242**
XIV.	Overheads	0	-44	-1	-3,911	101	-3,855
XV.	Other operating income and charges	0	84	-5	68	0	147
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**19,517**	**7,416**	**4,511**	**-3,911**	**1**	**27,534**
SEGMENT ASSETS							
Marketable investment properties		343,550	197,689	72,972	-	-	614,211
Development projects		-	-	-	28,633	-	28,633
Investment properties							**642,844**
Other assets		-	-	-	9,353	-	9,353
Total assets							**652,197**
SEGMENT DEPRECIATION		**0**	**-477**	**0**	**-76**	**0**	**-553**
SEGMENT INVESTMENTS							
Marketable investment properties		12,850	104	958	-	-	13,912
Development projects		-	-	-	1,297	-	1,297
Investment properties		**12,850**	**104**	**958**	**1,297**	**0**	**15,209**
INVESTMENT PROPERTIES IN ACQUISITION VALUE		**311,334**	**189,088**	**71,306**	**-**	**-**	**571,728**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES		**7,347**	**-82**	**-1,017**	**2,765**	**-**	**9,013**

* Mainly elimination of the internal rent for the administrative offices of the company.

Note 4: Rental income

(x €1,000)	2014	2013
Rents earned	40,640	36,187
Guaranteed income	0	0
Cost of rent free periods	-24	-19
Indemnities for early termination of rentral contracts	59	62
TOTAL	**40,675**	**36,230**

The Group exclusively rents its buildings under operating leases.

The schedule of future minimum lease payments to be collected under non-cancellable operating leases required by IAS 17 is based on the following assumptions, which are extremely cautious:

- Residential leases: termination of all leases on 1 July 2014, with on average one and a half months as indemnity payment.
- Commercial and office leases: termination of leases after one and a half years on average.
- Long-term leases (senior housing, hotels): no inflation.

Future minimum lease payments to be collected under non-cancellable operating leases are presented as follow:

(x €1,000)	2014	2013
Not later than one year	37,188	28,254
Later than one year and not later than five years	136,040	103,104
Later than five years	703,843	533,193
TOTAL	**877,071**	**664,551**

Rental income does not include any contingent rents.

Note 5: Rental-related charges

(x €1,000)	2014	2013
Rents payable as lessee	-19	-21
Write-downs on trade receivables	-43	-126
TOTAL	**-62**	**-147**

Note 6: Recovery of property charges

(x €1,000)	2014	2013
Indemnities on rental damage	36	40
TOTAL	**36**	**40**

Note 7: Recovery of rental charges and taxes normally paid by tenants on let properties

(x €1,000)	2014	2013
Rebilling of rental charges invoiced to the landlord	628	649
Rebilling of property taxes and other taxes on let properties	468	502
TOTAL	**1,096**	**1,151**

Note 8: Costs payable by the tenant and borne by the landlord on rental damage and repair of lease

Aedifica has not paid any amounts justifying particular mention in relation to costs payable by tenants and borne by the landlord on rental damage and/or repairs at the end of the lease term.

Note 9: Rental charges and taxes normally paid by tenants on let properties

(x €1,000)	2014	2013
Rental charges invoiced to the landlord	-628	-649
Property taxes and other taxes on let properties	-468	-502
TOTAL	**-1,096**	**-1,151**

Note 10: Other rental-related income and charges

(x €1,000)	2014	2013
Cleaning	-367	-386
Energy	-365	-443
Depreciation of furniture	-512	-471
Employee benefits	-236	-220
Other	-30	-45
TOTAL	**-1,510**	**-1,565**

Note 11: Technical costs

(x €1,000)	2014	2013
Recurring technical costs		
Repair	-341	-368
Insurance	-57	-52
Employee benefits	-298	-259
Maintenance	-134	-160
Expert fees	-103	-103
TOTAL	**-933**	**-942**

Note 12: Commercial costs

(x €1,000)	2014	2013
Letting fees paid to real estate brokers	-323	-266
Marketing	-204	-200
Fees paid to lawyers and other legal costs	-17	-20
Other	-5	0
TOTAL	**-549**	**-486**

Note 13: Charges and taxes on unlet properties

(x €1,000)	2014	2013
Charges	-162	-126
TOTAL	**-162**	**-126**

Note 14: Property management costs

(x €1,000)	2014	2013
Fees paid to external property managers	-85	-107
Internal property management expenses	-632	-577
TOTAL	**-717**	**-684**

Note 15: Other property charges

(x €1,000)	2014	2013
Property taxes and other taxes	-1,187	-1,078
TOTAL	**-1,187**	**-1,078**

A number of disputes are ongoing with respect to local taxes; Aedifica continues to defend its position in these cases.

Note 16: Overheads

(x €1,000)	2014	2013
Lawyers/notaries	-209	-113
Auditors	-44	-44
Real estate experts	-522	-498
IT	-119	-132
Insurance	-57	-63
Public relations, communication, marketing, publicity	-180	-141
Directors and executive management	-1,238	-1,149
Employee benefits	-807	-733
Depreciation and amortisation of other assets	-88	-82
Tax expense	-358	-343
Other	-580	-557
TOTAL	**-4,202**	**-3,855**

Note 17: Other operating income and charges

(x €1,000)	2014	2013
Recovery of damage expenses	14	23
Other	18	124
TOTAL	**32**	**147**

Note 18: Gains and losses on disposals of investment properties

(x €1,000)	2014	2013
Net sale of properties (selling price - transaction costs)	0	248
Carrying amount of properties sold	0	-194
TOTAL	**0**	**54**

Note 19: Gains and losses on disposals of other non-financial assets

Over the course of the current and previous financial years, Aedifica has not recognised any gains or losses from the sale of other non-financial assets.

Note 20: Changes in fair value of investment properties

(x €1,000)	2014	2013
Positive changes	15,094	15,401
Negative changes	-11,278	-6,388
TOTAL	**3,816**	**9,013**
of which : marketable investment properties	5,652	6,248
development projects	-1,836	2,765

Note 21: Financial income

(x €1,000)	2014	2013
Interests earned	100	87
Other	794	239
TOTAL	**894**	**326**

The 2013/2014 financial income includes €0.6 million of non-recurrent income resulting from two contributions-in-kind on 12 and 30 June 2014, which has been paid to Aedifica when the contributor assumed the expected dividend which accrued over the period 1 July 2013 up to the day before the date of contributions.

Note 22: Net interest charges

(x €1,000)	2014	2013
Nominal interest on borrowings	-5,039	-4,067
Charges arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-3,980	-3,696
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-2,891	-2,767
Subtotal	-6,871	-6,463
Income arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	0	0
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	0	0
Subtotal	0	0
Capitalised borrowings costs	783	577
Other interest charges	-1	0
TOTAL	**-11,128**	**-9,953**

Charges and income arising from hedging instruments represents Aedifica's cash interest receipts or payments related to derivatives presented in Note 32 and detailed in Note 33. Changes in the fair value of these derivatives are listed in Note 47 and recognised in the income statement.

Note 23: Other financial charges

(x €1,000)	2014	2013
Bank charges and other commissions	-665	-789
Other	-66	-44
TOTAL	**-731**	**-833**

Note 24: Corporate tax

(x €1,000)	2014	2013
Parent		
Profit before tax (loss)	18,422	27,608
Effect of the Belgian REIT tax regime	-18,422	-27,608
Taxable result in Belgium based on non-deductible costs	233	207
Belgian current tax at rate of 33,99%	-79	-70
Belgian current tax regularisation for the previous year	13	0
Foreign current tax	-18	0
Foreign deferred taxes: originations	388	0
Foreign deferred taxes: reversals	-144	0
Subtotal	160	-70
Subsidiaries (current tax)	-57	0
TOTAL	**103**	**-70**

The corporate taxes are composed of current taxes and deferred taxes.

Current taxes consist primarily of Belgian tax on Aedifica's non-deductible expenditures (since Belgian REITs benefit from a specific tax regime, inducing only the taxation of non-deductible costs, such as regional taxes, car costs, representation costs, social costs, donations, etc.), tax generated abroad and tax on the result of the consolidated subsidiaries.

Deferred taxes arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. This deferred tax (with no monetary impact, that is to say, non-cash) is thus excluded from the result excluding IAS 39 and IAS 40 (see Note 54).

Note 25: Exit tax

Aedifica has not recognised any exit tax in the income statement.

Note 26: Earnings per share

The earnings per share ("EPS" as defined by IAS 33) is calculated as follows:

	2014	2013
Profit (loss) (Owners of the parent) (x €1,000)	21,385	27,671
Weighted average number of shares outstanding during the period	9,917,093	8,715,370
Basic EPS (in €)	2.16	3.17
Diluted EPS (in €)	2.16	3.17

Aedifica uses profit excluding IAS 39 and 40 to measure its operational and financial performance; however, this performance measure is not defined under IFRS. Profit excluding IAS 39 and IAS 40 represents the profit (attributable to owners of the Parent) after removing changes in fair value of investment properties (and the movements of deferred taxes related to these) and hedging instruments. The definition of profit excluding IAS 39 and 40 as applied to Aedifica's financial statements may differ from that used in the financial statements of other companies.

Profit excluding IAS 39 and IAS 40 is calculated as follows:

(x €1,000)	2014	2013
Profit (loss) (Owners of the parent)	21,385	27,671
Less : Changes in fair value of investment properties (see Note 20)	-3,816	-9,013
Less : Gain and losses on disposal of investment properties (see Note 18)	0	-54
Less : Deferred taxes (see Note 54)	-244	0
Less : Changes in fair value of financial assets and liabilities (see Note 47)	2,990	-1,600
Roundings	0	0
Profit excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties)	**20,315**	**17,004**

Weighted average number of shares outstanding during the period	9,917,093	8,715,370
EPS excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties - in €)	2.05	1.95

Note 27: Goodwill

(x €1,000)	2014	2013
Gross value at the beginning of the year	1,856	1,856
Cumulative impairment losses at the beginning of the year	0	0
Carrying amount at the beginning of the year	**1,856**	**1,856**
Movements of the year	0	0
CARRYING AMOUNT AT THE END OF THE YEAR	**1,856**	**1,856**
of which : gross value	1,856	1,856
cumulative impairment losses	0	0

Goodwill relates to the acquisition of a company that was active in furnished apartment rentals.

In applying IAS 36 – Impairment of Assets, the Group performed an analysis of the carrying amount of goodwill. Goodwill arose from the acquisition of Ixelinvest SA, the original owner of a residential complex that is rented out as furnished apartments on rue Souveraine in Brussels. This complex constitutes the cash-generating unit for the purposes of the goodwill impairment test.

An impairment review, performed by calculating value in use, was carried out to ensure that the carrying value of the cash-generating unit's assets (fair value of properties of €27 million, carrying amount of furniture of €1 million and carrying amount of goodwill for less than €2 million, i.e. €30 million in total) does not exceed their recoverable amount, defined as the higher of (i) the fair value less costs to sell and (ii) the value in use (estimated at €59 million).

In determining the value in use, the Group calculated the present value of the estimated future cash flows expected to arise from the continued use of the assets using a pre-tax discount rate of 4 %. The discount rate applied is based upon the weighted average cost of capital with appropriate adjustment for the relevant risks associated with the businesses, and can vary one year to another depending on market indicators. Estimated future cash flows are based on long-term plans (i.e. over 6 years) for each cash-generating unit, with extrapolation thereafter based on long-term average growth rates for the individual cash-generating units. This growth rate is set at 1.8 %, in line with expected inflation.

Future cash flows are estimates and may be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data, captured in the abovementioned pre-tax discount. Should the assumptions vary adversely in the future, the value in use of goodwill may fall below the carrying amount. Based on current valuations, the headroom (estimated at €29 million) appears sufficient to absorb a normal variation of approx. 2 % in the pre-tax discount. An impairment on goodwill would be booked for any excess over this headroom.

Note 28: Intangible assets

All intangible assets (consisting mainly of computer software) have a fixed useful life. Amortisation is recognised in income under the line "overheads".

(x €1,000)	**2014**	**2013**
Gross value at the beginning of the year	295	283
Depreciation and cumulative impairment losses at the beginning of the year	-274	-263
Carrying amount at the beginning of the year	**21**	**20**
Entries: items acquired seperately	10	12
Amortisations	-10	-11
CARRYING AMOUNT AT THE END OF THE YEAR	**21**	**21**
of which : gross value	305	295
amortisations and cumulative impairment losses	-284	-274

Note 29: Investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS OF 1/07/2012	**583,403**	**9,314**	**592,717**
Acquisitions	13,912	1,297	15,209
Disposals	-195	0	-195
Capitalised interest charges	0	577	577
Capitalised employee benefits	0	33	33
Other capitalised expenses	2,371	23,676	26,047
Transfers due to completion	9,029	-9,029	0
Changes in fair value (see Note 20)	6,248	2,765	9,013
Other expenses booked in the income statement	0	0	0
Transfers to equity	-557	0	-557
CARRYING AMOUNT AS OF 30/06/2013	**614,211**	**28,633**	**642,844**
CARRYING AMOUNT AS OF 1/07/2013	**614,211**	**28,633**	**642,844**
Acquisitions	95,975	0	95,975
Disposals	0	0	0
Capitalised interest charges	0	782	782
Capitalised employee benefits	0	30	30
Other capitalised expenses	2,786	38,747	41,533
Transfers due to completion	47,165	-47,165	0
Changes in fair value (see Note 20)	5,652	-1,836	3,816
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
CARRYING AMOUNT AS OF 30/06/2014	**765,789**	**19,191**	**784,980**

Determination of fair values depends on market factors and is based on valuations provided by independent experts who hold relevant and recognised professional qualifications and recent experience in the geographic areas and property types included in the Group's portfolio. All investment properties are located in Belgium and Germany.

The fair value of the Group's portfolio of marketable investment properties assessed by independent experts as of 30 June 2014. The average capitalisation rate applied to contractual rents is 5.97 % (in accordance with the valuation methodology – presented in the first bullet of section 1.12 of the Standing Documents included in the 2013/2014 Annual Financial Report). A positive 0.10 % change in the capitalisation rate would lead to a negative change of €13 million in the portfolio's fair value.

Development projects are described in detail in the Property Report included in the 2013/2014 Annual Financial Report.

Acquisitions made during the year are described in detail in the Consolidated Board of Directors' Report included in the 2013/2014 Annual Financial Report.

All investment properties are considered to be of "level 3" on the fair value scale defined under IFRS 13. This scale includes three levels: Level 1: observable listed prices in active markets; Level 2: observable data other than the listed prices included in level 1; Level 3: unobservable data. During the 2013/2014 financial year, there were no transfers between level 1, level 2 and level 3.

The valuation methodologies (approach under which a capitalisation rate is applied to the estimated rental value and another based on the present value of future cash flows) are described in section 1.12 of the "Standing Documents" of the 2013/2014 Annual Financial Report.

The quantitative information presented below in relation to the determination of the fair value of investment properties based on unobservable data (level 3) is taken from various reports produced by the independent real estate experts:

Type of asset	Fair value as of 30 June 2014 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Senior housing	**482,401**	**DCF**	ERV / m²	76	222	143
			Inflation	1.1%	1.9%	1.4%
			Discount rate	5.4%	7.5%	6.1%
			Residual maturity (year)	5	29	24
Apartment buildings	**210,128**	**Capitalisation**	ERV / m²	68	201	131
			Capitalisation rate	4.6%	8.9%	5.7%
Hotels and other	**73,260**	**DCF**	ERV / m²	42	125	97
			Inflation	1.1%	2.0%	1.7%
			Discount rate	6.2%	8.1%	7.3%
			Residual maturity (year)	23	34	29
		Capitalisation	ERV / m²	41	165	129
			Capitalisation rate	3.4%	15.2%	5.2%
Development projects	**19,191**	**DCF**	ERV / m²	97	222	136
			Inflation	1.4%	1.6%	1.4%
			Discount rate	5.9%	6.7%	6.0%
			Residual maturity (year)	27	27	27
Total	**784,980**					

In accordance with legal provisions, properties are revalued four times per year on valuation reports prepared by the three independent experts appointed by the Company. These valuations are based on:

- information provided by the Company such as contractual rents, rental contracts, investment budgets, etc. These data are extracted from the Company's information system and are thus subject to the Company's internal control environment.
- assumptions and valuation models used by the independent experts, based on their professional judgment and market knowledge.

Reports provided by the independent experts are reviewed by the Company's Investment Manager, the Control Manager and the Executive Managers. This includes a review of the changes in fair value over the period. When the Executive Managers consider that the valuation reports of the independent experts are coherent, the valuation report is submitted to the Audit Committee. Following a favorable opinion of the Audit Committee, these reports are submitted to the Board of Directors.

The sensitivity of the fair value measurement to a change of the abovementioned unobservable data is generally as follows (all else being equal):

Unobservable inputs	Effect on the fair value	
	in case of decrease of the unobservable input value	in case of increase of the unobservable input value
ERV / m²	negative	positive
Capitalisation rate	positive	negative
Inflation	negative	positive
Discount rate	positive	negative
Residual maturity (year)	negative	positive

Interrelations between unobservable data are possible, as they are determined in part by market conditions.

Note 30: Development projects

This Note became redundant with the introduction of the revised IAS 40 “Investment Property” on 1 July 2009. Changes in development projects are now covered in Note 29. Development projects are also described in detail in section 2.2.2 of the Property Report included in the 2013/2014 Annual Financial Report.

Note 31: Other tangible assets

(x €1,000)	2014	2013
Gross value at beginning of the period	4,441	4,061
Depreciation and cumulative impairment losses at beginning of period	-2,592	-1,983
Carrying amount at beginning of period	**1,849**	**2,078**
Additions	651	316
Disposals	0	-3
Depreciation	-589	-542
CARRYING AMOUNT AT END OF PERIOD	**1,911**	**1,849**
of which : gross value	5,080	4,441
depreciations and cumulative impairment losses	-3,169	-2,592

Other tangible assets consist of capital employed in operations (mainly furniture in the furnished apartments).

Note 32: Non-current financial assets and other non-current financial liabilities

(x €1,000)	2014	2013
Receivables		
Collateral	0	0
Other non-current receivables	396	442
Available-for-sale financial assets		
Investments in related entities (Note 51)	0	0
Assets at fair value through profit or loss		
Hedges (see Note 33)	65	525
Other non-current financial assets		
Hedging instruments (see Note 33)	0	1
TOTAL NON-CURRENT FINANCIAL ASSETS	**461**	**968**
Liabilities at fair value through profit or loss		
Hedging instruments (see Note 33)	-18,289	-15,598
Total non-current financial liabilities		
Hedging instruments (see Note 33)	-19,485	-16,775
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**-37,774**	**-32,373**

Other non-current receivables (included in “loans and receivables” under IAS 39) generate interest and will be recovered over the course of subsequent fiscal years.

Assets and liabilities recognised at fair value through profit or loss consist of hedging instruments for which hedge accounting in the sense of IAS 39 is not applied. However, they serve to hedge against interest rate risks. Other hedging instruments, whether assets or liabilities, meet the criteria set out in IAS 39 for application of hedge accounting. Cash flows generated by all hedges, and/or changes in the fair value recognised in income are covered in Notes 22 and 47.

Note 33: Hedges

1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn floating rate debts into fixed rate debt or capped-rate debt (cash flow hedges). All hedges (interest rate swaps or "IRS", "multi-callable interest rate swaps", or "multi-callable IRS", caps and collars) relate to existing or highly probable risks. Hedging instruments are either derivatives that meet the strict criteria set by IAS 39 to allow hedge accounting or derivatives which do not meet these criteria but which nonetheless provide economic hedging against interest rate risk. All hedges are entered into in accordance with the hedging policy set out in Note 44. The fair value of hedges is computed by banks based on the present value of expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk ("DVA" or "Debit Valuation Adjustment") and the counterparty credit risk ("CVA" or "Credit Valuation Adjustment"). The table below lists the hedging instruments.

INSTRUMENT Analysis as at 30 June 2013	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS	50,000	30/06/2010	3	3	-	2.21	-97
IRS	25,000	1/04/2007	3	10	-	3.97	-3,004
IRS*	10,693	1/04/2011	3	32	-	4.89	-4,268
Multi-callable IRS*	29,746	31/07/2007	3	36	31/07/2017	4.39	-9,115
IRS	15,000	2/04/2013	3	9	-	3.50	-2,305
IRS	12,000	3/06/2013	3	9	-	3.64	-1,985
IRS	8,000	3/06/2013	3	9	-	3.67	-1,351
IRS	12,000	1/11/2008	1	5	-	4.18	-169
IRS	25,000	2/08/2013	3	5	-	3.23	-2,667
IRS	25,000	1/10/2012	3	5	-	2.99	-2,235
Cap	15,000	1/01/2012	3	2	-	4.02	0
IRS	25,000	2/08/2013	3	5	-	2.97	-2,332
Collar	25,000	1/10/2013	3	3	-	3.00	-495
Cap	25,000	3/10/2011	1	2	-	2.25	0
Cap	25,000	1/11/2011	1	2	-	1.75	0
Cap	25,000	1/11/2013	1	1	-	0.75	12
IRS	25,000	2/08/2013	3	5	-	2.70	-2,002
Collar	25,000	1/10/2013	3	3	-	3.00	-347
Cap	25,000	1/10/2013	3	1	-	1.25	8
Cap	25,000	1/11/2014	3	1	-	1.00	51
Cap	25,000	1/11/2014	3	1	-	1.00	181
IRS	25,000	2/04/2013	1	1	-	0.12	1
Cap	25,000	1/10/2013	3	2	-	1.00	66
Cap	25,000	1/10/2014	3	1	-	1.25	45
Cap	25,000	1/11/2015	3	2	-	2.50	161
TOTAL	**577,439**						**-31,847**

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

INSTRUMENT Analysis as at 30 June 2014	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS*	10,528	1/04/2011	3	32	-	4.89	-4,842
Multi-callable IRS*	28,763	31/07/2007	3	36	31/07/2017	4.39	-10,168
IRS	15,000	2/04/2013	3	9	-	3.50	-2,930
IRS	12,000	3/06/2013	3	9	-	3.64	-2,461
IRS	8,000	3/06/2013	3	9	-	3.67	-1,676
IRS	25,000	2/08/2013	3	5	-	3.23	-2,920
IRS	25,000	2/01/2015	3	5	-	2.99	-2,918
IRS	25,000	2/08/2013	3	5	-	2.97	-2,652
Collar	25,000	1/10/2013	3	3	-	3.00	-458
Cap	25,000	1/11/2013	1	1	-	0.75	0
IRS	25,000	2/08/2013	3	5	-	2.70	-2,371
Cap	25,000	1/10/2013	3	1	-	1.25	0
Cap	25,000	1/11/2014	3	1	-	1.00	0
Cap	25,000	1/10/2013	3	2	-	1.00	0
Cap	25,000	1/10/2014	3	1	-	1.25	0
Cap	25,000	1/11/2015	3	2	-	2.50	32
IRS	25,000	3/01/2014	3	7	-	3.10	-3,782
Collar	25,000	1/10/2013	3	3	-	3.00	-595
Cap	25,000	1/11/2014	3	3	-	2.50	32
TOTAL	**424,291**						**-37,709**

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

The total notional amount of €424 million presented in the table above is broken down as follows:

- operational and active instruments: €224 million;
- operational instruments which became out of the money (caps): €75 million;
- instruments with forward start: €125 million.

The total fair value of the hedging instruments presented in the table above (€ -37,709 thousand) can be broken down as follows: €65 thousand on line I.E. of the asset side of the consolidated balance sheet (see Note 32) and € 37,774 thousand on line I.C. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps and collars (€494 thousand), the IAS 39 impact on equity amounts to € 38,203 thousand.

2. Derivates for which hedge accounting is applied

(x €1,000)	2014	2013
Changes in fair of the derivatives		
Beginning of the year	-16,637	-17,906
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-9,581	-4,454
Transfer to the income statement of interests paid on hedging instruments	6,734	5,723
Transfer to the income statement regarding revoked designation	0	0
AT YEAR-END	**-19,484**	**-16,637**

The amounts recorded in equity will be transferred to net finance costs, in line with the payment of interest on the hedged financial debt, between 1 July 2014 and 31 July 2043.

The year-end equity value includes the effective part (as defined in IAS 39) of the change in fair value (-€2,710 thousand) of derivatives for which hedge accounting is applied, and the ineffective portion of the 2012/2013 financial year (charge of €137 thousand) that was appropriated in 2013/2014 by decision of the Annual General Meeting held in October 2013. These financial instruments are "level 2" derivatives (according to IFRS 13p81). The ineffective part (as defined in IAS 39) represents a charge of €1 thousand and is recognised in the financial result (see Note 47 – this charge will be appropriated in the 2014/2015 financial year when the appropriation of results is decided at the October 2014 Annual General Meeting). Cash flows arising from interest on the hedges are shown in Note 22.

3. Derivatives for which hedge accounting is not applied

In addition to the aforementioned charge of €1 thousand (i.e. ineffective portion of hedged instruments), the financial result includes a charge of €2,989 thousand (30 June 2013: an income of €1,737 thousand), arising from the change in the fair value of derivatives for which hedge accounting is not applied (in line with IAS 39, as listed in the aforementioned framework). These financial instruments are “level 2” derivatives (as defined in IFRS 13p81).

The interest cash flows arising from the hedges are shown in Note 22 and the change in fair value recognised in the income statement is shown in Note 47.

4. Sensitivity analysis

The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain most of the change in the fair value of hedging instruments between 1 July 2013 and 30 June 2014, which led to the recognition of a charge of €2,990 thousand in the income statement and of €2,710 thousand directly in equity.

A change in the interest rate curve would impact the fair value of instruments for which hedge accounting is applied (in accordance with IAS 39), and recognised in equity (line “I.C.d. Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS”). All else being equal, a positive change of 10 bps in the interest rate curve at the balance sheet date would have had a positive impact on equity in the amount of €812 thousand (30 June 2013: €786 thousand). A negative change of 10 bps in the interest rate curve at the balance sheet date would have had a negative impact on equity in the same amount. The impact of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IAS 39 is not applied, cannot be determined as precisely, since options are embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the “mark-to-market” value of these instruments to an increase of 10 bps in the interest rate curve is estimated at approx. + €857 thousand (30 June 2013: + €773 thousand) in the income statement. A decrease of 10 bps in the interest rate curve would have a negative impact on the income statement in the same range.

Note 34: Trade receivables

(x €1,000)	2014	2013
TRADE RECEIVABLES - NET VALUE	**2,938**	**2,514**

It is anticipated that the carrying amount of trade receivables will be recovered within 12 months. This carrying amount represents an estimate of the fair value of assets which do not generate interest.

The credit risk associated with trade receivables is limited thanks to the diversity of the client base and rental guarantees (2014: €15.5 million; 2013: €14.2 million) received from tenants to cover their commitments. The carrying amount on the balance sheet is presented net of the provision for doubtful debts. Thus, the risk of exposure to credit risk is reflected in the carrying amount of receivables recognised on the balance sheet.

Trade receivables are analysed as follows:

(x €1,000)	2014	2013
under 90 days	10	352
over 90 days	424	280
Subtotal	434	632
Not due	2,731	2,089
Write-downs	-227	-207
CARRYING AMOUNT	**2,938**	**2,514**

Write-downs have evolved as follows:

(x €1,000)	2014	2013
At beginning of period	-207	-115
Addition	-101	-206
Utilisation	24	26
Reversal	57	88
Mergers	0	0
AT END OF PERIOD	**-227**	**-207**

Note 35: Tax receivables and other current assets

(x €1,000)	2014	2013
Tax receivables	0	594
Other	495	299
TOTAL	**495**	**893**

Tax receivables were composed mainly of taxes to be recovered on liquidation of merged subsidiaries.

Note 36: Cash and cash equivalents

(x €1,000)	2014	2013
Short-term deposits	0	0
Cash at bank and in hands	1,156	725
TOTAL	**1,156**	**725**

Cash and cash equivalents are assets which generate interest at varying rates. The amounts presented above were available as of 30 June 2014 and 30 June 2013. Short term investments may be held during the year, normally for periods of one week to one month.

Note 37: Deferred charges and accrued income

(x €1,000)	2014	2013
Accrued rental income	290	278
Deferred property charges	371	249
Other	0	0
TOTAL	**661**	**527**

Note 38: Equity

Aedifica shareholders holding more than 5 % of the Company's outstanding shares are disclosed below (based on declarations received as of 30 June 2014 – see also section 3 of the chapter "Aedifica in the Stock Market" chapter included in the 2013/2014 Annual Financial Report:

SHAREHOLDERS	Share in capital (in %)
Jubeal Fondation	6.37
Wulfsdonck Investment (via Finasucre)	5.46

The capital has evolved as follows:

	Number of shares	Capital
Situation at the beginning of the previous year	7,177,208	184,130
Capital increase	2,726,482	70,162
Situation at the end of the previous year	**9,903,690**	**254,293**
Capital increase	345,427	16,159
Situation at the end of the year	**10,249,117**	**270,451**

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

10,162,165 of the 10,249,117 shares issued as of 30 June 2014 are already listed on the Euronext Brussels continuous market on 30 June 2014, and 86,952 shares are listed since 2 July 2014.

Capital increases are detailed in the “standing documents” included in the 2013/2014 Annual Financial Report. All subscribed shares are fully paid- up, with no par value. The shares are registered, bearer, or dematerialised shares and grant one vote.

Aedifica SA holds 34 treasury shares.

The Board of Directors is authorised to raise share capital through one or a series of issuances up to a maximum amount of €180 million on the dates and following the procedures established by the Board, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted for a period of 5 years from the publication date in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 29 June 2011. Each time new shares are issued, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares (unless such decisions are made by shareholders at the Annual General Meeting). Increases in share capital decided upon by the Board of Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases can equally be realised through the issuance of convertible debt securities or subscription rights.

The Board of Directors has proposed a dividend distribution of €1.90 per share for the year ended 30 June 2014, i.e. a total dividend of €19,473 thousand.

Calculated in accordance with Article 617 of the Belgian Companies Code and given the Royal Decree of 7 December 2010, reserves available for distribution (statutory) amount to €7,803 thousand as of 30 June 2014, after taking into account the dividend proposed above (2013: €7,720 thousand). Detailed calculations are provided in the notes to the attached Abridged Statutory Accounts.

Aedifica defines capital in accordance with of IAS 1p134 as the sum of all equity accounts. The equity level is monitored using a consolidated debt-to-assets ratio calculated in accordance with the provisions of the Royal Decree of 7 December 2010 (see Note 52), which cannot exceed 60 % and according to the credit agreements in place with the Company’s banks (see Notes 40 and 44). Equity is managed so as to permit the Group to continue as a going concern and to finance its future growth.

Note 39: Provisions

Long term benefits granted to Executive Managers are covered in the context of defined contribution plan regimes, which do not require provisions. The amounts recognised as an expense are detailed in the Remuneration Report included in the 2013/2014 Annual Financial Report.

Note 40: Borrowings

(x €1,000)	2014	2013
Non-current financial debts		
Borrowings	274,955	171,484
Current financial debts		
Borrowings	70,945	55,721
TOTAL	**345,900**	**227,205**

Aedifica benefits from credit facilities (financial liabilities carried at amortised cost according to IAS 39 and presented as current and non-current financial debts on the balance sheet) issued by seven banks (Bank für Sozialwirtschaft, Bank Degroof, Banque Européenne du Crédit Mutuel, Bayerische Landesbank, BNP Paribas Fortis, ING and KBC Bank) totalling €449 million.

- Aedifica can use up €427 million depending on its needs, so long as: (i) the debt-to-assets ratio does not exceed 60 %, (ii) the share of fair value of the rest homes in assets does not exceed 75 % of the total of the balance sheet, and (iii) other covenants (in line with market practice) are met. Each withdrawals are made in Euros for a period of up to 12 months, at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- Aedifica also benefits from amortising facilities amounting to €22 million, of which €17 million at fixed rates between 3.1 % and 5.8 % and €5 million of variable rate amortising facilities on the basis of euribor 3 months.

The average interest rate, including the spread charged by the banks and the effect of hedging instruments, was 3.8 % after deduction of capitalised interest (4.0 % in 2012/2013) and 4.0 % before deduction of capitalised interest (4.2 % in 2012/2013). Given the short duration of the withdrawals, the carrying amount of the variable-rate financial debts is an approximation for their fair value (€329 million). The hedges in place as of 30 June 2014 are detailed in Note 33. The fair value of the fixed-rate financial debts (€17 million) is estimated at €19 million.

As of 30 June 2014, Aedifica has neither pledged any Belgian buildings as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 3 of the Company's 5 German buildings are linked to a mortgage, respecting the requirements laid down in Article 57 of the Royal Decree of 7 December 2010.

The classification between current financial debts and non-current financial debts is made based on the maturity dates of the underlying credit facilities on which the drawings are made, rather than on the maturity date of the individual drawings.

To date, taking into account elements mentioned in section 2.1.4 of the Director's Report, the maturity table for Aedifica's credit facilities is presented as follows (in € million):

— 2014/2015 :	71
— 2015/2016 :	85
— 2016/2017 :	150
— 2017/2018 :	67
— 2018/2019 :	60
— 2020/2021 :	2
— > 2022/2023 :	14
Credit facilities on 30 June 2014:	**449**
— Maturing in August 2014 :	-15
— 2019/2020 :	30
Credit facilities since July 2014:	**464**

Net financial debt is a non-GAAP measure, i.e. its definition is not included in IFRS. Aedifica uses the concept of net financial debt to reflect its indebtedness. It is measured as current and non-current financial debts less cash and cash equivalents. It excludes the fair value of hedging derivatives. The definition of financial debt may differ from that used in the financial statements of other companies. Net financial debt is not taken into account in the computation of debt-to-assets ratio as defined by the Royal Decree of 7 December 2010.

(x €1,000)	2014	2013
Borrowings	345,900	227,205
Less : Cash and cash equivalents	-1,156	-725
NET FINANCIAL DEBT	**344,744**	**226,480**

Note 41: Trade payables and other current debts

(x €1,000)	2014	2013
Exit tax	615	137
Other		
Suppliers	7,422	4,630
Tenants	871	824
Tax	1,242	1,319
Salaries and social charges	748	684
Dividends of previous years	22	22
TOTAL	**10,920**	**7,616**

The majority of trade payables and other current debts (recognised as “financial liabilities at amortised cost” under IAS 39, excluding taxes covered by IAS 12 and remuneration and contributions to social security plans covered by IAS 19). It is anticipated that these debts will be settled within 12 months. The carrying amount constitutes an approximation of their fair value.

Note 42: Accrued charges and deferred income

(x €1,000)	2014	2013
Property income received in advance	77	126
Financial charges accrued	1,752	1,528
Other accrued charges	1,225	1,190
TOTAL	**3,054**	**2,844**

Note 43: Employee benefits expense

Total employee benefits (excluding Executive Managers and Directors presented in Note 16) are broken down in the income statement as follows:

(x €1,000)	2014	2013
Cleaning costs (see Note 10)	-236	-220
Technical costs (see Note 11)	-298	-259
Commercial costs	-38	-35
Overheads (see Note 16)	-807	-733
Property management costs (see Note 14)	-632	-577
Capitalised costs	-30	-33
TOTAL	**-2,041**	**-1,857**

Headcount at the year-end (excluding Executive Managers and Directors):

	2014	2013
Total excluding students	36	31
Students	2	0
TOTAL	**38**	**31**

Note 44: Financial risk management

Aedifica's financial risk management aims to ensure permanent access to borrowings, and to closely follow and minimize interest risk rate.

1. Debt structure

The debt-to-assets ratio (as defined in the Royal Decree of 7 December 2010 on Belgian REITs) is provided in section 3.3 of the Consolidated Board of Directors' Report included in this Annual Financial Report. It amounts to 44.9 % as of 30 June 2014 on a consolidated level and to 44.6 % on a statutory level. This section also specifies the maximum debt increase the Company could take on before reaching the maximum ratio permitted for Belgian REITs (set at 65 % of total assets) or established in bank covenants (set at 60 % of total assets). When exceeding a consolidated debt-to-assets threshold of 50 %, a financial plan with an implementation schedule must be developed, describing the measures taken to prevent the ratio from exceeding the 65 % threshold (Article 54 of the Royal Decree of 7 December 2010).

Aedifica's financial model relies on a structural indebtedness. Thus, cash balances are usually low. They amount to €1 million as of 30 June 2014.

As of 30 June 2014, Aedifica has neither pledged any Belgian buildings as collateral for its debts, nor has it granted any other security to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 3 of the Company's 5 German buildings are linked to a mortgage, respecting the requirements laid down in article 57 of the Royal Decree of 7 December 2010.

2. Liquidity risk

Aedifica enjoys a strong and stable relationship with its banks, which form a diversified pool of multinational institutions. Details of Aedifica's credit facilities are disclosed in Note 40.

As of 30 June 2014, Aedifica is using credit facilities totalling €346 million (2013: €228 million) out of €449 million in total available credit. This provides a headroom of €103 million (taking into account the effect of the extension established in July 2014 (€15 million)), which is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the third quarter of the 2014/2015 financial year. The expected investment amount for the existing projects is estimated at €209 million.

Given the regulatory status of Belgian REITs, and the type of property in which Aedifica invests, the risk of non-renewal of mature credit facilities is remote, even in the context of a credit crunch, except in unforeseen circumstances. In case of a worsening of market conditions in comparison with those that existed at the time of signing of the current credit facilities, there is a risk of increasing credit spreads.

The Company would be exposed to a liquidity risk in the event of early termination of the credit facilities. In the event that the Company fails to comply with the provisions of its credit facility arrangements, these facilities might indeed be cancelled, re-negotiated, or forced into reimbursement. The covenants in place are in line with market practice, and in particular require that the debt-to-assets ratio (as defined by the Royal Decree of 7 December 2010) does not exceed 60 %. Moreover, there is a risk of early termination in the event of a change of control, in case of non-compliance with the Company's obligations, and, more generally speaking, in the event of default as defined in these arrangements. Based on the information available to date, and on the prospects for the foreseeable future, there is no indication of a possible early termination of one or more of the existing credit facilities. However, this risk cannot be ignored altogether.

Internally, Aedifica is organised so as to regularly monitor the evolution of financial markets, optimise the Company's financial structure over both the short and long terms, and manage financial risks (liquidity risk, interest rate risk). Aedifica aims to further diversify its funding sources, given market conditions.

As of 30 June 2014, the undiscounted future cash flows related to the credit facilities include €330 million maturing within 1 year, €4 million maturing within 1 to 5 years, and €12 million maturing in more than 5 years. The credit facilities also give rise to an interest expense of €1.0 million that is due within 1 year (2013: €225 million in principal and €0.5 million in interest).

The undiscounted contractual future cash flows related to hedging instruments are analysed as follows:

As at 30 June 2014 (x €1,000)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-3,167	-16,282	-4,383	-23,832
Derivatives for which hedge accounting is not applied	-1,831	-4,528	-1,341	-7,700

As at 30 June 2013 (x €1,000)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-3,920	-11,340	-3,199	-18,459
Derivatives for which hedge accounting is not applied	-2,611	-7,637	-5,654	-15,902

3. Interest rate risk

Almost all of Aedifica's financial debts are floating-rate borrowings. This allows Aedifica to benefit from low interest rates on the non-hedged part of its borrowings. To mitigate the risk of increasing interest rates, Aedifica follows a policy aimed at securing over several years, the interest rates related to at least 60 % of its current or highly probable indebtedness.

This policy is supported by the fact that an increase in nominal interest rates, when not coupled with a simultaneous increase in inflation, implies an increase in real interest rates that cannot be offset by increasing rental incomes through indexation alone. Moreover, in case of accelerating inflation, there is a delay between the moment of the increase of the nominal interest rates and the timing of the indexation of rental incomes. When the interest rate curve is sufficiently flat (i.e. when interest does not vary a lot in relation to the maturity date), Aedifica aims to enter into hedges over longer periods, in line with its horizon of investment.

For example, assuming that the structure and level of financial debts remain unchanged, and assuming that no hedges have been entered into, simulations show that a 25 bps positive deviation (increase) in the 2014/2015 interest rates over the forecast rates would lead to an additional €1.0 million interest expense for the year ended 30 June 2015.

In order to monitor the interest rate risk, Aedifica has put hedges (interest rate swaps, caps and collars) in place. All hedges are entered into with leading banks and relate to existing or highly probable risks. Where appropriate, Aedifica applies hedge accounting as defined by IAS 39. The analysis of the hedges is provided in the Board of Directors' Report and in Note 33 of the Consolidated Financial Statements included in the Annual Financial Report. The hedges are entered into for long periods; however, the agreements signed with banks providing the hedges provides (in line with market practice) for events that would lead to early termination of the hedges or initiate margin calls (in cash for example) in favour of the banks.

Changes in the interest rate curve have a limited impact on the future interest expense, since at least 60 % of the financial debts are hedged by IRS, caps or collars. Each change in the interest rates curve has an impact on the fair value of hedging instruments against income statement or equity (line "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS" and line "I.C.e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS"). A sensitivity analysis is provided in Note 33.

4. Counterparty risk

The signing of a credit facility or a hedging instrument with a bank generates a counterparty risk in terms of counterparty default. In order to mitigate this risk, Aedifica trades with several leading national and international banks to diversify its funding and hedging sources, while remaining cautious about the balance between cost and quality of the services provided. In the context of the current banking crisis, one should bear in mind that one or several counterparties could default.

In line with market practice, the agreements signed with banks include market shock clauses and major adverse change clauses which could lead to, in extreme circumstances, additional costs for the Company or possibly the early termination of the credit facility.

Aedifica is in an on-going relationship with the banks listed Note 40 of the Consolidated Financial Statements included in the Annual Financial Report. What regards to hedging, the main providers (by order of magnitude) are ING, BNP Paribas Fortis and KBC Bank.

5. Foreign exchange risk

Aedifica earns all its rental income and incurs all expenses within the euro-zone (except for one small supplier which charges its services in USD). The borrowings of the Company are all denominated in Euros. Thus, Aedifica is not exposed to significant foreign exchange risk.

6. Financial planning risk

The yearly budget and long-term financial plan are important tools used in the decision-making process and in daily management activities. The budget and financial plan are derived from a computerised model that incorporates a number of assumptions; this model can suffer from programming errors, and human errors which may arise when using it. The potential for wrong assumptions, and undetected programming or human errors might put pressure on the Company's performance or threaten the Company's compliance with regulatory (e.g. legal covenants associated to Belgian REIT status, such as the debt-to-assets ratio) and contractual provisions (e.g. the bank covenants).

Note 45: Contingencies and commitments

1. Commitments

The acquisition values mentioned below respect the requirements laid down in Article 31 § 1 of the Royal Decree of 7 December 2010 regarding Belgian REITs (at the time of the signing of the agreements which generated the commitment).

1.1 Works on Martin's Hotel Brugge

Aedifica committed to finance some works on the hotel for an amount of €1.2 million. The works are currently in progress.

1.2 Extension of the Aux Deux Parcs rest home in Jette

Aedifica committed to finance the extension of the existing rest home for a maximum budget of €2.3 million. The commitment is subject to outstanding conditions.

1.3 Construction of a new rest home and assisted-living apartments next to the existing building Au Bon Vieux Temps in Mont-Saint-Guibert

In the framework of the long lease with the operator of the Au Bon Vieux Temps rest home (part of Senior Living Group), Aedifica committed to finance the construction of a new rest home and assisted-living apartments next to the existing rest home in Mont-Saint-Guibert, for a maximum budget of €9.8 million. This commitment is subject to outstanding conditions.

1.4 Extension of the Pont d'Amour rest home in Dinant

In the framework of the long lease with the operator of the Pont d'Amour rest home (part of Armonea), Aedifica committed to finance the extension of the rest home for a maximum budget of €7.9 million. The works are currently in progress.

1.5 Extension of the Klein Veldeken assisted-living apartments in Asse

In the framework of the long lease with Soprim@, Aedifica committed, to finance the extension of this building, for a maximum budget of €3.5 million. The works are currently in progress.

1.6 Renovation and reconversion of the Marie-Louise rest home in Wemmel

In the framework of the long lease with Soprim@, Aedifica committed to finance the renovation of this building and its conversion into a rehabilitation centre for seniors, for a maximum budget of €3.2 million. This commitment is still subject to outstanding conditions.

1.7 Extension of the Eyckenborch rest home in Gooik

In the framework of the long lease with Soprim@, Aedifica committed to finance an extension of the rest home, for a maximum budget of €9.9 million, of which a €5.0 million section has been completed and is already operational. The construction is currently in progress.

1.8 Construction of two new rest homes in Olen en Wetteren

After entering into a framework agreement with La Reserve SA ("LRI") on 5 July 2010 and as referred to in the 2009/2010 Annual Financial Report (see Note 49), two agreements in principle (with outstanding conditions) were signed on 20 and 24 May 2011. They allow Aedifica to acquire, by way of partial de-mergers, several properties in the senior housing segment: a 122-bed rest home and assisted-living apartments in Olen, and a 113-bed rest home and assisted-living apartments in Wetteren) for €18 million and €13 million, respectively. Of the total acquisition value (approximately €31 million), €23 million will be financed through an exchange of new shares to be issued by Aedifica. These investment properties will be rented out to Armonea under 27-year triple net leases.

1.9 Construction of a new rest home in Beringen
In the framework of the long lease with the future operator of the site (part of the Senior Living Group group), Aedifica committed to finance the construction of a new rest home in Beringen for a maximum budget of €17.4 million. The construction is currently in progress.

1.10 Construction of new assisted-living apartments next to the Cheveux d'Argent rest home in Sart-lez-Spa
In the framework of the long lease with the operator of the Cheveux d'Argent rest home (being part of the Senior Living Group group), Aedifica committed to finance the construction of new assisted-living apartments next to the existing rest home in Sart-lez-Spa for a maximum budget of €3.0 million. This commitment is still subject to outstanding conditions.

1.11 Renovation and extension of the 't Hoge rest home in Kortrijk
In the framework of the long lease with the operator of the 't Hoge rest home (which includes a guarantee from Senior Living Group), Aedifica committed to finance the renovation and extension of the existing building in Kortrijk for a maximum budget of €4.9 million. The works are currently in progress.

1.12 Extension of the Helianthus rest home in à Melle
In the framework of the long lease with the operator of the Helianthus rest home (that benefits the guarantee of Senior Living Group), Aedifica committed to finance the extension of the site by constructing 22 assisted-living apartments in Melle for a maximum budget of €3.4 million. The development permit has been obtained. The works are expected to begin shortly.

1.13 Renovation and extension of the L'Air du Temps rest home in Chênée
In the framework of the long lease with Senior Living Group, Aedifica committed to finance the renovation and extension of the L'Air du Temps rest home in Chênée for a maximum budget of €5.8 million. This commitment is still subject to outstanding conditions.

1.14 Renovation and extension of the Op Haanven rest home in Veerle-Laakdal
In the framework of the long lease with Senior Living Group, Aedifica committed to finance the renovation and extension of the rest home in Veerle-Laakdal for a maximum budget of €2.9 million. The development permit has been obtained and works are expected to begin shortly.

1.15 Construction of a new rest home in Tervuren
Aedifica signed an agreement in principle for the development of a new rest home in Tervuren, for a maximum budget of €24.0 million. This commitment is subject to outstanding conditions.

1.16 Renovation and redevelopment of the Salve rest home in Brasschaat
In the framework of the long lease with Armonea, Aedifica committed to finance the renovation and redevelopment of the Salve rest home for a maximum budget of €8.4 million. The construction is currently underway, with the first phase (€6.0 million) is already complete.

1.17 Renovation and extension of the Plantijn rest home in Kapellen
In the framework of the long lease with Armonea, Aedifica committed to finance the renovation and extension of the Plantijn rest home for a maximum budget of €7.6 million. The development permit has been obtained and preparatory works are currently underway.

1.18 Renovation and extension of the Huize Lieve Moenssens rest home in Dilsen-Stokkem
In the framework of the long lease with the operator of the rest home, Aedifica committed to finance the renovation and the extension of the site for a maximum budget of €7.0 million. The commitment is subject to outstanding conditions.

1.19 Extension of the Oase Binkom rest home in Binkom
In the framework of the long lease with Oase, Aedifica committed to finance the extension of the rest home for a maximum budget of €2.2 million. The commitment is subject to outstanding conditions.

1.20 Acquisition of the Oase Aarschot Wissenstraat site (senior housing)
On 12 June 2014, Aedifica signed an agreement (subject to outstanding conditions) which allowed the Company to acquire the shares of the BVBA Woon & Zorg Vg Aarschot, owner of a plot of land and buildings under construction in Aarschot with a contractual value amounting to €24.0 million. This acquisition was realised on 10 July 2014 (see Note 49).

1.21 Acquisition of the Oase Tienen site (senior housing)
On 30 June 2014, Aedifica signed an agreement (subject to outstanding conditions) which allowed the Company to acquire the shares of the BVBA Woon & Zorg Vg Tienen, owner of buildings under construction in Tienen with a contractual value amounting to €20.0 million. The plot of land was already the subject of a contribution-in-kind made to Aedifica on 30 June 2014.

1.22 Acquisition of two senior housing sites in Flanders
On 12 June 2014, Aedifica announced an agreement in principle (subject to outstanding conditions) which allows the Company to acquire two new rest homes, one under construction in Aarschot (Poortvelden) and another in the planning phase in Glabbeek for a total budget of €27.8 million.

1.23 Earn-outs
For some acquisition deals, a portion of the acquisition price has been set based on future contingent events, such as (in the case of one rest home) the increase of rent after an extension. These events could trigger earn-outs.

2. Contingent liabilities

2.1 Credit facilities
A security has been pledged in relation to the Company's credit agreements, within the limits authorised by the regulation on following buildings: SZ AGO Herkenrath, SZ AGO Dresden and SZ AGO Kreischa.

2.2 Acquisition of shares in property companies, mergers and de-mergers
Aedifica benefits from warranties provided by the sellers of shares in property companies acquired.

3. Contingent assets

3.1 Securities received on rental agreements
Aedifica benefits from rental guarantees (in line with market practice and applicable regulations), in the form of bank guarantees, restricted bank deposits or guarantor backings.

Moreover, in certain cases, Aedifica benefits from other securities:
- Martin's Brugge: commitments of the lessee are covered by a mortgage (ranking #4) in the amount of €25 thousand and a mortgage authorisation in the amount of €1,230 thousand on the building "Château du Lac" located at avenue du Lac 87, 1332 Genval;
- Martin's Klooster in Leuven: commitments of the lessee are covered by a mortgage (ranking #6) in the amount of €50 thousand and a mortgage authorisation (ranking #11) in the amount of €450 thousand on the building "Château du Lac" located at avenue du Lac 87, 1332 Genval.

3.2 Securities received following acquisitions
In case of acquisitions, contributions in kind, mergers and de-mergers, Aedifica benefits from the following securities;
- Freesias and Heliotropes: security on Aedifica shares worth €0.7 million, to be lifted in several steps after March 2015;
- Gaerveld (rest home): security on Aedifica shares held by Mr and Mrs Houbaer-Meers worth €0.8 million, to be lifted in several steps ending on 8 April 2015 at the latest.
- Résidence du Lac: a blocked account for €2.1 million that could be freed in December 2014 at the earliest.

4. Other

4.1 Sundry options
- Long leases on rest homes and hotels: in some cases, Aedifica has granted preferential rights, renewal rights or purchase options to the lessees. Aedifica also benefits from a number of preferential rights granted by rest homes lessees.
- Sale or purchase options (related to some development projects): in certain cases, Aedifica has granted options to third parties, and/or benefits from options allowing it to sell buildings (e.g. when it appears that pieces of buildings will not be used for the development projects).

Note 46: Acquisitions and disposals of investment properties

The main investment property acquisitions of the financial year are the following:

ACQUISITIONS NAME	Business segment	Properties valuation* (in million €)	Register of corporations	Acquisition date**	Acquisition method
SZ AGO Herkenrath	Senior housing	8	-	1/08/2013	Acquisition of a building
SZ AGO Dresden	Senior housing	8	-	22/11/2013	Acquisition of a building
SZ AGO Kreischa	Senior housing	5	-	28/12/2013	Acquisition of a building
Patrius Invest SA	Senior housing	16	0479.910.468	29/08/213	Acquisition of shares
Immo Dejoncker SA	Apartment buildings	10	0862.084.431	21/10/2013	Acquisition of shares
Aedifica Invest Dilsen SA	Senior housing	5	0849.347.737	16/12/2013	Acquisition of shares
De Stichel SA	Senior housing	11	0466.259.105	16/12/2013	Acquisition of shares
Haus Dottendorf	Senior housing	10	-	24/06/2014	Acquisition of a building
Goldene Au	Senior housing	5	-	26/06/2014	Acquisition of a building
Oase Binkom	Senior housing	12	-	12/06/2014	Contribution in kind, acquisition of shares and subsequent merger
Oase Tienen	Senior housing	4	-	30/06/2014	Contribution in kind
TOTAL		**94**			

* in order to determine the number of shares issued, the exchange ratio and/or the value of the acquired shares.
** and consolidation date in the financial statements.

All these operations are detailed in the Board of Directors’ Report.

Note 47: Changes in fair value of financial assets and liabilites

(x €1,000)	2014	2013
Authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-1	-137
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-2,989	1,737
Subtotal	-2,990	1,600
Other	0	0
TOTAL	**-2,990**	**1,600**

Note 48: Related party transactions

Related party transactions (as defined under IAS 24 and the Belgian Companies Code) relate exclusively to the remuneration of the Company’s Directors and Executive Managers (€1,238 thousand in 2013/2014; €1,149 thousand in 2012/2013). Remuneration details are provided the Corporate Governance Statement included in the 2013/2014 Annual Financial Report.

Note 49: Subsequent events

10 July 2014: “Oase Aarschot Wissenstraat” rest home (Aarschot, Province of Flemish Brabant)

Aedifica announced the acquisition (together with its subsidiary, Aedifica Invest SA) of 100 % of the shares of the BVBA Woon & Zorg Vg Aarschot on 10 July 2014. Woon & Zorg Vg Aarschot is the current owner of a plot of land and buildings in Aarschot (Wissenstraat) and was a subsidiary of the B&R group. This transaction is a part of the agreement in principle (announced on 12 June 2014) for the acquisition of a portfolio of five rest homes in the province of Flemish Brabant in partnership with Oase and B&R.

The site in Aarschot (Wissenstraat) is well located in a residential area close to the city centre, approx. 20 kilometres from Leuven. The site was completed in June 2014 and recently became operational. It comprises 164 units, including a 120-bed rest home and a 44-unit assisted-living apartment complex. Both buildings are connected underground and by an aboveground pedway. The rest home is operated by a non-profit organisation of the Oase group, on the basis of a 27-year triple net long lease, which generates an initial triple net yield of approx. 6 %. The Oase Group operates the assisted-living apartments under an agreement for the right to use with a duration of 27 years. Aedifica may consider selling the assisted-living apartments to third parties in the short term, since they are considered nonstrategic assets in this transaction. The contractual value of the entire site amounts to approx. €24 million.

Note 50: Corrected profit as defined in the Royal Decree of 7 December 2010

The corrected profit as defined in the Royal Decree of 7 December 2010 is calculated based on the Statutory Accounts as follows:

(x €1,000)	2014	2013
Profit (loss)	18,582	27,538
Depreciation	599	553
Write-downs	98	311
Other non-cash items	2,922	-1,434
Gains and losses on disposals of investment properties	0	-54
Changes in fair value of investment properties	-1,799	-9,013
Roundings	1	0
Corrected profit	20,403	17,901
Denominator* (in shares)	10,249,083	8,715,339
Corrected profit per share* (in € per share)	**1.99**	**2.05**

* Based on the rights to the dividend for the shares issued during the year.

Note 51: List of the subsidiaries, associates and joint ventures

The table below presents a full list of the companies covered by Articles 114 and 165 of the Royal Decree of 30 January 2001 pertaining to the execution of the Belgian Companies Code. For the subsidiaries already present in the prior year (Aedifica Invest SA and Aedifica Invest Brugge SA), the percentage of equity held by Aedifica is unchanged as compared to 30 June 2013.

NAME	Country	Category	Register of corporations	Capital held (in %)
Aedifica Invest SA	Belgium	Subsidiaries	0879.109.317	100.00
Aedifica Invest Brugge SA	Belgium	Subsidiaries	0899.665.397	100.00
Patrius Invest SA	Belgium	Subsidiaries	0479.910.468	100.00
Immo Dejoncker SA	Belgium	Subsidiaries	0862.084.431	100.00
Aedifica Invest Vilvoorde SA	Belgium	Subsidiaries	0837.844.428	100.00
Aedifica Invest Dilsen SA	Belgium	Subsidiaries	0849.347.737	100.00
De Stichel SA	Belgium	Subsidiaries	0466.259.105	100.00

Note 52: Belgian REIT status

(x €1,000)	2014	2013
Consolidated debt-to-assets ratio (max. 65%)		
Total liabilities	397,648	270,038
Corrections	-40,828	-35,217
Total liabilities according to the Royal Decree of 7 December 2010	356,820	234,821
Total assets	794,723	652,197
Corrections	-65	-526
Total assets according to the Royal Decree of 7 December 2010	794,658	651,671
Debt-to-assets ratio (in %)	**44.9%**	**36.0%**
Statutory pay-out ratio		
Statutory corrected profit	20,403	17,901
Proposed dividend	19,473	16,211
Pay-out ratio (min. 80%)	**95%**	**91%**

Prohibition to invest more than 20 % of assets in real estate assets that form a single property
As of 30 June 2014, no single property represents more than 20 % of the Company's assets (see "Risk Factors", section 1.4).

Valuation of investment properties by an expert
Aedifica's properties are valued quarterly by independent experts, Stadim CVBA, de Crombrugghe & Partners SA and CBRE GmbH.

Note 53: Audit fees

(x €1,000)	2014	2013
Statutory audit	52	41
Opinion reports forseen in the Belgian Companies Code	5	10
Other opinion reports (comfort letter, etc.)	2	40
Tax advice missions	0	0
Other missions unconnected with the statutory audit	0	0
TOTAL	**59**	**91**

Note 54: Deferred taxes

Deferred taxes recognized on the balance sheet arise from the acquisition of investment properties located outside of Belgium.

They arise from the temporary difference between the building's fair value and the assessed value used for tax purposes.

All changes in deferred taxes during the financial year are recognised under line XXV. of the consolidated income statement (see also Note 24).

Note 55: Fair value

In accordance with IFRS 13, balance sheet elements for which the fair value can be computed are presented below and are broken down according to the levels defined by IFRS 13:

(x €1,000)	Level 1	Level 2	Level 3	Carrying amounts of the balance sheet 2014
Investment properties	-	-	784,980	**784,980**
Non-current financial assets	-	461	-	**461**
Trade receivables and other non-current assets	-	2,938	-	**2,938**
Tax receivables and other current assets	-	495	-	**495**
Cash and cash equivalents	1,156	-	-	**1,156**
Non-current financial debts (a. Borrowings)	-	-277,337	-	**-274,955**
Other non-current financial liabilities		-37,774	-	**-37,774**
Current financial debts (a. Borrowings)	-	-70,945	-	**-70,945**
Trade debts and other current debts (b. Other)	-	-10,305	-	**-10,305**

(x €1,000)	Level 1	Level 2	Level 3	Carrying amounts of the balance sheet 2013
Investment properties	-	-	642,844	**642,844**
Non-current financial assets	-	968	-	**968**
Trade receivables and other non-current assets	-	2,514	-	**2,514**
Tax receivables and other current assets	-	893	-	**893**
Cash and cash equivalents	725	-	-	**725**
Non-current financial debts (a. Borrowings)	-	-171,793	-	**-171,484**
Other non-current financial liabilities	-	-32,373	-	**-32,373**
Current financial debts (a. Borrowings)	-	-55,721	-	**-55,721**
Trade debts and other current debts (b. Other)	-	-7,479	-	**-7,479**

In the table above, the fair value of hedging instruments is included under lines “non-current financial assets” and “other non-current financial liabilities”, as broken down in Note 32.

1.7 Auditor's Report

This auditor's report has been faithfully reproduced and, to Aedifica's knowledge, no facts have been omitted which would render the information reproduced inexact or misleading.

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF AEDIFICA NV AS OF AND FOR THE YEAR ENDED 30 JUNE 2014

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the consolidated financial statements (the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements as further defined below. The Consolidated Financial Statements include the consolidated balance sheet as of 30 June 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 30 June 2014 and the notes.

Report on the consolidated financial statements - unqualified opinion

We have audited the Consolidated Financial Statements of Aedifica SA ("the Company") and its subsidiaries (collectively referred to as "the Group") as of and for the year ended 30 June 2014. These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The total of the consolidated statement of financial position amounts to € 794.723 thousand and the consolidated statement of comprehensive income shows a profit for the year of € 21.385 thousand.

Responsibility of the board of directors for the preparation of the Consolidated Financial Statements

The board of directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union. The board of directors is also responsible for the implementation of internal controls, which it considers necessary for the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISA"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from management and the Company's officials the explanations and information necessary to perform our audit and we believe that the resulting audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the Consolidated Financial Statements of the Company give a true and fair view of the Group's consolidated financial position as of 30 June 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the report of the board of directors on the Consolidated Financial Statements, including the corporate governance statement, in accordance with articles 96 and 119 of the Company code (*Wetboek van vennootschappen/Code des sociétés*) as well as the compliance of these Consolidated Financial Statements with the Company code.

As part of our audit mandate and in accordance with the applicable supplementary standard issued by the Belgian Institute of Registered Auditors (*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*) as published in the Belgian State Gazette on 28th August 2013 (the "Supplementary Standard"), it is our responsibility to perform certain procedures, in all material respects, on the compliance of certain legal and regulatory requirements, as defined in the Supplementary Standard. As a result of these procedures, we provide the following additional statement which does not modify our opinion on the Consolidated Financial Statements:

- The report of the board of directors on the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 25 August 2014
Ernst & Young Réviseurs d'Entreprises sccrl
Statutory auditor
represented by Jean-François Hubin, Partner

2. Abridged Statutory Financial Statements 2013/2014

The Abridged Statutory Financial Statements of Aedifica SA, prepared under IFRS, are summarised below in accordance with Article 105 of Belgian Companies Code.

The unabridged Statutory Financial Statements of Aedifica SA, its Board of Directors' Report and its Auditors' Report will be registered at the National Bank of Belgium within the legal deadlines. They will also be available for free on the Company's website (www.aedifica.be) or on request at the Company's headquarters.

The statutory auditor released an unqualified opinion on the Statutory Financial Statements of Aedifica SA.

Abridged Statutory Income Statement

Year ending on 30 June (x €1,000)		2014	2013
I.	Rental income	38,855	36,230
II.	Writeback of lease payments sold and discounted	0	0
III.	Rental-related charges	-67	-152
Net rental income		**38,788**	**36,078**
IV.	Recovery of property charges	35	40
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	1,086	1,151
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	-1,086	-1,151
VIII.	Other rental-related income and charges	-1,509	-1,564
Property result		**37,314**	**34,554**
IX.	Technical costs	-908	-942
X.	Commercial costs	-549	-486
XI.	Charges and taxes on unlet properties	-148	-126
XII.	Property management costs	-707	-684
XIII.	Other property charges	-1,166	-1,077
Property charges		**-3,478**	**-3,315**
Property operating result		**33,836**	**31,239**
XIV.	Overheads	-4,190	-3,848
XV.	Other operating income and charges	242	10
Operating result before result on portfolio		**29,888**	**27,401**
XVI.	Gains and losses on disposals of investment properties	0	54
XVII.	Gains and losses on disposals of other non-financial assets	0	0
XVIII.	Changes in fair value of investment properties	1,799	9,013
Operating result		**31,687**	**36,468**
XX.	Financial income	1,504	327
XXI.	Net interest charges	-11,048	-9,955
XXII.	Other financial charges	-731	-832
XXIII.	Changes in fair value of financial assets and liabilities	-2,990	1,600
Net finance costs		**-13,265**	**-8,860**
Profit before tax (loss)		**18,422**	**27,608**
XXIV.	Corporate tax	160	-70
XXV.	Exit tax	0	0
Tax expense		**160**	**-70**
Profit (loss)		**18,582**	**27,538**
Basic earnings per share (€)		1.87	3.16
Diluted earnings per share (€)		1.87	3.16

Financial statements

Abridged Statutory Statement of Comprehensive Income

Year ending on 30 June (x €1,000)			2014	2013
I.	Profit (loss)		18,582	27,538
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	-2,668	-418
	B.	Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-2,710	1,344
	H.	Other comprehensive income*, net of taxes	0	1,593
Comprehensive income			**13,204**	**30,056**

* Difference between the investment value determined by the independent expert and the contractual value agreed between parties, after deduction of ancillary costs related to acquisitions.

Abridged Statutory Balance Sheet

ASSETS Year ending on 30 June (x €1,000)		2014	2013
I.	**Non-current assets**		
A.	Goodwill	1,856	1,856
B.	Intangible assets	21	21
C.	Investment properties	736,065	642,667
D.	Other tangible assets	1,911	1,849
E.	Non-current financial assets	25,068	1,149
F.	Finance lease receivables	0	0
G.	Trade receivables and other non-current assets	0	0
H.	Deferred tax assets	244	0
Total non-current assets		**765,165**	**647,542**
II.	**Current assets**		
A.	Assets classified as held for sale	0	0
B.	Current financial assets	0	0
C.	Finance lease receivables	0	0
D.	Trade receivables and other non-current assets	2,608	2,514
E.	Tax receivables and other current assets	17,078	976
F.	Cash and cash equivalents	1,120	720
G.	Deferred charges and accrued income	635	527
Total current assets		**21,441**	**4,737**
TOTAL ASSETS		**786,606**	**652,279**

EQUITY AND LIABILITIES **Year ending on 30 June (x €1,000)**		**2014**	**2013**
EQUITY			
A.	Capital	264,231	248,072
B.	Share premium account	64,729	64,729
C.	Reserves	47,818	41,841
	a. Legal reserve	*0*	*0*
	b. Reserve for the balance of changes in fair value of investment properties	*91,800*	*82,732*
	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-16,516*	*-13,848*
	d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-19,484*	*-16,637*
	e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-15,729*	*-17,466*
	h. Reserve for treasury shares	*-56*	*-83*
	m. Other reserves	*0*	*0*
	n. Result brought forward from previous years	*7,803*	*7,143*
D.	Profit (loss) of the year	18,582	27,538
TOTAL EQUITY		**395,360**	**382,180**
LIABILITIES			
I.	**Non-current liabilities**		
A.	Provisions	0	0
B.	Non-current financial debts		
	a. Borrowings	269,395	171,484
C.	Other non-current financial liabilities	37,775	32,373
D.	Trade debts and other non-current debts	0	0
E.	Other non-current liabilities	0	0
F.	Deferred taxes liabilities	0	0
Non-current liabilities		**307,170**	**203,857**
II.	**Current liabilities**		
A.	Provisions	0	0
B.	Current financial debts		
	a. Borrowings	70,559	55,721
C.	Other current financial liabilities	0	0
D.	Trade debts and other current debts		
	a. Exit tax	158	137
	b. Other	10,360	7,540
E.	Other current liabilities	0	0
F.	Accrued charges and deferred income	2,999	2,844
Total current liabilities		**84,076**	**66,242**
TOTAL LIABILITIES		**391,246**	**270,099**
TOTAL EQUITY AND LIABILITIES		**786,606**	**652,279**

Abridged Statutory Statement of Changes in Equity

Year ending on 30 June (x €1,000)	2012	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2013
Capital	180,873	66,386	814	0	0	0	-1	248,072
Share premium account	34,261	30,469	0	0	0	0	-1	64,729
Reserves	37,206	0	0	30	2,519	2,085	1	41,841
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*71,662*	*0*	*0*	*0*	*1,593*	*9,478*	*-1*	*82,732*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-13,430*	*0*	*0*	*0*	*-418*	*0*	*0*	*-13,848*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-17,906*	*0*	*0*	*0*	*1,344*	*-75*	*0*	*-16,637*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-8,082*	*0*	*0*	*0*	*0*	*-9,385*	*1*	*-17,466*
h. Reserve for treasury shares	*-114*	*0*	*0*	*30*	*0*	*0*	*1*	*-83*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*5,076*	*0*	*0*	*0*	*0*	*2,067*	*0*	*7,143*
Profit (loss)	15,390	0	0	0	27,538	-15,390	0	27,538
TOTAL EQUITY	**267,730**	**96,855**	**814**	**30**	**30,057**	**-13,305**	**-1**	**382,180**

Year ending on 30 June (x €1,000)	2013	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2014
Capital	248,072	0	16,159	0	0	0	0	264,231
Share premium account	64,729	0	0	0	0	0	0	64,729
Reserves	41,841	0	0	28	-5,378	11,328	-1	47,818
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*82,732*	*0*	*0*	*0*	*0*	*9,067*	*1*	*91,800*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-13,848*	*0*	*0*	*0*	*-2,668*	*0*	*0*	*-16,516*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,637*	*0*	*0*	*0*	*-2,710*	*-137*	*0*	*-19,484*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-17,466*	*0*	*0*	*0*	*0*	*1,737*	*0*	*-15,729*
h. Reserve for treasury shares	*-83*	*0*	*0*	*28*	*0*	*0*	*-1*	*-56*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*7,143*	*0*	*0*	*0*	*0*	*661*	*-1*	*7,803*
Profit (loss)	27,538	0	0	0	18,582	-27,538	0	18,582
TOTAL EQUITY	**382,180**	**0**	**16,159**	**28**	**13,204**	**-16,210**	**-1**	**395,360**

Abridged Statutory Appropriation Account

PROPOSED APPROPRIATION Year ending on 30 June (x €1,000)	2014	2013
A. Profit (loss)	18,582	27,538
B. Transfer to/from the reserves	-947	10,667
1. Transfert to/from the reserve of the (positive or negative) balance of changes in fair value of investment properties (-/+)		
- fiscal year	*1,799*	*9,013*
- previous fiscal years	*0*	*0*
- disposals of investment properties	*0*	*54*
2. Transfer to/from the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties (-/+)	*0*	*0*
3. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (-)		
- fiscal year	*-1*	*-137*
- previous years	*0*	*0*
4. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting (+)		
- fiscal year	*0*	*0*
- previous years	*0*	*0*
5. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (-)		
- fiscal year	*-2,989*	*1,737*
- previous years	*0*	*0*
6. Transfert to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting (+)		
- fiscal year	*0*	*0*
- previous years	*0*	*0*
7. Transfert to/from the reserve of the balance of currency translation differences on monetary assets and liabilities (-/+)	0	0
8. Transfert to the reserve of the fiscal latencies related to investment properties abroad (-/+)	244	0
9. Transfert to the reserve of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10. Transfer to/from other reserves (-/+)	0	0
11. Transfer to/from the result carried forward of the previous years (-/+)	0	0
C. Remuneration of the capital provided in article 27, § 1, para. 1	16,323	0
D. Remuneration of the capital - other than C	3,151	16,211
E. Result to be carried forward	56	661

SHAREHOLDERS' EQUITY THAT CAN NOT BE DISTRIBUTED ACCORDING TO ARTICLE 617 OF THE COMPANY CODE (x €1,000)	2014	2013
Paid-up capital or, if greater, subscribed capital (+)	264,231	248,072
Share premium account unavailable for distribution according to the Articles of Association (+)	64,729	64,729
Reserve for positive balance of changes in fair value of investment properties (+)	93,599	91,799
Reserve for the estimated transaction costs resulting from hypothetical disposal of investment properties (-)	-16,516	-13,848
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS (+/-)	-19,485	-16,774
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS (+/-)	-18,718	-15,729
Reserve of the balance of currency translation differences on monetary assets and liabilities (+)	0	0
Reserve for foreign exchange differences linked to conversion of foreign operations (+/-)	0	0
Reserve for the balance of changes in fair value of financial assets available for sale (+/-)	0	0
Reserve for actuarial differences of defined benefits pension plans (+)	0	0
Reserve of the fiscal latencies related to investment properties abroad (+)	244	0
Reserve of the received dividends aime at the reimbursement of financial debts (+)	0	0
Other reserves declared as non-distributable by the general meeting (+)	0	0
Legal reserve (+)	0	0
Shareholders' equity that can not be distributed according to Article 617 of the Company Code	**368,084**	**358,249**
Net asset	395,360	382,180
Dividend to be paid out	-19,473	-16,211
Net asset after distribution	**375,887**	**365,969**
Headroom after distribution	**7,803**	**7,720**

Standing Documents

1. General information

Any reference to the Act of 20 July 2004 in the Company's Articles of Association now refers Act of 3 August 2012 regarding certain forms of collective management of investment portfolios, as the latter has not yet been reflected in the Company's Articles of Association.

1.1 Company name (Article 1 of the Articles of Association)

The legal form of the Company is that of a public limited liability company with the name "Aedifica".

The company is subject to the legal regime of investment company with fixed capital referred to in the Belgian Act of 20 July 2004 on certain forms of collective management of investment portfolios (the "Act"), as well as the Royal Decree of 7 December 2010 relating to the real estate investment trust (the "Royal Decree").

The name of the company and all documents that it issues must include a reference to it being a public real estate investment company with fixed capital under Belgian law, either written out in full as "société d'investissement immobilière publique à capital fixe de droit belge/openbare vastgoedbeleggingsvennootschap met vast kapitaal naar Belgisch recht" ("public real estate investment company with fixed capital under Belgian law") or abbreviated as "sicaf immobilière publique de droit belge / openbare vastgoedbevak naar Belgisch recht" ("public REIT under Belgian law"), or be immediately followed by these words.
The company has made a public call on savings within the meaning of Section 438 of the Belgian Companies Code.

1.2 Registered and administrative offices (Article 2 of the Articles of Association)

The registered and administrative office is located at Avenue Louise/Louizalaan 331-333, 1050 Brussels.

The registered office may be moved to any other place in Belgium, subject to compliance with the language legislation in administrative affairs, by means of a simple resolution of the board of directors, which is authorised to have the ensuing amendment to the Articles of Association recorded in an officially certified deed.

1.3 Constitution, legal form and publication

Aedifica was set up as a limited liability company incorporated under Belgian law (Société Anonyme/Naamloze Vennootschap) by Degroof Bank SA and GVA Finance SCA, by deed enacted on 7 November 2005 by Notary Bertrand Nerincx, Notary in Brussels, published in the annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of 23 November 2005, under number 20051123/05168061.

Aedifica has been recognised as a Belgian REIT by the Commission Bancaire, Financière et des Assurances (CBFA), which became the FSMA, on 8 December 2005.

1.4 Registry of Legal Entities

The Company is entered in the Brussels Registry of Legal Entities (R.L.E., or "R.P.M." in French / "R.P.R." in Dutch) under No. 0877.248.501.

1.5 Duration (Article 5 of the Articles of Association)

The company is incorporated for an indefinite duration.

1.6 Purpose (Article 3 of the Articles of Association)

The Company's main purpose is the collective investment in real estate of funds raised from the public, within the meaning of Section 7, paragraph 1, 5° of the Act and of Section 2, 20° of the Royal Decree.
The company thus mainly invests in immovable property, namely:

- in immovable property as defined in Sections 517 et seq. of the Belgian Civil Code,
- in rights in rem to immovable property,
- in shares or participation rights with the right to vote, issued by real estate companies which it exclusively or jointly controls,
- in option rights to immovable property,
- in shares of public or institutional real estate investment companies with fixed capital, provided that, in the latter case, it jointly or exclusively controls such company,

- in participation rights in foreign undertakings for collective investment in real estate that are included in the list referred to in Section 129 of the Act,
- in participation rights in undertakings for collective investment in real estate that are located in another Member State of the European Economic Area and not included in the list referred to in Section 129 of the Act, insofar as those undertakings are subject to supervision that is equivalent to the supervision exercised over the public real estate investment companies with fixed capital,
- in real estate certificates, as referred to in Section 5 § 4 of the Belgian Act of 16 June 2006 on the public offer of investment instruments and the admission of investment instruments to trading on a regulated market,
- in rights that arise from contracts pursuant to which one or more goods are leased to the real estate investment company with fixed capital or similar rights of use are granted,
- in all other goods, participation rights or rights that are described by the Act or the Royal Decree as immovable property, or in all other activities that would be permitted by the regulations that apply to the company.

The Company may carry out all transactions and studies relating to all immovable property as described above, and may perform all acts relating to immovable property, such as purchase, refurbishment, laying out, letting, furnished letting, subletting, management, exchange, sale, parcelling, placing under a system of co-ownership, and have dealings with all enterprises with a corporate purpose that is similar to or complements its own by way of merger or otherwise, insofar as these acts are permitted under the regulations that apply to real estate investment companies with fixed capital and, generally, perform all acts that are directly or indirectly related to its purpose. The company may not act as a property developer.

As an additional or temporary activity, the company may invest in securities that are not described above, insofar as these securities may be traded on a regulated market. It may hold liquid assets in the form of a call or term deposit or in the form of any monetary market instruments.

The Company may moreover carry out stock lending and hedging transactions, insofar as the latter’s exclusive purpose is to cover interest rate and exchange rate risks, to the exclusion of any speculative transactions.

The Company may lease out (under finance leases) one or more immovable properties. Leasing out (under finance leases) immovable property with an option to purchase may only be carried out as an additional activity, unless the immovable properties are intended for purposes of public interest.

1.7 Investment policy (Article 4 of the Articles of Association)

The Company’s investment policy is aimed at residential property in Belgium or abroad and is mainly based on three key pillars: (exclusively or mainly) residential property, residential furnished property and property used or intended to be used as housing for senior citizens or students.

The Company may also invest in non-residential property in Belgium and abroad, subject to compliance with the following conditions.

By no later than the closing of each financial year, at least 60 (sixty) per cent of the collective investment in immovable property of capital that has been raised from the public must be made in Belgian property that is exclusively used or intended for housing, within the meaning of Section 106(8) of the Royal Decree implementing the Belgian Income Tax Code.

Buildings that are related to or exclusively intended for residential purposes include but are not limited to the following types of dwellings: furnished apartments, unfurnished apartments and rest homes.

The Company may also invest its assets in the following immovable property, up to a maximum of 40 (forty) per cent, without this list being exhaustive: residential property that is not included in the definition of the previous paragraph, hotels, care centres, office buildings, commercial property and industrial or semi-industrial property.

The Company may only modify its corporate purpose and its investment policy, as set out in Article 4 of the Articles of Association, in accordance with its Articles of Association, and more particularly with the specific articles on the organization of the general meetings and in respect of mandatory provisions applicable to REITs.

1.8 Financial year (Article 28 of the Articles of Association)

The financial year commences on the **1st July** of each year and ends on the **30th June** of the following year. At the end of each financial year, the Board of Directors draws up an inventory and the annual accounts.

The annual and semi-annual financial reports of the Company, which contain its consolidated accounts and the statutory auditor's report, are made available to the shareholders, in accordance with the provisions that apply to issuers of financial instruments that are admitted to trading on a regulated market. The annual and semi-annual financial reports of the Company and the annual accounts are published on the Company's website. The shareholders are entitled to obtain a free copy of the annual and semi-annual financial reports at the registered office.

The Board of Directors then prepares a report, called “Board of Directors’ Report”, in which it reports its management. The statutory auditor writes, for the ordinary general meeting, a detailed report called “Auditor’s Report”.

1.9 General meetings (Article 19 and 20 of the Articles of Association)

The ordinary general meeting will be held at **3pm on the fourth Friday of October**.
If this day is a public holiday, the meeting will be held at the same time on the next business day, except if the next day is a Saturday or Sunday. Ordinary or extraordinary general meetings are held at the venue specified in the meeting notice. A general meeting must be convened by the board of directors whenever shareholders representing one-fifth of the capital request it to do so. One or more shareholders who jointly hold at least 3 % of the share capital may, subject to the conditions laid down by the Belgian Companies Code, also ask to add items to the agenda of general meetings and submit proposals for resolutions relating to items included or to be included on the agenda. Meeting notices are drawn up and distributed in accordance with the applicable provisions of the Belgian Companies Code.

1.10 Accredited statutory auditor

The statutory auditor of the Company, who is accredited by the Financial Services and Markets Authority (FSMA), is Ernst & Young Réviseurs d’Entreprises SCCRL, represented by Jean-François Hubin, Partner, located at 2 De Kleetlaan in 1831 Diegem.

The statutory auditor has an unlimited right of supervision over the operations of the Company.

The accredited statutory auditor was appointed for a 3-year period by the Ordinary General Meeting on 11 October 2011, and receives an indexed audit fee of €27,000 excluding VAT per year for auditing the consolidated and statutory annual accounts.

1.11 Depositary bank

Since the entry into force of the Royal Decree of 7 December 2010, the mission of Bank Degroof SA as depositary bank is complete.

1.12 Real estate expert

To avoid conflicts of interest, Aedifica’s real estate portfolio is assessed by three independent real estate experts, namely:

- de Crombrugghe & Partners SA, represented by Mrs. Patrizia Tortolani, for which its registered office is located in Avenue Hermann Debroux 54 in 1160 Brussels.
- Stadim SCRL, represented by Mr. Philippe Janssens, for which its registered office is located in Uitbreidingstraat 10-16 in 2018 Antwerpen.
- CBRE GmbH, represented by Mr. Henrik Baumunk and Mr. Andreas Polter, for which its registered office is located in Hausvgteiplatz 10 in 10117 Berlin.

According to the Royal Decree, the experts assess the entire portfolio every quarter and their assessment is recognised as the carrying amount (“fair value”) of the buildings on the balance sheet.
Since 1 January 2011, the expert fee excluding VAT is determined as a fixed amount per type of property appraised.

Valuation methodology

The valuations are established on the basis of several widely used methodologies:

- Application of a capitalisation rate to the estimated rental value adapted for actual deviations as regards rental income and operating expenses on a going concern basis.
- Computation of the present value of future cash flows based on assumptions regarding future income (DCF method) and the exit value. The discount factor takes into account the interest rate on financial market as well as a risk premium specific to real estate investments. The impact of expected changes in inflation and interest rates is hence embedded in a conservative way in this evaluation.
- These assessments are also tested by reference to unit prices recorded when similar properties are sold, taking into account deviations arising from differences in the characteristics of the property.
- Development projects (constructions, renovations, extensions) are valued by deducting the costs upon completion of the projects from the anticipated value determined by applying the abovementioned methodologies. Costs incurred in the preliminary phase of construction, renovation or extension projects are considered at their historical value.

1.13 Financial services

Aedifica has established financial service conventions with the two following banks:

- Bank Degroof SA, located rue Guimard 18 in 1040 Brussels ("main paying agent" and share depository for the general meetings);
- KBC Bank SA, located avenue du Port 2 in 1080 Brussels (share depository for the general meetings).

The remuneration of the financial service is almost entirely based on the amount of the distributed dividend. It amounted to €31 thousand for the 2013/2014 financial year (€29 thousand for the 2012/2013 financial year).

1.14 Places at which documents are available to the public

The Company's Articles of Association are available at the Commercial Court of Brussels and on the Company's website (www.aedifica.be).

The statutory and consolidated accounts of the Aedifica Group are registered at the National Bank of Belgium, in accordance with the related legal provisions. The decisions regarding the nomination and the dismissal of the members of the Board of Directors are published in the annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad). The convening of general meetings is published in the annexes to the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) and in two financial dailies.

These meeting notices and all documents related to the general meetings are simultaneously available on the Company's website (www.aedifica.be). All press releases, annual and semi-annual reports, as well as all financial information published by the Aedifica Group are available on the Company's website (www.aedifica.be).

The Auditor's Report and the real estate experts' report are available in the Annual Financial Reports provided on the Company's website (www.aedifica.be).
During the period of validity of the registration document, the following documents are available in print at the Company's headquarters, or electronically at www.aedifica.be:

- The Articles of Association of Aedifica;
- All reports, letters and other documents, historical financial information, valuation and declarations established by an expert at the request of Aedifica, for which a part is included or referred in the registration document;
- The historical financial information of Aedifica and its subsidiaries for the two years preceding the publication of the registration document.

1.15 Investors' profile

Given the specific legal regime of Belgian REITs, and in particular residential REITs, the Aedifica shares can present an interesting investment for both private investors and institutional investors.

1.16 Historical financial information referred by reference

The Annual Financial Reports (which include the Consolidated Financial Statements -with an abridged version of the Statutory Accounts-, the Consolidated Board of Directors' Report, the Auditor's Report, the Property Report), the interim statements, the semi-annual reports, the description of the financial situation, the information regarding the related-parties, and the historical information regarding the subsidiaries of Aedifica, for the 2010/2011, 2011/2012 and 2012/2013 financial years are included by reference in this Annual Financial Report and are available at the headquarters of Aedifica. These can also be downloaded from the Company's website (www.aedifica.be).

1.17 Significant change of the financial or trading situation

No significant change in the Group's financial or trading situation has occurred since the end of last financial year for which audited financial statements or semi-annual statements have been published.

1.18 Actions necessary to change the rights of the shareholders

The modification of shareholders' rights can only be done within the framework of an extraordinary general meeting, in accordance with Articles 558 and 560 of the Belgian Companies Code. The document containing the information on the rights of the shareholders referred to in Articles 533ter and 540 of the Belgian Companies Code can be downloaded from the Company's website (www.aedifica.be).

1.19 Strategy or factors of governmental, economical, budgetary, monetary or political nature which have substantially influenced, directly or indirectly, Aedifica's operations

Refer to the section "Risks factors" of this Annual Financial Report.

1.20 History and evolution of the Company - important events in the development of Aedifica's activities

In addition to paragraph 1.3 above, the history of Aedifica was marked by its IPO on 23 October 2006 (see the section "Aedifica in the stock market"), and by numerous acquisitions of real estate assets that have occurred since its creation (detailed in the occasional press releases, in the periodic press releases and in the annual and semi-annual financial reports available on the Company's website) and that led to the formation of an investment properties portfolio of more than €700 million.

1.21 Rights to vote of the main shareholders

The main shareholders of Aedifica SA do not have voting rights different from those that arise from their share in the share capital (as defined in item 18.2 of Annex I of Regulation (EC) No 809/2004).

2. Declarations

Persons responsible (Royal Decree 14 November 2007)

Mr. Jean-Louis Duplat, Chairman of the Board of Directors of Aedifica SA, and Mr. Stefaan Gielens, CEO of Aedifica SA, declare for and on behalf of Aedifica SA, that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and results of Aedifica SA and the businesses included in the consolidation;
- the Board of Directors' Report contains an accurate account of the development of the business, results and situation of Aedifica SA and businesses included in the consolidation, and a description of the main risks and uncertainties they face.

Persons responsible (Annex I to the Regulation (EC) No 809/2004)

Mr. Jean-Louis Duplat, Chairman of the Board of Directors of Aedifica SA, and Mr. Stefaan Gielens, CEO of Aedifica SA, attest that, after having taken all reasonable measures for this matter, the information contained in the registration document is, to their knowledge, in accordance with reality and contains no omission likely to affect its scope.

Information from third parties

Aedifica SA declares that the information provided by the real estate experts and by the accredited statutory auditor have been faithfully reproduced and included with their consent. As far as Aedifica SA knows and is able to assure, in the light of data published by these third parties, no facts have been omitted that might render the information reproduced incorrect or misleading.

Forecast information

This report contains forecast information. This information is based on Company's estimates and projections and is, by its nature, subject to risks, uncertainties and other factors. Consequently, the results, financial situation, performance and figures, expressed or implicitly communicated, may differ substantially from those mentioned or suggested by the forecast information. Taking into account these uncertain factors, statements regarding future developments cannot be interpreted as a guarantee in any way.

Proceedings and arbitration procedures

The Board of Directors of Aedifica SA declares that there exists no government intervention, proceeding or arbitration procedure that may have a significant influence, or may have had such an influence in the recent past, on the financial position or profitability of Aedifica SA and that, as far as is known, there are no situations or facts that could give rise to such government intervention, proceeding or arbitration procedure.

Declaration concerning the Directors (Annex I to the Regulation (EC) No 809/2004)

The Board of Directors of Aedifica SA declares that, to the best of its knowledge:

- none of the Directors has ever been convicted for a fraud-related offence, that no official and/or public accusation has been expressed against one of them by statutory or regulatory authorities (including designated professional bodies) for at least the previous five years;
- no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
- no Director has, acting in the capacity of Director, been linked to any bankruptcies, receiverships or liquidations for at least the previous five years;
- no employment contract has been concluded with the directors, which provides for the payment of indemnities upon termination of the employment contract. However, there exists a management agreement between Aedifica SA and the Executive Manager(s) providing for such indemnities;
- no Director holds Aedifica SA shares, except for Services et Promotion de Lasne SA which holds 417,528 shares, Mrs. Galila Barzilaï Hollander who holds 133,389 shares, Mr. Stefaan Gielens who holds 2,216 shares, and Mr. Jean Kotarakos who holds 1,322 shares;
- no option on Aedifica SA shares has been given to date;
- no family ties exist between the directors.

3. Share capital

Date	Description	Amount of capital (€)	Number of shares [1]
7 November 2005	Initial capital paid up by Degroof Bank and GVA Finance	2,500,000.00	2,500
		2,500,000.00	**2,500**
29 December 2005	Contribution in cash	4,750,000.00	4,750
	Merger of "Jacobs Hotel Company SA"	100,000.00	278
	Merger of "Oude Burg Company SA"	3,599,587.51	4,473
	Transfer of reserves to capital	4,119,260.93	
	Capital decrease	-4,891,134.08	
		10,177,714.56	**12,001**
23 March 2006	Merger of "Sablon-Résidence de l'Europe SA"	1,487,361.15	11,491
	Merger of "Bertimo SA"	1,415,000.00	3,694
	Merger of "Le Manoir SA"	1,630,000.00	3,474
	Merger of "Olphi SA"	800,000.00	2,314
	Merger of "Services et Promotion de la Vallée (SPV) SA"	65,000.00	1,028
	Merger of "Emmane SA"	2,035,000.00	5,105
	Merger of "Ixelinvest SA"	219.06	72
	Merger of "Imfina SA"	1,860.95	8
	Contribution in kind of the business of "Immobe SA"	908,000.00	908
	Contribution in kind (Lombard 32)	2,500,000.00	2,500
	Contribution in kind (Laeken complex - Pont Neuf and Lebon 24-28)	109,115,000.00	10,915
		31,935,155.52	**53,510**
24 May 2006	Contribution in kind (Louise 331-333 complex)	8,500,000.00	8,500
		40,435,155.52	**62,010**
17 August 2006	Contribution in kind (Laeken 119 and 123-125)	1,285,000.00	1,285
	Partial de-merger of "Financière Wavrienne SA"	5,400,000.00	5,400
	Mixed de-merger of "Château Chenois SA"	123,743.15	14,377
	Merger of "Medimmo SA"	1,000,000.00	2,301
	Merger of "Cledixa SA"	74,417.64	199
	Merger of "Société de Transport et du Commerce en Afrique SA"	62,000.00	1,247
	Mixed merger of "Hôtel Central & Café Central SA"	175,825.75	6,294
		48,556,142.06	**93,113**
26 September 2006	Split by 25 of the number of shares	48,556,142.06	2,327,825
	Contribution in kind (Rue Haute and Klooster Hotel)	11,350,000.00	283,750
		59,906,142.06	**2,611,575**
3 October 2006	Contribution in cash	23,962,454.18	1,044,630
		83,868,596.24	**3,656,205**
27 March 2007	Contribution in kind (Auderghem 237, 239-241, 266 et 272, Platanes 6 and Winston Churchill 157)	4,911,972.00	105,248
		88,780,568.24	**3,761,453**
17 April 2007	Merger of "Legrand CPI SA"	337,092.73	57,879
	Contribution in kind (Livourne 14, 20-24)	2,100,000.00	44,996
		91,217,660.97	**3,846,328**
28 June 2007	Partial de-merger of "Alcasena SA"	2,704,128.00	342,832
	Contribution in kind (Plantin Moretus)	3,000,000.00	68,566
		96,921,788.97	**4,275,726**
30 November 2007	Partial de-merger of "Feninvest SA"	1,862,497.95	44,229
	Partial de-merger of "Résidence du Golf SA"	5,009,531.00	118,963
		103,793,817.92	**4,438,918**
30 July 2008	Partial de-merger of "Famifamenne SA"	2,215,000.00	50,387
	Partial de-merger of "Rouimmo SA"	1,185,000.00	26,956
		107,193,817.92	**4,516,261**
30 June 2009	Contribution in kind (Gaerveld service flats)	2,200,000.00	62,786
		109,393,817.92	**4,579,047**
30 December 2009	Contribution in kind (Freesias)	4,950,000.00	129,110
		114,343,817.92	**4,708,157**

30 June 2010	Partial de-merger of "Carbon SA", "Eburon SA", "Hotel Ecu SA" and "Eurotel SA"	11,239,125.00	273,831	
	Partial de-merger of "Carlinvest SA"	2,200,000.00	51,350	
		127,782,942.92	**5,033,338**	
15 October 2010	Contribution in cash	51,113,114.26	2,013,334	
		178,896,057.18	**7,046,672**	
8 April 2011	Contribution in kind (Project Group Hermibouw)	1,827,014.06	43,651	
		180,723,071.24	**7,090,323**	
29 June 2011	Merger of "IDM A SA"	24,383.89	592	
		180,747,455.13	**7,090,915**	
5 October 2011	Contribution in kind of the shares of "SIRACAM SA"	3,382,709.00	86,293	
		184,130,164.13	**7,177,208**	
12 July 2012	Mixed de-merger of "S.I.F.I. LOUISE SA"	800,000.00	16,868	
		184,930,164.13	**7,194,076**	
7 December 2012	Capital increase by contribution in cash	69,348,785.78	2,697,777	
		254,278,949.91	**9,891,853**	
24 June 2013	Merger of limited liability company "Terinvest"	10,398.81	8,622	
	Merger of limited partnership "Kasteelhof-Futuro"	3,182.80	3,215	
		254,292,531.52	**9,903,690**	
12 June 2014	Contribution in kind (Binkom)	12,158,952.00	258,475	2
		266,451,483.52	**10,162,165**	
30 June 2014	Contribution in kind (plot of land in Tienen)	4,000,000.00	86,952	3
		270,451,483.52	**10,249,117**	

1 Shares without par value.

2 These shares are quoted on the stock market since 16 June 2014 en give dividend rights for the 2013/2014 financial year. They enjoy the same rights and benefits as listed shares and participate in the result of Aedifica.

3 These shares are quoted on the stock market since 2 July 2014 en give dividend rights for the 2013/2014 financial year. They enjoy the same rights and benefits as listed shares and participate in the result of Aedifica.

4. Extracts from the Articles of Association

4.1 Acquisition and disposal of treasury shares (Article 6.2 of the Articles of Association)

The company may acquire its own shares by purchasing them or may accept them in pledge in accordance with the conditions set out in the Belgian Companies Code, provided that notice of the transaction is given to the Financial Services and Markets Authority (FSMA).

In accordance with the general meeting resolution of 24 June 2013, two thousand and nine, the board of directors is authorised to acquire own shares (which are then called treasury shares), subject to a maximum of 20 % (twenty per cent) of the total number of issued shares, at a unit price that may not be lower than 90 % (ninety per cent) of the average price quoted for the last thirty days of listing of the share on NYSE Euronext Brussels, or higher than 110 % (one hundred and ten per cent) of the average price quoted for the last thirty days of listing of the share on NYSE Euronext Brussels, i.e. a maximum increase or decrease of 10 % (ten per cent) compared to that average price.

This authorisation is granted for a renewable period of five years, calculated from the publication of the minutes of the extraordinary general meeting of 24 June 2013, two thousand and nine, in the Annexes to the Belgian State Gazette.

The company may dispose of its treasury shares, on or outside of the stock exchange, under the conditions determined by the board of directors and without the prior consent of the general meeting, provided that it observes the applicable market regulations.

The authorisations referred to above also apply to the acquisition and disposal of shares in the company by one or more of its direct subsidiaries, within the meaning of the statutory provisions on the acquisition of shares of a parent company by its subsidiaries.

4.2 Capital increase (Article 6.3 of the Articles of Association)

Every capital increase must take place in accordance with the applicable regulations, i.e. the Belgian Companies Code and the Royal Decree.

(a) Cash contribution

In case of a capital increase by means of a cash contribution pursuant to a general meeting resolution or in the context of the authorised capital as provided for in Article 6.4. and without prejudice to the application of Sections 592 to 598 of the Belgian Companies Code, the preferential subscription right of the shareholders may only be restricted or cancelled if existing shareholders are granted an irreducible right of allocation when new securities are allocated. This irreducible right of allocation must comply with the following conditions as set out in the Royal Decree:

1. it must relate to all newly issued securities;
2. it must be granted to shareholders pro rata to the portion of the capital that is represented by their shares at the time of the transaction;
3. a maximum price for each share must be announced no later than the eve of the opening of the public subscription period;
4. the public subscription period must last for at least three trading days.

   Without prejudice to the application of Sections 595 to 599 of the Belgian Companies Code, the irreducible right of allocation does not have to be granted in case of a cash contribution with restriction or cancellation of the preferential subscription right which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, insofar as this is actually made payable to all shareholders.

(b) Contribution in kind

Without prejudice to Sections 601 and 602 of the Belgian Companies Code, the following conditions must be complied with, in accordance with the Royal Decree, in case of a contribution in kind:

1. the identity of the contributor must be mentioned in the board of directors' report referred to in Section 602 of the Belgian Companies Code, as well as, if applicable, in the convening notice of the general meeting that is convened for the capital increase;
2. the issue price may not be less than the lowest amount of (a) a net asset value that dates from no more than four months before the date of the contribution agreement, or, at the company's discretion, before the date of the deed effecting the capital increase and (b) the average closing price during the thirty day period prior to that same day.

   It is permitted to deduct an amount from the amount referred to in item 2(b) that corresponds to the portion of the undistributed gross dividend to which the new shares would potentially not confer any right, provided that the board of directors specifically accounts for the amount of the accumulated dividend to be deducted in its special report and the financial conditions of the transaction are explained in its annual financial report.
3. unless no later than the working day after the execution of the contribution agreement the issue price or, in the case referred to in Article 6.5, the exchange ratio, as well as the relevant terms and conditions are determined and publicly disclosed, including the term within which the capital increase will actually be implemented, the deed effecting the capital increase must be executed within a maximum term of four months; and
4. the report referred to above under item 1° must also explain the impact of the proposed contribution on the position of the existing shareholders, in particular as regards their share in the profit, in the net asset value and in the capital, as well as the impact in terms of voting rights.

This last paragraph will not apply to the contribution of the right to a dividend for the purpose of distributing an optional dividend, insofar as this will actually be made payable to all shareholders.

4.3 Authorised capital (Article 6.4 of the Articles of Association)

The board of directors is authorised to increase the share capital in one or more transactions by a maximum amount of €180,000,000.00 (one hundred and eighty million euro) on such dates and in accordance with such terms and conditions as will be determined by the board of directors, in accordance with Section 603 of the Belgian Companies Code.

This authorisation is granted for a renewable period of five years, calculated from the publication of the minutes of the extraordinary general meeting of 29 June 2011, in the Annexes to the Belgian State Gazette.

For each capital increase, the board of directors will determine the price, the issue premium (if any) and the terms and conditions of issue of the new securities.

The capital increases that are thus decided on by the board of directors may be subscribed to in cash, in kind, or by means of a mixed contribution, or by the incorporation of reserves or by issue premiums, with or without the creation of new securities. These capital increases can also be achieved through the issue of convertible bonds or warrants.

If the capital increases realized within the framework of these authorisations include an issue premium, the amount of this premium, after deduction of any costs, will be allocated to a non-disposable account («share premium account»), which will provide a guarantee for third parties in the same manner as the share capital and which, subject to its incorporation in the capital, can only be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the quorum and majority requirements for capital reductions.

If the capital increase is accompanied by an issue premium, only the amount of the capital increase will be deducted from the remaining available amount of the authorised capital.
The board of directors is authorised to restrict or cancel the preferential subscription right of shareholders, including in favour of specific persons who are not employees of the company or one of its subsidiaries, provided that an irreducible right of allocation is granted to the existing shareholders when the new securities are allocated. This irreducible right of allocation must comply with the conditions that are laid down in the Royal Decree and Article 6.3(a) of the articles of association. It does not have to be granted in case of a cash contribution for the purpose of distributing an optional dividend, in accordance with Article 6.3(a) of the articles of association. Capital increases by means of contributions in kind are carried out in accordance with the conditions of the Royal Decree and the conditions provided for in Article 6.3(a) of the articles of association. These contributions may also be based on the dividend right in the context of the distribution of an optional dividend.
The board of directors is authorised to record the ensuing amendments to the articles of association in an officially certified deed.

4.4 Mergers, de-mergers and equivalent transactions (Article 6.5 of the Articles of Association)

Pursuant to the Royal Decree, the provisions of Article 6.3(b) apply mutatis mutandis to mergers, de-mergers and equivalent transactions as referred to in Sections 671 to 677, 681 to 758 and 772/1 of the Belgian Companies Code.

4.5 Capital increase in a subsidiary with the status of an institutional real estate investment company with fixed capital (Article 6.6 of the Articles of Association)

Pursuant to the Royal Decree, if there is a capital increase in a subsidiary that has the status of an institutional real estate investment company with fixed capital by means of a cash contribution at a price that is 10 % higher or lower than the lowest of (a) a net asset value that dates from no more than four months before the launch of the issue and (b) the average closing price during the thirty calendar day period before the launch date of the issue, the board of directors of Aedifica will draw up a report in which it explains the economic justification of the applied discount, the financial consequences of the transaction for the shareholders of Aedifica and the importance of that capital increase for Aedifica. This report and the applied valuation criteria and methods will be explained by the statutory auditor in a separate report. The reports of the board of directors and of the statutory auditor will be publicly disclosed no later than the launch date of the issue and, in any event, as soon as the price is established if this occurs earlier, in accordance with Sections 35 et seq. of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments that are admitted to trading on a regulated market.
It is permitted to deduct from the amount referred to in item (b) of the previous paragraph an amount that corresponds to the portion of the undistributed gross dividend to which the new shares would potentially not confer any right, provided that the board of directors of Aedifica specifically accounts for the amount of the accumulated dividend to be deducted and explains the financial conditions of the transaction in Aedifica's annual financial report.
If the relevant subsidiary is not listed, the discount referred to in the first paragraph will be calculated solely on the basis of a net asset value that is not more than four months old.
This Article 6.6 does not apply to capital increases that are fully subscribed to by Aedifica or subsidiaries of which the entire capital is held either directly or indirectly by Aedifica.

4.6 Capital reduction (Article 6.7 of the Articles of Association)

The company may reduce its capital subject to compliance with the relevant statutory provisions.

4.7 Nature of the shares (Article 8 of the Articles of Association)

The shares are registered, bearer or dematerialised shares, at the option of the shareholder and within the limits set by law.
The shareholder may, at any time and free of charge, request that his shares be converted from bearer shares into registered shares or dematerialised shares.
Every dematerialised share is represented by an accounting entry in the name of the owner or holder at a recognised account holder or settlement institution.
A register of registered shares is held at the company's registered office, and may be in electronic form. Every shareholder may consult the register in relation to his shares.
Bearer shares entered in a securities account will automatically be converted into dematerialised shares, at no cost to the shareholder.
Bearer shares that are not entered in a securities account by the thirty-first of December, twenty thirteen will be converted into dematerialised shares, by operation of law, on the first of January, twenty fourteen, at no cost to the shareholder.

4.8 Other securities (Article 9 of the Articles of Association)

The company may issue the securities referred to in Section 460 of the Belgian Companies Code, with the exception of profit sharing certificates and similar securities, in compliance with the Belgian Companies Code and the Royal Decree.

4.9 Notification and disclosure of major shareholdings (Article 10 of the Articles of Association)

Every shareholder must notify the company and the Financial Services and Markets Authority (FSMA) that he possesses voting securities, voting rights or similar financial instruments of the company, in accordance with the legislation on the disclosure of major shareholdings (the "Transparency Legislation").

The thresholds, which if exceeded (both upwards and downwards) give rise to a notification obligation under the Transparency Legislation, are set at five per cent and multiples of five per cent of the total number of existing voting rights.

Without prejudice to Section 545 of the Belgian Companies Code, nobody may participate in voting at the general meeting of the company with more voting rights than those associated with the securities that he has given notice of holding at least 20 (twenty) days prior to the date of the general meeting.

4.10 Participation in the General Meeting (Article 21 of the Articles of Association)

The right to participate in and vote at a general meeting is only granted on the basis of the registration for accounting purposes of the shares in the shareholder's name by midnight (Belgian time) on the fourteenth day prior to the general meeting (hereinafter: the «record date»), either by their entry in the company's share register, their entry in the accounts of a recognised account holder or settlement institution, or by the presentation of bearer shares to a financial intermediary, regardless of the number of shares that the shareholder holds on the day of the general meeting.

Owners of registered shares who wish to participate in the meeting must communicate their intention to the company by means of an ordinary letter, fax or e-mail, to be sent no later than the sixth day prior to the date of the meeting.

Owners of dematerialised or bearer shares who wish to participate in the meeting must submit a certificate issued by a financial intermediary or a recognised account holder which indicates, as the case may be, with how many dematerialised shares, as entered in the name of the shareholder in his accounts on the record date, or with how many bearer shares, as presented on the record date, the shareholder has indicated that he wishes to participate in the general meeting. This certificate must be filed at the locations mentioned in the meeting notices, no later than the sixth day prior to the date of the general meeting.

4.11 Representation (Article 22 of the Articles of Association)

Every owner of securities may be represented at the general meeting by a proxy holder who may or may not be a shareholder.

The shareholder may only designate one person as his proxy holder for any specific general meeting, save for the exceptions set out in the Belgian Companies Code.

The board of directors draws up a proxy form.

The proxy must be signed by the shareholder. Notice of the proxy must be given to the company by means of an ordinary letter, fax or e-mail, in accordance with the terms and conditions laid down by the board of directors in the meeting notice. The proxy must reach the company or the venue indicated in the meeting notice no later than the sixth day prior to the meeting. The person granting the proxy and the proxy holder must comply with the provisions of the Belgian Companies Code in all other respects.

Minors, persons declared incompetent and legal entities must be represented by their statutory representatives or representatives under the articles of association.

Co-owners, usufructuaries and bare owners, pledgees and pledgors must in each respective case be represented by one and the same person.

4.12 Voting by letter (Article 23 of the Articles of Association)

Shareholders will be able to vote by letter using a form drawn up by the company, if the board of directors has allowed for this in its meeting notice.

The form must reach the company no later than the sixth day prior to the date of the meeting.

4.13 Bureau (Article 24 of the Articles of Association)

All general meetings are chaired by the chairman of the board of directors or, in his absence, by the managing director or one of the managing directors or, in their absence, by the person designated by the directors in attendance.

The chairman designates the secretary.

The meeting elects two vote tellers.

The other members of the board of directors complete the bureau.

4.14 Number of votes (Article 25 of the Articles of Association)

Every share confers the right to one vote, subject to the suspension of the right to vote provided for by the Belgian Companies Code.

4.15 Distribution (Article 29 of the Articles of Association)

The company distributes a dividend to its shareholders, the minimum amount of which is determined in accordance with the Royal Decree.

4.16 Advances on dividends (Article 30 of the Articles of Association)

The board of directors may adopt a resolution, under its responsibility and insofar as the results allow for it, to pay advances on dividends, in such cases and within such periods as permitted by the Belgian Companies Code.

4.17 Dissolution - Liquidation

ARTICLE 31 - LOSS OF CAPITAL.

If the capital has been reduced by half or three-quarters, the directors must put the question of dissolution to the general meeting, pursuant to and in accordance with the formalities set out in Section 633 of the Belgian Companies Code.

ARTICLE 32 - APPOINTMENT AND POWERS OF LIQUIDATORS.

If the company is dissolved, for any reason and at any time, it will be wound up by liquidators who are appointed for this purpose by the general meeting or, in the absence of such an appointment, by the board of directors that is in office at that time, acting as the liquidator.
Insofar as required by law, the liquidators will only take office after their appointment has been confirmed by the Commercial Court.
The liquidators have the most extensive powers for that purpose, granted by the provisions of Section 186 et seq. of the Belgian Companies Code.
Where applicable, the general meeting determines the remuneration of the liquidators.

ARTICLE 33 - DISTRIBUTION.

After all debts, charges and costs of liquidation have been paid, the net assets will preferably be used to refund the fully paid-up, unredeemed amount of the shares, in cash or in securities.
The balance will be distributed among all shareholders in proportion to their shareholding.

4.18 Statutory provisions on the members of administrative, management and supervisory bodies

The provisions on the members of administrative, management and supervisory bodies contained in the articles of association are presented below; the surplus is available in the Corporate Governance charter on www.aedifica.be and we refer you to the section “Corporate Governance Statement” in this annual financial report.

ARTICLE 11 - COMPOSITION OF THE BOARD OF DIRECTORS.

The company is managed by a board of directors that is constituted in such a way that it can manage the company autonomously and in the sole interest of the shareholders of the company. This board consists of at least five members who are appointed for a maximum term of three years by the general meeting of shareholders, which can also dismiss them at any time. The directors are eligible for re-election.
The majority of the directors do not perform any executive duties in the company. At least three directors must be independent. Directors who comply with the conditions for independence as set out in Section 526ter of the Belgian Companies Code are considered to be independent directors.
The mandate of outgoing directors who are not re-elected ends immediately after the general meeting that has made the new appointments.
If one or more mandates become vacant, the remaining directors, convening as a board, may provide for temporary replacement(s) until the next general meeting, which will then make the final appointment(s). The directors must ensure in this case that a sufficient number of independent directors remain as set forth in this article and the applicable regulations. This right will become an obligation each time the number of directors actually in office or the number of independent directors no longer amounts to the minimum number under the articles of association.
If a legal entity is appointed as director of the company, it will be obliged to appoint a permanent representative from among its partners, managers, directors or employees who will be entrusted with the performance of this mandate in the name and on behalf of this legal entity.
A director who is appointed to replace another director will complete the mandate of the director whom he replaces.
Directors must possess the necessary professional reliability and appropriate experience for their duties. Their appointment is subject to the approval of the Financial Services and Markets Authority (FSMA).
Unless the general meeting decides otherwise, the mandate of directors is unpaid.
Any remuneration the directors do receive, may not be determined on the basis of the activities and transactions carried out by the company or its subsidiaries.

ARTICLE 12 - CHAIRMANSHIP – DELIBERATIONS.

The board of directors chooses a chairman from among its members and meets at the venue specified in the meeting notice or, as appropriate, by video conferencing, telephone or internet conferencing as often as is required by the interests of the company. The board of directors must also be convened when two directors make a request to that effect.
The board of directors can only validly deliberate and pass resolutions if the majority of its members are present or represented.

Meeting notices are given by ordinary letter, by fax or by e-mail. Meetings are held at the venue specified in the meeting notices. Any director who is unable to attend or absent, may even delegate another member of the board by letter, fax or e-mail to represent him at a specific board meeting and vote in his place. The director granting the proxy is deemed to be present in that case.
However, a director may not represent more than one of his colleagues in this manner.
Resolutions are adopted by a majority of votes. If the votes are tied, the chairman of the board has the casting vote. If the chairman is absent, the oldest director will have the casting vote.
The resolutions of the board of directors are recorded in the minutes. The minutes are kept in a special register for that purpose at the company's registered office and signed by the chairman of the meeting or, in his absence, by two directors.
The proxies are attached to the minutes.
The members of the board of directors may arrange to have their comments and remarks entered on these minutes if they are of the opinion they need to relieve themselves of their responsibility, notwithstanding the application of Sections 527 and 528 of the Belgian Companies Code.
Copies or extracts of those minutes will be signed by the chairman of the board of directors or, in his absence, by two directors.
Pursuant to Section 521, paragraph 1 of the Belgian Companies Code, resolutions of the board of directors may be adopted by means of the unanimous written consent of the directors in exceptional cases, when required by urgent necessity and the interests of the company. However, this procedure cannot be used to prepare the annual accounts or to make use of the authorised capital.

ARTICLE 13 - POWERS OF THE BOARD.

The board of directors has the most extensive powers to perform all acts that are necessary or useful to achieve the corporate purpose, with the exception of the acts that are reserved for the general meeting by the Belgian Companies Code or the articles of association.
The board of directors may delegate all or part of its powers to any authorised representative, who need not be a shareholder or director, with a view to achieving specific and well-defined objectives. Pursuant to the Act and the Royal Decree, the board may determine the remuneration of authorised representatives to whom special powers are delegated.
The board of directors draws up semi-annual financial reports as well as a draft annual financial report. The board appoints the real estate expert(s) in accordance with the Royal Decree.

ARTICLE 14 – ADVISORY COMMITTEES.

Pursuant to Sections 522 and 526bis of the Belgian Companies Code, the board of directors may establish advisory committees, from among its members and under its responsibility, such as an audit committee, a nomination and remuneration committee or an investment and divestment committee.
The board of directors determines the composition and powers of these committees, taking into account the applicable regulations.

The board of directors may establish a management committee or an executive committee, comprised of several people, who may or may not be directors. The board of directors determines the procedures of the committee, the conditions for the appointment of its members, their dismissal, their remuneration and the duration of their mandate.
If a legal entity is appointed as a member of the management committee or the executive committee, it will appoint a permanent representative from among its partners, managers, directors or employees who will be entrusted with the performance of this mandate in the name and on behalf of this legal entity.

ARTICLE 16 - EFFECTIVE MANAGEMENT AND ASSIGNMENT OF POWERS.

Notwithstanding the right of the board of directors to designate special representatives for the duties that it specifies, the board of directors will entrust the effective management of the company to at least two natural persons or single-member private limited liability companies whose single member and manager is their permanent representative within the meaning of Section 61 § 2 of the Belgian Companies Code. These two persons may or may not be directors of the company.
The natural persons and the permanent representatives of the single-member private limited liability companies must have the required professional reliability and appropriate experience to perform these duties.
These delegates are entrusted with the day-to-day management of the company and may be given the title of managing director.
They report to the board of directors with regard to their management.
They can assign special powers to proxy-holders.
These delegates designate the financial institution that is entrusted with providing financial services and distributing the dividend and the surplus after liquidation, with settling the securities issued by the company and with providing the information that must be disclosed by the company pursuant to laws and regulations. The delegates to whom the day-to-day management has been delegated may at any time suspend, withdraw or replace the institution entrusted with providing financial services. The decisions relating thereto will be published according to the statutory rules on the company's website and via press releases. The company must satisfy itself that such a suspension/withdrawal will not adversely affect the provision of the financial services.

ARTICLE 17 - REPRESENTATION OF THE COMPANY - SIGNATURE OF INSTRUMENTS.

The company is validly and legally represented in all its acts either by two directors acting jointly, or within the limitations of the day-to-day management, by two persons who have been entrusted with the day-to-day management acting jointly.
The company is moreover validly represented by special representatives of the company, within the limits of the power of attorney granted to them by the board of directors, or by the delegates entrusted with the day-to-day management.
For all deeds of disposal relating to real estate, the company must be validly represented by two directors acting jointly. As an exception to this, the company will be validly represented for a deed of disposal by (a) special representative(s) provided that the following cumulative conditions are fulfilled:

- the board of directors must exercise actual control over the deeds/documents signed by the special representative(s) and set up an internal procedure for this purpose that relates to both the content and periodicity of the control;
- the power of attorney may only relate to a specific transaction or a defined group of transactions (it does not suffice for the transaction or the group of transactions to be «determinable»). General powers of attorney are not permitted;
- the relevant limits (e.g. as regards price) must be specified in the power of attorney itself and the power of attorney must have a fixed term, i.e. the time that is needed to complete the transaction.

ARTICLE 18 – AUDIT.

The audit of the company is entrusted to one or more statutory auditors who are accredited by the Financial Services and Markets Authority (FSMA).
They perform the duties that are assigned to them under the Belgian Companies Code and the regulations that apply to public real estate investment companies with fixed capital.

4.19 General provisions

ARTICLE 34 - ELECTION OF DOMICILE.

Every shareholder who is domiciled abroad and every director, statutory auditor, manager and liquidator must elect domicile in Belgium for the implementation of the articles of association. If no election is made, these parties will be deemed to have chosen their domicile at the registered office, where all communications, demands, summonses and notifications can be validly served.

ARTICLE 35 - JURISDICTION OF COURTS.

Unless expressly waived by the company, exclusive jurisdiction is granted to the courts of the company's registered office for the purpose of all disputes among the company, its shareholders, bondholders, directors, statutory auditors and liquidators relating to the company's affairs and the implementation of these articles of association.

ARTICLE 36 - ORDINARY LAW.

The company is moreover governed by the Belgian Companies Code, the Act, the Royal Decree, as well as all other regulatory provisions that apply to it. Provisions that are inconsistent with the mandatory provisions of these laws and decrees will be regarded as null and void. The invalidity of one article, or part of an article, of these articles of association will not affect the validity of any of the other articles.

5. Belgian REIT

5.1 General definition

Aedifica is a limited liability company that has opted for the status of a real estate investment trust.

A Belgian REIT (fixed capital Real Estate Investment Trust) is:

- an undertaking for collective investment («OPC/ICB») in direct or indirect property assets;
- set up on the basis of the Royal Decree of 10 April 1995, replaced by the Royal Decree of 7 December 2010;
- set up in the form of a limited liability company («SA/NV») or limited partnership by shares («SCA/Comm VA»);
- quoted on the stock exchange, where at least 30 % of shares are traded on the market;
- the activity of which is restricted to property investments.

Belgian REITs are regulated by the Financial Services and Markets Authority (FSMA) and must follow extremely strict rules governing conflicts of interest.

5.2 Particular regulations

Real estate property

Article 39 of the Royal Decree of 7 December 2010 specifies that a Belgian REIT may invest a maximum of 20 % of its consolidated assets in real estate properties which form a single real estate complex. The FSMA can give an exemption under certain circumstances.

Accounting

European legislation specifies that Belgian REITs, along with all listed companies, must prepare their consolidated annual accounts in accordance with the IAS/IFRS international standards. Given that investment properties constitute their main assets, Belgian REITs must pay particular attention to appraising the fair value of their properties, i.e., in technical terms, to applying IAS 40. This is also applied to the statutory accounts, also prepared under IFRS. In addition, IAS 39 (valuation of financial instruments) is likely to generate significant movements from one year to another in the income statement or balance sheet (statutory and consolidated) of REITs.

Valuation

Real estate properties are assessed at their fair value on a quarterly basis by independent experts. They are recorded in the balance sheet at this value. Depreciation is not recognised on investment properties.

Profit or loss

As return on capital, the Company is required to distribute a sum corresponding to at least the positive difference between the following amounts:

- 80 % of an amount (“corrected profit”) determined in the form shown in Chapter III of Annex C of the Royal Decree of 7 December 2010;
- and the net decrease in the debt of the public Belgian REIT during the financial year.

Debt

The debt-to-assets ratio of the public Belgian REIT and its subsidiaries, and the statutory debt-to-assets ratio of public Belgian REITs, may not exceed 65 % (other than by the change in the fair value of assets) of total consolidated or statutory assets, after deduction of authorised hedging instruments. When exceeding the threshold of 50 %, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the threshold of 65 %.

Financing

A Belgian REIT may not provide financing, except to its subsidiaries.

Fiscal status

A Belgian REIT is not subject to corporate tax (except on non-recoverable expenses and abnormal or benevolent benefits), provided that at least 80 % of corrected profit are distributed in the form of dividends. Refer to section 4 of chapter “Risks factors” of this Annual Financial Report.

Effective 1 January 2013, the withholding tax on dividends amounts in principle to 25 %. As a Belgian REIT investing directly at least 60 % of its property in housing, and in accordance with Articles 171, 3° quater and 269, 3° of the Belgian Income Tax Code, Aedifica benefits from a reduction of the withholding tax to 15 %. The concept of housing includes single-family houses and collective housing such as apartment buildings and rest homes. The investment threshold of 60 % will be increased to 80 % as from 1st January 2015. In addition, residential Belgian REITs are now permitted to invest within the European Economic Area.

Companies applying for approved Belgian REIT status, or which merge with a Belgian REIT, are subject to a reduced rate of taxation, which currently stands at 16.995 % (i.e. 16.5 % plus the crisis tax uplift of 3 %), referred to as the exit tax (i.e. the rate of corporate tax which has to be paid in order to leave the common law system).

Belgian REITs (Sicafi/Vastgoedbevaks) are investment instruments which can be compared to the Dutch FBI (Fiscale BeleggingsInstellingen), the French SIIC (Société d’Investissement Cotée en Immobilier) and the REIT (Real Estate Investment Trust) which exist in a number of countries, including the United States.

Glossary

1. Definitions

Acquisition value

The acquisition value is the agreed value between parties on the basis of which the transaction is performed. If the acquisition of a building takes place by cash payment, through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issue of new shares, by merger through takeover of a property, or by a partial de-merger, the deed costs, audit and consultancy costs, reinvestment bank fees and costs of lifting security on the financing of the absorbed company and other costs of the merger are also considered as part of the acquisition cost and capitalised in the asset accounts on the balance sheet. Transfer taxes are included if they were paid at the acquisition of the building.

Assisted-living apartment complex

One or more buildings forming a functional unit and including special housing for the elderly, allowing them to lead independent lives and with services which they can freely use.

Closed period

Period during which any officer or any person covered on the lists established by the Company in accordance with Article 6.5 of the Corporate Governance Charter, as well as any person who is closely related to them, may not carry out any trading of Aedifica shares. Closed periods are shown in the corporate governance statement.

Contractual rents

Indexed rents, including rental guarantees, but excluding cost of rent-free periods for occupied surface area.

Debt-to-assets ratio

"Total liabilities" in balance sheet
- I. Non-current liabilities – A. Provisions
- I. Non-current liabilities – C. Other non-current financial liabilities - Hedges
- I. Non-current liabilities – F. Deferred taxes liabilities
- I. Current liabilities – A. Provisions
- I. Current liabilities – C. Other current financial liabilities - Hedges
- I. Current liabilities – Accrued charges and deferred income as provided in the annexes of the Royal Decree of 7 December 2010 related to Belgian REITs.

/ Total assets less authorised hedging instruments
≤ 65 %

EBIT margin

Operating result before result on portfolio divided by net rental income.

EPRA

European Public Real Estate Association is an association which was founded in 1999 in order to promote, develop and regroup listed European real estate companies. EPRA establishes standards of conduct in accounting, reporting and corporate governance matters, and harmonises these rules to different countries in order to provide quality and comparable information to investors. EPRA also organises discussion forums on issues that are shaping the future of the sector. Finally, EPRA has created indices that serve as benchmarks for the real estate sector. All this information is available on the website www.epra.com.

Estimated rental value (ERV)

The estimated rental value (ERV) is the rental value as determined by independent experts. For furnished apartment buildings, experts' assumptions take into account a hypothetical lease period of 3/6/9 years at the market rent with a single operator, and overlooking furnished occupancy, in order to avoid double assessment of furnishments and goodwill, which are excluded from property values. The rents actually received for furnished apartments are significantly higher than these estimated rental values.

Exit tax

Companies applying for approved Belgian REIT status, or which merge with a Belgian REIT, are subject to an exit tax. This tax, equivalent to a liquidation tax on net unrealised gains and on tax-exempt reserves, is charged at 16.5 % (increased by a supplementary crisis tax uplift of 3 % giving a total of 16.995 %).

Fair value

The fair value of the investment properties is calculated as following:

- Buildings with an investment value over €2.5 million:

Fair value = investment value / (1+ average transaction cost rate defined by BEAMA)

- Buildings with an investment value under €2.5 million:
    1. when the expert considers a building can be sold in units, the fair value is defined as the lowest value between the investment value in units / (1 + % transfer taxes depending on the region where they are located) and the investment value / (1 + average transaction cost rate defined by BEAMA);
    2. when the expert considers a building cannot be sold in units, the fair value is the investment value / (1 + % transfer taxes depending on the region where they are located).

The average transaction cost rate defined by BEAMA is reviewed annually and adapted if necessary by 0.5 % threshold.

The experts attest the deduction percentage retained in their periodic reports.

Free float

Percentage of shares held by the public, according to the Euronext definition.

Gross dividend yield

Gross dividend per share divided by the stock market price as of closure.

Gross yield of the portfolio

For the total portfolio (excluding furnished apartments): (contractual rents + guaranteed income) / investment value, acquisition value or fair value of the concerned buildings.
For the furnished apartments: (Turnover of the financial year) / (Investment value, acquisition value or fair value of the concerned buildings + goodwill + furnishments).

IFRS

The international accounting standards (IFRS, or International Financial Reporting Standards, previously called IAS, or International Accounting Standards) are drawn up by the International Accounting Standards Board (IASB). European listed companies must apply these standards in their consolidated accounts since the financial year commencing on 1 January 2005 or after this date. The Belgian REITs must also apply IFRS in their statutory accounts since 2007.

Investment properties

Investment properties including buildings intended for sale and development projects.

Investment value

Value assessed by the expert, of which transfer tax are not deducted.

Long lease

Contract with an initial duration of at least 27 years and less than 99 years, giving a temporary right in rem to the tenant. The tenant has full use of the property during this period and pays an annual fee (rent) in return.

Market capitalisation

Closing stock market price multiplied by the total number of shares.

Marketable investment properties

Investment properties including buildings intended for sale and excluding development projects.

Net asset value

Total equity and liabilities divided by the number of shares outstanding (after deduction of the treasury shares).

Net rental income

Rental income
- Writeback of lease payments sold and discounted
- Rental-related charges

Occupancy rate

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.

Operating margin

Property operating result divided by net rental income.

Operating result before result on portfolio

Property operating result
- Overheads
± Other operating income and charges

Pay-out ratio

Dividend per share divided by the corrected profit per share.

Profit to be paid out (or corrected profit)

The Company must distribute, as return on capital, an amount corresponding at least to the positive difference between the following amounts:
- 80 % of an amount equal to the sum of the adjusted result (A) and the net capital gains on realisation of investment properties not exempt from the obligation of distribution (B). (A) and (B) are calculated according to the following scheme:
Corrected profit (A)
Profit of loss
+ Depreciations
+ Write-downs
- Reversals of write-downs
- Writeback of lease payments sold and discounted
± Other non-cash items
± Gains and losses on disposals of investment properties
± Changes in fair value of investment properties
= Corrected profit (A)

Net capital gains on realisation of investment properties not exempt from the obligation of distribution (B)
± Gains and losses on disposals of investment properties during the financial year (gains and losses compared to the acquisition value plus capital expenditures)
- Gains and losses on disposals of investment properties during the financial year, exempted from the obligation of distribution, subject to reinvestment within 4 years (gains compared to the acquisition value plus capital expenditure)
± Gains and losses on disposals of investment properties earlier exempted from the obligation of distribution and not reinvested within 4 years (gains and losses compared to the acquisition value plus capital expenditures)
= Net capital gains on realisation of investment properties not exempt from the obligation of distribution (B)
And
- net decrease during the financial year of the debt of the public Belgian REIT, as provided in Article 27 of the Royal Decree of 7 December 2010 (see definition of the debt-to-assets ratio).

Profits excluding IAS 39 and IAS 40

Profit (owners of the parent)
- Changes in fair value of investment properties (IAS 40)
- Changes in fair value of financial assets and liabilities (IAS 39)

Property operating result

Property result
- Technical, commercial and property management costs
- Charges and taxes on unlet properties
- Other property charges

Property result

Net rental income
- All rental charges and taxes normally paid by Aedifica on let properties
± Other rental-related income and charges

Result on portfolio

Gains and losses on disposals of investment properties
- Gains and losses on disposals of other non-financial assets
± Changes in fair value of investment properties

Transfer taxes

The transfer of ownership of a property is subject to the payment of transfer taxes. The amount of these taxes depends on the method of transfer, the type of purchaser and the location of the property. The first 2 elements, and therefore the total amount of taxes to be paid, are only known once the transfer has been completed.

The range of taxes for the major types of property transfer includes:

- Sale of properties: 12.5 % for properties situated in the Brussels Capital Region and in the Walloon Region, 10 % for properties situated in the Flemish Region;
- Sale of real estate under the rules governing estate traders: 4.0 to 8.0 %, depending on the Region;
- Surface and long lease agreements for real estate (up to 50 years for surface rights and up to 99 years for the long lease right): 2 %, or 0.5 % if the tenant is a non-profit organisation);
- Sales of properties where the purchaser is a public body (e.g. an agency of the European Union, the Federal Government, a regional government or a foreign government): tax exempt;
- Contribution in kind of real estate property against the issue of new shares in favour of the contributing party: tax exempt;
- Sale of shares of a real estate company: no taxes;
- Merger, split and other forms of company restructuring: no taxes;
- etc.

The effective rate of the transfer tax therefore varies from 0 to 12.5 %, whereby it is not possible to predict which rate would apply to the transfer of a given property before that transfer has effectively taken place.
N.B. We note that following the interpretations of IFRS by the Belgian Asset Managers Association (BEAMA), the book value of the investment properties for IFRS balance sheet is calculated by deducting from the investment value a fixed percentage of transfer tax currently fixed to 2.5 % by the expert (however, for investment properties with a value of less than €2.5 million, the rights to deduct are the transfer taxes, applicable depending on the location of the building).

Triple net

When the operating charges, the maintenance costs and the rents on vacant spaces related to the operations are supported by the operator.

Velocity

Total volume of shares exchanged over the year divided by the total number of listed shares, following the definition of Euronext.

2. Acronyms

BEAMA: Belgian Asset Managers Association
CEO: Chief Executive Officer
CFO: Chief Financial Officer
DCF: Discounted Cash Flow
EBIT: Earnings Before Interests and Taxes
ECB: European Central Bank
EPRA: European Public Real Estate Association
ERV: Estimated Rental Value
FSMA: Financial Services and Markets Authority
IAS: International Accounting Standards
IFRS: International Financial Reporting Standards
IPO: Initial Public Offering
IRS: Interest Rate Swap
REIT: Real Estate Investment Trust
RREC: Regulated Real Estate Company

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Ce rapport financier annuel est également disponible en français[1]

Dit jaarlijks financieel verslag is eveneens beschikbaar in het Nederlands[1]

The 2013/2014 annual financial report constitutes a registration document in terms of Article 28 of the Belgian Act of 16 June 2006 on the public offering of investment instruments and the admission of investments instruments to trading on a regulated market. It has been approved by the FSMA on 9 September 2014 in accordance with article 32 of the abovementioned Act.

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1. The French version of this document has true value. The Dutch and English versions are translations and are written under the responsibility of Aedifica.

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