Half year financial report
Regulated information

23 February 2016 – after closing of markets
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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 2015/2016

- **5 senior housing sites added to the portfolio since the beginning of the 2015/2016 financial year**
- **Senior housing represents 72 % of the portfolio**
- **98.3 % occupancy rate for the unfurnished portion of the portfolio as of 31 December 2015 and 81.0 % for the furnished portion**
- **25 % increase in rental income as compared to 31 December 2014, ahead of budget**
- **43 % increase in profit excluding IAS 39 and IAS 40, ahead of budget**
- **Fair value of investment properties of €1,065 million, an increase of €60 million (i.e. +6 %) compared to 30 June 2015, of which €8 million taken in the income statement**
- **39.9 % debt-to-assets ratio as of 31 December 2015**
- **Aedifica received the "EPRA Gold Award" in September 2015 for its 2013/2014 Annual Financial Report, and in October 2015, was awarded the prize for the best financial communication among "Mid & Small Cap" from the Belgian Association of Financial Analysts**
- **Unchanged dividend forecast for the current financial year (€2.05 gross per share)**

I. Interim Board of Directors' report

1. Summary of the activities of the 1st half 2015/2016

Aedifica's investment strategy is mainly built on the strength of the demographic trend toward population ageing in Europe. This strategy has contributed to the market's confidence in Aedifica, as demonstrated by the evolution of the stock price, which rose from €50.30 (30 June 2015) to €60.56 (31 December 2015).

The half year under review was marked by a series of new investments, exclusively in the senior housing segment. Two buildings (the Résidence de la Houssière rest home in the province of Hainaut and the assisted-living apartment building Senior Flandria in the Province of West-Flanders) entered into the Group's Belgian portfolio, a few days after the capital increase in cash of €153 million which was successfully completed on 29 June 2015. Moreover, the first half has seen the completion of renovation and/or extension works in the Salve rest home in Brasschaat (Province of Antwerp) and the Pont d'Amour rest home in Dinant (Province of Namur). In early October, Aedifica also announced the Group's acquisition of two rest homes (Vinkenbosch located in Hasselt, Province of Limburg and Heydeveld located in Opwijk, Province of Flemish-Brabant), as well as the signing of an agreement in principle for the construction of a rest home in Mechelen (Province of Antwerp) and a new extension project for a rest home in Germany (in Kalletal, North Rhine-Westphalia, which entered the portfolio in December 2014). Finally, the Prinsenhof rest home in Koersel (Province of Limburg) entered into the Group's Belgian portfolio in mid-December 2015.

(in € million)		Marketable investment properties		Development projects	Total
		carried out	subject to outstanding conditions		
Résidence de la Houssière	Belgium	10	-	-	10
Senior Flandria	Belgium	10	-	-	10
Mechelen	Belgium	-	-	17	17
Vinkenbosch	Belgium	4	-	12	16
Kalletal (extension)	Germany	-	3	-	3
Heydeveld	Belgium	9	-	-	9
Oostende	Belgium	-	11	-	11
Prinsenhof	Belgium	6	-	4	10
Total as of 31 December 2015		**39**	**14**	**33**	**86**
Husum	Germany	-	7	-	7
Total as of 22 February 2016		**39**	**21**	**33**	**93**

During the first half of 2015/2016, the fair value of investment properties thus increased by €60 million, reaching €1,065 million by 31 December 2015.

In addition to its investment activities, Aedifica strives for optimal management of its real estate portfolio. The Company's portfolio provides for excellent and increasing rental incomes (+25 %), an increasing EBIT margin, and well controlled financing costs. Profit excluding non-cash elements arising from application of accounting standards on financial instruments and investment property has reached €16.8 million (31 December 2014: €11.8 million, an increase of 43 %), i.e. €1.20 per share (31 December 2014: €1.14 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).

Aedifica's consolidated debt-to-assets ratio amounts to 39.9 % as of 31 December 2015 (37.0 % as of 30 June 2015).

Before even considering the new opportunities in Belgium and in Germany, the Company's future growth is ensured given its existing commitments to acquire, renovate, extend, and/or redevelop multiple sites. These projects fit perfectly with Aedifica's strategy which, in the senior housing segment, aims to improve existing sites and to develop new projects in partnership with tenants/operators. The pipeline as of 31 December 2015 for these types of projects represents a total committed budget of approx. €170 million, to be invested over a three-year period. This strategy allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields.

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

2. Introduction

Aedifica aims to position itself as a market leader among listed Belgian healthcare real estate companies, particularly in terms of senior housing.

Its strategy is based on the demographic trend of population ageing in Europe and the consequent specific healthcare and housing needs. 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, and offers the investor an alternative to direct investment.

This interim Board of Directors' report is an update of the Board of Directors' report issued on 30 June 2015 as part of the 2014/2015 Annual Financial Report (which contains a glossary listing the definitions of the main technical terms used). Only the significant changes that have taken place since publication of the 2014/2015 Annual Financial Report are presented here.

3. Important events

3.1. Acquisitions

Project for the construction of a new rest home in Mechelen

3.1.1. Acquisition of the Résidence de la Houssière rest home in Braine-le-Comte (Province of Hainaut, Belgium)

On 2 July 2015, Aedifica acquired (together with its subsidiary Aedifica Invest SA) 100 % of the shares of the limited liability company La Croix Huart SA. La Croix Huart is the owner of the plot of land on which the Résidence de la Houssière rest home is located in Braine-le-Comte. The Résidence de la Houssière rest home is well located in a green area, near the centre of Braine-le-Comte, a municipality of approx. 20,000 inhabitants, situated approx. 20 kilometres from Mons. The rest home currently comprises 94 beds. The initial building, which dates from the late 1990s, was completed in 2006 with the construction of a new wing. The site also includes a land reserve of approx. 1.5 ha, which presents potential for an extension project. The site is operated by the limited liability company Résidence de la Houssière SA, a local player that has been present on the senior care market for more than 20 years. The contractual value of the site (including plot of land) amounts to approx. €10 million. The initial triple net yield amounts to approx. 6 %, on the basis of a 27-year triple net long lease. This transaction was structured for execution in two phases:

- Acquisition of 100 % of the shares of SA La Croix Huart (2 July 2015), bare owner of the plot of land to which the surface rights are attached;
- Transfer of the ownership of the building to SA La Croix Huart upon expiration of the surface rights (31 December 2015).

3.1.2. Acquisition of the Senior Flandria assisted-living apartment building in Bruges (Province of West-Flanders, Belgium)

On 9 July 2015, Aedifica acquired (together with its subsidiary Aedifica Invest SA) 100 % of the shares of the limited liability companies Senior Hotel Flandria NV and Patrimoniale Flandria NV. Senior Hotel Flandria NV is the owner of the Senior Flandria assisted-living apartment building located in Brugge. Patrimoniale Flandria NV is the owner of the plot of land on which the assisted-living apartment building is located. The Senior Flandria assisted-living apartment building is well located in a residential area, close to the centre of Brugge. This city of 117,000 inhabitants is the capital city of the province of West Flanders. The building, which dates from 1991, currently comprises 108 one-bedroom apartments and common areas (total surface of approx. 6,500 m²). The building is very well maintained and has undergone some renovation works (such as the bathrooms). The building is a recognised assisted-living apartment building intended for senior housing, and offers various facilities (concierge, anti-intruder system, call system, restaurant, fitness, bar, etc.), services (animation, hairdresser, handyman services, cleaning services) and health-care services (physiotherapy, on-call nursing care, etc.). The contractual value of the site (including plot of land) amounts to approx. €10 million. The site is operated by the BVBA Happy Old People (controlled by the Armonea group) on the basis of a triple net long lease for which the remaining maturity is approx. 20 years. The initial triple net yield amounts to approx. 6 %.

3.1.3. Framework agreement for the construction of a rest home in Mechelen (Province of Antwerp, Belgium)

On 29 September 2015, Aedifica announced the signing of a framework agreement for the construction of a new rest home. The project site is well located, close to the centre of Mechelen, a city of approx. 84,000 inhabitants. The neighbourhood in which the project is located will be the subject of a redevelopment that is expected to reach completion by 2025. The project, for which a development permit application will be submitted in due course, consists of the construction of a new rest home which will comprise a combined total of 128 units (100 beds and 28 assisted-living apartments). Works are expected to begin during the third quarter of 2016 and to reach completion during the third quarter of 2018. Following completion of the works, Aedifica (together with its subsidiary Aedifica Invest SA) will acquire 100 % of the shares of the limited liability company that owns the site. The contractual value of the entire site amounts to approx. €17 million. The site will be operated by Het Spreeuwenhof VZW (an entity of the Armonea group) on the basis of a triple net long lease. The initial triple net yield will amount to approx. 6 %. The framework agreement is subject to outstanding conditions, such as the receipt of the development permit.

3.1.4. Acquisition of the Vinkenbosch rest home in Hasselt (Province of Limburg, Belgium)

On 1 October 2015, Aedifica acquired (together with its subsidiary Aedifica Invest SA) 100 % of the shares of the company Vinkenbosch SA. Vinkenbosch SA is the owner of the Vinkenbosch rest home which is well located in a residential and green area, close to the centre of Kermt, part of Hasselt. This town of 75,000 inhabitants is the capital city of the province of Limburg. The site comprises an existing building and a bare land. The existing building, which dates partially from the 1990s, currently comprises 59 beds. A development project is planned for (i) the construction of a new rest home on the bare land and (ii) the renovation of the existing building. Upon completion of this project, the total capacity of the site will amount to 100 units (80 units in the rest home and 20 assisted-living apartments in the existing building). The investment budget for the project amounts to approx. €12 million. Completion of the new building is expected by the end of 2016. The contractual value of the existing site (including plot of land) amounts to approx. €4 million. The site is operated by Vinkenbosch VZW (an entity of the Group Senior Living Group) on the basis of a triple net long lease. The initial triple net yield amounts to approx. 6 %.Taking into account the development project, the total investment for the site will amount to approx. €16 million.

3.1.5. New extension project for the Die Rose im Kalletal rest home in Kalletal (North Rhine-Westphalia, Germany)

On 1 October 2015, Aedifica announced a new extension project for the Die Rose im Kalletal rest home, owned by Aedifica (through Aedifica Luxemburg I SARL) since 16 December 2014. The project consists of the construction of a new 28-bed building intended to accommodate dementia patients. This extension will bring the total capacity of the site to 96 beds. The investment for the project amounts to less than €3 million and will generate an initial gross rental yield of more than 6 %, on the basis of a double net long lease. The extension was completed end 2015 and will be added to the portfolio during the first half of 2016. Aedifica benefits from a triple net 10-year warranty for the maintenance of the building. The agreement that was signed in the framework of this extension is subject to the usual outstanding conditions in Germany for this kind of transaction.

3.1.6. Acquisition of the Heydeveld rest home in Opwijk (Province of Flemish Brabant, Belgium)

On 2 October 2015, Aedifica acquired the Heydeveld rest home, which is well located in a residential area, close to the centre of Opwijk. The building, which dates from 2005, currently comprises 75 beds. In addition, the site offers significant potential for future expansion. The transaction was realised through:

- the contribution in kind of the plot of land on which the building is situated and of the bare ownership of the building; and
- the acquisition (by Aedifica and its subsidiary Aedifica Invest SA) of 100 % of the shares of the company Heydeveld BVBA, the usufructuary of the building.

The transaction was partially financed by the issue of 19,856 new Aedifica shares in the amount of €1 million. The new shares are fully paid-up, with no par value. These shares are granted dividend rights as from 2 October 2015 and will be listed following the detachment of the coupon related to the dividend for the 2015/2016 financial year, which is expected to take place on 2 November 2016. The contractual value of the entire site amounts to approx. €9 million. The site is operated by Heydeveld VZW on the basis of a triple net long lease. The initial triple net yield amounts to approx. 6 %. Heydeveld VZW is a local player that has been present on the senior care market for more than 10 years.

3.1.7. Framework agreement for the acquisition of a rest home in Oostende (Province of West Flanders, Belgium)

In October 2015, Aedifica established a framework agreement (subject to outstanding conditions) to acquire the shares of a company that owns a senior housing site in Oostende. The contractual value of the property will amount to approx. €11 million upon completion.

3.1.8. Acquisition of the Prinsenhof rest home in Koersel (Province of Limburg, Belgium)

On 17 December 2015, Aedifica acquired the Prinsenhof rest home, which is well located in a green area next to a park, near the centre of Koersel, part of Beringen, a town of approx. 45,000 inhabitants. The building, which dates from the 1980s, comprises 41 beds. An extension project is currently in progress. This project includes the construction of a new wing to bring the capacity of the site to approx. 90 units. Completion of the extension works is scheduled for the second half of 2016. W.Z.C. Prinsenhof NV contributed the existing building and the plot of land to Aedifica SA through a contribution in kind, in exchange for newly issued Aedifica shares. The contractual value of the rest home amounts to approx. €6 million. Upon completion of the extension works, the contractual value will amount to approx. €10 million (i.e. an extension budget of approx. €4 million). The rest home is operated by WZC Prinsenhof VZW on the basis of a triple net long lease, which generates an initial triple net yield of approx. 6 %. WZC Prinsenhof VZW is a local player on the senior care market.

3.1.9. Acquisition of the Käthe-Bernhardt-Haus rest home in Husum (Schleswig-Holstein, Belgium)

On 18 January 2016, Aedifica announced the signing of the purchase agreement for a rest home in Germany. This purchase agreement is subject to the usual outstanding conditions in Germany, which are mainly of administrative nature and which should be fulfilled during the 1st half of 2016. The purchase price will be paid and the property and full use of the building will automatically be acquired at that time. The Käthe-Bernhardt-Haus rest home is ideally located in the centre of Husum, just next to the Klinik Husum Hospital. Husum is a seaside resort of approx. 22,000 inhabitants located on the German North Sea coast in the Land of Schleswig-Holstein (Germany). The building, which dates from 2009, currently includes 65 single rooms and 18 assisted-living apartments. The rest home is operated by a subsidiary of Deutsches Rotes Kreuz Kreisverband Nordfriesland e.V., which is a branch of Deutsches Rotes Kreuz (the German Red Cross), one of Germany's largest not-for-profit associations. The operator provides several services for elderly persons, such as daily home care, on-call nursing services and specialised transportation. Deutsches Rotes Kreuz Kreisverband Nordfriesland e. V. operates 5 rest homes. Aedifica looks forward to this collaboration with another reputable player in the German care sector. The contract in place with the operator is an irrevocable long-term lease with a lease maturity of approx. 25 years. The repair and maintenance of the roof, structure and facades of the building remain the responsibility of the owner. The contractual value of the rest home will amount to approx. €7 million, which will provide for an initial gross rental yield (double net) of approx. 7 %. The operation will be financed using Aedifica's credit facilities and by taking over existing credit facilities attached to the building.

3.2. Completions of renovation and extension works

3.2.1. Completion of the last phase for the renovation and extension works at the Salve rest home in Brasschaat (Province of Antwerp, Belgium)

Extension and renovation works at the Salve rest home in Brasschaat were completed during the first quarter of 2015/2016.

3.2.2. Completion of the extension of the Pont d'Amour rest home in Dinant (Province of Namur, Belgium)

Extension works at the Pont d'Amour rest home in Dinant were completed during the first quarter of 2015/2016. The site has now a capacity of 150 residents, compared to 74 before the works began.

3.2.3. Completion of the extension of the Op Haanven rest home in Veerle-Laakdal (Province of Namur, Belgium)

Phase I of the extension works at the Op Haanven rest home in Veerle-Laakdal was completed during the second quarter of 2015/2016. Phase II, which consists in the partial demolition and renovation of the existing building, is on-going. Completion of the works is expected in the beginning of 2017.

3.2.4. Completion of the Marie-Louise assisted-living apartment building in Wemmel (Province of Flemish Brabant, Belgium)

The renovation and reconversion of the Marie-Louise rest home into assisted-living apartments was completed in January 2016. The site now counts 30 assisted-living apartments.

3.3. Disposals

Disposals of the assisted-living apartments located in Tienen, as noted in the Annual Financial Report 2014/2015, are on-going. As of 31 December 2015, 42 of the 49 apartments were sold. The remaining apartments to be sold amount to approx. €1 million.

3.4. Development projects in progress

The following development projects are in progress:

- Helianthus (extension of a rest home in Melle, East-Flanders, Belgium);
- Villa Temporis (construction of a rest home in Hasselt, Limburg, Belgium);
- Au Bon Vieux Temps (construction of a rest home in Mont-Saint-Guibert, Walloon Brabant, Belgium);
- Op Haanven phase II (renovation of a rest home in Veerle-Laakdal, Antwerp, Belgium);
- Prinsenhof (extension and renovation of a rest home in Koersel, Limburg, Belgium);
- Plantijn (extension and renovation of a rest home in Kapellen, Antwerp, Belgium);
- Leopoldspark (construction of a rest home in Leopoldsburg, Limburg, Belgium);
- Oase Aarschot Poortvelden (construction of a rest home in Aarschot, Flemish Brabant, Belgium);
- Oase Glabbeek (construction of a rest home in Glabbeek, Flemish Brabant, Belgium).

3.5. Financing

With regard to financing, the following events have occurred since the beginning of the 2015/2016 financial year:

- maturation of a bilateral credit facility with ING (€30 million) at the end of October 2015;
- extension of the bilateral credit facility (€25 million) with the Caisse d'Epargne et de Prévoyance Nord France Europe ("CENFE") in November 2015, which extends the maturity date from June 2016 to July 2018;
- refinancing in February 2016 of the bilateral credit facility with ING (€30 million) that was due to mature in June 2016 to extend it to 2021 ;
- new bilateral credit facilities with ING in February 2016 (2 x €30 million, maturing in 2022 and 2013).

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

	Lines	Utilisation
- 2015/2016 :	-	-
- 2016/2017 :	150	106
- 2017/2018 :	92	60
- 2018/2019 :	127	127
- 2019/2020 :	80	80
- 2020/2021 :	32	2
- 2021/2022 :	55	25
- > 2022/2023 :	44	14
Total as of 22 February 2016	**580**	**414**
Weighted Average Maturity (years)	**3.2**	**2.8**

3.6. Inclusion of Aedifica in the MSCI Small Caps Europe index on 1 December 2015

Aedifica shares were added to the MSCI Small Caps Europe index on 1 December 2015. Aedifica passed all eligibility criteria, as determined by MSCI, in November 2015 as part of the half year review of the index composition.

MSCI ("Morgan Stanley Capital International") is a European stock market index launched by Morgan Stanley Capital International which groups listed companies worldwide.

4. Consolidated portfolio as of 31 December 2015

During the first half of the current financial year, Aedifica increased its portfolio of **marketable investment properties** (including assets classified as held for sale of approx. €1 million) by €61 million, from a fair value of €983 million to €1,044 million (€1,065 million for the total portfolio, including development projects and assets classified as held for sale). This 6 % growth comes mainly from net acquisitions during the first half of the financial year (see section 3.1. above), completion of development projects (see section 3.2. above) and changes in the fair value of marketable investment properties recognised in income (+8.3 million, or +0.8 % over the first half). The fair value of marketable investment properties, as assessed by independent experts, is broken down as follows:

- senior housing: + €8.2 million, i.e. +1.1 %;
- apartment buildings: + €0.7 million, i.e. +0.3 %; and
- hotels and other: - €0.6 million, i.e. -0.8 %.

Aedifica has 158 marketable investment properties, with a total surface area of approx. 515,000 m^2, consisting mainly of:

- 73 senior housing sites with a capacity of 6,942 residents;
- 865 apartments; and
- 6 hotels comprising 521 rooms.

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

- 72 % senior housing;
- 21 % apartment buildings; and
- 7 % hotels and other building types.

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

- 88 % in Belgium, of which:
  - 47 % in Flanders;
  - 29 % in Brussels; and
  - 12 % in Wallonia.
- 12 % in Germany.

The **occupancy rate[1] of the total unfurnished portion of the portfolio** (representing 93 % of the fair value of marketable investment properties) reached a record high of 98.3 % as of 31 December 2015. This occupancy rate exceed the previous high of 30 June 2015 (97.9 %).

The **occupancy rate of the furnished portion of the portfolio** (representing only 7 % of the fair value of marketable investment properties) reached 81.0 % over the first six months of the financial year. This is an increase compared to the occupancy rate realised for the first six months of the previous financial year (73.2 %) and for the full 2014/2015 financial year (78.3 %).

[1] 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.

The **overall occupancy rate**[2] of the total portfolio amounts to 98 % as of 31 December 2015.

The **average remaining lease maturity** for all buildings in the Company's portfolio is 20 years; this is unchanged as compared to 30 June 2015. This impressive aggregate performance is explained by the large proportion of long-term contracts (such as long leases) in the Company's portfolio.

[2] 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 (5.8 %) as compared to its level on 30 June 2015.

31 December 2015

(x €1,000)	Senior housing	Apartment buildings		Hotels and other	Marketable investment properties	Development projects	Investment properties***
Fair value	755,039	217,005		72,112	**1,044,156**	20,523	**1,064,679**
Annual contractual rents *	44,203	12,081	*	4,491	**60,775**	-	**60,775**
Gross yield (%) **	5.9%	5.5%		6.2%	**5.8%**	-	**-**

30 June 2015

(x €1,000)	Senior housing	Apartment buildings		Hotels and other	Marketable investment properties	Development projects	Investment properties***
Fair value	696,272	214,461		72,696	**983,429**	21,734	**1,005,163**
Annual contractual rents *	41,038	11,866	*	4,538	**57,442**	0	**57,442**
Gross yield (%) **	5.9%	5.4%		6.2%	**5.8%**	-	**-**

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%**	-	**-**

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

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

*** 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 46 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[3]

Consolidated income statement - analytical format (x €1,000)	31 December 2015	31 December 2014
Rental income	28,654	22,914
Rental-related charges	-19	-5
Net rental income	28,635	22,909
Operating charges*	-5,281	-4,910
Operating result before result on portfolio	23,354	17,999
*EBIT margin** (%)*	*82%*	*79%*
Financial result excl. IAS 39	-6,293	-6,055
Corporate tax	-241	-151
Profit excl. IAS 39 and IAS 40	**16,820**	**11,793**
Denominator (IAS 33)	14,064,202	10,363,753
Earnings per share excl. IAS 39 and IAS 40 (€/share)	**1.20**	**1.14**
Profit excl. IAS 39 and IAS 40	16,820	11,793
IAS 39 impact: changes in fair value of financial assets and liabilities	-951	-3,294
IAS 40 impact: changes in fair value of investment properties	7,866	12,722
IAS 40 impact: gains and losses on disposals of investment properties	0	0
IAS 40 impact: deferred taxes	-363	-116
Roundings	0	0
Profit (owners of the parent)	**23,372**	**21,105**
Denominator (IAS 33)	14,064,202	10,363,753
Earnings per share (owners of the parent - IAS 33 - €/share)	**1.66**	**2.04**

* 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 first half of the current financial year amounts to €28.7 million, i.e. +25 % compared to the same period of the previous financial year. This is well above the half year budget as derived from the annual outlook for the 2015/2016 financial year presented in the 2014/2015 Annual Financial Report. This achievement results from the five acquisitions made since the beginning of the 2015/2016 financial year that were not budgeted, and to the good performance of the apartment buildings.

[3] The consolidated income statement covers the 6-month period from 1 July 2015 to 31 December 2015. 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 2015	31 December 2014	Var. (%) on a like-for-like basis	Var. (%)
Senior housing	20,720	15,120	+0.6%	+37.0%
Apartment buildings	5,999	5,848	+2.6%	+2.6%
Hotels and other	1,995	2,000	-0.2%	-0.2%
Inter-segment	-60	-54		
Total	**28,654**	**22,914**	**+1.0%**	**+25.1%**

The evolution of rental income in the senior housing segment (+37.0 % compared to the same period of the previous financial year overall or +0.6 % on a like-for-like basis) demonstrates the relevance of Aedifica's investment strategy in this segment, which generates more than 72 % of the Company's turnover and nearly 88 % of its operating result before result on portfolio.

The rental income of the apartment buildings increased by 2.6 %, whereas hotels and other remain stable.

After deducting rental-related charges, the **net rental income** amounts to €28.6 million (+25 % compared to 31 December 2014).

The **property result** is €27.9 million (31 December 2014: €22.2 million). This result, less other direct costs, provides a **property operating result** of €26.4 million (31 December 2014: €20.3 million), which represents an operating margin[4] of 92 % (31 December 2014: 89 %).

After deducting overheads of €3.0 million (31 December 2014: €2.4 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 30 % to reach €23.4 million. This result represents an **EBIT margin** of 82 % (31 December 2014: 79 %) and is ahead of budget.

The new IFRIC 21 interpretation "Levies" (see Annual Financial Report 2014/2015, page 38) has the effect of deferring recognition of property taxes in the income statement to the second half of the 2015/2016 financial year. These taxes were previously allocated separately to the first and second half of each financial year (i.e. taken pro rata temporis over each financial year). Had these property taxes been allocated to the half year under review using the pro rata method, the EBIT margin would have amounted to 80 %, instead of the 82 % noted in the previous paragraph.

[4] 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 €5.9 million (31 December 2014: €6.0 million). The average effective interest rate (3.0 % before capitalising interest on development projects) decreased as compared to that reported in the first half of 2014/2015 (3.2 %) and is also lower than the budgeted interest rate. Taking into account other income and charges of financial nature (including the non-recurrent income of €0.1 million 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 €6.3 million (31 December 2014: €6.1 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 (€0.2 million; 31 December 2014: €0.2 million) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax generated abroad by the Company and tax on the result of consolidated subsidiaries. Deferred taxes are described below.

Profit excluding IAS 39 and IAS 40 reached €16.8 million (31 December 2014: €11.8 million), or €1.20 per share, based on the weighted average number of shares outstanding (31 December 2014: €1.14 per share). This result is ahead of budget, both in absolute amount and per share, and even after adjustment to neutralise the favourable effects of IFRIC 21 and of the non-recurrent financial income mentioned above.

The income statement includes, among other things, 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 assets and liabilities (accounted for in accordance with IAS 39) and (3) deferred taxes (arising from IAS 40):

- Over the first six months of the financial year, **changes in the fair value of marketable investment properties**[5] taken into income amounted to +0.8 %, or +€8.3 million (31 December 2014: +€6.7 million). A change in fair value of -€0.4 million was recorded on development projects (compared to +€6.0 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 €7.9 million for the half (31 December 2014: €12.7 million).

- In order to limit the interest rate risk stemming from the financing of its investments, Aedifica has put in place very conservative hedges (called "cash flow hedges") which, over the long term[6], allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. These financial instruments are detailed in Note 9 of the attached condensed Consolidated Financial Statements. Moreover, the financial instruments also reflect put options granted to

[5] Corresponding to the sum of the positive and negative variations between that of 30 June 2015 or the time of entry of new buildings in the portfolio, and the fair value estimated by experts as of 31 December 2015.

[6] 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.

non-controlling shareholders (in relation to the subsidiaries that were acquired in December 2014) which are the subject to appraisal at fair value (see Note 16). The **impact of IAS 39** (changes in fair value) taken into income as of 31 December 2015 represents a charge of €1.0 million (31 December 2014: charge of €3.3 million).

- **Deferred taxes** (charge of €0.4 million as of 31 December 2015 as compared to the charge of €0.1 million on 31 December 2014) 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 €23.4 million (31 December 2014: €21.1 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €1.66 (31 December 2014: €2.04).

6.2. Consolidated balance sheet

Consolidated balance sheet (x €1,000)	31 December 2015	30 June 2015
Investment properties (fair value)**	1,064,679	1,005,163
Other assets included in debt-to-assets ratio	14,764	14,073
Other assets	1,243	1,048
Total assets	**1,080,686**	**1,020,284**
Equity		
Excl. IAS 39 impact	645,369	636,193
IAS 39 impact*	-39,568	-37,923
Equity	605,801	598,270
Liabilities included in debt-to-assets ratio	430,351	377,216
Other liabilities	44,534	44,798
Total equity and liabilities	**1,080,686**	**1,020,284**
Debt-to-assets ratio (%)	*39.9%*	*37.0%*

* Fair value of hedging instruments (see Note 9).
** Including assets classified as held for sale.

As of 31 December 2015, **investment properties** represent 99 % (30 June 2015: 99 %) of the **assets** recognised on Aedifica's balance sheet, valued in accordance with IAS 40[7] at €1,065 million (30 June 2015: €1,005 million). This heading includes:

- Marketable investment properties, including assets classified as held for sale (31 December 2015: €1,044 million; 30 June 2015: €983 million), which marked an increase of €61 million. The net growth in the fair value of marketable investment properties is attributed mainly to +€40 million from investment operations (see point 3.1. above), to +€13 million from the completion of development projects (see point 3.2. above) and to +€8 million from the change in fair value of marketable investment properties.

[7] 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).

- Development projects (31 December 2015: €21 million; 30 June 2015: €22 million), consist primarily of investment properties under construction or renovation (see point 3.2. 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 2015: 1 %).

Since Aedifica's formation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and thanks to capital increases (in cash) in October 2010, December 2012 and June 2015. The Company's capital has increased to €374 million as of 31 December 2015[8] (30 June 2015: €371 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:

- €645 million excluding the IAS 39 impact (30 June 2015: €636 million, including the €22 million dividend distributed in October 2015);
- or €606 million including the IAS 39 impact (30 June 2015: €598 million, including the €22 million dividend distributed in October 2015).

As of 31 December 2015, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 on Regulated Real Estate Companies) reached €430 million (30 June 2015: €377 million), of which €414 million (30 June 2015: €367 million) represent amounts drawn on the Company's credit facilities. The consolidated **debt-to-assets ratio** amounts to 39.9 % (30 June 2015: 37.0 %). The maximum ratio permitted for Belgian REITs is set at 65 % of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €271 million in constant assets (that is, excluding growth in the real estate portfolio) or €775 million in variable assets (that is, taking into account growth in the real estate portfolio). Conversely, the balance sheet structure permits, other things being equal, the Company to absorb a decrease of up to 39 % in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing bank commitments, which further limit the maximum debt-to-assets ratio to 60 %, the headroom available amounts to €217 million in constant assets, €543 million in variable assets, and -34 % in the fair value of investment properties.

Other liabilities amount to €45 million (30 June 2015: €45 million) and consist mainly of the fair value of hedging instruments of €39 million (30 June 2015: €38 million).

[8] Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the capital reserves.

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[9] and after accounting for the distribution of the 2014/2015 dividend in October 2015[10], the net asset value per share based on the fair value of investment properties is €45.54 as of 31 December 2015 (30 June 2015: €43.74 per share).

Net asset value per share (in €)	31 December 2015	30 June 2015
Based on fair value of investment properties		
Net asset value after deduction of dividend 2014/2015, excl. IAS 39	45.54	43.74
IAS 39 impact	-2.79	-2.70
Net asset value after deduction of dividend 2014/2015	42.75	41.04
Number of share outstanding (excl. treasury shares)	**14,169,939**	**14,045,931**

Number of shares	31 December 2015	30 June 2015
Number of shares outstanding*	14,169,939	14,045,931
Total number of shares	14,169,939	14,045,931
Total number of shares on the stock market	14,150,083	14,045,931
Weighted average number of shares outstanding (IAS 33)	14,064,202	10,658,981
Number of dividend rights**	14,164,894	10,924,613

* After deduction of the treasury shares.
** Based on the rights to the dividend for the shares issued during the year.

[9] The IAS 39 impact of €-2.79 per share as of 31 December 2015 is the impact in equity of the fair value of hedging instruments, which is negative for €40 million, mainly booked in the liabilities on the balance sheet.

[10] Recall that IFRS requires the presentation of the annual accounts before appropriation. Net assets in the amount of €42.59 per share as of 30 June 2015 thus included the dividend distributed in October 2015, and should be adjusted by €1.56 per share in order to compare with the value as of 31 December 2015. This amount corresponds to the amount of the total dividend (€22 million) divided by the total number of shares outstanding as of 30 June 2015 (14,045,931).

7. Outlook

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

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

- Its strategic focus on health care real estate and its expansion in Europe, which allows the Company to adapt to shifting market opportunities and economic conditions, in the context of an ageing population.

- Thanks to its investments in senior housing, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The average remaining lease maturity on the total of its leases (20 years) provides a very good view toward the majority of its future income streams over the long term.

- Its investments in apartment buildings, which 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 €580 million and none of these reaching maturity before the end of the 2015/2016 financial year. At present drawings on these credit facilities are almost fully covered by hedging instruments.

- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 39.9 % as of 31 December 2015 (far below the maximum legal limit of 65 % imposed for Belgian REITs and the contractual maximum of 60 % imposed by way of bank covenants). This is further supported by the stable fair values that the Company's real estate portfolio has demonstrated over many years. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations (commitments representing approx. €170 million as of 31 December 2015, of which approx. €150 million are to be realised within a three-year period) and to realise new investments.

The dividend expectations for the current financial year, as published in the 2014/2015 Annual Financial Report, remain unchanged at €2.05 gross per share, this represents an increase compared to the dividend distributed for the 2014/2015 financial year.

8. Aedifica rankings

According to the "Weekly table value", published on 12 February 2016 by Bank Degroof Petercam, Aedifica is currently the 4th Belgian REIT in terms of market capitalisation.

Moreover, between 31 December 2006 and 31 December 2015, Aedifica rose successfully from 36th to 8th place in the ranking of the 100 largest real estate portfolios in Belgium (according to the "Investors Directory 2016", published by Expertise BVBA in January 2016).

In terms of financial communication, Aedifica has received several awards:

- On 9 September 2015, Aedifica received the "EPRA Gold Award" for its 2013/2014 Annual Financial Report, bringing the Company to the forefront of the 106 real estate companies assessed by EPRA, the European association of listed real estate companies.
- As part of the 55th edition of the prize for best financial communication, held on 12 October 2015, the Belgian Association of Financial Analysts (ABAF/BVFA) awarded the Best Financial Communication Award in the "Mid & Small Cap" category to Aedifica. This category was assessed by 92 analysts and comprised 34 listed companies across all sectors.

9. Principal risks and uncertainties

The Board of Directors considers that the key risk factors summarised in pages 3 to 11 of the 2014/2015 Annual Financial Report remain relevant for the remaining months of the 2015/2016 financial year.

The previously identified risk of an increase in the withholding tax for dividends that will be distributed in 2016 and the following years has in fact materialised, in the context of the Belgian fiscal reform (generally baptised "tax shift" by the media). The disappearance of the reduced withholding tax of 15 % for residential REITs is an opportunity for Aedifica, by expanding the potential range of its future investments.

10. Related party transactions

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

Moreover, certain types of transactions are covered by Article 37 of the Act of 12 May 2014 on RREC (with the exception of cases explicitly covered by Article 38 of the same Act). Over the course of the first half of the 2015/2016 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 23 October 2015 renewed, with immediate effect and for a period of 3 years (until the end of the 2018 Annual General Meeting) the office of Mr. Stefaan Gielens, as executive Director.

11.2. Election of three new Directors

The shareholders also approved, with immediate effect and for a period of 3 years (until the end of the 2018 Annual General Meeting) the election of three new Directors: Ms. Katrien Kesteloot, as non-executive independent Director, Ms. Elisabeth May-Roberti, as non-executive independent Director and Mr. Serge Wibaut, as non-executive independent Director.

11.3. Outgoing Directors

The Board of Directors wishes to once again express its appreciation to its outgoing Directors - Ms. Brigitte Gouder de Beauregard (permanent representative of RE-Invest SA), Mr. Pierre Iserbyt (permanent representative of Serdiser SCA) and Ms. Hilde Laga, for their commitment.

11.4. Committees

Recall that given the Board of Director's new composition, the composition of the committees has been adjusted as follows:

a) The Audit Committee consists of the following members:
- Ms. Adeline Simont
  Chairman of the Committee
  Director
- Ms. Katrien Kesteloot
  Independent Director
- Mr. Serge Wibaut
  Independent Director

Aedifica's Corporate Governance Charter provides that the Audit Committee is chaired by an independent Director. However, in the interest of continuity, the Board of Directors requested that Ms. Adeline Simont, member of the Audit Committee since its creation in 2006, chair the Committee on a temporary basis given that the two other members are new Directors.

b) The Nomination and Remuneration Committee consists of the following members:

- Ms. Adeline Simont
  Chairman of the Committee
  Director
- Ms. Elisabeth May-Roberti
  Independent Director
- Mr. Jean Franken
  Independent Director

c) The Investment Committee consists of the following members:

- Mr. Jean Franken
  Chairman of the Committee
  Independent Director
- Ms. Sophie Maes
  Independent Director
- Mr. Olivier Lippens
  Director
- Mr. Stefaan Gielens
  Managing Director – Member of the Direction Committee – CEO
- Mr. Jean Kotarakos
  Director – Member of the Direction Committee – CFO

Brussels 22 February 2016.
The Board of Directors.

II. EPRA[11]

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

The EPRA ("European Public Real Estate Association") is the voice of Europe's publicly traded real estate sector and the most widely used global benchmark for listed real estate. It represents more than 200 active members and over €350 billion in real estate assets. The European indices include more than 95 constituents, with a free-float market capitalisation of more than €195 billion. The criteria for inclusion in the indices are publicly available on the EPRA website (www.epra.com).

Aedifica is registered in the European Index with a weighting of approx. 0.4% and in the Belgian Index with a weighting of approx. 14 %.

Aedifica supports this approach to reporting standardisation, which has been designed to improve the quality and comparability of information. The Company supplies its investors with most of the indicators calculated according to the information recommended by EPRA.

Key performance indicators according to the EPRA principles

	31 December 2015	31 December 2014
EPRA Earnings (in €/share)	1.20	1.14
EPRA Cost Ratio (including direct vacancy costs) (in %)	18%	21%
EPRA Cost Ratio (excluding direct vacancy costs) (in %)	18%	21%

	31 December 2015	30 June 2015
EPRA NAV (in €/share)	45.73	43.90
EPRA NNNAV (in €/share)	42.62	40.88
EPRA Net Initial Yield (NIY) (in %)	5.2%	5.1%
EPRA Topped-up NIY (in %)	5.2%	5.1%
EPRA Vacancy Rate (in %)	2%	2%

On 9 September 2015, Aedifica was rewarded the "EPRA Gold Award" for its 2013/2014 Annual Financial Report, as mentioned in section 8 of the interim Board of Directors' Report above.

[11] The data in this chapter is not required by the RREC regulation.

III. Aedifica in the stock market

1. Stock price and volume

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

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

Aedifica was first registered in the Bel Real Inv. Trusts index (with a weighting of 8.84 %) and in the Bel Mid Index[12] (with a weighting of 3.21 %) on 31 December 2015.

Taking the stock price on 31 December 2015 (€60.56) as a baseline reference, Aedifica shares show:

- a 33.0 % premium as compared to the net asset value per share **excluding** IAS 39, based on the fair value of the property portfolio;
- a 41.7 % premium as compared to the net asset value per share **including** IAS 39, based on the fair value of the property portfolio.

Between the date of the IPO (after deduction of the coupons which represented the preferential rights or the priority allocation rights issued as part of the 15 October 2010, 7 December 2012 and 29 June 2015 capital increases) and 31 December 2015, Aedifica's stock price increased by 67 %. This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by 27 % and when compared to the EPRA Europe index[13], which fell by 17 %, over the same period.

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

[12] 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.

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

Aedifica share	31 December 2015	30 June 2015
Share price at closing (in €)	60.56	50.30
Net asset value per share (based on fair value) after deduction of the dividend 2014/2015 excl. IAS 39 (in €)	45.54	43.74
Premium (+)/(-) Discount (based on fair value) excl. impact IAS 39	33.0%	15.0%
Net asset value per share (based on fair value) before deduction of the dividend 2014/2015 incl. IAS 39 (in €)	42.75	41.04
Premium (+)/(-) Discount (based on fair value) inlc. impact IAS 39	41.7%	22.6%
Market capitalisation	856,929,026	706,510,329
Free float [1]	100.00%	94.54%
Total number of shares listed	14,150,083	14,045,931
Denominator for the calculation of the net asset value per share	14,169,939	14,045,931
Average daily volume	17,328	9,809
Velocity [2]	35.5%	28.8%
Gross dividend per share (in €) [3]	2.05	2.00
Dividend gross yield [4]	3.4%	4.0%

[1] Percentage of the capital of a company held by the market, according to the definition of Euronext. See press release of 18 December 2015.

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

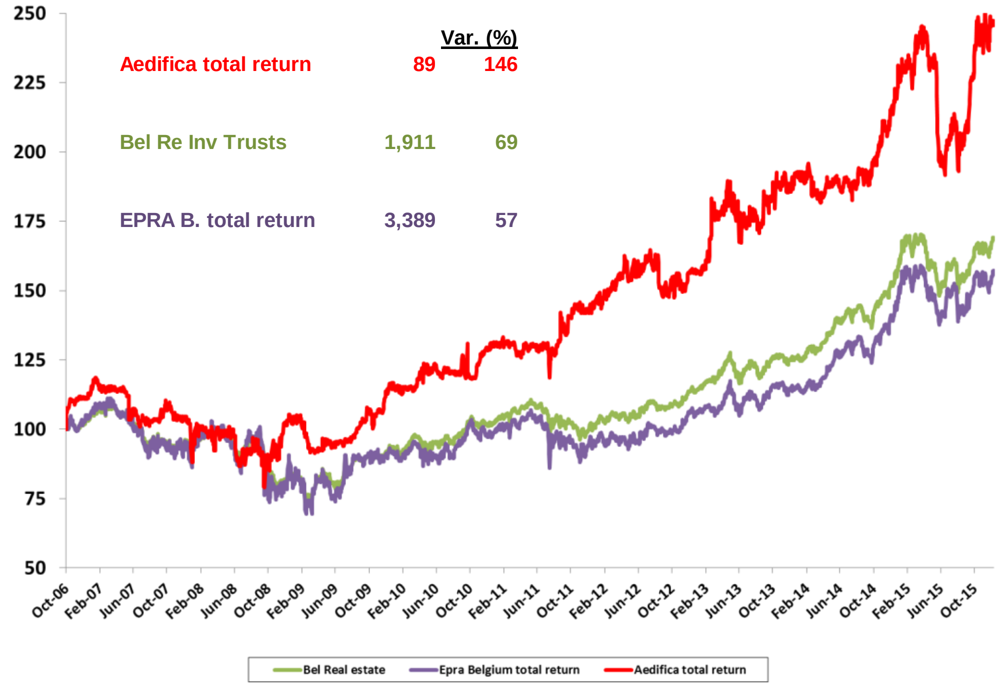
[3] 2015/2016: according to section 7 of the Interim Board of Directors above.

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

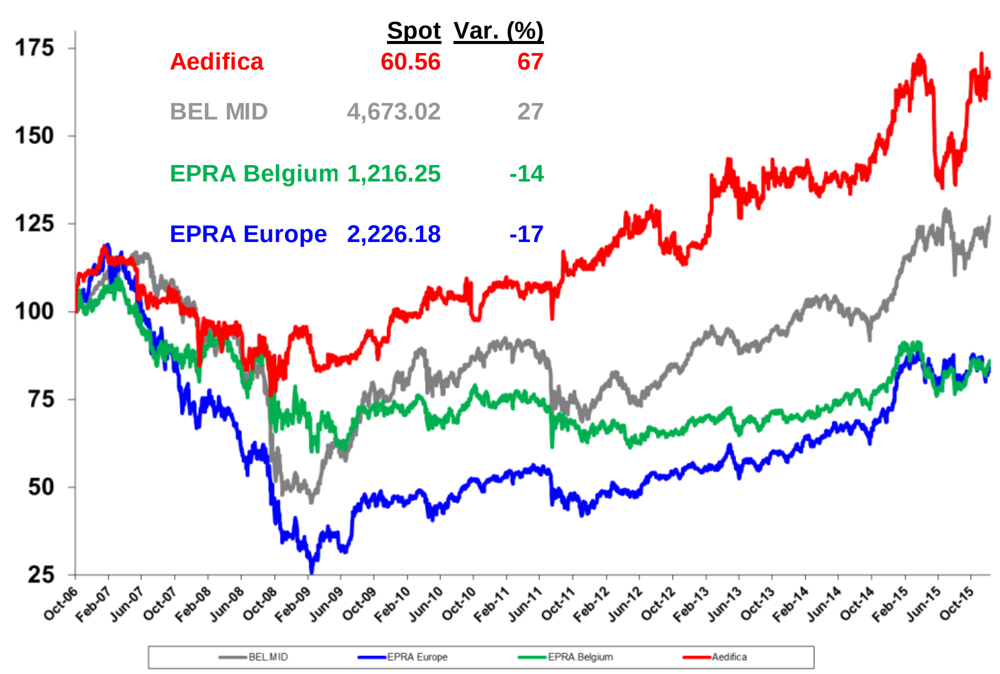
2. Graphic illustrations of Aedifica's stock price

The stock prices cover the period between the IPO and 31 December 2015.

Aedifica's total return compared to indices



Aedifica's stock price evolution compared to indices



3. Shareholding structure

Since 18 December 2015[14], no shareholder holds more than 5 % of the Company's capital. The free float is thus 100 %.

The total number of shares is 14,169,939.

4. Financial calendar[15]

Financial calendar	
Interim statement 31.03.2016	18/05/2016
Annual press release 30.06.2016	5/09/2016
Annual Financial Report 2015/2016	23/09/2016
Annual General Meeting 2016	28/10/2016
Dividend - Coupon related to the 2015/2016 financial year ("ex-date")	2/11/2016
Interim statement 30.09.2016	16/11/2016
Half year results 31.12.2016	February 2017

[14] 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 18 December 2015.
[15] These dates are subject to change.

IV. Property report

1. Consolidated property portfolio

1.1. Marketable investment properties[16]

Senior housing	Total surface (m²)[1]	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	115	100.0%	863,500	863,500	1,080,100
New Philip	3,914	111	100.0%	472,800	472,800	571,800
Jardins de Provence	2,280	72	100.0%	388,100	388,100	385,000
Bel Air	5,350	161	100.0%	705,600	705,600	807,700
Résidence Grange des Champs	3,396	75	100.0%	417,500	417,500	475,900
Résidence Augustin	4,832	94	100.0%	525,000	525,000	571,900
Ennea	1,848	34	100.0%	188,400	188,400	173,700
Kasteelhof	3,500	81	100.0%	340,800	340,800	486,100
Wielant	4,834	104	100.0%	523,400	523,400	678,900
Résidence Parc Palace	6,719	162	100.0%	1,223,400	1,223,400	1,464,200
Résidence Service	8,716	175	100.0%	1,258,300	1,258,300	1,059,700
Résidence du Golf	6,424	194	100.0%	761,000	761,000	1,268,500
Résidence Boneput	2,993	78	100.0%	443,400	443,400	554,800
Résidence Aux Deux Parcs	1,618	53	100.0%	257,000	257,000	305,700
Résidence L'Air du Temps	2,763	88	100.0%	453,900	453,900	505,900
Au Bon Vieux Temps	1,268	43	100.0%	224,700	224,700	175,700
Op Haanven	6,613	89	100.0%	519,500	519,500	666,600
Résidence Exclusiv	4,253	104	100.0%	692,400	692,400	663,400
Sénioriе Mélopée	2,967	70	100.0%	482,100	482,100	389,500
La Boule de Cristal	1,290	41	100.0%	91,800	91,800	162,100
Les Charmes en Famenne	3,165	96	100.0%	294,000	294,000	344,000
Seniorerie La Pairelle	6,016	118	100.0%	740,500	740,500	688,200
Residence Gaerveld	1,504	20	100.0%	165,200	165,200	167,300
Résidence du Plateau	8,069	143	100.0%	1,239,300	1,239,300	1,212,700
Seniorie de Maretak	5,684	122	100.0%	516,100	516,100	701,600
De Edelweis	6,914	122	100.0%	737,100	737,100	872,000
Bois de la Pierre	2,272	65	100.0%	433,500	433,500	422,100
Buitenhof	4,386	80	100.0%	543,900	543,900	729,900
Klein Veldeken	5,824	58	100.0%	622,400	622,400	669,900
Koning Albert I	7,775	110	100.0%	897,600	897,600	911,000
Eyckenborch	8,771	141	100.0%	1,087,800	1,087,800	858,500
Rietdijk	2,155	59	100.0%	328,000	328,000	345,500
Marie-Louise	1,959	0	100.0%	127,100	127,100	328,400

[16] It is not in the interest of the shareholder to publish the values by building. The addresses of the buildings are available in the 2014/2015 Annual Financial Report. Addresses of the acquisitions since 1 July 2015 are available in the related press releases. The following twelve buildings are held by subsidiaries: Seniorenresidenz Mathilde (Aedifica Luxemburg I SARL), Die Rose im Kalletal (Aedifica Luxemburg I SARL), Seniorenresidenz Klosterbauerschaft (Aedifica Luxemburg I SARL), Senioreneinrichtung Haus Matthäus (Aedifica Luxemburg II SARL), Bonifatius Seniorenzentrum (Aedifica Luxemburg II SARL), Senioreneinrichtung Haus Elisabeth (Aedifica Luxemburg II SARL), Seniorenresidenz Am Stübchenbach (Aedifica Luxemburg III SARL), Seniorenresidenz Kierspe (Aedifica Luxemburg III SARL), Résidence de la Houssière (La Croix Huart SA), Senior Flandria (Senior Hotel Flandria SA), Vinkenbosch (Vinkenbosch SA) and Heydeveld (Heydeveld SPRL, usufructuary of the building).
The following two plot of lands are held by subsidiaries: the plot of land located in Brugge on which the Senior Flandria assisted-living building is constructed (Patrimoniale Flandria SA) and the plot of land located in Brugge on which part of the hotel Martin's Brugge has been constructed (Aedifica Invest Brugge SA).
All other buildings, including the plot of land on which the Heydeveld rest home is located, are held by Aedifica SA.

Senior housing	Total surface (m²)[1]	Number of residential units	Occupancy rate[2] (%)	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Gaerveld	6,994	115	100.0%	769,400	769,400	789,500
Larenshof	6,988	117	100.0%	1,021,700	1,021,700	951,500
Ter Venne	6,634	102	100.0%	972,300	972,300	1,135,600
Pont d'Amour	8,984	150	100.0%	964,700	964,700	875,300
Résidence Les Cheveux d'Argent	4,177	80	100.0%	244,700	244,700	317,200
't Hoge	4,632	79	100.0%	429,800	429,800	557,500
Helianthus	2,409	47	100.0%	232,200	232,200	451,400
Hestia	12,682	222	100.0%	1,312,600	1,312,600	1,561,200
Plantijn	5,958	110	100.0%	467,900	467,900	815,100
Salve	6,730	117	100.0%	979,100	979,100	884,000
AGO Herkenrath	4,000	80	100.0%	575,000	575,000	613,273
AGO Dresden	5,098	116	100.0%	583,233	583,233	670,950
De Stichel	6,257	116	100.0%	655,843	655,843	697,970
Huize Lieve Moenssens	4,301	68	100.0%	327,459	327,459	351,575
AGO Kreischa	3,670	84	100.0%	416,516	416,516	414,896
Haus Dottendorf	5,927	130	100.0%	740,000	740,000	711,240
Goldene Au	4,141	83	100.0%	402,240	402,240	397,531
Oase Binkom	4,076	111	100.0%	725,910	725,910	754,990
Oase Tienen[7]	10,657	120	100.0%	923,902	923,902	853,200
Oase Aarschot Wissenstraat	8,996	136	100.0%	943,216	943,216	942,454
De Notelaar	8,651	94	100.0%	946,300	946,300	1,037,000
Overbeke	6,917	113	100.0%	788,900	788,900	825,800
Halmolen	9,200	140	100.0%	1,015,864	1,015,864	1,091,900
Seniorenresidenz Mathilde	3,448	75	100.0%	554,695	554,695	579,264
Die Rose im Kalletal	2,789	68	100.0%	489,910	489,910	518,754
Seniorenresidenz Klosterbauerschaft	3,497	80	100.0%	590,341	590,341	608,478
Senioreneinrichtung Haus Matthäus	2,391	50	100.0%	354,666	354,666	365,823
Bonifatius Seniorenzentrum	3,967	80	100.0%	598,714	598,714	606,951
Senioreneinrichtung Haus Elisabeth	3,380	80	100.0%	567,466	567,466	577,980
Seniorenresidenz Am Stübchenbach	5,874	130	100.0%	782,925	782,925	828,234
Seniorenresidenz Kierspe	3,721	79	100.0%	548,395	548,395	546,987
La Ferme Blanche	1,697	61	100.0%	204,000	204,000	556,800
Villa Temporis	3,964	40	100.0%	289,700	289,700	353,800
Service-Residenz Schloss Bensberg	8,215	87	100.0%	929,240	929,240	1,157,696
Residentie Sporenpak	9,261	127	100.0%	1,035,300	1,035,300	1,033,900
Résidence de la Houssière	4,484	94	100.0%	570,000	570,000	540,500
Senior Flandria	7,501	108	100.0%	610,835	610,835	712,800
Vinkenbosch	2,973	59	100.0%	237,500	237,500	944,300
Heydeveld	3,414	75	100.0%	500,000	500,000	466,500
Prinsenhof	1,697	41	100.0%	335,000	335,000	207,870
Total of the segment "Senior housing"	**366,778**	**6,942**	**100.0%**	**44,202,570**	**44,202,570**	**49,006,016**

Apartment buildings	Total surface (m²)[1]	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	4,626	3	81.1%	447,820	552,008	608,240
Sablon	5,546	30	86.5%	842,234	974,239	935,026
Complexe Laeken - Pont Neuf	7,130	42	98.6%	556,931	564,959	683,620
Le Bon 24-28	2,159	15	99.3%	179,068	180,268	214,678
Lombard 32	1,622	13	100.0%	216,140	216,140	181,067
Complexe Louise 331-333	4,962	8	88.7%	623,600	702,900	674,000
Place du Samedi 6-10	4,543	24	96.5%	312,311	323,636	311,361
Broqueville 8	725	6	46.7%	33,024	70,735	70,419
Bataves 71	653	3	41.1%	24,555	59,684	62,136
Tervueren 103	1,202	6	100.0%	125,581	125,581	120,463
Louis Hap 128	969	7	97.8%	79,023	80,823	79,208
Rue Haute	2,600	20	100.0%	247,056	247,056	293,459
Résidence Palace	6,077	57	73.3%	430,000	586,900	711,800
Churchill 157	2,440	22	93.8%	249,636	266,276	271,898
Auderghem 237-239-241-266-272	2,241	22	91.1%	176,954	194,229	221,978
Edison	1,897	7	77.7%	96,359	123,962	138,089
Verlaine/Rimbaud/Baudelaire	3,671	21	94.3%	248,807	263,827	271,490
Ionesco	1,148	10	98.3%	94,893	96,513	99,127
Musset	659	6	85.4%	44,285	51,872	50,216
Giono & Hugo	1,718	15	94.5%	123,963	131,223	135,746
Antares	476	7	84.3%	34,768	41,256	39,144
Ring	9,604	88	100.0%	708,200	708,200	860,100
Résidence Gauguin et Manet	3,496	35	93.1%	297,436	319,536	307,608
Résidence de Gerlache	7,406	75	80.0%	650,996	813,347	819,391
Complexe Souveraine	13,740	116	72.5%	1,791,353	1,791,353	1,531,868 [6]
Louise 130	944	9	90.4%	223,040	223,040	164,900 [6]
Louise 135 (+ 2 parkings Louise 137)	2,505	31	87.5%	536,517	536,517	346,800 [6]
Louise 270	1,205	14	85.0%	230,694	230,694	148,100 [6]
Vallée 48	653	6	100.0%	136,843	136,843	89,100 [6]
Livourne 16-18 (+ 24 parkings Livourne 7-11)	1,982	16	84.6%	344,877	344,877	263,800 [6]
Freesias	2,777	38	85.9%	466,933	466,933	361,600 [6]
Héliotropes	1,364	25	79.4%	222,794	222,794	175,300 [6]
Livourne 20-22	1,407	12	89.4%	313,028	313,028	187,700 [6]
Livourne 14	275	6	95.3%	52,857	52,857	34,100 [6]
Résidence Chamaris	2,328	23	86.8%	470,712	470,712	359,596 [6]
Stephanie's Corner	3,472	27	86.9%	447,735	515,436	521,871
Total of the segment "Apartment buildings"	**110,223**	**865**	**n.a.**	**12,081,022**	**13,000,253**	**12,344,999**

Hotels and other	Total surface (m²)(1)	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	100.0%	1,646,338	1,646,338	1,226,980
Royale 35	1,955	0	80.6%	156,170	193,763	174,370
Martin's Klooster	6,935	0	100.0%	1,293,854	1,293,854	1,141,080
Carbon	5,715	0	100.0%	461,200	461,200	565,300
Eburon	4,016	0	100.0%	337,100	337,100	462,800
Ecu	1,960	0	100.0%	176,200	176,200	232,200
Eurotel	4,779	0	100.0%	294,700	294,700	377,700
Villa Bois de la Pierre	320	4	100.0%	31,000	31,000	40,100
Duysburgh	470	5	100.0%	63,700	63,700	40,300
Résidence du Lac	0	0	100.0%	30,700	30,700	30,700
Total of the segment "Hotels and other"	**37,519**	**9**	**99.2%**	**4,490,962**	**4,528,555**	**4,291,530**
TOTAL marketable investment properties	**514,519**	**7,816**	**n.a.**	**60,774,554**	**61,731,378**	**65,642,545** [6]

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

[2] See glossary in the 2014/2015 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 2014/2015 Annual Financial Report. The amounts related to the furnished apartment buildings correspond to the annualised rental income excl. VAT.

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

[5] See glossary in the 2014/2015 Annual Financial Report. The ERV is the value as determined by independent experts. For buildings with furnished apartments, 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 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 2015**	**Future inv.**	**Date of completion**	**Comments**
I. In progress						
Sundry	Sundry	2	1	1	2015/2016	Renovation of 2 buildings
't Hoge	Kortrijk	2	0	1	2015/2016	Extension and renovation of a rest home
Helianthus	Melle	4	2	2	2015/2016	Extension of a rest home
Marie-Louise	Wemmel	4	4	0	2015/2016	Renovation and reconversion into assisted-living apartments
Villa Temporis	Hasselt	10	2	8	2016/2017	Extension and renovation of a rest home
Au Bon Vieux Temps	Mont-Saint-Guibert	10	6	4	2016/2017	Construction of a rest home
Op Haanven	Veerle-Laakdal	2	0	2	2016/2017	Renovation of a rest home
La Ferme Blanche	Remicourt	6	0	6	2016/2017	Extension and renovation of a rest home
Huize Lieve Moenssens	Dilsen-Stokkem	7	0	7	2016/2017	Extension and renovation of a rest home
Vinkenbosch I	Hasselt	11	1	10	2016/2017	Extension of a rest home
Prinsenhof	Koersel	4	0	4	2016/2017	Extension and renovation of a rest home
Aux Deux Parcs	Jette	2	0	2	2017/2018	Extension of a rest home
Air du Temps	Chênée	7	0	7	2017/2018	Extension and renovation of a rest home
Résidence Cheveux d'Argent	Spa	3	0	3	2017/2018	Extension of a rest home
Vinkenbosch II	Hasselt	1	0	1	2018/2019	Renovation of a rest home
Plantijn	Kapellen	8	0	7	2018/2019	Extension and renovation of a rest home
II. Subject to outstanding conditions						
De Stichel	Vilvoorde	4	0	4	2017/2018	Extension of a rest home
Oase Binkom	Binkom	2	0	2	2017/2018	Extension of a rest home
III. Land reserves						
Terrain Bois de la Pierre	Wavre	2	2	0	-	Land reserve
Platanes	Brussels	0	0	0	-	Land reserve
IV. Acquisitions subject to outstanding conditions						
Leopoldspark	Leopoldsburg	20	0	20	2015/2016	Construction of a new rest home
Die Rose im Kalletal	Kalletal	3	0	3	2015/2016	Construction of a new rest home
Oase projects	Aarschot & Glabbeek	28	0	28	2016-2017	Construction of 2 new rest homes
Oostende	Oostende	11	0	11	2016-2017	Acquisition of a new rest home
Mechelen	Mechelen	17	0	17	2018/2019	Construction of a new rest home
Total		**169**	**19**	**150**		
Changes in fair value		-	1	-		
Roundings		-	1	-		
On balance sheet			**21**			

Of these projects, 99 % are already pre-let. It is expected that the total investment budget of €150 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 2015**	**30 June 2015**
Senior housing	72%	71%
Apartment buildings	21%	22%
Hotels and other	7%	7%

2.2. Geographical breakdown (in fair value)

Geographical breakdown (in fair value)	**31 December 2015**	**30 June 2015**
Belgium	88%	88%
Flanders	*47%*	*46%*
Brussels	*29%*	*30%*
Wallonia	*12%*	*12%*
Germany	12%	12%

2.3. Breakdown by building (in fair value)

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

2.4. Number of buildings per segment

Number of buildings per segment	**31 December 2015**	**30 June 2015**
Senior housing	73	68
Apartment buildings	75	75
Hotels and other	10	10
Total	**158**	**153**

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

Age of buildings by type of contract (fair value)	**31 December 2015**	**30 June 2015**
Triple net contracts	67%	66%
Other leases 0 - 10 years	16%	17%
Other leases > 10 years	17%	17%

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

Breakdown by lease maturity of contracts (fair value)	**31 December 2015**	**30 June 2015**
≥ 15 years	81%	79%
< 15 years	19%	21%

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

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31 December 2015	30 June 2015
SENIOR HOUSING				73	73%	73%
	Belgium			**59**	**59%**	**58%**
		Armonea *		19	22%	21%
			Armonea SA	8	10%	11%
			Restel Flats SPRL	1	1%	1%
			LDC De Wimilingen ASBL	1	0%	0%
			Happy Old People SPRL	1	1%	0%
			Citadelle Mosane SPRL	1	2%	1%
			Soprim@ SA	4	4%	5%
			De Stichel ASBL	1	1%	1%
			Huize Lieve Moenssens ASBL	1	1%	1%
			Eyckenborgh ASBL	1	2%	2%
		Senior Living Group **		18	14%	15%
			Ennea Rustoord ASBL	1	0%	0%
			Residentie Kasteelhof SCS	1	1%	1%
			Wielant -Futuro SCS	1	1%	1%
			Home Residence du Plateau SPRL	1	2%	2%
			Seniorie de Maretak SA	1	1%	1%
			Senior Living Group SA	7	6%	6%
			Résidence Au Bon Vieux Temps SA	1	0%	0%
			Résidence Les Cheveux d'Argent SA	1	0%	0%
			Helianthus ASBL	1	0%	0%
			Rustoord 't Hoge ASBL	1	1%	1%
			Vinkenbosch ASBL	1	0%	0%
			Residentie Sporenpark SPRL	1	2%	2%
		Orpea		9	11%	11%
			Château Chenois Gestion SPRL	3	3%	3%
			New Philip SA	3	2%	*2%*
			Parc Palace SA	1	2%	2%
			Progestimmob SA	1	2%	2%
			Résidence du Golf SA	1	1%	1%
		Oase		3	4%	5%
			Oase ASBL	3	4%	5%
		Vulpia		3	2%	3%
			Vulpia Vlaanderen ASBL	2	2%	2%
			Résidence Alice aux Pays des Merveilles ASBL	1	0%	0%
		Time for Quality		1	1%	1%
			Service Flat Residenties ASBL	1	1%	1%
		Other		6	4%	2%
			Le Château de Tintagel SPRL	1	0%	0%
			Résidence Bois de la Pierre SA	1	1%	1%
			Buitenhof ASBL	1	1%	1%
			Résidence de la Houssière SA	1	1%	0%
			Heydeveld Woon- en Zorgcentrum ASBL	1	1%	0%
			WZC Prinsenhof ASBL	1	1%	0%

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31 December 2015	30 June 2015
SENIOR HOUSING						
	Germany			**14**	**13%**	**15%**
		Orpea		5	5%	5%
			Senioren Wohnpark Weser GmbH	3	3%	3%
			Bonifatius Seniorendienstr GmbH ***	1	1%	1%
			Seniorenresidenz Kierspe GmbH ***	1	1%	1%
		AGO		3	3%	3%
			AGO Herkenrath Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Dresden Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Weisseritz Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
		Residenz Management		3	2%	3%
			Medeor Senioren-Residenzen GmbH ****	1	1%	1%
			Katholische Hospitalgesellschaft Südwestfalen gGmbH Olpe ****	2	2%	2%
		Senator		1	1%	1%
			Senator Senioren- und Pflegeeinrichtungen GmbH	1	1%	1%
		Volkssolidarität		1	1%	1%
			Volkssolidarität Südthüringen e. V	1	1%	1%
		Other		1	2%	2%
			Schloss Bensberg Management GmbH + AachenMünchener Lebensversicherung AG	1	2%	2%
HOTELS AND OTHER				10	7%	8%
	Belgium			**10**	**7%**	**8%**
		Martin's Hotels		2	5%	5%
			Martin's Brugge SA	1	3%	3%
			Martin's Hotel SA	1	2%	2%
		Different Hotel Group		4	2%	2%
			Different Hotels SA	4	2%	2%
		Other		4	0%	0%
OTHER TENANTS				**75**	**20%**	**19%**
	Belgium			**75**	**20%**	**19%**
TOTAL				**158**	**100%**	**100%**

* With Soprim@.

** Korian-Medica group.

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

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

2.8. Gross yield by segment[17] (based on fair value)

Gross yield by segment (based on fair value)	31 December 2015	30 June 2015
Senior housing	5.9%	5.9%
Apartment buildings	5.5%	5.4%
Hotels and other	6.2%	6.2%
Average	**5.8%**	**5.9%**

2.9. Occupancy rate[18]

2.9.1. Furnished apartment buildings

Occupancy rates (Furnished apartment buildings)	
December 2015	81.0%
December 2014	73.2%

2.9.2. Total portfolio (excluding furnished apartments)

Occupancy rates (Total portfolio excluding furnished apartments)	
Dec 2015	98.3%
June 2015	97.9%
Dec 2014	97.7%

[17] 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 2015, annualized and excl. VAT) / (fair value of the concerned buildings + goodwill + furnishment).

[18] 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[19]

Turnover on the secondary residential market saw an increase in Flanders at the end of 2014 due to changes announced in relation to mortgage interest tax relief schemes. The stricter credit policies imposed by financial institutions as a result of Basel III directives, however, have also had an increasing impact on market activity during 2015. The base rates for mortgage loans decreased over the course of 2014 (from 3.7% in the first half to 2.7% by the end of the year) and fell further in the first quarter of 2015 to 2.5% by April. Inflation was flat at 0% in 2014 but has climbed since September 2015 to reach 1.82% by the end of 2015. This indicates that the real interest rate (the difference between the base rate and rate of inflation), decreased in 2015 from 2.76% in January 2015 to 0.68% in December 2015.

Therefore, two opposing undercurrents exist: stricter credit policies require more initial capital from the buyer and slow housing investments, while low interest rates encourage acquisitions.

In terms of the number of sales of existing dwellings, 2014 was a record year. Conversion of the mortgage interest tax relief in Flanders to a new, less favourable version triggered a rush in the fourth quarter: 6,500 (+30%) more single-family dwellings and 2,600 (+18%) more apartments were sold than in the same quarter of the prior calendar year (2013). The figures are not yet fully known for 2015, but indicate a further decline, following the same trend as 2012 and 2013.

The same picture emerges in terms of the number of housing starts and approved development permits: after a strong 2014, preliminary figures for 2015 indicate a decline in the number of single-family dwelling the range of one quarter (approx. 15,000 units) and of one third (20,000 units) for the number of apartment starts. In terms of the number of development permits, we expect that 19,000 (-15 %) will be issued for single-family dwellings as well as 25.000 (-25%) for apartments.

The demand for rented dwellings rose sharply and an increasing number of higher-income households are staying in the rental market for longer periods of time. Prices continue to show an upward trend: in 2014, we observed an increase of 0.7% for single-family dwellings, 1.1% for apartments and 1.9% for vacant lands. Preliminary figures 2015 point to a similar trend. Price increases seem to be mainly concentrated in the segment up to €250,000, while price formation above €500,000 is more difficult.

Between 1983 and 2014, prices for private dwellings have multiplied by 6.46 times. This represents an average yearly increase of 6.2%, compared to an average inflation of 2.15%. The most important factors reflected during the period 1983-2015 include, on one hand, the increase in the consumer price index (+95.23%) and in purchasing power (inflation excluded) of households (+59.31%), and on the other hand, increased in the borrowing capacities given lower interest rates (+112.26%) and longer mortgage terms (+6.64%). The result obtained by multiplying these four factors (1.9523 x 1.5931 x 2.1226 x 1.0664) shows that the baseline index of 100 (established in 1983) has increased to 704 by 2015. Thus, prices for private dwellings can be expected to show a 6% growth rate for 2015. Over a period of 101 years (1913-2014), prices for single-family dwellings have been multiplied by a factor of 791, which represents an annual rise of 6.83%, compared to average inflation of 5.54% over the same period.

[19] Written on 6 January 2016 by Stadim CVBA, and reproduced with permission. Translation by Aedifica.

In the meantime, we have reached historically low interest rates, which implies that the price increases to come will remain limited. It is expected that interest rates will remain relatively low for a long period, and that increases driven by inflation and purchasing power will also remain limited.

Given that financial institutions now extend loans covering only approx. 80% of the purchase price, the initial capital requirement is a fundamental obstacle for acquisition. Taking into account the registration rights and other transaction costs, we can assume that the buyer must have approx. 30% of the purchase price in starting capital. Parents and grandparents were traditionally an important aid to meet these capital needs. However, increased life expectancies of parents and grandparents and the erosion of their capital in meeting their basic needs have an effect on young persons who are forced to postpone their first property acquisition and, as stated above, remain in the rental market for longer periods of time.

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 apartment rentals with additional services, and 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.

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

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

3.3. The senior housing market

3.3.1. Belgium[20]

The total number of rest home beds in Belgium increased by 3,519 in units between 8 October 2014 and 6 November 2015 to reach a capacity of 139,278 units. However, according to several studies, this increase remains below the real annual incremental need. Many of these studies are based on growth forecasts for the number of persons over 65 years, which will rise from 17 % to 22 % of the population between 2013 and 2030. However, within this category, the portion of seniors who are still autonomous is growing and the number of dependant persons is increasing less sharply. According to a Dutch study (CBS), life expectancies have increased between 1980 and 2010, increasing from 72.5 to 79 years for men and from 79 to 83 years for women. The number of years during which elderly people suffer from health problems has remained stable since 1990 for men (approx. 15 years) and since 1998 for women (approx. 20 years). Moreover, domestic technologies and homecare also play an increasing role. The average duration of stay remains relatively stable. Over the last 5 years, the number of beds has increased by 9,700 units. Private not-for-profit organisations operate the lion's share of these units, representing 60 % of the market. It is notable as well that the number of rest home beds showed consistent decrease between 1997 (93,056 beds) and 2012 (62,545 beds). Since 2012 however, it has risen to 67,354 units.

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

Various authorities are taking initiatives to limit the possibility to offer individual rooms in a rest home for sale as investment properties. Co-ownership in the health care sector, while permitted in the apartment sector, has fortunately reached an impasse. In addition, it will be impossible to impose significant

[20] Written on 6 January 2016 by Stadim CVBA, and reproduced with permission. Translation by Aedifica.

investments on co-owners at the same time, except for justified social reasons. Hopefully, this legislation will be adopted in other Belgian regions, and also be extended to other types of operational properties. How would it be possible to maintain, under co-ownership, the quality requirements of a hotel, a student residence or even a house transformed into an apartment building?

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

3.3.2. Germany[21]

General Trends

Population ageing and increasing life expectancies especially have an effect 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 approximately 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 approximately 880,000 beds in more than 12,000 rest homes in Germany. These are operated by not-for-profit operators (approximately 54.4 %), private operators (approximately 40.5 %) and public operators (approximately 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.

Investment Market

The trend towards a bullish market for suitable nursing home investments has continued in 2015. This is evident not only in the increasing demand from investors already active in the market but also in the

[21] Written on 18 December 2015 by CBRE GmbH, and reproduced with permission. Translation by Aedifica.

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 approximately €811 million in 2014 of which roughly 43% have been portfolio transactions. It is notable that approximately €310 million of the total transaction volume came from foreign investors (38%). It can be assumed that this volume will also be equalled in 2015, not least because of the increasing multipliers, which are ever more frequently exceed 15-times of the 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.

At the end of 2014 the net initial yield for prime properties dropped to 6.25% which is 75 basis points below the figure of 2013. A trend toward steadily increasing demand for many types of property is now evident.

3.4. The hotel market[22]

As compared to the same period last year (January – October 2014), occupancy rates increased well in the Belgian hotel market overall, reaching approx. 75.9%. Thus, the increasing trend observed during the past two years continued in 2015. The RevPar (revenue per available room) increased sharply (+8.4%) as did average prices (+4.7%).

At the moment, regional figures are not yet available. However, based on preliminary figures and the positive reports of various provincial touristic departments, like Westtoer and Toerisme Limburg, it is widely expected that also the hotel sector in the different regions and cities has had a good year to date.

In the meantime, the expansion of the hotel accommodation continues. In Limburg, the Terhills Hotel (4 stars, 60 rooms) in Maasmechelen and the YUP budgethotel (59 rooms) in Hasselt opened. In the long term, the opening of a new hotel on the Alden Biesen site is expected. In Jabbeke (approx 10 kilometers from Brugge) construction of a new hotel situated near the motorway will begin in 2016.

In terms of investments, 2015 is on track to become a record year. During the second half, the Park Inn hotel (3 stars, 133 rooms) in Leuven was sold by developer CIP to Foncière des Régions. In Brussels, Benson Elliot became the owner of the Renaissance Brussels Hotel (4 stars, 238 rooms and 24 suites) and in Antwerp, the Dutch hotel group Van der Valk bought Scandic Hotel (4 stars, 204 rooms). Transactions realised in the hotel market in 2015 represent an estimated investment volume of approx. €200 million.

Strong demand for hotel real estate is not only limited to Belgium but also extends across the EMEA region, thanks to the continued growth of worldwide tourism, the improved economic situation and increasing occupancy rates and RevPar. Investments in this real estate segment are also supported by

[22] Written on 17 December 2015 by de Crombrugghe & Partners NV, and reproduced with permission. Translation by Aedifica.

very low interest rates and investors' search for higher returns.

The positive market outlook overall doesn't seem to be affected by the competition from alternative players such as Airbnb, which already offers more than 10,400 addresses in Belgium, welcoming over 350,000 guests annually (August 2014 - August 2015).

4. Experts' report[23]

Gentlemen,

We are pleased to send you our estimate of the fair value of investment properties held by the Aedifica group as of 31 December 2015.

Aedifica assigned to each of the three independent external valuers the task of determining the fair value (from which the investment value is derived[24]) of one part of its portfolio of investment properties. Assessments are established taking into account the remarks and definitions contained in the reports and following the guidelines of the International Valuation Standards issued by the "IVSC".

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

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

Based on the three assessments, the consolidated fair value of the portfolio amounted to €1,064,678,600[25] as of 31 December 2015, including €1,044,155,780 for marketable investment properties[26]. Contractual rents amounted to €60,774,554 which corresponds to an initial rental yield of 5.82 %[27] 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 €61,731,378, i.e. an initial rental yield of 5.91 %[28] compared to the fair value of marketable investment properties.

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[23] The expert report was reproduced with the agreement of de Crombrugghe & Partners NV, Stadim CVBA and CBRE GmbH.

[24] "Investment value" is defined by Aedifica as the value assessed by the external valuers, of which transfer costs are not deducted (also known as "gross capital value").

[25] 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").

[26] "Marketable investment properties" are defined by Aedifica as investment properties including assets classified as held for sale and excluding development projects. Marketable investment properties are hence completed properties that are let or lettable.

[27] 5.80 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.

[28] 5.89 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.

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

de Crombrugghe & Partners SA opinion:
The fair value of the part of Aedifica's portfolio valued by de Crombrugghe & Partners SA is estimated as of 31 December 2015 at €315,650,000 and the investment value (before deduction of the transfer costs[29]) is estimated at €324,260,000.

Michaël Zapatero and Karen Cox
19 February 2016

Stadim CVBA opinion:
The fair value of the part of Aedifica's portfolio valued by Stadim CVBA is estimated as of 31 December 2015 at €628,688,600 and the investment value (before deduction of the transfer costs[30]) is estimated at €644,815,900.

Dave Verbist and Katrien Van Grieken, MRE
19 February 2016

CBRE GmbH opinion:
The fair value of the part of Aedifica's portfolio valued by CBRE GmbH is estimated as of 31 December 2015 at €120,340,000 and the investment value (before deduction of the transfer costs[31]) is estimated at €129,644,336.

Dr. Henrik Baumunk and Andreas Polter
19 February 2016

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

[30] Same comment on transfer costs as in footnote 28 above.

[31] Assets located in Germany are not concerned by the comments in footnotes 28 and 29 above. In the assessment of their investment value, the usual German transfer costs are taken into account.

V. Condensed consolidated financial statements

1. Consolidated income statement

Half year ending on 31 December (x €1,000)		Notes	31/12/2015	31/12/2014
I.	Rental income		28,654	22,914
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges		-19	-5
Net rental income			**28,635**	**22,909**
IV.	Recovery of property charges		9	17
V.	Recovery of rental charges and taxes normally paid by tenants on let properties		685	602
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		-685	-602
VIII.	Other rental-related income and charges		-791	-762
Property result			**27,853**	**22,164**
IX.	Technical costs		-501	-548
X.	Commercial costs		-328	-227
XI.	Charges and taxes on unlet properties		-104	-69
XII.	Property management costs		-538	-386
XIII.	Other property charges		-2	-608
Property charges			**-1,473**	**-1,838**
Property operating result			**26,380**	**20,326**
XIV.	Overheads		-3,013	-2,352
XV.	Other operating income and charges		-13	25
Operating result before result on portfolio			**23,354**	**17,999**
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		7,866	12,722
XIX.	Other result on portfolio		0	0
Operating result			**31,220**	**30,721**
XX.	Financial income		151	443
XXI.	Net interest charges		-5,898	-6,035
XXII.	Other financial charges		-546	-463
XXIII.	Changes in fair value of financial assets and liabilities	9	-951	-3,294
Net finance costs			**-7,244**	**-9,349**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)			**23,976**	**21,372**
XXV.	Corporate tax		-604	-267
XXVI.	Exit tax		0	0
Tax expense			**-604**	**-267**
Profit (loss)			**23,372**	**21,105**
Attributable to:				
	Non-controlling interests		0	0
	Owners of the parent		**23,372**	**21,105**
Basic earnings per share (€)		10	1.66	2.04
Diluted earnings per share (€)		10	1.66	2.04

2. Consolidated statement of comprehensive income

Half year ending on 31 December (x €1,000)	31/12/2015	31/12/2014
I. Profit (loss)	23,372	21,105
II. Other comprehensive income recyclable under the income statement		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	-7,016
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-705	-3,432
H. Other comprehensive income, net of taxes	0	0
Comprehensive income	**22,667**	**10,657**
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	**22,667**	**10,657**

3. Consolidated balance sheet

ASSETS Half year ending on 31 December (x €1,000)	Notes	31/12/2015	30/06/2015
I. Non-current assets			
A. Goodwill		1,856	1,856
B. Intangible assets		131	102
C. Investment properties	6	1,063,414	1,003,358
D. Other tangible assets		1,616	1,834
E. Non-current financial assets		1,592	1,397
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets		0	110
I. Equity-accounted investments		0	0
Total non-current assets		**1,068,609**	**1,008,657**
II. Current assets			
A. Assets classified as held for sale	6	1,265	1,805
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables and other non-current assets		4,050	4,352
E. Tax receivables and other current assets		1,370	962
F. Cash and cash equivalents	8	4,676	3,598
G. Deferred charges and accrued income		716	910
Total current assets		**12,077**	**11,627**
TOTAL ASSETS		**1,080,686**	**1,020,284**

EQUITY AND LIABILITIES **Half year ending on 31 December (x €1,000)**	**Notes**	**31/12/2015**	**30/06/2015**
EQUITY			
I. Issued capital and reserves attributable to owners of the parent			
A. Capital	7	363,892	360,633
B. Share premium account		154,842	151,388
C. Reserves		63,695	41,084
a. Legal reserve		*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties		*115,365*	*95,679*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		*-25,015*	*-25,015*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		*-20,371*	*-19,667*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS		*-18,256*	*-18,717*
h. Reserve for treasury shares		*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad		*110*	*244*
m. Other reserves		*0*	*0*
n. Result brought forward from previous years		*11,862*	*8,560*
D. Profit (loss) of the year		23,372	45,165
Equity attributable to owners of the parent		**605,801**	**598,270**
II. Non-controlling interests		**0**	**0**
TOTAL EQUITY		**605,801**	**598,270**
LIABILITIES			
I. Non-current liabilities			
A. Provisions		0	0
B. Non-current financial debts			
a. Borrowings	8	367,920	340,752
C. Other non-current financial liabilities		40,477	39,320
a. Authorised hedges	9	39,196	38,050
b. Other	16	1,281	1,270
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred taxes liabilities		2,688	2,435
Non-current liabilities		**411,085**	**382,507**
II. Current liabilities			
A. Provisions		0	0
B. Current financial debts			
a. Borrowings	8	45,919	25,897
C. Other current financial liabilities	9	0	0
D. Trade debts and other current debts			
a. Exit tax		4,522	813
b. Other		10,709	8,484
E. Other current liabilities		0	0
F. Accrued charges and deferred income		2,650	4,313
Total current liabilities		**63,800**	**39,507**
TOTAL LIABILITIES		**474,885**	**422,014**
TOTAL EQUITY AND LIABILITIES		**1,080,686**	**1,020,284**

4. Consolidated cash flow statement

Half year ending on 31 December (x €1,000)	Notes	31/12/2015	31/12/2014
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		23,372	21,105
Non-controlling interests		0	0
Tax expense		604	267
Amortisation and depreciation		383	329
Write-downs		3	2
Change in fair value of investment properties (+/-)		-7,866	-12,722
Gains and losses on disposals of investment properties		0	0
Net finance costs		7,244	9,349
Changes in trade receivables (+/-)		299	-620
Changes in tax receivables and other current assets (+/-)		347	-173
Changes in deferred charges and accrued income (+/-)		195	208
Changes in trade payables and other current debts (excl. exit tax) (+/-)		2,359	149
Changes in accrued charges and deferred income (+/-)		-1,664	504
Cash generated from operations		**25,276**	**18,398**
Taxes paid		-376	-141
Net cash from operating activities		**24,900**	**18,257**
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-53	-8
Purchase of real estate companies and marketable investment properties		-25,930	-49,280
Purchase of tangible assets		-143	-115
Purchase of development projects		-10,738	-18,808
Disposals of investment properties		542	10,469
Net changes in non-current receivables		0	0
Net investments in other assets		0	0
Net cash from investing activities		**-36,322**	**-57,742**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs *		0	0
Disposals of treasury shares		0	56
Dividend for previous fiscal year		-21,849	-8,891
Net changes in borrowings		47,190	152,395
Net changes in other loans		0	0
Net finance costs paid		-6,987	-6,249
Repayment of financial debts of acquired or merged companies		-2,150	-36,258
Repayment of working capital of acquired or merged companies		-3,704	-57,771
Net cash from financing activities		**12,500**	**43,282**
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		**1,078**	**3,797**
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		3,598	1,156
Total cash flow for the period		1,078	3,797
Cash and cash equivalents at end of period		**4,676**	**4,953**

* Some types of capital increases (contributions in kind, partial demergers) do not result in any cash flow.

5. Consolidated statement of changes in equity

Half year ending on 31 December (x €1,000)	**1/07/2014**	**Capital increase in cash**	**Capital increase in kind**	**Acquisitions / disposals of treasury shares**	**Consolidated comprehensive income**	**Appropriation 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
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**

Half year ending on 31 December (x €1,000)	**1/07/2015**	**Capital increase in cash**	**Capital increase in kind**	**Acquisitions / disposals of treasury shares**	**Consolidated comprehensive income**	**Appropriation of the result**	**Roundings**	**31/12/2015**
Capital	360,633	1	3,258	0	0	0	0	363,892
Share premium account	151,388	0	3,454	0	0	0	0	154,842
Reserves	41,084	0	0	0	-705	23,315	1	63,695
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*95,679*	*0*	*0*	*0*	*0*	*19,686*	*0*	*115,365*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-25,015*	*0*	*0*	*0*	*0*	*0*	*0*	*-25,015*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-19,667*	*0*	*0*	*0*	*-705*	*0*	*1*	*-20,371*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-18,717*	*0*	*0*	*0*	*0*	*461*	*0*	*-18,256*
h. Reserve for treasury shares	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*244*	*0*	*0*	*0*	*0*	*-134*	*0*	*110*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*8,560*	*0*	*0*	*0*	*0*	*3,302*	*0*	*11,862*
Profit (loss)	45,165	0	0	0	23,372	-45,165	0	23,372
Equity attributable to owners of the parent	**598,270**	**1**	**6,712**	**0**	**22,667**	**-21,850**	**1**	**605,801**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**598,270**	**1**	**6,712**	**0**	**22,667**	**-21,850**	**1**	**605,801**

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. Information regarding its shareholding structure is provided in Note 7. Its office is located at Avenue Louise 331-333, B-1050 Brussels (telephone: +32 (0)2 626 07 70). The Aedifica Group is composed of the parent-company and its subsidiaries.

Aedifica is positioned as a leading Belgian listed company investing in health care real estate, in particular in senior housing. Its strategy is focused on the underlying demographic trend toward population ageing in Europe and the specific needs this trend implies in terms of care and housing. Aedifica aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

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

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 22 February 2016 for publication on 23 February 2016 (in accordance with the Company's financial calendar published in the 2014/2015 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 2015. 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 2015 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 2015, which are presented in the 2014/2015 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.

No new and amended standards and interpretations are applicable for the Group since 1 July 2015.

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.

<u>Note 2.2: Summary of significant accounting policies</u>
A summary of the Group's significant accounting policies is provided in Note 2.2 of the 2014/2015 Consolidated Financial Statements (see pages 131 to 136 of the 2014/2015 Annual Financial Report).

These methods were applied consistently to all previous financial years, with the exception of rule I.C.1.3 ("Treatment of differences at the time of acquisition"), which has been prospectively modified as of 1 July 2015 in order to (i) simplify the accounting method for recognising transfer taxes and (ii) align itself with the practices of other REIT (Real Estate Investment Trusts) in Belgium and or in other countries. Up to 30 June 2015, when an acquisition was made, transfer taxes applicable to a later, theoretical sale were directly entered in equity and any change in the fair value of the properties during the financial year, was recognised in the income statement. Since 1 July 2015, both the transfer taxes on acquisitions and any change in the fair value of the properties during the financial year are immediately recognised in the income statement. This change in accounting method explains why line II.A. of the Consolidated statement of comprehensive income presents a nil amount as of 31 December 2015, but €7 million as of 31 December 2014. This change has no effect on equity. The I.C.1.3. rule is now as follows: *If, for an acquisition such as defined in section I.C.1.1 ("Acquisition value") above, the value of the buildings determined by the independent expert at fair value is different to the acquisition value defined in section I.C.1.1, the difference (after subtracting the exit tax) is booked in the income statement under line "XVIII. Changes in fair value of investment properties".*

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.

31 December 2015

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items*	TOTAL
SEGMENT RESULT						
Rental income	20,720	5,999	1,995	0	-60	28,654
Net rental income	20,718	5,982	1,995	0	-60	28,635
Property result	20,611	5,303	1,998	1	-60	27,853
Property operating result	20,436	3,566	1,960	478	-60	26,380
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**20,441**	**3,533**	**1,960**	**-2,580**	**0**	**23,354**
SEGMENT ASSETS						
Marketable investment properties	753,774	217,005	72,112	-	-	1,042,891
Development projects	-	-	-	20,523	-	20,523
INVESTMENT PROPERTIES						**1,063,414**
Assets classified as held for sale	1,265	0	0	-	-	1,265
Other assets	-	-	-	16,007	-	16,007
TOTAL ASSETS						**1,080,686**

31 December 2014

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items*	TOTAL
SEGMENT RESULT						
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	649,616	210,886	73,439	-	-	933,941
Development projects	-	-	-	30,114	-	30,114
INVESTMENT PROPERTIES						**964,055**
Assets classified as held for sale	6,662	0	0	-	-	6,662
Other assets	-	-	-	13,949	-	13,949
TOTAL ASSETS						**984,666**

* Mainly elimination of the internal rent for the administrative offices of the Company.

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 discussed on page 2 of the 2014/2015 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 2015, with the exception of €0.1 million of non-recurrent income recognised in financial income, which were paid to Aedifica when the contributor assumed the expected dividend that accrued over the period from 1 July 2015 up to the day of the contribution on 17 December 2015.

For the sake of completeness, recall that the financial income for the first half of 2014/2015 included a similar non-recurrent income of €0.4 million resulting from the fee paid to Aedifica as compensation for the allocation of full dividend rights for the 2014/2015 financial year to the new shares issued at the time of the partial demerger on 4 December 2014.

6.6. Note 6: investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS OF 1/07/2014	**765,789**	**19,191**	**784,980**
Acquisitions	184,871	1,526	186,397
Disposals	-15,139	0	-15,139
Capitalised interest charges	0	675	675
Capitalised employee benefits	0	20	20
Other capitalised expenses	3,353	25,618	28,971
Transfers due to completion	30,026	-30,026	0
Changes in fair value	14,529	4,730	19,259
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	-1,805	0	-1,805
CARRYING AMOUNT AS OF 30/06/2015	**981,624**	**21,734**	**1,003,358**
CARRYING AMOUNT AS OF 1/07/2015	**981,624**	**21,734**	**1,003,358**
Acquisitions	37,863	1,989	39,852
Disposals	-542	0	-542
Capitalised interest charges	0	158	158
Capitalised employee benefits	0	9	9
Other capitalised expenses	1,867	10,306	12,173
Transfers due to completion	13,236	-13,236	0
Changes in fair value	8,303	-437	7,866
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	540	0	540
CARRYING AMOUNT AS OF 31/12/2015	**1,042,891**	**20,523**	**1,063,414**

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 €1,265 thousand. This represents real estate offered for sale (assisted-living apartments in Tienen).

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

ACQUISITIONS NAME	Business segment	Properties valuation* (in million €)	Register of corporations	Acquisition date**	Acquisition method
La Croix Huart SA	Senior housing	8	0454.836.562	2/07/2015	Acquisition of shares
Senior Hotel Flandria NV and Patrimoniale Flandria NV	Senior housing	10	0434.250.687 0437.966.183	9/07/2015	Acquisition of shares
Vinkenbosch SA	Senior housing	4	0438.349.532	1/10/2015	Acquisition of shares
Heydeveld and Heydeveld BVBA	Senior housing	9	0860.484.327	2/10/2015	Contribution in kind and acquisition of shares
Prinsenhof	Senior housing	6	-	17/12/2015	Contribution in kind
TOTAL		**37**			

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

6.7. Note 7: capital

On 2 October 2015, Aedifica completed a capital increase of approx. €1 million (including share premium) by way of a contribution in kind that enabled acquisition of the plot of land on which the Heydeveld rest home is located in Opwijk. Moreover, on 17 December 2015, Aedifica completed another capital increase of approx. €6 million (including share premium) by way of a contribution in kind that enabled acquisition of the Prinsenhof senior housing site in Beringen (Koersel).

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

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	10,249,117	270,451
Capital increase	3,796,814	100,190
Situation at the end of the previous year	**14,045,931**	**370,641**
Capital increase of 2 October 2015	19,856	524
Capital increase of 17 December 2015	104,152	2,748
Situation at the end of the year	**14,169,939**	**373,913**

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

Since 18 December 2015[32] no shareholder holds more than 5 % of the share capital. The free float is thus 100 %.

The capital increases that occurred prior to 30 June 2015 are disclosed in the "Standing Documents" section of the 2014/2015 Annual Financial Report. All subscribed shares are fully paid- up, with no par value. The shares are registered or dematerialised shares and grant one vote each. All Aedifica shares are listed on the Euronext Brussels continuous market, with the exception of 19,856 shares that were issued on 2 October 2015. These shares will be quoted on the stock market after the ex-date of the coupon related to the 2015/2016 financial year which is expected on 2 November 2016 (these shares give rights to the dividend pro rata temporis as from 2 October 2015).

Aedifica SA holds no treasury shares.

The Board of Directors is authorised to raise share capital through one or a series of issuances up to a maximum amount of €74,230 thousand on the dates and following the procedures established by the Board, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted to the Board of Directors for a period of 5 years from the publication date in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 14 December 2015. Each time new shares are issued, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares (unless such decisions are made by shareholders at the Annual General Meeting). Increases in share capital decided upon by the Board of Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases

[32] 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 18 December 2015.

can equally be realised through the issuance of convertible debt securities or subscription rights. The remaining balance of the authorised capital amounts to €71.5 million as of 31 December 2015.

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

(x €1,000)	31/12/2015	30/06/2015
Non-current financial debts		
Borrowings	367,920	340,752
Current financial debts		
Borrowings	45,919	25,897
TOTAL	**413,839**	**366,649**

As of 31 December 2015, Aedifica benefits from credit facilities totalling €520 million, issued by eight banks (Bank für Sozialwirtschaft, Bank Degroof Petercam, Banque Européenne du Crédit Mutuel, Belfius, BNP Paribas Fortis, Caisse d'Epargne et de Prévoyance Nord France Europe, 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):

- €504 million remains available for Aedifica to use according to its needs, so long as: (i) the debt-to-assets ratio does not exceed 60 %, and (ii) 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 €16 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 2.9 % after deducting capitalised interest (3.0 % in 2014/2015) and 3.0 % before deducting capitalised interest (3.2 % in 2014/2015).

As of 31 December 2015, 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 14 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):

		Lines	Utilisation
-	2015/2016 :	30	-
-	2016/2017 :	150	106
-	2017/2018 :	92	60
-	2018/2019 :	127	127
-	2019/2020 :	80	80
-	2020/2021 :	2	2
-	2021/2022 :	25	25
-	> 2022/2023 :	14	14
	Total as of 31 December 2015	**520**	**414**
	Weighted Average Maturity (years)	**2.5**	**2.8**
-	Maturity 2015/2016 :	-30	-
-	2020/2021 :	+30	-
-	2021/2022 :	+30	-
-	2022/2023 :	+30	-
	Total as of 22 February 2016	**580**	**414**
	Weighted Average Maturity (years)	**3.2**	**2.8**

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 and excludes the fair value of hedging derivatives. This 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)	**31/12/2015**	**30/06/2015**
Borrowings	413,839	366,649
Less: Cash and cash equivalents	-4,676	-3,598
NET FINANCIAL DEBT	**409,163**	**363,051**

6.9. Note 9: hedging instruments

1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn the floating rate debt into fixed rate debt (cash flow hedges). All hedges (interest rate swaps or "IRS", caps and collars) are related to existing or highly probable risks. Hedging instruments are either derivatives which meet the strict criteria set by IAS 39 to allow hedge accounting, or derivatives which do not meet these criteria but which provide economic hedging against interest rate risk nonetheless. All hedges are provided in the framework of the hedging policy set out in Note 44 of the 2014/2015 Annual Financial Report. The fair value of hedges is computed by banks based on the present value of the estimated expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk ("DVA" or "Debit Valuation Adjustment") and the counterparty credit risk ("CVA" or "Credit Valuation Adjustment"). The tables below list the Company's hedging instruments.

INSTRUMENT Analysis as at 30 June 2015	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS*	10,356	1/04/2011	3	32	-	4.89	-5,398
IRS*	27,779	31/07/2014	3	29	-	4.39	-10,520
IRS	15,000	2/04/2013	3	9	-	3.50	-2,925
IRS	12,000	3/06/2013	3	9	-	3.64	-2,438
IRS	8,000	3/06/2013	3	9	-	3.67	-1,667
IRS	25,000	2/01/2015	3	5	-	2.99	-3,015
Cap	25,000	3/11/2014	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	8
IRS	25,000	3/01/2014	3	7	-	3.10	-3,631
Cap	25,000	1/11/2014	3	3	-	2.50	8
IRS	25,000	2/02/2015	3	6	-	1.94	-1,946
IRS	25,000	3/11/2014	3	6	-	2.51	-2,674
IRS	25,000	1/01/2015	3	3	-	0.70	-362
Cap	50,000	1/10/2015	3	3	-	0.50	284
Cap	50,000	1/10/2015	3	4	-	0.35	748
IRS	25,000	3/11/2014	3	6	-	2.76	-3,003
IRS	25,000	1/01/2015	3	3	-	0.89	-470
Cap	40,000	1/09/2014	1	1	-	0.05	0
TOTAL	**513,135**						**-37,001**

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

INSTRUMENT Analysis as at 31 December 2015	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS*	10,267	1/04/2011	3	32	-	4.89	-5,494
IRS*	27,287	31/07/2014	3	29	-	4.39	-10,746
IRS	15,000	2/04/2013	3	9	-	3.50	-3,016
IRS	12,000	3/06/2013	3	9	-	3.64	-2,501
IRS	8,000	3/06/2013	3	9	-	3.67	-1,713
IRS	25,000	3/10/2016	3	5	-	2.88	-3,339
Cap	50,000	1/07/2016	3	4	-	0.50	296
Cap	100,000	1/11/2017	3	2	-	0.50	477
Cap	25,000	1/11/2015	3	2	-	2.50	1
IRS	25,000	3/01/2014	3	7	-	3.10	-3,674
Cap	25,000	1/11/2014	3	3	-	2.50	1
IRS	25,000	2/02/2015	3	6	-	1.94	-2,081
IRS	25,000	3/11/2014	3	6	-	2.51	-2,742
IRS	25,000	2/01/2015	3	3	-	0.70	-381
Cap	50,000	1/10/2015	3	3	-	0.50	97
Cap	50,000	1/10/2015	3	4	-	0.35	367
IRS	25,000	3/11/2014	3	6	-	2.76	-3,040
IRS	25,000	1/01/2015	3	3	-	0.89	-466
TOTAL	**547,554**						**-37,954**

* 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 €548 million presented in the table above is broken down as follows:

- operational and active instruments: €223 million;
- operational instruments which became out of the money (caps): €150 million;
- instruments with forward start: €175 million.

The total fair value of the hedging instruments presented in the table above (€-37,954 thousand) can be broken down as follows: €1,243 thousand under line I.E. of the asset side of the consolidated balance sheet and €39,196 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 (€1,614 thousand), the IAS 39 impact on equity amounts to -€39,568 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 2015 and 31 July 2043.

As of 31 December 2015, the equity value includes the effective part (according to IAS 39) of the change in fair value (-€705 thousand) of the derivatives for which hedge accounting is applied, and the ineffective portion of the 2014/2015 financial year (no charge) that was appropriated by decision of the Annual General Meeting held in October 2015. These financial instruments are “level 2” derivatives (according to IFRS 13p81). The ineffective part (as defined in IAS 39) is nil as of 31 December 2015.

(x €1,000)	31/12/2015	30/06/2015
Changes in fair of the derivatives		
Beginning of the year	-19,667	-19,484
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-4,109	-6,454
Transfer to the income statement of interests paid on hedging instruments	3,405	6,271
Transfer to the income statement regarding revoked designation	0	0
AT YEAR-END	**-20,371**	**-19,667**

3. Derivatives for which hedge accounting is not applied:

The financial result also includes a charge of €940 thousand (30 June 2015: income of €461 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 €100 thousand (30 June 2015: €291 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 2015 and 31 December 2015, which led to the recognition of a charge of €940 thousand in the income statement and of €705 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 €837 thousand (30 June 2015: €856 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 +€947 thousand (30 June 2015: +€1,134 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:

	31/12/2015	31/12/2014
Profit (loss) (Owners of the parent) (x €1,000)	23,372	21,105
Weighted average number of shares outstanding during the period	14,064,202	10,363,753
Basic EPS (in €)	1.66	2.04
Diluted EPS (in €)	1.66	2.04

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)	31/12/2015	31/12/2014
Profit (loss) (Owners of the parent)	23,372	21,105
Less: Changes in fair value of investment properties (IAS 40)	-7,866	-12,722
Less: Gain and losses on disposal of investment properties	0	0
Less: Deferred taxes	363	116
Less: Changes in fair value of financial assets and liabilities (IAS 39)	951	3,294
Roundings	0	0
Profit excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties)	**16,820**	**11,793**
Weighted average number of shares outstanding during the period	14,064,202	10,363,753
EPS excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties - in €)	1.20	1.14

6.11. Note 11: net asset value per share

Net asset value per share (in €)	31 December 2015	30 June 2015
Based on fair value of investment properties		
Net asset value after deduction of dividend 2014/2015, excl. IAS 39	45.54	43.74
IAS 39 impact	-2.79	-2.70
Net asset value after deduction of dividend 2014/2015	42.75	41.04
Number of share outstanding (excl. treasury shares)	**14,169,939**	**14,045,931**

Recall that IFRS requires presentation of the annual accounts before appropriation. Net assets in the amount of €42.59 per share as of 30 June 2015 (as published in the 2014/2015 Annual Financial Report) thus included the dividend distributed in October 2015, and should now be adjusted by €1.56 per share in order to compare with the value as of 31 December 2015. This amount corresponds to the amount of the total dividend (€22 million) divided by the total number of shares outstanding as of 30 June 2015 (14,169,939).

6.12. Note 12: contingencies and commitments

A statement of contingencies and commitments as of 30 June 2015 is provided in Note 45 of the Consolidated Financial Statements included in the 2014/2015 Annual Financial Report (see pages 160 - 162). There are no significant changes to be mentioned at the end of the first half of the current financial year, except for the items listed below.

1.1. Extension and renovation of the Vinkenbosch rest home in Kermt (Hasselt)
Aedifica committed to finance the extension and renovation of the existing Residentie Vinkenbosch rest home, located in Kermt (Hasselt), for a maximum budget of €12 million. Works are currently in progress.

1.2. Extension of the Martin's Brugge hotel in Brugge
Aedifica committed to finance the transformation of the conference rooms into 20 additional rooms at the Martin's Brugge hotel in Brugge for a maximum budget of €1 million. This commitment remains subject to outstanding conditions.

1.3. Extension of the Prinsenhof rest home in Koersel (Beringen)
Aedifica committed to finance the extension of the existing Prinsenhof rest home, located in Koersel (Beringen), for a maximum budget of €4 million. Works are currently in progress.

1.4. Extension of the Die Rose im Kalletal rest home in Kalletal (Germany)
Aedifica Luxemburg I SARL committed to acquire the extension of the existing Die Rose im Kalletal rest home, located in Kalletal (Germany), for a maximum budget of €3 million. This commitment remains subject to outstanding conditions.

1.5. Acquisition of a rest home in Mechelen
Aedifica signed a framework agreement (subject to outstanding conditions) to acquire the shares of a company that owns a new rest home in Mechelen. The contractual value of this property will amount to approx. €17 million.

1.6. Acquisition of a senior housing site in Oostende
Aedifica signed a framework agreement (subject to outstanding conditions) to acquire the shares of a company that owns a senior housing site in Oostende. The contractual value of this property will amount to approx. €11 million.

1.7. Engagements that have already been realised
The commitments presented below, included in Note 45 of the Consolidated Financial Statements within the 2014/2015 Annual Financial Report, have been realised over the first half of the current financial year:

- renovation and redevelopment of the Salve rest home in Brasschaat (section 1.11 of Note 45),
- extension of the Pont d'Amour rest home in Dinant (section 1.5 of Note 45),
- completion of the extension (phase I) of the Op Haanven rest home in Veerle-Laakdal (section 1.4 of Note 45).

6.13. Note 13: dividends paid

The General Meeting of 23 October 2015 approved the distribution of the result as proposed by the Board of Directors for the 2014/2015 financial year. A dividend of €2.00 was therefore granted for shares entitled to the full dividend, i.e. €22 million. This dividend was paid on 30 October 2015.

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 18 January 2016, Aedifica announced the signing of a purchase agreement for a rest home in Germany (in Husum, in the State of Schleswig-Holstein). This purchase agreement is subject to the usual outstanding conditions (which are mainly of administrative nature) which should be fulfilled during the 1st half of 2016.

- The renovation and reconversion of the Marie-Louise rest home (in Wemmel) into assisted-living apartments was completed in January 2016. The site now counts 30 assisted-living apartments.

- Refinancing of the bilateral credit facility with ING (€30 million) in February 2016 that was due to mature in June 2016 to extend it to 2021.

- New bilateral credit facilities with ING in February 2016 (2 x €30 million, maturing in 2022 and 2023).

6.15. Note 15: related party transactions

Related party transactions relate exclusively to the remuneration of the Company's Directors and the members of the Management Committee (€1.0 million for the first half of the 2015/2016 financial year; €1.6 million for the 2014/2015 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 2015 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 2015 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 2015, 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, 22 February 2016

Ernst & Young Reviseurs d'Entreprises sccrl
Statutory auditor
represented by

Jean-François Hubin
Partner*
* Acting on behalf of a BVBA/SPRL

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 businesses included in the consolidation;
- the interim Board of Directors' Report contains an accurate account of the important events and key related party transactions that occurred during the first six months of the financial year and their impact on the condensed Consolidated Financial Statements, and a description of the main risks and uncertainties they face for the remaining months of the financial year.

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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

23 February 2016 – after closing of markets
Under embargo until 17:40 CET

Table of contents

I. Interim Board of Directors' report 2
1. Summary of the activities of the 1st half 2015/2016 2
2. Introduction 4
3. Important events 4
4. Consolidated portfolio as of 31 December 2015 11
5. Gross yield by segment 13
6. Analysis of the half year consolidated accounts 14
7. Outlook 20
8. Aedifica rankings 21
9. Principal risks and uncertainties 21
10. Related party transactions 21
11. Corporate governance 22

II. EPRA 24

III. Aedifica in the stock market 25
1. Stock price and volume 25
2. Graphic illustrations of Aedifica's stock price 27
3. Shareholding structure 28
4. Financial calendar 28

IV. Property report 29
1. Consolidated property portfolio 29
2. Marketable investment properties portfolio analysis 34
3. The real estate market 38
4. Experts' report 44

V. Condensed consolidated financial statements 46
1. Consolidated income statement 46
2. Consolidated statement of comprehensive income 47
3. Consolidated balance sheet 47
4. Consolidated cash flow statement 49
5. Consolidated statement of changes in equity 50
6. Notes 52
7. Auditors' report (limited review) 67

VI. Forward-looking statement 68

VII. Responsible persons statement 68

Half year financial report
Regulated information

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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[33].

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