aedifica
The urban way to live

Half year financial report
Regulated information

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

Half year financial report 2014/2015

- **15 senior housing sites added to the portfolio since the beginning of the 2014/2015 financial year, including 8 located in Germany**
- **Senior housing now represents 70 % of the portfolio**
- **The share of the real estate portfolio located in Germany surpassed €100 million, with a weighting of 11 %**
- **97.7 % occupancy rate for the unfurnished portion of the portfolio as of 31 December 2014 and 73.2 % for the furnished portion**
- **18 % increase in rental income as compared to 31 December 2013, ahead of budget**
- **28 % increase in profit excluding IAS 39 and IAS 40, ahead of budget**
- **Fair value of investment properties of €971 million, an increase of €186 million (i.e. +23 %) compared to 30 June 2014**
- **€13 million increase in the fair value of investment properties (of which €7 million, i.e. +0.7 %, concerning marketable investment properties) recognised in the income statement since the beginning of the 2014/2015 financial year**
- **52 % debt-to-assets ratio**
- **Aedifica obtained the status of Regulated Real Estate Company (RREC) on 17 October 2014**
- **Increased dividend forecast for the current financial year (€2.00 gross per share)**

I. Interim Board of Directors' report

1. Summary of the activities of the 1st half

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. These two trends contribute to market confidence in the Company as demonstrated by the increasing stock price which, over the 1st half, rose from €50.00 (30 June 2014) to €55.55 (31 December 2014). Continuing this trend, the stock price made further gains in January 2015 and February, closing at €59.89 (23 February 2015).

The beginning of the 2014/2015 financial year was marked by a regulatory framework change which occurred in two phases. On 1 September 2014, the Financial Services and Markets Authority (FSMA) authorised Aedifica to become a public Regulated Real Estate Company ("public RREC"), subject to shareholder approval. The 17 October 2014 Extraordinary General Meeting subsequently approved, with unanimity, the change in status from Real Estate Investment Company to public RREC. Aedifica is pleased to take advantage of this new status, which allows the Company to continue to carry out present activities in its own best interests, as well as those of its shareholders and other stakeholders.

In Belgium, the half year under review was marked by the addition of seven rest homes to the Group's portfolio. These rest homes are located in Aarschot, Tienen, Olen, Wetteren, Zoersel, Hasselt and Remicourt. The total gross contractual value amounts to approx. €102 million. The first half year has also seen completion of the extension of the rest home in Gooik and of the assisted-living apartment building in Asse.

In Germany, eight rest homes (located primarily in North Rhine-Westphalia, with a contractual value of more than €60 million) have been added to the five existing buildings, bringing the Group's German portfolio to more than €100 million, i.e. 11 % of the consolidated portfolio. The German portfolio will continue to grow rapidly, notably once the outstanding conditions are fulfilled for the acquisition of an assisted-living apartment complex (announced in December 2014 with a contractual value of approx. €14 million).

Thanks to recent investments in Belgium and Germany, the impressive milestone of one billion euros is drawing near in terms of the fair value of investment properties: already amounting to €971 million (€785 million at the beginning of the financial year), it has increased by €186 million (+24 %) in just six months. In order to support the growth of the Group, Aedifica has added to its team a new Chief Operating Officer and by establishing a German property management subsidiary.

Given the investments realised over the half, the consolidated debt-to-assets ratio has increased to 52 % (30 June 2014: 45 %). In support of these investments, two capital increases were completed in recent months, which served to raise a cumulative amount of approx. €34 million. First, the optional dividend was a big success in November, with Aedifica's shareholders having opted to contribute approx. 64 % of their net dividend entitlement back into capital of the Company in exchange for new shares (i.e. instead of cash dividend payment). Second, shares issued at the time of the partial demerger in December 2014 were the subject to a quick private placement, with a small discount, amongst Belgian and international investors.

New investment opportunities are currently under consideration, in both Belgium and Germany. These potential investments are fully aligned with the Company's investment strategy, which is highly favoured by the market. Before even considering new opportunities, the Company's future growth is ensured given Aedifica'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 more than €160 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.

Not only interested in investing, Aedifica also strives for optimal management of its real estate portfolio amid today's unstable economic climate. The Company's portfolio consists of:

- senior housing, which represents the most significant segment both in terms of value (70 % of the fair value of marketable investment properties) and rental income;
- apartment buildings, which represent 22 % of the fair value of marketable investment properties; and
- hotels, which, at 8 % of the fair value of the marketable investment properties, represent a residual, non-strategic segment for the Company.

This portfolio provides for excellent and increasing rental incomes (+18 %), an increasing EBIT margin (79 %), and well controlled financing costs. Profit excluding non-cash elements arising from application of accounting standards on financial instruments and investment property has reached €11.8 million (31 December 2013: €9.2 million, an increase of 28 %), i.e. €1.14 per share (31 December 2013: €0.93 per share). This result (absolute or per share) is ahead of budget (both in terms of rental income and in terms of profit excluding IAS 39 and IAS 40).

Given the Company's strong performance in the 1st half of the financial year, recent investments, the Group's forecasts and actual market conditions, the Board of Directors has increased its dividend forecast for the current financial year to set a revised expectation of €2.00 gross per share.

2. Introduction

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

The Company's 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 an alternative to direct investment in residential real estate.

This interim Board of Directors' report is an update of the Board of Directors' report issued on 30 June 2014 as part of the 2013/2014 Annual Financial Report (and comprising a glossary listing the definitions of the main technical terms used). Only the significant changes that have taken place since publication of the 2013/2014 Annual Financial Report are presented here.

3. Important events

3.1. Obtaining of the status of a public Regulated Real Estate Company (RREC)

On 1 September 2014, the FSMA (Financial Services and Markets Authority) authorised Aedifica as a public Regulated Real Estate Company ("public RREC") in accordance with the Act of 12 May 2014 on Regulated Real Estate Companies ("RREC Act"), subject to certain conditions.

The Extraordinary General Meeting of Aedifica's shareholders held on 17 October 2014 approved, with unanimity, the change of status from a Real Estate Investment Company into a public RREC in accordance with the RREC Act.

As no exit rights were exercised, and given that all conditions to which the modification of the Articles of Association and the authorisation by the FSMA were subject were fulfilled, Aedifica converted to public RREC status as from 17 October 2014.

Aedifica is pleased to take advantage of this new status, which allows the Company to continue to carry out present activities in its own best interests, as well as those of its shareholders and other stakeholders.

3.2. Aedifica strengthens its team

In order to support the Company's growth, Aedifica has added the position of Chief Operating Officer to its team and established a German property management subsidiary.

3.2.1. New Chief Operating Officer function

Ms. Laurence Gacoin (37) joined Aedifica's management team on 1 January 2015, taking up the duties of Chief Operating Officer. Ms. Gacoin is a construction engineer (ECAM, Brussels); she obtained a Master in Real Estate Management (UAMS, Antwerp) and completed an Executive Program in Management and Philosophy (Solvay, Brussels). She has accumulated extensive experience in real estate management and development within Belgian real estate companies such as Cofinimmo and, more recently, with the investment fund Fides Capital Group. As COO she is involved in directing the operational functioning of the Group.

3.2.2. New subsidiary in Germany: Aedifica Asset Management GmbH

As from 1 January 2015, Aedifica holds a German subsidiary: Aedifica Asset Management GmbH[1]. This subsidiary will advise and support Aedifica in the growth and management of its real estate portfolio in Germany.

Mr. Martin Engel (47), MRICS, has taken up the position of "Geschäftsführer" (managing director) of this new subsidiary. Mr. Engel holds a degree in Business Administration from Technische Universität Berlin ("Diplom-Kaufmann") and has extensive experience related to financing and investment. He worked previously for GE Real Estate as Originator and Senior Asset Manager for over 10 years, managing the senior housing portfolio since 2005, among other responsibilities.

Through this new subsidiary Aedifica expands both its operational capacity its corporate presence in the German market.

3.3. Acquisitions

Halmolen

[1] Located Frankfurter Landstr. 23 in 61352 Bad Homburg v. d. Höhe, Germany.

3.3.1. Belgium

- Oase portfolio (Province of Flemish Brabant)

On 12 June 2014, Aedifica announced an agreement in principle for the acquisition of 5 new rest homes in the Province of Flemish Brabant, including the Binkom site, which was acquired on the same date.

On 10 July 2014 and 29 August 2014, Aedifica acquired the companies Woon & Zorg Vg Aarschot BVBA and Woon & Zorg Vg Tienen BVBA (which have since been absorbed by Aedifica), owners of the Aarschot site (164 units, including a 120-bed rest home and an 44-apartment assisted-living complex) and the Tienen site[2] (178 units, namely a rest home comprising 129 beds and 49 assisted-living apartments). The gross contractual value of the two sites (works completed in July and August 2014) amounts to approx. €44 million (excluding the plot of land in Tienen, which was acquired on 30 June 2014). The rest homes are operated on the basis of a 27-year triple net long lease, while the assisted-living apartments are operated under an agreement for the right of use. The initial triple net yield of the two sites amounts to approx. 6 %. These sites contribute to the result, with a reduced rent extended for the first year ("step rent"). The disposal of assisted-living apartments at the Aarschot and Tienen sites (considered non-strategic by the Company in the case at hand) began during the first quarter of 2014/2015. As of 31 December 2014, 31 assisted-living apartments (out of the initial 44) have already been sold at the Aarschot site and 27 assisted-living apartments (out of the initial 49) at the Tienen site. The contractual value of disposals realised at the 2 sites to date amounts to approx. 11 million.

- De Notelaar (Province of Antwerp) and Overbeke (Province of East Flanders) rest homes

On 4 December 2014, Aedifica realised the acquisition of two rest homes[3] (through the partial demerger mentioned below in section 3.8. and through the acquisition of the companies Krentzen BVBA, which has since been absorbed by Aedifica, and of Overbeke BVBA). De Notelaar is located in Olen (Province of Antwerp) and comprises 94 units. Overbeke is located in Wetteren (Province of East Flanders) and comprises 113 units. The buildings were completed at the end of 2012 and are operated by Armonea on the basis of a 27-year triple net long lease. The contractual value of the two sites amounts to approx. €29 million, which provides for an initial triple net yield of approx. 6 %.

- Vulpia portfolio (Province of Antwerp, Province of Limburg and Province of Liège)

On 11 December 2014, Aedifica announced the signing of an agreement in principle for the acquisition of four senior housing sites (existing or under construction), located in three Belgian provinces[4]. Of the four sites, the Halmolen rest home (Halle-Zoersel, Province of Antwerp, 140 units) was acquired on that date and the Villa Temporis site (Hasselt, Province of Limburg, 40 units) and the La Ferme Blanche site (Remicourt, Province of Liège, 61 units) were added to the consolidated portfolio on 18 December 2014 through the acquisition of the companies Villa Temporis SCRL and Michri SA. These sites are operated under 27-year triple net long leases. The contractual value of the three sites

[2] See press releases of 12 June 2014, 10 July 2014 and 29 August 2014.
[3] See press releases of 15 October 2014 and 4 December 2014.
[4] See press releases of 11 December 2014 and 18 December 2014.

amounts to approx. €27 million, which provides for an initial triple net yield estimated at less than 6 %. Extension and renovation projects are planned for the sites Villa Temporis and La Ferme Blanche to bring their capacity to 103 and 90 units, respectively.

The fourth site is the object of an agreement signed on 18 December 2014 (subject to certain conditions which remain outstanding) for the future acquisition[5] of 100 % of the shares of the company RL Invest SA. RL Invest SA is the current owner of the Leopoldspark assisted-living apartment building (under construction) and rest home (Leopoldsburg, Province of Limburg), which will comprise a total of 150 units. The total contractual value of the site will amount to approx. €20 million, which provides for an initial triple net yield estimated at less than 6 %.

In aggregate, this portfolio will comprise 483 residential units after completion of the planned development projects (current capacity of 241 units).

3.3.2. Germany

- <u>8 rest homes (North Rhine-Westphalia and Lower Saxony)</u>

On 16 December 2014, Aedifica acquired the control of three companies (Aedifica Luxemburg I, II and III SARL), owners of eight rest homes located in North Rhine-Westphalia and in Lower Saxony (Germany) [6] which comprise 642 beds. All rest homes are recent constructions built between 2009 and 2011. The contracts in place for these establishments are irrevocable long-term leases with 25-year lease maturities. These are contracts with double net structure, meaning the repair and maintenance of the roof, structure and facades of the building will remain the responsibility of the owner. Aedifica benefits from a triple net 10-year warranty for the maintenance of the buildings. The contractual value amounts to more than €60 million, which provides for an initial gross rental yield (double net) of approx. 7 %. The eight sites contribute to the result, with a reduced rent extended for the first year (“step rent”).

- <u>Acquisition of an assisted-living apartment complex in North Rhine-Westphalia, subject to outstanding conditions</u>

On 17 December 2014, Aedifica announced the signing of a purchase agreement for Service-Residenz Schloss Bensberg, an assisted-living apartment complex in Bergisch Gladbach (North Rhine-Westphalia, Germany)[7]. This purchase agreement is subject to outstanding conditions, which are mainly of administrative nature and which should be fulfilled during the 1st half of 2015. Once the conditions are lifted, the purchase price will be paid and the property and full use of the buildings automatically acquired. The contractual value amounts to approx. €14 million, which provides for an expected initial rental yield of approx. 6 %.

[5] By Aedifica SA and its subsidiary, Aedifica Invest SA.
[6] See press releases of 3 November 2014 and 16 December 2014. It concerns buildings located in Bad Harzburg, Enger, Kalletal, Kierspe, Kirchlengern, Olpe-Rüblinghausen, Rheinbach and Wenden-Rothemühle.
[7] See press release of 17 December 2014.

3.4. Completions

3.4.1. Completion of the extension of the Eyckenborch rest home (Province of Flemish Brabant)

Extension and renovation works at the Eyckenborch rest home in Gooik were completed during the first quarter of 2014/2015. The site now has a capacity of 142 residents, compared to 78 before works began.

3.4.2. Completion of the extension works of the Klein Veldeken assisted-living apartment building in Asse (Province of Flemish Brabant)

Extension works at the Klein Veldeken assisted-living apartment building in Asse were completed during the second quarter of 2014/2015. The site, for which the management has been transferred to a specialised operator, now has a capacity of 58 units, compared to 41 before works began.

3.5. Development projects in progress

The following development projects are in progress:

- Residentie Sporenpark (construction of a rest home in Beringen);
- Rue Haute (renovation of an apartment building in Brussels);
- Villa Temporis (construction of a rest home and renovation of assisted-living apartments in Hasselt);
- Martin's Brugge (partial renovation of the hotel);
- Salve (renovation of a rest home in Brasschaat);
- 't Hoge (extension and renovation of a rest home in Kortrijk);
- Pont d'Amour (extension of a rest home in Dinant);
- Helianthus (extension of a rest home in Melle);
- Marie-Louise (renovation and reconversion into assisted-living apartments in Wemmel);
- Au Bon Vieux Temps (construction of a rest home in Mont-Saint-Guibert); and
- Op Haanven (extension and renovation of a rest home in Veerle-Laakdal).

3.6. Financing

With regard to financing, the following transactions took place since the beginning of the 2014/2015 financial year:

- Renewal (€15 million) and extension (€15 million) of the bilateral credit facility with BNP Paribas Fortis maturing on 26 August 2014 (as mentioned in the 2013/2014 Annual Financial Report);
- Entry into force of a bilateral credit facility with KBC (€12 million);
- Early reimbursement of a credit facility with BfS (€5 million);
- Renewal (2 x €25 million) of a bilateral credit facility with ING that was due to mature on 11 April 2015;
- New bilateral credit facility with Banque Européenne du Crédit Mutuel (€30 million);
- New bilateral credit facilities with Belfius (2 x €25 million).

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

-	2014/2015:	0
-	2015/2016:	85
-	2016/2017:	150
-	2017/2018:	92
-	2018/2019:	102
-	2019/2020:	80
-	2020/2021:	2
-	2021/2022:	25
-	> 2022/2023:	15
-	**Credit facilities on 31 December 2014**	**551**

These credit facilities demonstrate the strong and durable relationship Aedifica maintains with its banks.

3.7. Optional dividend 2013/2014

For the first time, Aedifica's Board of Directors decided to offer shareholders the possibility to contribute their 2013/2014 net dividend entitlement back into the capital of the Company in exchange for new shares. Shareholders were given the option to subscribe for one new share at an issue price of €48.45 per 30 No. 12 coupons (valued at €1.6150 net each) contributed. Aedifica's shareholders opted to contribute approximately 64% of their net dividend entitlement back into the capital of the Company in exchange for new shares (i.e. instead of cash dividend payment). This resulted in a capital increase of approx. €11 million for Aedifica[8].

[8] See press release of 24 November 2014.

3.8. Partial demerger

On 4 December 2014, the Extraordinary General Meeting[9] approved the partial demerger of SA La Réserve Invest by way of a transfer of part of its net assets to Aedifica. This lead to a capital increase of approx. €23 million and to the addition of the two rest homes, located in Olen and in Wetteren, to the Company's portfolio (see section 3.3.1. above).

At the request of their holder, the shares created on this occasion were consequently the subject of a quick private placement[10] amongst Belgian and international investors, with a discount of 3.1 % compared to the closing price on 4 December 2014.

4. Consolidated portfolio as of 31 December 2014

During the first half of the financial year, Aedifica increased its portfolio of **marketable investment properties** by €175 million, from a fair value of €766 million to €941 million (€971 million for the total portfolio, including development projects). This 23 % growth comes mainly from net acquisitions during the first half of the financial year (see section 3.4. above), completion of development projects (see section 3.5. above) and changes in the fair value of marketable investment properties recognised in income (+€6.7 million, or +0.7 % over the first half). The fair value of marketable investment properties, as assessed by independent experts, is broken down as follows:

- senior housing: + €6.4 million, i.e. +1.0 %;
- apartment buildings: + €0.2 million, i.e. +0.1 %; and
- hotels and other: + €0.1 million, i.e. +0.2 %.

The marketable investment properties analysed above (€941 million) includes €6.7 million in assets classified as held for sale, such as the assisted-living apartments that are being sold in Aarschot and in Tienen, as well as the Bara semi-industrial building located in Brussels (see Note 12 of the condensed Consolidated Financial Statements below).

Aedifica has 153 marketable investment properties, with a total surface area of approx. 463,000 m^2, consisting mainly of:

- 66 senior housing sites with a capacity of 6,293 residents;
- 864 apartments; and
- 6 hotels comprising 521 rooms.

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

- 70 % senior housing;
- 22 % apartment buildings; and
- 8 % hotels and other building types.

[9] See press release of 4 December 2014.
[10] See press releases of 4 and 5 December 2014.

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

- 89 % in Belgium, of which:
  - 46 % in Flanders;
  - 31 % in Brussels; and
  - 12 % in Wallonia.
- 11 % in Germany.

The **occupancy rate**[11] **of the total unfurnished portion of the portfolio** (representing 93 % of the fair value of marketable investment properties; 92 % as of 30 June 2014) amounts to 97.7 % as of 31 December 2014. This is a very high level, a slight increase compared to the record level reached at the end of the previous financial year (30 June 2014: 97.6 %).

The **occupancy rate of the furnished portion of the portfolio** (representing only 7 % of the fair value of marketable investment properties) reached 73.2 % over the first six months of the financial year. This is a decrease compared to the occupancy rate realised for the first six months of the previous financial year (77.8 %) and for the full 2013/2014 financial year (78.0 %). The performance of the furnished portion of the portfolio is commented in section 6.1. below. Early indications for the second half of the 2014/2015 financial year show occupancy rates stabilising at more than 80 % for the buildings with furnished apartments.

The **overall occupancy rate**[12] of the total portfolio reached 98 % for the six months ending 31 December 2014.

The **average remaining lease maturity** for all buildings in the Company's portfolio is 20 years; an increase as compared to 30 June 2014 (19 years). According to the "Belgian RREC 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.

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

[12] Rate calculated according to the EPRA methodology.

5. Gross yield by segment

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

In general, the gross yield remains stable (5.9 %) as compared to its level on 30 June 2014.

31 December 2014

(x €1,000)	Senior housing	Apartment buildings		Hotels and other	Marketable investment properties***	Development projects	Investment properties
Fair value	656,278	210,886		73,439	**940,603**	30,114	**970,717**
Annual contractual rents	39,025	11,684	*	4,578	**55,287**	-	**55,287**
Gross yield (%)**	5.9 %	5.5 %		6.2 %	**5.9 %**	-	**-**

30 June 2014

(x €1,000)	Senior housing	Apartment buildings		Hotels and other	Marketable investment properties	Development projects	Investment properties
Fair value	482,401	210,128		73,260	**765,789**	19,191	**784,980**
Annual contractual rents	28,725	12,425	*	4,564	**45,714**	-	**45,714**
Gross yield (%)**	6.0 %	5.8 %		6.2 %	**5.9 %**	-	**-**

31 December 2013

(x €1,000)	Senior housing	Apartment buildings		Hotels and other	Marketable investment properties	Development projects	Investment properties
Fair value	421,231	208,045		73,264	**702,540**	25,704	**728,244**
Annual contractual rents	25,328	12,234	*	4,701	**42,263**	-	**42,263**
Gross yield (%)**	6.0 %	5.8 %		6.4 %	**6.0 %**	-	**-**

* The amounts related to the furnished apartments correspond to the annualised rental income excl. VAT (of the period).

** Based on the fair value (re-assessed every 3 months, increased with the goodwill and the furniture for the furnished apartments). In the senior housing segment, the gross yield and the net yield are generally equal ("triple net" contracts), with the operating charges, the maintenance costs and the rents on empty spaces related to the operations being, in Belgium, supported by the operator. The same applies for hotel lease contracts.

*** Including assets classified as held for sale.

6. Analysis of the half year consolidated accounts

The condensed consolidated financial statements prepared in accordance with IAS 34, are presented on page 43 of this half year financial report. The following sections of the interim Board of Directors' Report analyse the financial statements using an analytical framework that conforms to the Company's internal reporting structure.

6.1. Consolidated results[13]

Consolidated income statement - analytical format (x €1,000)	**31 December 2014**	**31 December 2013**
Rental income	22,914	19,453
Rental-related charges	-5	-45
Net rental income	22,909	19,408
Operating charges*	-4,910	-4,520
Operating result before result on porfolio	17,999	14,888
*EBIT margin** %*	*79 %*	*77 %*
Financial result excl. IAS 39	-6,055	-5,579
Current tax	-151	-62
Profit excl. IAS 39 and IAS 40	**11,793**	**9,247**
Weighted average number of shares outstanding (IAS 33)	10,363,753	9,903,148
Earnings per share excl. IAS 39 and IAS 40 (€/share)[2]	1.14	0.93
Profit excl. IAS 39 and IAS 40	11,793	9,247
IAS 39 impact: changes in fair value financial assets and liabilities	-3,294	926
IAS 40 impact: changes in fair value of investment properties	12,722	990
IAS 40 impact: gains on disposals of investment properties	0	0
IAS 40 impact: deferred taxes	-116	193
Profit (owners of the parent)	**21,105**	**11,356**
Weighted average number of shares outstanding (IAS 33)	10,363,753	9,903,148
Earnings per share (owners of the parent - IAS 33 - €/share)	2.04	1.15

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

The consolidated turnover (**consolidated rental income**) for the 1st half amounts to €22.9 million, an increase of 18 % compared to the same period during the prior year. This is above budget (i.e. ahead of semi-annual outlook derived from the annual outlook for the 2014/2015 financial year as presented in the 2013/2014 Annual Financial Report).

[13] The consolidated income statement covers the 6 month period from 1 July 2014 to 31 December 2014. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or at the end of the period.

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

Consolidated rental income (x €1,000)	**31 December 2014**	**31 December 2013**	**Var. (%) on a like-for-like basis**	**Var. (%)**
Senior housing	15,120	11,403	+1 %	+33 %
Apartment buildings	5,848	6,039	-5 %	-3 %
Hotels and other	2,000	2,062	-3 %	-3 %
Inter-segment	-54	-51		
Total	**22,914**	**19,453**	**-2 %**	**+18 %**

The evolution of rental income in the senior housing segment (+33 % compared to the same period of the previous financial year and +1 % on a like-for-like basis) demonstrates the importance of Aedifica's investment strategy in this segment, which now generates more than 66 % of the turnover and more than 80 % of the operating result before result on the Group's portfolio.

Negative growth in the apartments segment can be attributed to the furnished apartments, which have experienced amplified seasonality arising from the economic climate (as noted in previous publications), and to internal factors such as:

- change in corporate policy to gradually phase-out rentals of less than 3 months,
- the fact that Aedifica is currently taking advantage of the economic slowdown to renovate some of its furnished apartments, and
- the conversion of furnished apartments into unfurnished apartments (since an unfurnished apartment generates by definition lower gross rental incomes than a furnished apartment).

Note, however, that the decrease in rental income for furnished apartments has not translated into a decrease of the same magnitude in the operating result of the concerned buildings.

In the hotel segment, as mentioned in previous publications, the negative growth can be attributed to rent reductions granted to certain tenants in previous financial years 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** amounts to €22.9 million (+18 % compared to 31 December 2013).

The **property result** is €22.2 million (31 December 2013: €18.6 million). This result, less other direct costs, provides a **property operating result** of €20.3 million (31 December 2013: €16.9 million), which represents an operating margin[14] of 89 % (31 December 2013: 87 %).

After deducting overheads of €2.4 million (31 December 2013: €2.0 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 21 % to reach €18.0 million. This result represents an **EBIT margin** of 79 % (31 December 2013: 77 %) and is ahead of budget.

[14] Operating result of the buildings divided by the net rental income.

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

After taking account of the cash flows generated by hedging instruments (described below), **net interest charges** amount to €6.0 million (31 December 2013: €5.3 million). The average effective interest rate (3.2 % before capitalising interest on development projects) decreased sharply as compared to that reported in the first half of 2013/2014 (4.3 %) and is also lower than the budgeted interest rate. Taking into account other income and charges of financial nature (of which €0.4 million of non-recurrent income detailed in Note 5 of the condensed Consolidated Financial Statements below), 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 €6.1 million (31 December 2013: €5.6 million).

Corporate taxes are composed of current taxes and deferred taxes. In conformity with the Company's legal status (i.e. as a RREC), current taxes (charge of €151 thousand; 31 December 2013: charge of €62 thousand) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax generated abroad and tax on the result of consolidated subsidiaries. Deferred taxes are described below.

Profit excluding IAS 39 and IAS 40 reached €11.8 million (31 December 2013: €9.2 million), or €1.14 per share, based on the weighted average number of shares outstanding (31 December 2013: €0.93 per share). This includes the €0.4 million, or €0.04 per share, in non-recurrent financial income as mentioned above. The recurrent profit excluding IAS 39 and IAS 40 amounts to €11.4 million (an increase of 23 % as compared to €9.2 million on 31 December 2013), or €1.10 per share. This result is ahead of budget, both in absolute amount and 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) 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):

- Over the first six months of the financial year, **changes in the fair value of marketable investment properties**[15] taken into income amounted to +0.7 %, or +€6.7 million (31 December 2013: +€0.2 million). A change in fair value of +€6.0 million was recorded on development projects (compared to +€0.7 million for the same period in the previous year). The combined change in fair value of marketable investment properties and development projects represents an increase of €12.7 million for the half (31 December 2013: €1.0 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

[15] Corresponding to the sum of the positive and negative variations between that of 30 June 2014 or the time of entry of new buildings in the portfolio, and the fair value estimated by experts as of 31 December 2014.

term[16], allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. These hedging instruments are detailed in Note 9 of the attached condensed Consolidated Financial Statements. The **impact of IAS 39** (changes in fair value) taken into income as of 31 December 2014 represents a charge of €3.3 million (31 December 2013: income of €0.9 million).

- **Deferred taxes** (charge of €116 thousand as of 31 December 2014 as compared to the income of €193 thousand on 31 December 2013) arose from the recognition at fair value of the buildings located abroad, in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are thus excluded from the result excluding IAS 39 and IAS 40.

Given the non-monetary elements described above, **profit (attributable to owners of the parent)** for the half amounts to €21.1 million (31 December 2013: €11.4 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €2.04 (31 December 2013: €1.15).

6.2. Consolidated balance sheet

Consolidated balance sheet **(x €1,000)**	**31 December 2014**	**30 June 2014**
Investment properties*	970,717	784,980
Other assets included in debt-to-assets ratio	13,758	9,678
Other assets	191	65
Total assets	**984,666**	**794,723**
Equity		
Excl. IAS 39 impact	466,899	435,278
IAS 39 impact**	-44,921	-38,203
Equity	421,978	397,075
Liabilities included in debt-to-assets ratio	513,669	356,820
Other liabilities	49,019	40,828
Total equity and liabilities	**984,666**	**794,723**
Debt-to-assets ratio (%)	*52.1 %*	*44.9 %*

* Including assets classified as held for sale.
** Fair value of hedging instruments.

As of 31 December 2014, **investment properties** represent 99 % (30 June 2014: 99 %) of the **assets** recognised on Aedifica's balance sheet, valued in accordance with IAS 40[17] at €971 million (30 June 2014: €785 million). This heading includes:

- Marketable investment properties (31 December 2014: €941 million[18]; 30 June 2014: €766 million), which marked an increase of €175 million. The net growth in the fair value of marketable investment properties is attributed mainly to +€171 million from investment

[16] Long term hedges permit a notable reduction in the interest rate risk on investment financing that generates revenues over the long term, such as long leases; note once again that the average remaining leasing maturity of Aedifica's leases is 20 years.
[17] That is to say, accounted for at their fair value as determined by independent real estate experts (i.e. Stadim CVBA, de Crombrugghe & Partners NV and CBRE GmbH).
[18] Including assets classified as held for sale.

operations (see point 3.4. above), to -€11 million from disinvestment operations, to +€7 million from the completion of development projects (see point 3.5. above) and to +€7 million from the change in fair value of marketable investment properties.

- Development projects (31 December 2014: €30 million; 30 June 2014: €19 million), consist primarily of investment properties under construction or renovation (see point 3.5. above). These projects are undertaken in the context of the multi-annual investment budget described in section 1.2. of the Property report below.

Other assets included in the debt-to-assets ratio represent 1 % of the total balance sheet (30 June 2014: 1 %).

Since Aedifica's formation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and thanks capital increases in October 2010 and December 2012. It has increased to €288 million as of 31 December 2014[19] (30 June 2014: €270 million). **Equity** (also called net assets), which represents the intrinsic net value of Aedifica and takes into account the fair value of its investment portfolio, amounts to:

- €467 million excluding the IAS 39 impact (30 June 2014: €435 million, including the €19 million dividend distributed in November 2014);
- Or €422 million including the IAS 39 impact (30 June 2014: €397 million, including the €19 million dividend distributed in November 2014).

As of 31 December 2014, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 on Regulated Real Estate Companies) reached €514 million (30 June 2014: €357 million), of which €498 million (30 June 2014: €346 million) represent amounts drawn on the Company's credit facilities. The consolidated **debt-to-assets ratio** amounts to 52.1 % (30 June 2014: 44.9 %). This increase is due to Aedifica's recent investments in Germany and Belgium. Recall that the Company has completed two capital increases these last months, for a cumulative amount of approx. €34 million (optional dividend in November 2014 and partial demerger in December 2014 – see sections 3.7. and 3.8. above).

Since the consolidated debt-to-assets ratio exceeds 50 %, the Company updated its financial plan and specified an implementation schedule, which describes the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the threshold of 65 % of total consolidated assets, in accordance with Article 24 of the Royal Decree of 13 July 2014 on Regulated Real Estate Companies. Aedifica's statutory auditor drafted a special report on the financial plan confirming that he inspected the details of the plan, most notably the design of the plan and the consistency of its economic assumptions, and that the plan's figures are consistent with the Company's accounting. The financial plan and the statutory auditor's special report have been transmitted to the FSMA for information purposes. This plan indicates that:

- since the maximum ratio permitted for RRECs is set at 65 % of total assets, Aedifica maintained an additional consolidated debt capacity of €126 million in constant assets[20] or

[19] Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the capital reserves.
[20] That is, excluding growth in the real estate portfolio.

€362 million in variable assets[21] on 31 December 2014. Conversely, the balance sheet structure permits Aedifica to absorb a decrease of up to 20 % in the fair value of its investment properties (all else equal) before reaching the maximum debt-to-assets ratio. Given the Company's existing bank covenants, which further limit the maximum debt-to-assets ratio to 60 %, the available headroom amounts to €77 million in constant assets, €193 million in variable assets, and -13 % in the fair value of investment properties. In this regard, Aedifica considers that the actual debt-to-assets ratio is at an adequate level and that it provides a margin sufficiently large to absorb any decreases in the fair value of its investment properties. Furthermore, the assessments made by independent experts have demonstrated a continuous increase (of approx. 1 % to 2 %) in the fair value of marketable investment properties between 1 January 2010 and 31 December 2014, which serves to moderate the increase in the debt-to-assets ratio due to investments.

- given the Company's current commitments and the vision on future market conditions, neither the 60 % threshold nor the 65% threshold would be breeched during the period covered by the plan (2015-2020). In the shorter term, the consolidated debt-to-assets ratio would likely reach 52 % by the end of the second half of the 2014/2015 financial year. Aedifica therefore considers that no additional measures need to be taken at present. If policies regarding the debt-to-assets ratio need to be adjusted in response to unexpected events, action will be taken immediately and disclosed in the Company's periodic reports.

Other liabilities amount to €49 million (30 June 2014: €41 million) and consist mainly of the fair value of hedging instruments of €44 million (30 June 2014: €38 million).

[21] That is, taking into account growth in the real estate portfolio.

6.3. Net asset value per share

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

Excluding the non-monetary impact (that is to say, non-cash) of IAS 39[22] and after accounting for the distribution of the 2013/2014 dividend in November 2014[23], the net asset value per share based on the fair value of investment properties is €42.74 as of 31 December 2014 (30 June 2014: €40.57 per share).

Net asset value per share (in €)	31 December 2014	30 June 2014
Based on fair value of investment properties		
Net asset value excl. IAS 39	42.74	40.57
IAS 39 impact	-4.11	-3.73
Net asset value	38.63	36.84
Number of shares outstanding (excl. treasury shares)	10,924,613	10,249,083

Number of shares	31 December 2014	30 June 2014
Number of shares outstanding*	10,924,613	10,249,083
Total number of shares	10,924,613	10,249,117
Total number of shares on the stock market	10,924,613	10,162,165
Weighted average number of shares outstanding (IAS 33)	10,363,753	9,917,093
Number of dividend rights expected at the end of the financial year**	10,924,613	10,249,083

* After deduction of the treasury shares.

** Based on the rights to the dividend for the shares issued during the year.

[22] The IAS 39 impact of €-4.11 € per share as of 31 December 2014 is the impact in equity of the fair value of hedging instruments, which is negative for €45 million, mainly booked in the liabilities on the balance sheet.

[23] Recall that IFRS requires the presentation of the annual accounts before appropriation. Net assets in the amount of €38.74 per share as of 30 June 2014 thus included the dividend distributed in November 2014, and should be adjusted by €1.90 per share in order to compare with the value as of 31 December 2014. This amount corresponds to the amount of the total dividend (€19 million) divided by the total number of shares outstanding as of 30 June 2014 (10,249,083).

7. Outlook

The Board of Directors continues to pay close attention to the shifting economic and financial context and the associated effects on the Group'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 shifting market opportunities and economic conditions. Note, however, that the rental income generated by 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 Aedifica's leases (20 years) provides a very good view toward the main part of its future income streams over the long-term.

- Its 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 €551 million (none of which reach maturity before the end of the 2014/2015 financial year). To date, drawings on these credit facilities are for the most part covered by hedging instruments.

- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 52.1 % as of 31 December 2014 (far below the maximum legal limit of 65 % imposed for Belgian REITs and the contractual maximum of 60 % imposed by 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 (current commitments represent approximately €193 million as of 31 December 2014, of which €164 million are to be realised within a period of four years) and to realise new investments.

Taking into account the prosperity of affairs over the 1st half of the financial year, recent investments, the Group's forecasts and actual market conditions, the Board of Directors increased its dividend forecast for the current financial year and establishes it at €2.00 gross per share.

8. Aedifica Rankings

According to the “Belgian RREC 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 (4th as of 30 June 2014). In addition, Aedifica holds the 4th place in terms of the average volume traded on the stock market, with an average daily volume of €490 thousand over the last 12 months (30 June 2014: 4th place with an average daily volume of €410 thousand).

Moreover, between 31 December 2006 and 31 December 2014, Aedifica rose from 36th to 8th place in the ranking of the 100 largest real estate portfolios in Belgium (according to the “Investors Directory 2015”, issued by Expertise BVBA in January 2015).

On 24 September 2014, Aedifica was rewarded the “EPRA Silver Award” and the “EPRA Most Improved Award” for the 2012/2013 Annual Financial Report (which contained a section dedicated to EPRA for the first time). These results were awarded with reference to the “best practice recommendations” published by EPRA, the European association of quoted real estate companies.

In the 54th edition of the awards for best financial communication, which took place on 17 October 2014 (organised by the ABAF, the Belgian Association of Financial Analysts), Aedifica placed in the top 5 in two categories: it was awarded 1st place for the “Investor Relations” among small and mid-cap companies, and 5th place for “Non Financial Information” in the same grouping. Given these results, Aedifica achieved 2nd place overall in the general ranking of small and mid-cap companies.

9. Principal risks and uncertainties

The Board of Directors considers that the key risk factors summarised in pages 2 to 9 of the 2013/2014 Annual Financial Report remain relevant for the remaining months of the 2014/2015 financial year, with the exception of risks identified in relation to the Company’s legal status. Given that the Company has adopted the Regulated Real Estate Company status and that the Company is no longer susceptible to risks that could materialise in relation to its status.

10. Related party transactions

Related party transactions, as defined under IAS 24 and by the Belgian Companies Code, are the subject of Note 15 of the attached condensed Consolidated Financial Statements. These transactions represent the remuneration of Aedifica’s directors and Executive Managers.

Moreover, certain types of transactions are covered by Article 37 of the Act of 12 May 2014 (with the exception of cases explicitly covered by Article 38 of the same Act). Over the course of the first half of the 2014/2015 financial year, no transactions covered by this article and outside of normal business transactions were executed between Aedifica and its regular service providers.

11. Corporate governance

11.1. Renewal of terms of office

The Annual General Meeting of 24 October 2014 renewed, with immediate effect and for a period of 3 years (until the end of the Annual General Meeting of 2017) the office of Mrs. Adeline Simont, who acts as a non-executive Director.

11.2. Election of three new Directors

The Annual General Meeting of 24 October 2014 also approved, with immediate effect and for a period of 3 years (until the end of the Annual General Meeting of 2017) the election of three new Directors: Mr. Eric Hohl, as non-executive Director, Mrs. Sophie Maes, as non-executive independent Director and Mrs. Hilde Laga, as non-executive independent Director.

11.3. Outgoing Directors

The Board of Directors once again expresses its appreciation to its outgoing Directors - Mr. Jean-Louis Duplat (Chairman, who reached the end of his third term as independent Director on 24 October 2014 and thus lost, in accordance with the provisions of Article 526ter of the Companies Code, the status of independent Director, which he held since the creation of Aedifica), Mr. Jacques Blanpain (permanent representative of Services et Promotion de Lasne SA) and Mrs. Galila Barzilaï Hollander - for their significant contribution to Aedifica's development since the Company was established in 2005.

11.4. New Chairman of the Board of Directors

Effective 24 October 2014, the function of Chairman of the Board of Directors was assigned, to Mr. Olivier Lippens, a Commercial Engineer (ULB) who has been leading Finasucre for the past 33 years. Finasucre is active throughout the world in the fields of sugar, lactic acid, food ingredients and real estate. Mr. Olivier Lippens joined Aedifica's Board of Directors in 2010.

11.5. Committees

On 24 October 2014, Mr. Olivier Lippens left the Board of Directors' Committees of which he was a member (Audit Committee and Investment Committee). Moreover, Mrs. Hilde Laga joined the Audit Committee which, effective 24 October 2014, comprises three members, including two independent Directors, as defined by Article 526ter of the Belgian Companies Code.

11.6. Renewal of the office of the statutory auditor

At the Annual General Meeting of 24 October 2014, the shareholders approved, with immediate effect and for a period of 3 years (until the end of the Annual General Meeting of 2017), the renewal of the Company's statutory auditor Ernst & Young Réviseurs d'Entreprises SC s.f.d. SCRL, represented by Mr. Jean-François Hubin.

Brussels 23 February 2015.
The Board of Directors.

II. EPRA[24]

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 €350 billion in real estate assets. The European indices include more than 85 companies, with a free-float market capitalisation of approximately €160 billion. The criteria for inclusion in the indices are publicly available on the EPRA website.

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

Aedifica supports EPRA's 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, as follows:

Key performance indicators according to the EPRA principles

	31 December 2014	31 December 2013
EPRA Earnings (in €/share)	1.14	0.93
EPRA Cost Ratio (including direct vacancy costs) (in %)	21	23
EPRA Cost Ratio (excluding direct vacancy costs) (in %)	21	23
	31 December 2014	**30 June 2014**
EPRA NAV (in €/share)	42.88	40.54
EPRA NNNAV (in €/share)	38.34	36.61
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

On 24 September 2014 Aedifica gained the EPRA Silver Award and the EPRA Most Improved Award, as mentioned in section 8 of the interim Board of Directors' Report above.

[24] The data in this chapter are not compulsory according to the Belgian REIT regulation.

III. Aedifica in the stock market

1. Stock price and volume

Aedifica's stock price (AED) has been quoted on the 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 total gross amount of €99.8 million.

On 31 December 2014, Aedifica was registered to the Bel Real Inv. Trusts (formerly known as Bel Real Estate) index with a weighting of 7.26 % and in the Bel Mid Index[25] with a weighting of 2.99 %.

Based on the stock price as of 31 December 2014 (€55.55), Aedifica shares show:

- a 30.0 % premium as compared to the net asset value per share excluding IAS 39, based on the fair value of the property portfolio;
- a 43.8 % premium as compared to the net asset value per share including IAS 39, based on the fair value of the property portfolio.

Aedifica's stock price increased by 49 % between the date of the IPO and 31 December 2014 (after deduction of the coupons attached to preferential rights issued as part of the 15 October 2010 and 7 December 2012 capital increases). This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by only 4 %, and the EPRA Europe[26] index, which fell by 28 % over the same period.

[25] 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.
[26] For additional information on EPRA indices, refer to EPRA's website (www.EPRA.com).

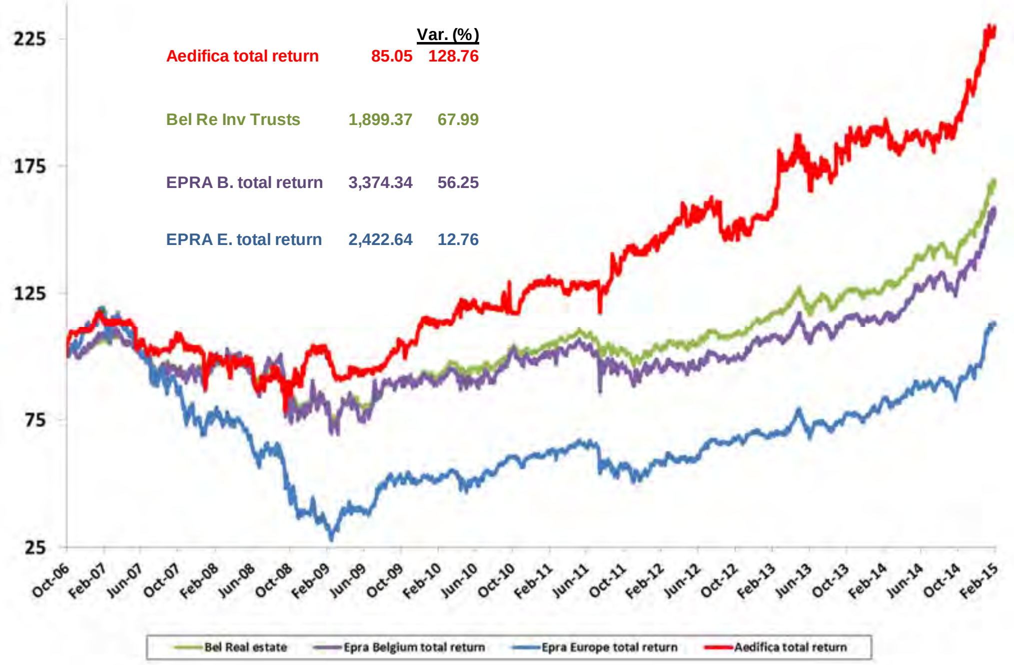
Aedifica share	31 December 2014	30 June 2014
Share price at closing (in €)	55.55	50.00
Net asset value per share (based on fair value) excl. impact IAS 39 (in €)[1]	42.74	40.57
Premium (+) / Discount (-) (based on fair value) excl. impact IAS 39	30.0 %	23.2 %
Net asset value per share (based on fair value) after impact IAS 39 (in €)[1]	38.63	36.84
Premium (+) / Discount (-) (based on fair value) after impact IAS 39	43.8 %	35.7 %
Market capitalisation (in €)	606,862,252	508,108,250
Free float[2]	88.17 %	88.17 %
Total number of shares listed	10,924,613	10,162,165
Denominator for the calculation of the net asset value per share	10,924,613	10,249,083
Average daily volume (in shares)	8,930	7,581
Velocity[3]	21.3 %	19.5 %
Gross dividend per share (in €)[4]	2.00	1.90
Gross dividend yield[5]	3.6 %	3.8 %

[1] After deduction of the 2013/2014 dividend paid in November 2014.
[2] Percentage of the capital of a company held by the market, according to the definition of Euronext.
[3] Annualised total volume of exchanged shares divided by the total number of shares listed on the market, according to the definition of Euronext.
[4] See section 7 of the interim Board of Directors' Report above.
[5] Gross dividend per share, before withholding tax of 15 % (in accordance with the current fiscal law), divided by the share price at closing.

2. Graphic illustrations of Aedifica's stock price

The stock prices cover the period between the IPO and 20 February 2015.

Aedifica's total return compared to indexes



Aedifica's stock price evolution compared to indexes

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 15 October 2010)[27].

Shareholders	In % of the capital
Jubeal Fondation	6.37 %
Wulfsdonck Investment SA	5.46 %
Free Float	88.17 %
Total	100.00 %

The total number of shares is 10,924,613.

4. Financial calendar[28]

Financial calendar	
Interim statement 31.03.2015	12/05/2015
Annual press release 30.06.2015	3/09/2015
Annual Financial Report 2014/2015	23/09/2015
Annual General Meeting 2015	23/10/2015
Dividend - Coupon related to the 2014/2015 financial year ("ex-date")	28/10/2015
Interim statement 30.09.2015	17/11/2015
Half year results 31.12.2015	February 2016

[27] Declarations of transparency and control strings are available on Aedifica's website. The Company has not received any additional declarations of transparency after those received on 15 October 2010.
[28] These dates are subject to change.

IV. Property report

1. Consolidated property portfolio

1.1. Marketable investment properties[29]

Senior housing	Total surface (m²)[1]	Residential surface (m²)	Number of residential units	Occupancy rate[2] (%)	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Château Chenois	6,354	6,354	115	100.0 %	859,500	859,500	1,074,900
New Philip	3,914	3,914	111	100.0 %	470,600	470,600	580,700
Jardins de Provence	2,280	2,280	72	100.0 %	386,300	386,300	379,800
Bel Air	5,350	5,350	161	100.0 %	702,400	702,400	794,600
Résidence Grange des Champs	3,396	3,396	75	100.0 %	415,600	415,600	488,400
Résidence Augustin	4,832	4,832	94	100.0 %	522,600	522,600	522,600
Ennea	1,848	1,848	35	100.0 %	187,400	187,400	179,200
Kasteelhof	3,500	3,500	81	100.0 %	338,900	338,900	489,300
Wielant	4,834	4,834	103	100.0 %	520,600	520,600	605,700
Résidence Parc Palace	6,719	6,719	162	100.0 %	1,215,700	1,215,700	1,292,200
Résidence Service	8,716	8,716	175	100.0 %	1,250,500	1,250,500	1,049,400
Résidence du Golf	6,424	6,424	194	100.0 %	751,400	751,400	1,146,200
Résidence Boneput	2,993	2,993	78	100.0 %	439,600	439,600	516,100
Résidence Aux Deux Parcs	1,618	1,618	53	100.0 %	255,100	255,100	305,700
Résidence L'Air du Temps	2,763	2,763	88	100.0 %	450,000	450,000	505,400
Au Bon Vieux Temps	1,268	1,268	43	100.0 %	196,000	196,000	174,700
Op Haanven	4,675	4,675	91	100.0 %	401,200	401,200	440,100
Résidence Exclusiv	4,253	4,253	104	100.0 %	688,900	688,900	656,800
Séniorie Mélopée	2,967	2,967	70	100.0 %	478,000	478,000	385,700
La Boule de Cristal	1,290	1,290	41	100.0 %	90,900	90,900	160,500
Les Charmes en Famenne	3,165	3,165	96	100.0 %	292,200	292,200	340,600
Seniorerie La Pairelle	6,016	6,016	140	100.0 %	743,500	743,500	681,400
Residence Gaerveld	1,504	1,504	20	100.0 %	163,700	163,700	165,600
Résidence du Plateau	8,069	8,069	143	100.0 %	1,237,700	1,237,700	1,200,700
Seniorie de Maretak	5,684	5,684	122	100.0 %	515,400	515,400	694,700
De Edelweis	6,914	6,914	105	100.0 %	732,100	732,100	863,300
Bois de la Pierre	2,272	2,272	65	100.0 %	429,700	429,700	417,900
Buitenhof	4,386	4,386	80	100.0 %	533,300	533,300	636,700
Klein Veldeken	5,824	5,824	58	100.0 %	611,500	611,500	663,300
Koning Albert I	7,775	7,775	110	100.0 %	896,800	896,800	912,700
Eyckenborch	8,771	8,771	142	100.0 %	1,071,800	1,071,800	856,700
Rietdijk	2,155	2,155	59	100.0 %	327,600	327,600	342,100
Marie-Louise	1,959	1,959	0	100.0 %	126,900	126,900	310,600
Gaerveld	6,994	6,994	115	100.0 %	769,800	769,800	781,700
Larenshof	6,988	6,988	117	100.0 %	1,003,000	1,003,000	942,100

[29] It is not in the interest of the shareholder to publish the values by building. The addresses of the buildings are available in the Annual Financial Report 2013/2014. Addresses of the acquisitions since 1 July 2014 are available in the related press releases. The eleven following buildings are held by a subsidiary: De Stichel (De Stichel SA), Seniorenresidenz Mathilde (Aedifica Luxemburg I), Die Rose im Kalletal (Aedifica Luxemburg I), Seniorenresidenz Klosterbauerschaft (Aedifica Luxemburg I), Senioreneinrichtung Haus Matthäus (Aedifica Luxemburg II), Bonifatius Seniorenzentrum (Aedifica Luxemburg II), Senioreneinrichtung Haus Elisabeth (Aedifica Luxemburg II), Seniorenresidenz Am Stübchenbach (Aedifica Luxemburg III), Seniorenresidenz Kierspe (Aedifica Luxemburg III), La Ferme Blanche (Michri SA) and Villa Temporis (Villa Temporis SCRL). The following two plot of lands are held by a subsidiary: the plot of land located in Wetteren on which the Overbeke rest home is constructed (Overbeke SPRL) and the plot of land located in Bruges on which a part of the hotel Martin's Brugge is constructed (Aedifica Invest Brugge SA). All other buildings are held by Aedifica SA.

Senior housing	Total surface (m²)[1]	Residential surface (m²)	Number of residential units	Occupancy rate[2] (%)	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Ter Venne	6,634	6,634	102	100.0 %	957,900	957,900	1,124,300
Pont d'Amour	4,364	4,364	74	100.0 %	498,200	498,200	866,600
Résidence Les Cheveux d'Argent	4,177	4,177	80	100.0 %	240,400	240,400	317,200
't Hoge	2,055	2,055	62	100.0 %	202,300	202,300	455,200
Helianthus	2,409	2,409	45	100.0 %	232,300	232,300	451,300
Hestia	12,682	12,682	222	100.0 %	1,300,900	1,300,900	1,545,700
Plantijn	5,958	5,958	110	100.0 %	468,000	468,000	833,400
Salve	6,730	6,730	117	100.0 %	837,300	837,300	866,700
AGO Herkenrath	4,000	4,000	80	100.0 %	575,000	575,000	613,273
AGO Dresden	5,098	5,098	116	100.0 %	583,233	583,233	670,950
De Stichel	6,257	6,257	118	100.0 %	643,100	643,100	660,800
Huize Lieve Moenssens	4,301	4,301	67	100.0 %	321,650	321,650	348,400
AGO Kreischa	3,670	3,670	84	100.0 %	416,516	416,516	414,896
Haus Dottendorf	5,927	5,927	130	100.0 %	740,000	740,000	711,240
Goldene Au	4,141	4,141	83	100.0 %	402,240	402,240	397,531
Oase Binkom	4,076	4,076	111	100.0 %	718,459	718,459	738,315
Oase Tienen[7]	10,244	10,244	151	100.0 %	1,090,039	1,090,039	1,071,226
Oase Aarschot Wissenstraat[7]	11,917	11,917	133	100.0 %	1,052,802	1,052,802	975,400
De Notelaar	8,651	8,651	94	100.0 %	927,800	927,800	1,037,000
Overbeke	6,917	6,917	113	100.0 %	773,500	773,500	825,800
Seniorenresidenz Mathilde	3,448	3,448	75	100.0 %	554,695	554,695	579,264
Die Rose im Kalletal	2,789	2,789	68	100.0 %	489,910	489,910	518,754
Seniorenresidenz Klosterbauerschaft	3,497	3,497	80	100.0 %	590,341	590,341	608,478
Senioreneinrichtung Haus Matthäus	2,391	2,391	50	100.0 %	354,666	354,666	365,823
Bonifatius Seniorenzentrum	3,967	3,967	80	100.0 %	598,714	598,714	606,951
Senioreneinrichtung Haus Elisabeth	3,380	3,380	80	100.0 %	567,466	567,466	577,980
Seniorenresidenz Am Stübchenbach	5,874	5,874	130	100.0 %	782,925	782,925	828,234
Seniorenresidenz Kierspe	3,721	3,721	79	100.0 %	548,395	548,395	546,987
Halmolen	9,200	9,200	140	100.0 %	996,000	996,000	1,012,650
Villa Temporis	3,964	3,964	40	100.0 %	284,000	284,000	353,800
La Ferme Blanche	1,697	1,697	61	100.0 %	200,000	200,000	556,800
Total of the segment "Senior housing"	**322,606**	**322,606**	**6,293**	**100.0 %**	**39,024,951**	**39,024,951**	**43,039,052**

Apartment buildings	Total surface (m²)[1]	Residential surface (m²)	Number of residential units	Occupancy rate[2] (%)	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Tervueren 13 A/B	4,628	621	3	64.7 %	386,243	596,533	627,633
Sablon	4,655	3,342	30	85.2 %	827,426	971,639	934,560
Complexe Laeken - Pont Neuf	5,720	4,637	42	83.1 %	543,968	654,640	677,578
Le Bon 24-28	1,666	1,666	15	100.0 %	177,543	177,543	214,253
Lombard 32	1,431	1,095	13	98.9 %	214,897	217,237	178,343
Complexe Louise 331-333	4,871	1,509	8	87.6 %	559,700	638,900	674,000
Place du Samedi 6-10	3,769	2,365	24	87.9 %	287,911	327,546	308,120
Broqueville 8	638	638	6	29.2 %	20,058	68,586	70,308
Bataves 71	552	312	3	100.0 %	60,162	60,162	57,480
Tervueren 103	881	410	6	100.0 %	124,934	124,944	120,605
Louis Hap 128	688	688	7	97.8 %	78,419	80,219	77,458
Rue Haute	2,630	1,380	20	83.2 %	223,395	268,648	314,123
Résidence Palace	6,388	6,189	57	83.4 %	490,000	587,800	711,800
Churchill 157	2,210	1,955	22	86.5 %	230,901	266,976	267,838
Auderghem 237-239-241-266-272	1,739	1,739	22	77.8 %	157,329	202,194	221,643
Edison	2,029	758	7	85.9 %	104,336	121,423	138,265
Verlaine/Rimbaud/Baudelaire	2,795	1,518	21	96.7 %	255,219	263,799	271,333
Ionesco	930	930	10	96.5 %	93,142	96,562	98,895
Musset	562	472	6	85.6 %	43,720	51,050	50,200
Giono & Hugo	1,412	1,412	15	95.2 %	122,619	128,859	135,140
Antares	439	439	7	83.6 %	34,342	41,092	39,323
Ring	11,381	7,227	88	100.0 %	728,500	728,500	860,100
Résidence Gauguin et Manet	2,885	2,885	35	89.2 %	283,260	317,480	306,825
Résidence de Gerlache	6,794	6,174	75	86.8 %	704,514	811,829	818,850
Complexe Souveraine	11,847	11,354	116	69.7 %	1,850,340	1,850,340	1,477,013 [6]
Louise 130	1,110	694	9	74.8 %	190,806	190,806	164,900 [6]
Louise 135 (+ 2 parkings Louise 137)	1,978	1,930	31	74.1 %	472,442	472,442	346,800 [6]
Louise 270	1,043	958	14	74.3 %	203,641	203,641	148,100 [6]
Vallée 48	623	623	6	85.6 %	110,640	110,640	89,100 [6]
Livourne 16-18 (+ 24 parkings Livourne 7-11)	1,567	1,567	16	77.1 %	340,400	340,400	263,800 [6]
Freesias	3,635	3,138	37	60.9 %	322,494	322,494	361,600 [6]
Héliotropes	1,493	1,223	25	81.1 %	225,372	225,372	175,300 [6]
Livourne 20-22	1,326	1,326	12	87.7 %	288,447	288,447	187,700 [6]
Livourne 14	324	324	6	80.6 %	42,218	42,218	34,100 [6]
Résidence Chamaris	1,838	1,702	23	84.2 %	437,900	437,900	354,610 [6]
Stephanie's Corner	3,150	2,617	27	85.2 %	446,741	524,396	522,568
Total of the segment "Apartment buildings"	**101,626**	**77,816**	**864**	**n.a.**	**11,683,980**	**12,813,258**	**12,300,264**

Hotels and other	Total surface (m²)[1]	Residential surface (m²)	Number of residential units	Occupancy rate[2] (%)	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Hotel Martin's Brugge	11,369	0	0	100.0 %	1,598,628	1,598,628	1,199,220
Royale 35	1,813	0	0	100.0 %	190,216	190,216	174,405
Martin's Klooster	6,935	0	0	100.0 %	1,381,279	1,381,279	1,141,080
Bara 124-126[7]	1,539	0	0	0.0 %	0	59,265	59,265
Corbais 18	292	292	1	100.0 %	26,800	26,800	12,400
Carbon	5,715	0	0	100.0 %	456,600	456,600	565,300
Eburon	4,016	0	0	100.0 %	333,800	333,800	462,800
Ecu	1,960	0	0	100.0 %	174,300	174,300	232,200
Eurotel	4,779	0	0	100.0 %	291,500	291,500	377,700
Villa Bois de la Pierre	320	160	4	100.0 %	31,000	31,000	40,100
Duysburgh	470	470	5	100.0 %	63,200	63,200	40,300
Résidence du Lac	0	0	0	100.0 %	30,700	30,700	30,700
Total of the segment "Hotels and other"	**39,208**	**922**	**10**	**98.7 %**	**4,578,023**	**4,637,288**	**4,335,470**
TOTAL investment properties	**463,439**	**401,344**	**7,167**	**n.a.**	**55,286,954**	**56,475,497**	**59,674,786** [6]

[1] Surface excluding ground and parking spaces. The cellars are taken into consideration only in exceptional cases.

[2] See glossary in the 2013/2014 Annual Financial Report. The occupancy rate of the furnished apartment buildings cannot be compared to the occupancy rate calculated on the rest of the portfolio, as the methodology is different. We also note that the occupancy rate of the residential and mixed buildings includes units in renovation and hence temporarily not rentable.

[3] See glossary in the 2013/2014 Annual Financial Report. The amounts related to the buildings with furnished apartments correspond to the annualised rental income excl. VAT.

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

[5] See glossary in the 2013/2014 Annual Financial Report. The ERV is the value as determined by independent experts. For furnished apartment buildings, experts' assumptions overlook furnished occupancy.

[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.

[7] Partially (Oase Tienen, Oase Aarschot Wissenstraat) or totally (Bara) presented on the balance sheet among the assets classified as held for sale.

1.2. Projects and renovations in progress

Projects and renovations (in € million)		Estimated inv.	Inv. as of 31 December 2014	Future inv.	Date of completion	Comments
I. In progress						
Residentie Sporenpark	Beringen	17.4	12.3	5.1	2014/2015	Construction of a new rest home
Rue Haute	Brussels	1.9	1.6	0.3	2014/2015	Renovation of an apartment building
Sundry	Sundry	2.4	2.0	0.4	2014/2015	Renovation of 2 buildings
Martin's Brugge	Brugge	1.2	0.8	0.4	2014/2015	Partial renovation of a hotel
Salve	Brasschaat	2.4	1.4	1.0	2015/2016	Renovation and redevelopment of a rest home
't Hoge	Kortrijk	4.9	2.5	2.4	2015/2016	Extension and renovation of a rest home
Helianthus	Melle	3.4	0.3	3.1	2015/2016	Extension of a rest home
Pont d'Amour	Dinant	7.9	4.5	3.4	2015/2016	Extension of a rest home
Marie-Louise	Wemmel	3.2	0.1	3.1	2015/2016	Renovation and reconversion into assisted-living apartments
Villa Temporis	Hasselt	9.6	1.5	8.1	2016/2017	Extension and renovation of a rest home
Au Bon Vieux Temps	Mont-Saint-Guibert	9.8	0.4	9.4	2016/2017	Construction of a rest home
Op Haanven	Veerle-Laakdal	2.9	0.0	2.9	2016/2017	Extension and renovation of a rest home
Aux Deux Parcs	Jette	1.9	0.0	1.9	2017/2018	Extension of a rest home
Air du Temps	Chênée	5.8	0.2	5.6	2017/2018	Extension and renovation of a rest home
Plantijn	Kapellen	7.6	0.0	7.6	2018/2019	Extension and renovation of a rest home
II. Subject to outstanding conditions						
La Ferme Blanche	Remicourt	6.0	0.0	6.0	2016/2017	Extension and renovation 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
Résidence Cheveux d'Argent	Spa	3.0	0.0	3.0	2017/2018	Extension of a rest home
Tervuren	Tervuren	24.0	0.0	24.0	2017/2018	Construction of a new rest home
III. Land reserves						
Terrain 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						
Service-Residenz Schloss Bensberg	Bensberg	14.0	0.0	14.0	2014/2015	Acquisition of an assisted-living complex
Leopoldspark	Leopoldsburg	20.0	0.0	20.0	2015/2016	Construction of a new rest home
Projets Oase	Aarschot & Glabbeek	27.8	0.0	27.8	2015-2017	Construction of 2 new rest homes
Total		**193.3**	**29.6**	**163.7**		
Capitalised costs		-	0.9	-		
Minor ongoing renovations		-	0.8	-		
Changes in fair value		-	-0.9	-		
Roundings		-	-0.3	-		
On balance sheet			**30.1**			

Of these projects, 95 % are already pre-let. It is expected that the total investment budget of €164 million will be paid in cash.

2. Marketable investment properties portfolio analysis

2.1. Breakdown by segment (in fair value)

Breakdown by segment (in fair value)	31 December 2014	30 June 2014
Senior housing	70 %	63 %
Apartment buildings	22 %	27 %
Hotels and other	8 %	10 %

2.2. Geographical breakdown (in fair value)

Geographical breakdown (in fair value)	31 December 2014	30 June 2014
Belgium	89 %	95 %
Flanders	*46 %*	*43 %*
Brussels	*31 %*	*38 %*
Wallonia	*12 %*	*14 %*
Germany	11 %	5 %

2.3. Breakdown by building (in fair value)

Breakdown by building (in fair value)	31 December 2014
Complexe Souveraine (apartments)	3 %
Buildings < 3 %	97 %

2.4. Number of buildings per segment

Number of buildings per segment	31 December 2014	30 June 2014
Senior housing	66	52
Apartment buildings	75	75
Hotels and other	12	12
Total	**153**	**139**

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

Age of buildings by type of contract (fair value)	31 December 2014	30 June 2014
Triple net contracts	66 %	67 %
Buildings between 0 to 10 years subject to other types of leases	19 %	14 %
Buildings of more than 10 years subject to other types of leases	15 %	19 %

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

Breakdown by lease maturity of contracts (fair value)	31 December 2014	30 June 2014
≥ 15 years	78 %	73 %
< 15 years	22 %	27 %

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

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

Breakdown of senior housing contractual rents by group controlling legal entities in contractual relation with Aedifica	31 December 2014	30 June 2014
Senior housing	**71 %**	**63 %**
Belgium	**58 %**	**57 %**
Armonea	*13 %*	*13 %*
*Senior Living Group**	*13 %*	*16 %*
Orpea	*12 %*	*14 %*
Soprim@	*8 %*	*10 %*
Oase	*5 %*	*2 %*
Vulpia	*3 %*	*0 %*
Time for Quality	*2 %*	*0 %*
Other	*2 %*	*2 %*
Germany	**13 %**	**6 %**
Residenz-Gruppe Bremen	*8 %*	*0 %*
AGO	*3 %*	*3 %*
Senator	*1 %*	*2 %*
Volkssolidarität	*1 %*	*1 %*
Hotels and other	**7 %**	**9 %**
Martin's Hotels	*5 %*	*6 %*
Different Hotel Group	*2 %*	*3 %*
Other tenants	**22 %**	**28 %**
Total	**100 %**	**100 %**

* Group Korian-Medica

2.8. Gross yield by segment[30] (based on fair value)

Gross yield by segment (based on fair value)	31 December 2014	30 June 2014
Senior housing	5.9 %	6.0 %
Apartment buildings	5.5 %	5.8 %
Hotels and other	6.2 %	6.2 %
Average	**5.9 %**	**5.9 %**

[30] The gross yield is calculated as follows:
- For the total portfolio (excluding furnished apartments): (contractual rents including the guaranteed income) / (fair value of the concerned buildings).
- For the furnished apartments: (Turnover as of 31 December 2014, annualized and excl. VAT) / (fair value of the concerned buildings + goodwill + furnishment).

2.9. Occupancy rate[31]

2.9.1. Furnished apartment buildings

Occupancy rates (Furnished apartment buildings)	
Dec 2014	73.2 %
Dec 2013	77.8 %

2.9.2. Total portfolio (excluding furnished apartments)

Occupancy rates (Total portfolio excluding furnished apartments)	
Dec 2014	97.7 %
June 2014	97.6 %
Dec 2013	96.7 %

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

3. The real estate market

3.1. The Belgian residential market[32]

Prices on the residential real estate market resisted pressures in 2014, however the level of activity declined. On the secondary market (i.e. sales that are subject to registration fees), the sales volume for single-family dwellings had already decreased by 6 % in 2012. In 2013 and 2014, the number of units sold remained stable at around 80,000 thanks to the volumes realised in the last quarter of both years. The average selling price, which has reached €228,000, represents a slight increase of approximately 0.2 %.

The stricter credit policies imposed by banks are being felt on the market. A funding limit of 80 % of the market price is frequently applied, which implies that the buyer must have own financial resources of more than one third of the purchase price in order to purchase a property. Taking into account transaction and borrowing costs, this amounts to €76,000 on average.

As a cheaper alternative to single-family dwellings, interest in the acquisition of apartments continued to grow in 2012 (+2 % in number of transactions). However, the market's activity and average prices have been stagnating ever since.

The biggest decline in the residential market was observed for building land: the units sold decreased by 10 % to approx. 14,500 parcels, which is 46 % less than the last peak in 2005, or barely a quarter of the 1973 historic peak. Prices continue to increase by approximately 5 % in Flanders, whereas they appear to be stagnating in Wallonia.

Contraction in the building land segment leads to a similar trend in the construction market. The number of housing starts has fluctuated since 2011 at around 20,000, one third less than in the 1990s. The number of apartments per building under construction increased to reach an average of 10 units for the first time. The total number of units under construction from 2009 to 2013 totalled approx. 23,000 and increased by one fifth to reach 28,500 in 2014. Apartments have increased gradually and now represent almost 60 % of new constructions, while single-family dwellings account for approx. 40 %. It is interesting to note that, in both segments (apartments and single-family dwellings), almost 80 % of new constructions and 63 % of sales on the secondary market are in Flanders.

The number of approved development permits indicates is a cautiously positive outlook: approx. 23,700 units (+13 %) have been approved for single-family dwellings and 34,000 units (+20 %) for apartments. However, it is unlikely that all of these permits will lead to effective starts in the short term.

Oher things being equal from a fiscal and an economic perspective, short-term forecasts for the residential market indicate that, over time, the average age of the main group of buyers will gradually approach 40-45 years as the requirement for own financial resources (1/3 of the purchase price) is simply too great for younger people.

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Increasing life expectancies have also led to delayed infusions of capital through inheritance. In addition, elderly people are increasingly required to draw from their savings, as the interest generated on thereon does not provide a sufficient supplement to their pensions to meet their financial needs.

The most expensive dwellings suffered a blow in 2012 following a change in taxation (tax on the benefit-in-kind for the provision of free or cheap housing); this has been further amplified by the inadequacy of villas to meet current needs and preferences in terms of maintenance and accessibility. In this segment, price reductions of up to 40 % are not uncommon. Mid-range dwellings have resisted this downward pressure but the pace of sales has slowed significantly.

A dilemma arises for young families: either opt to purchase a dwelling in a cheaper segment depending on their available capital resources, or opt for higher quality on the rental market. This is where the biggest tension lies. Since 1996, the most spacious apartments and mid-size dwellings have quickly disappeared from the rental market because tenants were not found and because they were purchased for owner occupation. Later, demand for such properties on the rental market increased very quickly. This segment now presents property owners with increased demand from financially stronger tenants and the potential for more long-term rentals. Nevertheless, we must remain reasonable with respect to expected returns and compare these to the low interests rates earned in the financial markets at present.

3.2. 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 apartment’s rentals, and their service providers, are henceforth regulated in certain cases by the regulatory framework for touristic housing (Ordinance of 8 May 2014 on Touristic Housing).

3.3. The senior housing market[33]

3.3.1. Belgium

In 2014, the number of properties on the senior housing market stagnated at 1,526 (-11 compared to 2012) while the total number of beds increased by 1.2 % (138,880 beds). Not-for-profit operators in Flanders recorded the largest increase at +1.9 %.

Occupancy rates remain very high and financial results stable. More and more institutional investors are entering the market, including insurance companies and pension funds for which the very long-term prospects and indexed revenues are essential.

These new entrants place downward pressure on yields and therefore drive prices upward. The main challenges for the future are multiple: (1) that the Government continue to support care services through an appropriate subsidy policy; (2) that operators focus increasingly on efficiency standards as the model to adopt in order to maintain the requisite level of care; (3) that investors facing lower yields do not diminish the quality of buildings and infrastructure. Real estate in general, and related sectors involved in the operation of sites (such as rest homes or hotels) will also have to respond to future changes in terms of both market needs and regulations. The options and flexibility offered by the properties are therefore required as a basis for the performance over the long term.

3.3.2. Germany[34]

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

When looking at the population by age cohorts, it is noted that approx. 0.5 % of people below 60 years of age need long-term care. This percentage increases to 10 % for those between 60 and 80 and reaches 20 % after the age of 80. The total rest home capacity 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 %) and public operators (approx. 5.1 %), in a very fragmented market. It is estimated that the market share of the five biggest operators is 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.

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[34] Written on 19 December 2014 by CBRE GmbH, and reproduced with permission.

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 increasing numbers of international investors entering the market, having discovered this type of property as an asset class that is secured by demographic trends.

The transaction volume for nursing homes was at least €700 million 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 exceed15-times rental income.

As well as the new international investors, many local investors are entering the market in order to separate properties into individual sheltered apartments, which are then offered to private investors. In doing so, they generate significant capital gains which leads to reduced yields. New buildings are particularly sought after by this this type of investor. As a consequence, institutional investors (special funds and closed-end funds) are forced to reconsider their acquisition criteria, which tend to be relatively inflexible.

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

3.4. The hotel market[35]

Based on figures available up to the end of November 2014, occupancy rates increased slightly in the Belgian hotel market overall, reaching approx. 73.5 %. Thus, the marginal increase observed in 2013 continued in 2014. The RevPar (revenue per available room) increased by 2 %, while average prices experienced a slight decline (-0.9 %).

At the regional level, the Flemish art cities continue to perform well. Building on the gains made in 2013, the monthly occupancy rates up to the end of November 2014 constantly exceeded prior year figures (with the single exception of the month of October). Based on data covering approx. 50 % of the rooms, the occupancy rate of the hotels located in Leuven reached approx. 74 % over this period, with a peak in September of approx. 84 %. In Bruges, the occupancy rate was approx. 73 % during the same period, with a summer high of over 90 % in August.

Works continue on the new Het Tafelrond hotel (4 stars, 44 rooms) at the Grote Markt in Leuven. The hotel opening is expected at the end of 2015. In Bruges, no new hotel development projects are expected at present.

The occupancy rate of hotels in Limburg remains far below the average of the other Flemish provinces, although there are large differences between the various categories of hotels. Three-star and especially four-star hotels have achieved considerably better occupancy rates, but remain below 2013 levels (based on data covering 29 % of three-star and four-star hotels). The overall occupancy rate for all hotel categories up to the end of November 2014 was less than 50 %, whereas it was more than 55 % in 2013.

[35] Written on 7 January 2015 by de Crombrugghe & Partners NV, and reproduced with permission.

In terms of investments, a French group acquired two hotels in Waterloo operated by the Martin's hotel group. In Brussels, the Le Méridien hotel (in bankruptcy) changed ownership and will henceforth be operated by Hilton.

Total investment volume in the EMEA reached approx. €9 billion by the end of October, which is similar to 2013 levels (approx. €10 billion).

4. Experts' report[36]

Gentlemen,

We are pleased to send you our estimate of the value of investment properties held by Aedifica as of 31 December 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 following 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 applicable 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), and compliance and pollution matters. The information provided was considered accurate and complete. Assessments are made under the assumption that no non-communicated piece of information is likely to affect the value of the property.

The fair value of the portfolio amounted to €970,717,203[37] as of 31 December 2014, including €940,603,116 for marketable investment properties[38]. Contractual rents amounted to €55,286,954 which corresponds to an initial rental yield of 5.88 %[39] 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 €56,475,497, i.e. an initial rental yield of 6.00 %[40] compared to the fair value of marketable investment properties.

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

- The fair value defined by IAS 40 and IFRS 13 is the price that would be received from the sale of an asset or paid for the transfer of a liability, during a normal transaction between market participants at the assessment date. The IVSC considers that these conditions are met if the

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[36] The expert report was reproduced with the agreement of de Crombrugghe & Partners NV, Stadim CVBA and CBRE GmbH.
[37] The abovementioned portfolio is broken down in two lines on the balance sheet (lines "I.C. Investment properties" and "II.A. Assets classified as held for sale").
[38] Including the buildings presented on the balance sheet under "II.A. Assets classified as held for sale".
[39] 5.86 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.
[40] 5.98 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.

definition of the market value is respected. Moreover, 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, 17 February 2015
Céline Janssens, MRE, MRICS and Katrien Van Grieken, MRE, Stadim CVBA, 12 February 2015
Dr. Henrik Baumunk and Andreas Polter, CBRE GmbH, 7 January 2015

V. Condensed consolidated financial statements

1. Consolidated income statement

Half year ending on 31 December (x € 1,000)		Notes	31/12/2014	31/12/2013
I.	Rental income		22,914	19,453
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges		-5	-45
Net rental income			**22,909**	**19,408**
IV.	Recovery of property charges		17	14
V.	Recovery of rental charges and taxes normally paid by tenants on let properties		602	481
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		-602	-481
VIII.	Other rental-related income and charges		-762	-779
Property result			**22,164**	**18,643**
IX.	Technical costs		-548	-440
X.	Commercial costs		-227	-246
XI.	Charges and taxes on unlet properties		-69	-73
XII.	Property management costs		-386	-385
XIII.	Other property charges		-608	-593
Property charges			**-1,838**	**-1,737**
Property operating result			**20,326**	**16,906**
XIV.	Overheads		-2,352	-1,999
XV.	Other operating income and charges		25	-19
Operating result before result on portfolio			**17,999**	**14,888**
XVI.	Gains and losses on disposals of investment properties		0	0
XVII.	Gains and losses on disposals of other non-financial assets		0	0
XVIII.	Changes in fair value of investment properties		12,722	990
XIX.	Other result on portfolio		0	0
Operating result			**30,721**	**15,878**
XX.	Financial income		443	128
XXI.	Net interest charges		-6,035	-5,329
XXII.	Other financial charges		-463	-378
XXIII.	Changes in fair value of financial assets and liabilities	9	-3,294	926
Net finance costs			**-9,349**	**-4,653**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)			**21,372**	**11,225**
XXV.	Corporate tax		-267	131
XXVI.	Exit tax		0	0
Tax expense			**-267**	**131**
Profit (loss)			**21,105**	**11,356**
Attributable to :				
	Non-controlling interests		0	0
	Owners of the parent		**21,105**	**11,356**
Basic earnings per share (€)		10	2.04	1.15
Diluted earnings per share (€)		10	2.04	1.15

2. Consolidated statement of comprehensive income

Half year ended on 31 December (x €1,000)	**31/12/2014**	**31/12/2013**
I. Profit (loss)	21.105	11.356
II. Other comprehensive income		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-7.016	-2.378
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-3.432	1.493
H. Other comprehensive income, net of taxes	0	0
Comprehensive income	**10.657**	**10.471**
Attributable to :		
Non-controlling interests	0	0
Owners of the parent	10.657	10.471

3. Consolidated balance sheet

ASSETS (x €1,000)	**Notes**	**31/12/2014**	**30/06/2014**
I. Non-current assets			
A. Goodwill		1,856	1,856
B. Intangible assets		24	21
C. Investment properties	6	964,055	784,980
D. Other tangible assets		1,703	1,911
E. Non-current financial assets		587	461
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets		148	244
I. Equity-accounted investments		0	0
Total non-current assets		**968,373**	**789,473**
II. Current assets			
A. Assets classified as held for sale	6	6,662	0
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables and other non-current assets		3,557	2,938
E. Tax receivables and other current assets		668	495
F. Cash and cash equivalents	8	4,953	1,156
G. Deferred charges and accrued income		453	661
Total current assets		**16,293**	**5,250**
TOTAL ASSETS		**984,666**	**794,723**

EQUITY AND LIABILITIES (x €1,000)	Notes	31/12/2014	30/06/2014
I. Issued capital and reserves attributable to owners of the parent			
A. Capital	7	281,815	264,231
B. Share premium account		80,808	64,729
C. Reserves		38,250	46,730
D. Profit (loss) of the year		21,105	21,385
Equity attributable to owners of the parent		**421,978**	**397,075**
II. Non-controlling interests		**0**	**0**
TOTAL EQUITY		**421,978**	**397,075**
I. Non-current liabilities			
A. Provisions		0	0
B. Non-current financial debts			
a. Borrowings	8	467,420	274,955
C. Other non-current financial liabilities		45,546	37,774
a. Authorised hedges	*9*	*44,424*	*37,774*
b. Other	*16*	*1,122*	*0*
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred taxes liabilities		1,655	0
Non-current liabilities		**514,621**	**312,729**
II. Current liabilities			
A. Provisions		0	0
B. Current financial debts			
a. Borrowings	8	30,875	70,945
C. Other current financial liabilities	9	0	0
D. Trade debts and other current debts			
a. Exit tax		1,978	615
b. Other		11,741	10,305
E. Other current liabilities		0	0
F. Accrued charges and deferred income		3,473	3,054
Total current liabilities		**48,067**	**84,919**
TOTAL LIABILITIES		**562,688**	**397,648**
TOTAL EQUITY AND LIABILITIES		**984,666**	**794,723**

4. Consolidated cash flow statement

Half year ended on 31 December (x €1,000)	31/12/2014	31/12/2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss)	21,105	11,356
Non-controlling interests	0	0
Corporate tax	267	-131
Amortisation and depreciation	329	293
Write-downs	2	34
Change in fair value of investment properties (+/-)	-12,722	-990
Gains and losses on disposals of investment properties	0	0
Net finance costs	9,349	4,653
Changes in trade receivables (+/-)	-620	-449
Changes in trade receivables and other current assets (+/-)	-173	50
Changes in deferred charges and accrued income (+/-)	208	215
Changes in trade payables and other current debts (excl. exit tax) (+/-)	149	123
Changes in accrued charges and deferred income (+/-)	504	-158
Cash generated from operations	**18,398**	**14,996**
Taxes paid	-141	-90
Net cash from operating activities	**18,257**	**14,906**
CASH FLOW RESULTING FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-8	-5
Purchase of real estate companies and marketable investment properties	-49,280	-30,699
Purchase of tangible assets	-115	-262
Purchase of development projects	-18,808	-17,008
Disposals of investment properties	10,469	0
Net changes in non-current receivables	0	0
Net investments in other assets	0	0
Net cash from investing activities	**-57,742**	**-47,974**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital increase, net of costs	0	0
Disposals of treasury shares	56	28
Dividend for previous fiscal year	-8,891	-16,211
Net changes in borrowings	152,395	71,099
Net changes in other loans	0	0
Net finance costs paid	-6,249	-5,504
Repayment of financial debts of acquired or merged companies	-36,258	-10,108
Repayment of working capital of acquired or merged companies	-57,771	-5,183
Net cash from financing activities	**43,282**	**34,121**
TOTAL CASH FLOW FOR THE PERIOD		
Total cash flow for the period	**3,797**	**1,053**
RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at beginning of period	1,156	725
Total cash flow for the period	3,797	1,053
Cash and cash equivalents at end of period	**4,953**	**1,778**

5. Consolidated statement of changes in equity

Half year ended on (x € 1,000)	01/07/2013	Capital increase in cash	Capital increase in kind	Acquisitions/ disposals of treasury shares	Consolidated comprehensive income	Appropria-tion of the result	Roundings	31/12/2013
Capital	248,072	0	0	0	0	0	0	248,072
Share premium account	64,730	0	0	0	0	0	0	64,730
Reserves	41,686	0	0	28	-885	11,460	1	52,290
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*	*0*	*91,865*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-13,848*	*0*	*0*	*0*	*-2,378*	*0*	*0*	*-16,226*
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*	*1,493*	*-137*	*0*	*-15,281*
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*	*0*	*-15,730*
h. Reserve for treasury shares	*-84*	*0*	*0*	*28*	*0*	*0*	*0*	*-56*
k. Reserve for deferred taxes on investment properties located abroad	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	11,356	-27,671	0	11,356
Total equity attributable to owners of the parent	**382,159**	**0**	**0**	**28**	**10,471**	**-16,211**	**1**	**376,448**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**382,159**	**0**	**0**	**28**	**10,471**	**-16,211**	**1**	**376,448**

Half year ended on (x € 1,000)	01/07/2014	Capital increase in cash	Capital increase in kind	Acquisitions/ disposals of treasury shares	Consolidated comprehensive income	Appropria-tion of the result	Roundings	31/12/2014
Capital	264,231	0	17,584	0	0	0	0	281,815
Share premium account	64,729	0	16,079	0	0	0	0	80,808
Reserves	46,730	0	0	56	-10,448	1,912	0	38,250
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*91,863*	*0*	*0*	*0*	*0*	*3,816*	*0*	*95,679*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-17,582*	*0*	*0*	*0*	*-7,016*	*0*	*-1*	*-24,599*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-19,484*	*0*	*0*	*0*	*-3,432*	*-1*	*0*	*-22,917*
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*	*0*	*0*	*0*	*0*	*-2,989*	*1*	*-18,717*
h. Reserve for treasury shares	*-56*	*0*	*0*	*56*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	0	0	0	0	0	244	0	244
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*7,718*	*0*	*0*	*0*	*0*	*842*	*0*	*8,560*
Profit (loss)	21,385	0	0	0	21,105	-21,385	0	21,105
Total equity attributable to owners of the parent	**397,075**	**0**	**33,663**	**56**	**10,657**	**-19,473**	**0**	**421,978**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**397,075**	**0**	**33,663**	**56**	**10,657**	**-19,473**	**0**	**421,978**

6. Notes

6.1. Note 1: General information

Aedifica SA (referred to in the financial statements as "the Company" or "the Parent") is a limited liability company having opted for the status of public regulated real estate company (RREC) under Belgian law. Its primary shareholders are listed in Note 7. 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 the 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 Company policies in response to shifting market opportunities and economic conditions. The two strategic pillars correspond to two main market segments: senior housing and apartment buildings. Hotels and other types of buildings constitutes a residual non-strategic segment.

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

Aedifica's financial year runs from 1 July to 30 June. The condensed Consolidated Financial Statements were approved by the Board of Directors on 23 February 2015 for publication on 24 February 2015 (in accordance with the Company's financial calendar published in the 2013/2014 Annual Financial Report).

6.2. Note 2: accounting policies

Note 2.1: Basis of preparation
The condensed Consolidated Financial Statements cover the period from 1 July to 31 December 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"), as well as IAS 34 "Interim Financial Reporting". These correspond to the standards and interpretations published by the "International Accounting Standards Board" ("IASB") and applicable as of 31 December 2014, as elements of IAS 39 that were rejected by the EU are not applicable for the Aedifica group. The condensed Consolidated Financial Statements have also been prepared in accordance with the spirit and provisions of the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

The condensed Consolidated Financial Statements are prepared in Euros, and presented in thousands of Euros in a condensed format, as permitted under IAS 34. They must be read in combination with the condensed Consolidated Financial Statements as of 30 June 2014, which are presented in the 2013/2014 Annual Financial Report.

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

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

The new and amended standards and interpretations listed below are obligatory and have been applied by the Group since 1 July 2014 and have no impact on the condensed Consolidated Financial Statements presented for the 2013/2014 financial year:

- IFRS 12 (new) – Disclosure of Interests in Other Entities;
- IFRS 11 (new) – Joint Arrangements;
- IFRS 10 (new) – Consolidated Financial Statements;
- IAS 27 (amended) – Separate Financial Statements;
- IAS 28 (amended) – Investments in Associates and Joint Ventures;
- IAS 32 (amended) – Presentation – Offsetting Financial Assets and Financial Liabilities;
- IFRS 10, IFRS 11 and IFRS 12 (amended) – Transition Guidance;
- IFRS 10, IFRS 12 and IAS 27 (amended) – Investment Entities;
- IAS 36 (amended) – Recoverable Amount Disclosures for Non-Financial Assets;
- IAS 39 (amended) – Novation of Derivatives and Continuation of Hedge Accounting;
- IFRIC 21 (new interpretation) - Levies;
- Annual Improvements to IFRSs 2011-2013 Cycle issued in December 2013;
- Annual Improvements to IFRSs 2010-2012 Cycle issued in December 2013;
- IAS 19 (amended) – Defined Benefit Plans: Employee Contributions.

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

Note 2.2: Summary of significant accounting policies

A summary of the Group's significant accounting policies is provided in Note 2.2 of the 2013/2014 Consolidated Financial Statements (see pages 120 to 124 of the 2013/2014 Annual Financial Report). These methods were applied consistently to all previous financial years.

6.3. Note 3: operating segment

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

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

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

(x € 1,000)	**31/12/2014**					
	Senior housing	**Apartment buildings**	**Hotels and other**	**Non-allocated**	**Inter-segment items**	**Total**
SEGMENT INFORMATION						
Rental income	15,120	5,848	2,000	0	-54	22,914
Net rental income	15,120	5,843	2,000	0	-54	22,909
Property result	15,120	5,098	2,000	0	-54	22,164
Property operating result	15,105	3,341	1,977	-43	-54	20,326
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**15,107**	**3,340**	**1,977**	**-2,425**	**0**	**17,999**
SEGMENT ASSETS						
Marketable investment properties	656,278	210,886	73,439	0	0	940,603
Development projects	0	0	0	30,114	0	30,114
INVESTMENT PROPERTIES						**970,717**
Other assets	0	0	0	13,949	0	13,949
TOTAL ASSETS						**984,666**

(x € 1,000)	**31/12/2013**					
	Senior housing	**Apartment buildings**	**Hotels and other**	**Non-allocated**	**Inter-segment items**	**Total**
SEGMENT INFORMATION						
Rental income	11,403	6,039	2,062	0	-51	19,453
Net rental income	11,403	5,994	2,062	0	-51	19,408
Property result	11,403	5,230	2,061	0	-51	18,643
Property operating result	11,402	3,550	2,042	-37	-51	16,906
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**11,402**	**3,542**	**2,041**	**-2,097**	**0**	**14,888**
SEGMENT ASSETS						
Marketable investment properties	421,231	208,045	73,264	0	0	702,540
Development projects	0	0	0	25,704	0	25,704
INVESTMENT PROPERTIES						**728,244**
Other assets	0	0	0	10,497	0	10,497
TOTAL ASSETS						**738,741**

6.4. Note 4: seasonal or cyclical activities

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

The sensitivity of Aedifica's activities to economic cycles is presented in page 2 of the 2013/2014 Annual Financial Report ("market risks" section).

6.5. Note 5: unusual items

No unusual operating items need to be disclosed for the six months ended 31 December 2014, with the exception of €0.4 million of non-recurrent income recognised in financial income. This amount represents the fee paid to Aedifica at the time of the partial demerger on 4 December 2014 as compensation for the allocation of full dividend rights for the current financial year to the new shares issued that day.

For the sake of completeness, recall that the 2013/2014 financial income included €0.6 million of non-recurrent income resulting from two contributions-in-kind on 12 and 30 June 2014, which were paid to Aedifica when the contributor assumed the expected dividend that accrued over the period 1 July 2013 up to the day before the date of the contributions.

6.6. Note 6: investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
Carrying amount as of 01/07/2013	**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	5,652	-1,836	3,816
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Asset classified as held for sale	0	0	0
Carrying amount as of 30/06/2014	**765,789**	**19,191**	**784,980**
Carrying amount as of 01/07/2014	**765,789**	**19,191**	**784,980**
Acquisitions	170,823	0	170,823
Disposals	-10,522	0	-10,522
Capitalised interest charges	0	320	320
Capitalised employee benefits	0	18	18
Other capitalised expenses	611	11,765	12,376
Transfers due to completion	7,165	-7,165	0
Changes in fair value	6,737	5,985	12,722
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Asset classified as held for sale	-6,662	0	-6,662
Carrying amount as of 31/12/2014	**933,941**	**30,114**	**964,055**

In addition to the marketable investment properties recognised on the balance sheet under the line "I.C. Investment properties" among non-current assets, the balance sheet also includes real estate under line "II.A. Assets classified as held for sale" among current assets, amounting to €6,662 thousand. This represents real estate offered for sale (assisted-living apartments in Tienen and Aarschot) or subject to a sale agreement (semi-industrial building Bara in Brussels, see Note 14).

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

Name	Business segment	Properties valuation* (€ million)	Register of corporations	Acquisition date**	Acquisition method
Woon & Zorg VG Aarschot SPRL	Senior housing	24	0836.667.164	10/07/2014	Acquisition of shares and subsequent merger
Woon & Zorg VG Tienen SPRL	Senior housing	20	0836.667.956	29/08/2014	Acquisition of shares and subsequent merger
Halmolen	Senior housing	18	-	11/12/2014	Acquisition of a building
La Réserve Invest SA Krentzen SPRL Overbeke SPRL	Senior housing	29	0472.563.511 0831.847.551 0816.956.665	4/12/2014	Partial demerger, acquisitions of shares and subsequent merger
Aedifica Luxemburg I SARL	Senior housing	24	B128048	16/12/2014	Acquisition of shares
Aedifica Luxemburg II SARL	Senior housing	22	B139725	16/12/2014	Acquisition of shares
Aedifica Luxemburg III SARL	Senior housing	20	B143704	16/12/2014	Acquisition of shares
Michri SA	Senior housing	4	0862.001.188	18/12/2014	Acquisition of shares
Villa Temporis SCRL	Senior housing	5	0442.682.066	18/12/2014	Acquisition of shares
Total		**166**			

* in order to determine the number of shares issued, the exchange ratio and/or the value of the acquired shares.
** and consolidation date in income statement.

6.7. Note 7: capital

On 24 November 2014, Aedifica completed a capital increase of approx. €11 million (including share premium) with the creation of 218,409 new shares in relation to the 2012/2013 optional dividend (see section 3.2. of the interim Board of Directors' Report for details). Additionally, on 4 December 2014, Aedifica initiated a second capital increase of approx. €23 million (including share premium) through the partial demerger of SA La Réserve Invest, which led to acquisition of the senior housing sites in Olen and Wetteren.

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

	Number of shares	Capital (x €1,000)
Situation as of 01/07/2014	10,249,117	270,451
Optional dividend	218,409	5,763
Partial demerger SA La Réserve Invest	457,087	12,062
Situation as of 31/12/2014	**10,924,613**	**288,276**

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

Aedifica shareholders holding more than 5 % of the Company's outstanding shares are disclosed below (based on declarations of transparency received by Aedifica as of 31/12/2014):

Shareholders	Share in capital
Jubeal Fondation	6.37 %
Wulfsdonck Investment SA (via Finasucre SA)	5.46 %
Free float	88.17 %
Total	100.00 %

The capital increases that occurred prior to 30 June 2014 are disclosed in the "Standing Documents" section of 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 each. All Aedifica shares are listed on the Euronext Brussels continuous market.

Aedifica SA holds no treasury shares.

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

(x €1,000)	31/12/2014	30/06/2014
Non-current financial debts		
Borrowings	467,420	274,955
Current financial debts		
Borrowings	30,875	70,945
TOTAL	**498,295**	**345,900**

As of 31 December 2014, Aedifica benefits from credit facilities totalling €551 million, issued by eight banks (Bank für Sozialwirtschaft, Bank Degroof, Banque Européenne du Crédit Mutuel, Bayerische Landesbank, Belfius, BNP Paribas Fortis, ING and KBC Bank). Amounts drawn on these credit facilities represent financial liabilities and are carried at amortised cost according to IAS 39 (they are presented as current and non-current financial debts on the Company's balance sheet):

- €534 million remains available for Aedifica to use according to 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 withdrawal is made in euros for a period of up to 12 months at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- Aedifica also benefits from amortising facilities amounting to €17 million at fixed rates between 3.1 % and 5.8 %.

The average interest rate, including the spread charged by the bank and the effect of the hedging instruments, was 3.0 % after deducting capitalised interest (3.8 % in 2013/2014) and 3.2 % before deducting capitalised interest (4.0 % in 2013/2014).

As of 31 December 2014, the Group has neither pledged any Belgian building as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 3 of the Group's 13 German buildings are linked to a mortgage, respecting the requirements laid down in Article 43 of the Act of 12 May 2014 on RREC.

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

- 2014/2015:	0
- 2015/2016:	85
- 2016/2017:	150
- 2017/2018:	92
- 2018/2019:	102
- 2019/2020:	80
- 2020/2021:	2
- 2021/2022:	25
- > 2022/2023:	15
- **Credit facilities on 31 December 2014**	**551**

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 the debt-to-assets ratio as defined by the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

(x €1,000)	**31/12/2014**	**30/06/2014**
Borrowings	498,295	345,900
Less: Cash and cash equivalents	-4,953	-1,156
NET FINANCIAL DEBT	**493,342**	**344,744**

6.9. Note 9: hedging instruments

1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn the floating rate debt into fixed rate debt (cash flow hedges). All hedges (interest rate swaps or "IRS", "multi-callable interest rate swaps" or "multi-callable IRS", caps and collars) are related to existing or highly probable risks. Hedging instruments are either derivatives which meet the strict criteria set by IAS 39 to allow hedge accounting, or derivatives which do not meet these criteria but which provide economic hedging against interest rate risk nonetheless. All hedges are provided in the framework of the hedging policy set out in Note 44 of the 2013/2014 Annual Financial Report. The fair value of hedges is computed by banks based on the present value of the estimated expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk ("DVA" or "Debit Valuation Adjustment") and the counterparty credit risk ("CVA" or "Credit Valuation Adjustment"). The tables below list the Company's hedging instruments.

Analysis as of 31 December 2014 **Instrument**	**Notional amount (x €1,000)**	**Beginning**	**Periodicity (months)**	**Initial duration (years)**	**First date possible of the call**	**Max. interest rate (in %)**	**Fair value (x €1,000)**
IRS*	10,400	1/04/2011	3	32	-	4.89	-6,252
IRS*	28,270	31/07/2014	3	29	-	4.39	-12,328
IRS	15,000	2/04/2013	3	9	-	3.50	-3,432
IRS	12,000	3/06/2013	3	9	-	3.64	-2,848
IRS	8,000	3/06/2013	3	9	-	3.67	-1,948
IRS	25,000	2/08/2013	3	5	-	2.70	-2,314
IRS	25,000	2/01/2015	3	5	-	2.99	-3,470
Collar	25,000	1/10/2013	3	3	-	3.00	-487
Cap	25,000	1/11/2014	3	1	-	1.00	-37
Cap	25,000	1/10/2013	3	2	-	1.00	-16
Cap	25,000	1/10/2014	3	1	-	1.25	-18
Cap	25,000	1/11/2015	3	2	-	2.50	-100
IRS	25,000	3/01/2014	3	7	-	3.10	-4,234
Collar	25,000	1/10/2013	3	3	-	3.00	-577
Cap	25,000	1/11/2014	3	3	-	2.50	-106
IRS	25,000	3/11/2014	3	6	-	2.51	-3,142
Cap	50,000	1/10/2015	3	3	-	0.50	-91
IRS	25,000	3/11/2014	3	6	-	2.76	-3,510
Cap	40,000	1/09/2014	1	1	-	0.05	-11
TOTAL	**463,670**						**-44,921**

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

Analysis as of 30 June 2014 **Instrument**	**Notional amount (x €1,000)**	**Beginning**	**Periodicity (months)**	**Initial duration (years)**	**First date possible of 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 €464 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): €140 million;
- instruments with forward start: €100 million.

The total fair value of the hedging instruments presented in the table above (€-44,233 thousand) can be broken down as follows: €191 thousand under line I.E. of the asset side of the consolidated balance sheet and €44,424 thousand under line I.C. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps and collars (€688 thousand), the IAS 39 impact on equity amounts to - €44,921 thousand.

2. Derivatives for which hedge accounting is applied:

The amounts recorded in equity will be transferred to net finance costs in line with the payment of interest on the hedged financial debt, between 1 July 2014 and 31 July 2043.

As of 31 December 2014, the equity value includes the effective part (according to IAS 39) of the change in fair value (-€3,432 thousand) of the derivatives for which hedge accounting is applied, and the ineffective portion of the 2013/2014 financial year (charge of €1 thousand) that was appropriated by decision of the Annual General Meeting held in October 2014. These financial instruments are "level 2" derivatives (according to IFRS 13p81). The ineffective part (as defined in IAS 39) represents a charge of €5 thousand and is recognised in the financial result (under line "XXIII. Changes in fair value of financial assets and liabilities").

(x €1,000)	31/12/2014	30/06/2014
Effective part of the changes in fair value of derivatives		
Beginning of the year	-19,484	-16,637
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-6,492	-9,581
Transfer to the income statement of interests paid on hedging instruments	3,058	6,734
AT END OF PERIOD	**-22,918**	**-19,484**

3. Derivatives for which hedge accounting is not applied:

In addition to the aforementioned charge of €5 thousand, the financial result also includes a charge of €3,281 thousand (31 December 2013: an income of €1,049 thousand), arising from the change in fair value of the derivatives for which hedge accounting is not applied (in line with IAS 39, as listed in the aforementioned framework). These financial instruments are "level 2" derivatives (as defined in IFRS 13p81). The financial result also includes the amortisation of the premiums paid at the time of the subscription to the caps and collars, which amounts to €98 thousand.

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 2014 and 31 December 2014, which led to the recognition of a charge of €3,286 thousand in the income statement and of €3,432 thousand directly in equity.

A change in the interest rate curve would impact the fair value of instruments for which hedge accounting is applied (in accordance with IAS 39), and recognised in equity (line "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS"). All else being equal, a positive change of 10 bps of the interest rate curve on the balance sheet date would have had a positive impact on equity in the amount of €893 thousand (30 June 2014: €812 thousand). A negative change of 10 bps of the interest rate curve on the balance sheet date would have had a negative impact on equity in the same amount. The influence of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IAS 39 is not applied) cannot be determined as precisely, since options are embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the "mark-to-market" value of these instruments to an increase of 10 bps of the interest rate curve is estimated at +€957 thousand (30 June 2014: + €857 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.

6.10. Note 10: earnings per share

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

	31/12/2014	31/12/2013
Profit (loss) (Owners of the parent) (x €1,000 €)	21,105	11,356
Weighted average number of shares outstanding during the period	10,363,753	9,903,148
Basic EPS (in €)	2.04	1.15
Diluted EPS (in €)	2.04	1.15

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 hedging instruments. The definition of profit excluding IAS 39 and 40 as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies.

It is calculated as follows:

(x €1,000)	31/12/2014	31/12/2013
Profit (loss) (Owners of the parent)	21,105	11,356
Less: Changes in fair value of investment properties (IAS 40)	-12,722	-990
Less: Gain and losses on disposal of investment properties	0	0
Less: Deferred taxes	116	-193
Less: Changes in fair value of financial assets and liabilities (IAS 39)	3,294	-926
Profit excl. IAS 39 and IAS 40	**11,793**	**9,247**
Weighted average number of shares outstanding (denominator according to IAS 33)	10,363,753	9,903,148
EPS excl. IAS 39 and IAS 40 (in €)	1.14	0.93

The EPS excluding IAS 39 and IAS 40 of €1.14 as calculated above is further increased by €0.04 due to the non-recurring financial income mentioned in Note 5. The same applies to the basic EPS and the diluted EPS.

6.11. Note 11: net asset value per share

Net asset value per share (in €)	31 December 2014	30 June 2014
Based on fair value of investment properties		
Net asset value excl. IAS 39	42.74	40.57
IAS 39 impact	-4.11	-3.73
Net asset value	38.63	36.84
Number of shares outstanding (excl. treasury shares)	10,924,613	10,249,083

Recall that IFRS requires presentation of the annual accounts before appropriation. Net assets in the amount of €38.74 per share as of 30 June 2014 (as published in the 2013/2014 Annual Financial Report) thus included the dividend distributed in November 2014, and should now be adjusted by €1.90 per share in order to compare with the value as of 31 December 2014. This amount corresponds to the amount of the total dividend (€19 million) divided by the total number of shares outstanding as of 30 June 2014 (10,249,083).

6.12. Note 12: contingencies and commitments

A statement of contingencies and commitments as of 30 June 2014 is provided in Note 45 of the Consolidated Financial Statements included in the 2013/2014 Annual Financial Report (see pages 147-149). No significant changes are to be mentioned at the end of the first half of the current financial year, except for the items listed below.

1.1. Renovation and extension of the La Ferme Blanche rest home in Remicourt

Aedifica committed to finance the extension and renovation of the existing La Ferme Blanche rest home, located in Remicourt, for a budget of €6 million. The commitment remains subject to outstanding conditions on 31 December 2014.

1.2. Construction of a new rest home and renovation of the block of assisted-living apartments Villa Temporis in Hasselt

Aedifica committed to finance the construction of a new rest home and renovation of the existing assisted-living apartment building, for a budget of €8 million. The commitment remains subject to outstanding conditions on 31 December 2014.

1.3. Acquisition of the assisted-living apartment complex Service-Residenz Schloss Bensberg in Bensberg (Germany)

On 17 December 2014, Aedifica signed a purchase agreement (subject to outstanding conditions) wherein Aedifica commits to acquire buildings 4, 5, 6, 10, part of 11, part of 12, 17, 18, 19 and 20 of the “Schloss Bensberg” site, for a budget of €14 million.

1.4. Acquisition of the Leopoldspark senior housing site in Leopoldsburg

On 18 December 2014, Aedifica signed an agreement (subject to outstanding conditions) wherein Aedifica commits to acquire the shares of SA RL Invest. This Company is the owner of the rest home under construction, which will comprise 128 beds and 22 assisted-living apartments. The contractual value of these properties amounts to approx. €20 million.

1.5. Acquisitions that have already been realised

The commitments presented below, included in Note 45 of the Consolidated Financial Statements included in the 2013/2014 Annual Financial Report, have been realised over the first half of the current financial year:

- Extension of the Klein Veldeken assisted-living apartment building in Asse (section 1.5 of Note 45),
- Extension of the Eyckenborch rest home in Gooik (section 1.7 of Note 45),
- Acquisition of two new rest homes in Olen and Wetteren (section 1.8 of Note 45),
- Acquisition of the Oase Tienen site (section 1.21 of Note 45).

6.13. Note 13: dividends paid

The General Meeting of 24 October 2014 approved the distribution of the result as proposed by the Board of Directors for the 2013/2014 financial year. A dividend of €1.90 was therefore granted for shares entitled to the full dividend, i.e. €19 million. The conditions for payment of this dividend are the subject of section 3.2. “Optional dividend 2013/2014” of the attached interim Board of Directors’ Report.

6.14. Note 14: subsequent events

No significant subsequent events require a mention in these condensed consolidated financial statements, with the exception of the following items:

- On 5 January 2015, Aedifica announced that it established (on 1 January 2015) a subsidiary in Germany: Aedifica Asset Management GmbH. This subsidiary will advise and support Aedifica in the growth and management of its real estate portfolio in Germany.
- On 12 February 2015, the semi-industrial building Bara, presented among the assets classified as “held for sale” as of 31 December 2014, has been disposed of for approx. €0.6 million. This sale generated a net gain on disposal of more than 50 % as compared to its most recent fair value determined by the Company’s independent expert.

6.15. Note 15: related party transactions

Related party transactions relate exclusively to the remuneration of the Company’s Directors (€0.7 million for the first half of the 2014/2015 financial year; €1.2 million for the 2013/2014 financial year).

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

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

7. Auditors' report (limited review)

Report of the statutory auditor to the shareholders of Aedifica SA on the review of the interim condensed consolidated financial statements as of 31 December 2014 and for the six months then ended

Introduction
We have reviewed the accompanying interim condensed consolidated balance sheet of Aedifica SA (the "Company") as at 31 December 2014 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS *34 Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2014, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34, as adopted for use in the European Union.

Brussels, 23 February 2015
Ernst & Young Reviseurs d'Entreprises sccrl
Statutory auditor
represented by
Jean-François Hubin
Partner

VI. Forward looking statement

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

VII. Responsible persons statement

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

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

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

Half year financial report
Regulated information

24 February 2015 – After closing of markets
Under embargo until 17:40 CET

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Regulated information

24 February 2015 – After closing of markets
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Real estate experts	Stadim CVBA, de Crombrugghe & Partners NV and CBRE GmbH
Financial year	1 July - 30 June

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This half year financial report is also available in French and Dutch[41].

[41] The French version of this document has true value. The Dutch and English versions are translations and are written under the responsibility of Aedifica.