Half year financial report
Regulated information

18 February 2014 – After closing of markets
Under embargo until 17:40 CET

Half year financial report 2013/2014

- **9 buildings added to the portfolio since the beginning of the 2013/2014 financial year, i.e. 8 rest homes (of which 3 located in Germany) and 1 apartment building**
- **96.7% occupancy rate for the unfurnished portion of the portfolio (total less furnished apartments) as of 31 December 2013 and 77.8% for the furnished portion**
- **8% increase in consolidated rental income as compared to 31 December 2012**
- **13% increase in profit excluding IAS 39 and IAS, 40 slightly ahead of budget**
- **Fair value of investment properties amounting to €728 million, an increase of €85 million compared to 30 June 2013**
- **44.7% consolidated debt-to-assets ratio as of 31 December 2013**
- **Unchanged dividend forecast for the current financial year (€1.86 gross per share)**

I. Interim Board of Directors' report

1. Summary of the activities of the 1st half

Aedifica's investment strategy is built on two underlying demographic trends, namely population ageing and population growth in Belgium's main cities. These two trends have helped build market confidence in the Company as demonstrated by the evolution of the stock price over the 1st half, rising from €47.50 as (30 June 2013) to €51.53 per share (31 December 2013).

Since the capital increase of December 2012 Aedifica has announced a series of new investments totalling €145 million as of 31 December 2013 (see table below). These investments have been concentrated mainly in the senior housing segment, including acquisitions in the Belgian market and, beginning for the first time in 2013, beyond the country's borders as well.

(in € million)	Marketable investment properties	Development projects	Total
Residentie Sporenpark	-	17	17
Résidence Cheveux d'Argent	4	3	7
't Hoge	3	5	8
Helianthus	4	3	7
Pont d'Amour	-	8	8
Au Bon Vieux Temps	-	10	10
Résidence l'Air du Temps	-	6	6
Op Haanven	-	3	3
SZ AGO Herkenrath, Dresden, Kreischa	21	-	21
Salve	8	8	16
Plantijn	8	8	16
Stephanie's Corner	10	-	10
De Stichel	11	-	11
Huize Lieve Moenssens	5	-	5
Total as of 31 December 2013	**74**	**71**	**145**

Not only is the completion of the acquisition of three rest homes in Germany during the 1st half 2013/2014 Aedifica's first investment abroad since the Company was created in 2005, it is also the first investment of any Belgian REIT in the German market. These investments are consistent with Aedifica's strategy in the senior housing segment, allowing for better diversification of tenants and extending the Company's operations in a market which tends to structure itself at a European level. This first operation abroad also follows changes in Belgian law, at the end of 2012, which opened to the European market to residential Belgian REITs, while fixing the rate of withholding tax on dividends they distribute at 15% (compared to 25% for dividends distributed by other types of REITs).

In Belgium, the half year under review was marked by the acquisition of four rest homes in Brasschaat, Kapellen, Dilsen-Stokkem and Vilvoorde. The acquisition of these marketable investment properties (€32 million) is only the beginning, with important renovation and expansion projects foreseen (budget of €16 million). Moreover, with completion of the 222-bed Wemmel site (approx. €22 million budget), the rest home is now the largest in Aedifica's portfolio. These projects fit perfectly with Aedifica's investment strategy in the senior housing segment, which aims to improve existing sites and develop new projects in partnership with tenants/operators. This strategy allows the Company to maintain a portfolio of high quality buildings that generate attractive net yields of approx. 6%. Moreover, Aedifica also acquired an apartment building ideally located in Brussels (at the heart of the Louise district). This is the first apartment building acquired in the last 2 years, generating an initial gross rental yield of over 5%.

The fair value of investment properties during the half year under review exceeded €700 million, reaching €728 million by 31 December 2013 (€643 million at the beginning of the period).

Along with its investment activities, Aedifica continues to manage its existing real estate portfolio in light of the unstable economic context that has remained since 2008. The Company's portfolio consists of:

- senior housing (which represents the most significant segment both in terms of fair value and rental income, and is less sensitive to the current economic situation),
- apartment buildings (consisting of unfurnished apartment buildings and furnished apartment buildings), and
- hotels (which now represent a residual, non-strategic segment for Aedifica, in light of conditions which will come into effect on 1 January 2015 that make it more difficult to benefit from the reduced withholding tax available to residential REITs).

This portfolio provides for excellent rental incomes, which amount to €19.5 million as of 31 December 2013. This income level is supported by occupancy rates of 96.7% for the unfurnished portion of the portfolio and 77.8% for the furnished portion, a stable EBIT margin of 77%, and well controlled financing costs.

Profit (excluding non-cash elements arising from application of accounting standards on financing instruments and investment property) has reached €9.2 million (compared to €8.2 million as of 31 December 2013), i.e. €0.93 per share (compared to €0.94 per share as of 31 December 2013). The decline of the profit per share excluding IAS 39 and IAS 40 originates in the dilution resulting from the capital increase of 7 December 2012. This result (in absolute terms and per share) is slightly better than the budget derived from the annual outlook for the 2013/2014 financial year as presented in the 2012/2013 annual financial report (section 11.2 of the consolidated Board of Directors' report).

Aedifica's consolidated debt-to-assets ratio amounts to 44.7% as of 31 December 2013 (36.0% as of 30 June 2013).

The dividend forecast for the current financial year remains unchanged at €1.86 gross per share.

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

2. Introduction

Aedifica is a Belgian listed company investing in residential real estate. It develops a real estate portfolio around the following investment pillars:

- senior housing in Belgium and Germany;
- apartment buildings in Belgium's main cities.

Aedifica is listed on NYSE Euronext Brussels (continuous market). Its financial year ends on June 30th.

This interim Board of Directors' report is an update of the Board of Directors' report as of 30 June 2013, included in the 2012/2013 annual financial report (and comprising a glossary listing the definitions of the main technical terms used). Only the significant changes that have taken place since then are presented here.

3. Important events

3.1. During the 1st half of 2013/2014

3.1.1. Acquisitions and completions

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

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

The "Seniorenzentrum AGO Herkenrath" is a recent construction which benefits from an excellent location and offers comfortable living spaces. It is located 20 km from Cologne (4th largest city in Germany in terms of inhabitants) in the centre of Herkenrath, part of the city of Bergisch Gladbach in North Rhine-Westphalia. Built in 2010, it contains 80 beds in 80 single rooms.

The "Seniorenzentrum AGO Dresden" is located in a residential area of the beautiful baroque city of Dresden, the capital of Saxony. It is close to shops and public transportation and a main artery of the Löbtau district. Built in 2012, it contains 116 beds in 107 rooms.

The "Seniorenzentrum AGO Kreischa" is located in a bucolic environment in the commune of Kreischa in Saxony, approx. ten kilometres from the city of Dresden. The rest home benefits from an excellent location along the Kurpark (the central park of Kreischa), close to shops, the town hall and the Klinik

Bavaria (one of most important rehabilitation clinics in the country). Built in 2011, it contains 84 beds in 77 rooms.


« Herkenrath »


« Dresden »


« Kreischa »

These three establishments are operated by subsidiaries of the AGO Betriebsgesellschaft für Sozialeinrichtungen mbH ("AGO group"[1]), a quality operator in the healthcare industry with an excellent reputation in the German market. It operates more than ten establishments and has its headquarters in Cologne. The contracts in place with the operator are irrevocable long term leases with double net structure, meaning the repair and maintenance of the roof, structure and facades of the building remains the responsibility of the owner. The average remaining lease maturity of the three leases is approx. 23 years. Given the good quality of the buildings, the initial gross rental yield (double net) for the three rest homes amounts to approx. 7.5%. The contractual value of the three buildings amounts to approx. €21 million[2].

The acquisitions were financed using Aedifica's credit facilities and by taking over existing credit facilities (granted by the Bank für Sozialwirtschaft) attached to the buildings.

- Salve and Plantijn (Brasschaat and Kapellen, province of Antwerp)

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

The "Salve" rest home is located at the heart of a residential district in Brasschaat. This 120-bed rest home is operated by the Armonea group (a major player in the senior care market) under a 27-year triple net long lease (that began in June 2013). The contractual value amounts to approximately €8 million[3] and generates an initial triple net yield of 6%. In addition, a 2-phase development project is in progress at the site, consisting of the demolition and reconstruction of the old section of the rest home (dating back to the beginning of the 20th century) and the complete renovation of the newer sections (two buildings dated 1979 and 1997). The delivery of phase I is expected in spring 2014.

[1] www.ago-sozialeinrichtungen.de
[2] The contractual value complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.
[3] The contractual value complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.

"Salve"

The "Plantijn" rest home is located in a residential district close to the centre of Kapellen. The rest home comprises 110 beds and is operated by the Armonea group under a 27-year triple net long lease (that began in June 2013). The contractual value amounts to approximately €8 million[4] and generates an initial triple net yield of approximately 6%. In addition, a development project is planned for the site. This project includes the renovation of existing buildings (namely a building dating back to the beginning of the 20th century and more modern expansions added in 1972 and 1986) and the expansion of the site with construction of a new building on a plot of land next to the rest home. The development permit has already been obtained for this project. Exact plans, including the expected completion date, have not yet been finalised.


"Plantijn"

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

- Hestia (Wemmel, province of Flemish Brabant)

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


"Hestia"[5]

The rest home is located in close proximity to Brussels in a residential area of Wemmel. With a total capacity of 222 beds, it is the largest rest home in Aedifica's portfolio. The site is operated by the

[4] The contractual value complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.
[5] Illustration: © 2013 - Soprim@

Soprim@ group under a 27-year triple net long lease. The contractual value amounts to approximately €22 million[6] (including the land acquisition and building construction) and generates an initial triple net yield of approx. 6%.

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

- Stephanie's Corner (Brussels)

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

"Stephanie's Corner" comprises 27 apartments, 3 commercial spaces and a 27-space underground parking lot. The building (dated 2007) is located between rue Jean Stas and rue Dejoncker. This is an excellent location at the heart of the Louise district in Brussels, near to shops and public transportation links (trams and metros). The apartments are rented to private persons on the basis of traditional residential leases while commercial spaces are rented under commercial leases. The contractual value of the building amounts to approximately €10 million[7] (i.e. an acquisition value well below €3,000/m² for the apartments) and generates an initial gross rental yield above 5%.

"Stephanie's Corner"

- De Stichel (Vilvoorde, province of Flemish Brabant) and Huize Lieve Moenssens (Dilsen-Stokkem, province of Limburg)

Aedifica (together with its subsidiary, Aedifica Invest SA) acquired the control[8] of the companies owning the "Huize Lieve Moenssens" rest home in Dilsen-Stokkem (Province of Limburg) and "De Stichel" rest home in Vilvoorde (Province of Flemish Brabant) on 16 December 2013.

The "De Stichel" rest home is located at the heart of a residential district (Koningslo) in Vilvoorde, close to the Military Hospital Queen Astrid and the Brussels Ring highway. The rest home benefits from a beautiful view of the surrounding fields with Brussels in the background. This 118-bed rest home was built in several phases between 1990 en 2006 and is operated by the Soprim@ group under a 27-year triple net long lease. The contractual value amounts to approximately €11 million[9] and generates an initial triple net yield of approx. 6%. In addition, the actual building offers a significant potential to increase its capacity.

"De Stichel"

The "Huize Lieve Moenssens" rest home is located in Dilsen-Stokkem (a few kilometres of Maasmechelen Village) near to a residential district. The land on which the rest home is situated is owned by the commune but is subject to a long lease set in 1981 for a period of 99 years. The building was initially built in 1986 as a center for people with disabilities, then transformed to a rest home in two separate phases in 2002 and 2004. In 2007 a new wing was added to increase the capacity to its current 67 beds. The rest home is operated by the Soprim@ group under a 27-year triple net long lease. The contractual value amounts to approximately €5 million[10] and generates an initial triple net yield of approx. 6.5%. In addition, the site offers significant potential for future expansion.

"Huize Lieve Moenssens"

The operation was financed using Aedifica's credit facilities and by taking over existing credit facilities (granted by BNP Paribas Fortis) attached to the buildings.

[6] The contractual value complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.
[7] The contractual value complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.
[8] Through the acquisition of limited liability companies (Aedifica Invest Vilvoorde, Aedifica Invest Dilsen and De Stichel).
[9] The contractual value complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.
[10] The contractual value complies with the provisions of article 31 §1 of the Royal Decree of 7 December 2010 regarding Belgian REITs.

3.1.2. Development projects in progress

As of 31 December 2013, the following development projects are in progress:

- Larenshof (phase III, extension of a rest home in Laarne);
- Koning Albert I (phase II and III, renovation and extension of a rest home in Dilbeek);
- Eyckenborch (renovation and extension of a rest home in Gooik);
- Salve (renovation and redevelopment of a rest home in Brasschaat);
- 't Hoge (renovation and extension of a rest home in Kortrijk);
- Residentie Sporenpark (construction of a rest home in Beringen);
- De Edelweis (phase II extension of a rest home in Begijnendijk);
- Rue Haute (renovation of an apartment building in Brussels);
- Klein Veldeken (extension of an assisted-living building in Asse);
- Pont d'Amour (extension of a rest home in Dinant);
- Plantijn (renovation and extension of a rest home in Kapellen).

3.1.3. Financing

Taking into account credit facilities which reached maturity in July and August 2013, new credit facilities established since the beginning of the financial year, and credit facilities taken over as part of recent building acquisitions, the timetable shows the maturity of Aedifica's current credit facilities (in € million):

- 2013/2014 :	30
- 2014/2015 :	65
- 2015/2016 :	85
- 2016/2017 :	75
- 2017/2018 :	62
- 2018/2019 :	30
- 2019/2020 :	0
- 2020/2021 :	2
- > 2022/2023 :	21
	370

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4. Portfolio as of 31 December 2013

During the first half of the financial year, Aedifica increased its portfolio of marketable investment properties by €88 million, from a fair value of €614 million to €703 million (+14%) (€728 million for the total portfolio, including development projects). This growth is mainly attributed to the acquisitions that took place during the first half and the completion of a development project during the first half.

The changes in the fair value of marketable investment properties recognised in income (+€0.2 million, or +0.03% over the first half) is assessed by the independent experts and is broken down as follows:

- senior housing: + €0.7 million, i.e. +0.2%;
- apartment buildings: - €0.7 million, i.e. -0.5%, of which:
  - unfurnished apartment buildings: - €0.5 million, i.e. -0.4%;
  - furnished apartment buildings: - €0.2 million, i.e. -0.4%;
- hotels and other: + €0.3 million, i.e. +0.4%.

Aedifica has 136 marketable investment properties, with a total surface area of approx. 357,000 m^2, consisting mainly of:

- 48 senior housing sites with a capacity of 4,518 residents;
- 865 apartments, of which:
  - 584 apartments rented under traditional "unfurnished" residential contracts;
  - 281 apartments rented under "furnished" residential contracts;
- 6 hotels comprising 521 rooms.

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

- 60% senior housing;
- 30% apartment buildings, of which:
  - 21% unfurnished apartment buildings;
  - 9% furnished apartment buildings;
- 10% hotels and other building types.

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

- 97% in Belgium, of which:
  - 42% in Brussels;
  - 40% in Flanders; and
  - 15% in Wallonia.
- 3% in Germany.

The occupancy rate[11] of the total unfurnished portion of the portfolio (total less furnished apartments) amounts to 96.7% as of 31 December 2013. Though slightly under the record level reached at the end of the previous financial year (30 June 2013: 97.4%), this occupancy level remains very high, and covers 91% of the portfolio in terms of fair value.

The occupancy rate of the furnished portion of the Company's real estate portfolio (representing 9% of the portfolio in terms of fair value) reached 77.8% over the first six months of the financial year. This is a decrease as compared to the occupancy rate realised for the first six months of the previous financial year (80.8%) and for the full 2012/2013 financial year (82.6%). This reflects the amplified seasonality arising from the economic climate, as noted in the previous publications, and is also explained by the fact that Aedifica is currently taking advantage of the economic slowdown to renovate some of its furnished apartments (approx. 8% of the total). Hence, during the first half, 24 furnished apartments were unavailable for rental due to renovation.

Given the persistent high volatility in the furnished apartments market and the resulting on the net yield, have lead Aedifica has adapted the way it operates its apartments, in the short and medium terms, as follows:

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

In accordance with of the abovementioned elements, 14 of the 295 apartments located in buildings qualified as furnished apartment buildings are now operated under traditional "unfurnished" residential contracts. The number of apartments operated under "furnished" residential contracts has been reduced to 281.

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

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

5. Gross yield by segment

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

31 December 2013

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

30 June 2013

(x €1,000)	Senior housing	Apartment buildings ***		Hotels and other	Marketable investment properties	Development project	Investment properties
Fair value	343,550	197,689		72,972	**614,211**	28,633	**642,844**
Annual contractual rents	20,404	12,177	*	4,788	**37,369**	-	**37,369**
Gross yield (%)**	5.9%	6.1%		6.6%	**6.1%**	-	**-**

31 December 2012

(x €1,000)	Senior housing	Apartment buildings ***		Hotels and other	Marketable investment properties	Development project	Investment properties
Fair value	325,496	198,135		74,826	**598,457**	20,320	**618,777**
Annual contractual rents	19,282	12,442	*	4,828	**36,552**	-	**36,552**
Gross yield (%)**	5.9%	6.2%		6.5%	**6.1%**	-	**-**

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

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

*** Split respectively as follows (fair value, annual contractual rents and gross yield):
Unfurnished apartment buildings: 31 December 2013: €144,858 k; €7,118 k; 4.9%. 30 June 2013: €135,013 k; €6,908 k; 5.1%. 31 December 2012: €136,243 k; €7,116 k; 5.2%.
Furnished apartment buildings: 31 December 2013: €63,187 k; €5,116 k; 7.7%. 30 June 2013: €62,676 k; €5,269 k; 8.0%. 31 December 2012: €61,892 k; €5,326 k; 8.2%.

6. Analysis of the half year consolidated accounts

The condensed financial statements prepared in accordance with IAS 34, is presented on page 39 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[12]

Consolidated income statement - analytical format (x €1,000)	31 December 2013	31 December 2012
Rental income	19,453	18,037
Rental-related charges	-45	-69
Net rental income	19,408	17,968
Operating charges*	-4,520	-4,152
Operating result before result on portfolio	14,888	13,816
*EBIT margin** %*	*77%*	*77%*
Financial result excl. IAS 39	-5,579	-5,597
Current tax	-62	-29
Profit excl. IAS 39 and IAS 40	**9,247**	**8,190**
Number of dividend rights***	9,903,400	8,715,113
Earnings per share excl. IAS 39 and IAS 40 (€/share)[13]	0.93	0.94
Profit excl. IAS 39 and IAS 40	9,247	8,190
IAS 39 impact: changes in fair value of hedging instruments	926	-1,792
IAS 40 impact: changes in fair value of investment properties	990	9,926
IAS 40 impact: gains on disposals of investment properties	0	54
IAS 40 impact: deferred taxes	193	0
Profit (owners of the parent)	**11,356**	**16,378**
Weighted average number of shares outstanding (IAS 33)	9,903,148	7,558,301
Earnings per share (owners of the parent - IAS 33 - €/share)	1.15	2.17

* Items IV to XV of the income statement.
** Operating result before result on portfolio divided by the net rental income.
*** Calculated on the basis of the number of dividend rights expected at the end of the financial year.

The consolidated turnover (**consolidated rental income**) for the 1st half amounts to €19.5 million, an increase of 8% compare to the same period during the prior year. This is slightly above the budget.

[12] The consolidated income statement covers the 6 month period from 1 July 2013 to 31 December 2013. 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.
[13] The decline of the profit excluding IAS 39 and IAS 40 per share presented here (calculated on the number of dividend rights expected at the end of the financial year) originated in the dilution resulting from the capital increase of 7 December 2012.

The changes by segment of the consolidated rental income are presented in the table below:

Consolidated rental income (x €1,000)	31 December 2013	31 December 2012	Var. (%) on a like-for-like basis	Var. (%)
Senior housing	11,403	9,536	+2%	+20%
Apartment buildings	6,039	6,161	-4%	-2%
Unfurnished apartments	*3,481*	*3,496*	*-3%*	*0%*
Furnished apartments	*2,558*	*2,665*	*-4%*	*-4%*
Hotels and other	2,062	2,391	-14%	-14%
Inter-segment	-51	-51		
Total	**19,453**	**18,037**	**-2%**	**+8%**

The evolution of rental income in the senior housing segment (+20% compared to the same period of the previous financial year and +2% on a like-for-like basis) demonstrates the importance of Aedifica's investment strategy in this segment, which already generates already more than 60% of the turnover and more than 75% of the operating result before result on portfolio. In the other segments, as mentioned in previous publications, the negative changes come mainly from the reduced rents that occurred during the 2012/2013 financial year in order to preserve the rent to EBITDAR ratio of the concerned tenants, and therefore the cash flows and asset values.

After deducting rental-related charges, the **net rental income** amounts to €19.4 million (+8% as compared to 31 December 2012).

The **property result** is €18.6 million (31 December 2012: €17.2 million). This result, less other direct costs, provides a **property operating result** of €16.9 million (31 December 2012: €15.6 million), which represents an operating margin[14] of 87% (31 December 2012: 86%).

After deducting overheads of €2.0 million (31 December 2012: €1.8 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 8%, reaching €14.9 million. This result represents an **EBIT margin** of 77% (31 December 2012: 77%) and is slightly ahead of the budget.

The share of each segment in the operating result before result on portfolio (constituting the segment result under IFRS 8) is detailed in Note 3 of the condensed consolidated financial statements below.

After taking account of the cash flows generated by hedging instruments (described below), **net interest charges** amount to €5.3 million (31 December 2012: €5.4 million). The average effective interest rate (4.3% before capitalising interest on development projects) increased as compared that reported in 2012/2013 (4.0%) but is slightly below the budget. Taking into account other income and charges of a financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value (non-cash movements accounted for in accordance with IAS 39 are not included in the profit excluding IAS 39 and IAS 40 as explained below), the **financial result excluding IAS 39** represents a net charge of €5.6 million (31 December 2012: €5.6 million), in line with the budget.

Taxes consist of both current taxes and deferred taxes. In conformity with the Company's tax status, current taxes (charge of €62 thousand; 31 December 2012: charge of €29 thousand) consists primarily

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

of Belgian taxes on Aedifica's non-deductible expenditures, taxes on the result generated abroad and taxes on the result of the Company's consolidated subsidiaries. Deferred taxes are explained below.

Profit excluding IAS 39 and IAS 40 reached €9.2 million for the half (31 December 2012: €8.2 million), or €0.93 per share (31 December 2012: €0.94 per share), computed on the basis of the number of dividend rights expected at the end of the financial year. The decrease in the profit excluding IAS 39 and IAS 40 per share can be attributed to the dilution resulting from the capital increase of 7 December 2012. This result (in absolute terms and per share) is slightly better than the budget.

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

- Over the first six months of the financial year, **changes in the fair value of marketable investment properties**[15] taken into income amounted to +0.03%, or +€0.2 million (31 December 2012: +€8.9 million). A change in fair value of +€0.7 million was recorded on development projects (compared to +€1.1 million for the same period in the previous year). The combined change in fair value for marketable investment properties and development projects represents an increase of €1.0 million for the half (31 December 2012: €9.9 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[16], allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. These hedging instruments are detailed in Note 9 of the attached condensed consolidated financial statements. The **impact of IAS 39** (changes in fair value) taken into income as of 31 December 2013 represents an income of €0.9 million (31 December 2012: a charge of €1.8 million).

- **Deferred taxes** (income of €193 thousand as of 31 December 2013 with no comparison to 31 December 2012) arose from the recognition at fair value of the buildings located abroad in conformity with IAS 40. This deferred tax (with no monetary impact, that is to say non-cash) is thus excluded from the result excluding IAS 39 and IAS 40.

Given the non-monetary elements described above, **profit (attributable to owners of the parent)** for the half amounts to €11.4 million (31 December 2012: €16.4 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €1.15 (31 December 2012: €2.17).

[15] Corresponding to the sum of the positive and negative variations between that of 30 June 2013 or the time of entry of new buildings in the portfolio, and the fair value estimated by experts as of 31 December 2013.
[16] Long term hedges permit a notable reduction in the interest rate risk on investment financing that generates revenues over the long term, such as long leases; note once again that the average duration of Aedifica's leases is 19 years.

6.2. Consolidated balance sheet

Consolidated balance sheet (x €1,000)	31 December 2013	30 June 2013
Investment properties	728,244	642,844
Other assets included in debt-to-assets ratio	10,196	8,827
Other assets	301	526
Total assets	**738,741**	**652,197**
Equity		
Excl. IAS 39 impact	406,532	414,662
IAS 39 impact*	-30,084	-32,503
Equity	376,448	382,159
Liabilities included in debt-to-assets ratio	329,804	234,821
Other liabilities	32,489	35,217
Total equity and liabilities	**738,741**	**652,197**
Debt-to-assets ratio (%)	*44.7%*	*36.0%*

* Fair value of hedging instruments.

As of 31 December 2013, **investment properties** represent 99% (30 June 2013: 99%) of the **assets** recognised on Aedifica's balance sheet, valued in accordance with IAS 40[17] at a value of €728 million (30 June 2013: €643 million). This heading includes:

- Marketable investment properties (31 December 2013: €703 million; 30 June 2013: €614 million), which marked an increase of €88 million. The net growth in the fair value of marketable investment properties in operation is attributed mainly to €64 million from investment operations (see point 3.1.1 above) and also to the completion of a development project (see point 3.1.1 above).

- Development projects (31 December 2013: €26 million; 30 June 2013: €29 million), consisting primarily of investment properties under construction or renovation (see point 3.1.2 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 2013: 1%).

Since Aedifica's formation, its capital has evolved steadily along with its real estate activities (contributions, mergers, etc.) and thanks the capital increases in October 2010 and December 2012. It has increased to €254 million as of 31 December 2013[18] (30 June 2013: €254 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:

- €407 million excluding the IAS 39 impact (30 June 2013: €415 million, including the €16 million dividend paid out in November 2013);
- Or €376 million including the IAS 39 impact (30 June 2013: €382 million, including the €16 million dividend paid out in November 2013).

[17] That is to say, accounted for at their fair value as determined by independent real estate experts (i.e. Stadim CVBA and de Crombrugghe & Partners NV).
[18] Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the capital reserves.

As of 31 December 2013, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 7 December 2010 on Belgian REITs) reached €330 million (30 June 2013: €235 million), of which €319 million (30 June 2013: €227 million) represent amounts drawn on the company's credit facilities. The consolidated **debt-to-assets ratio** amounts to 44.7% (30 June 2013: 36.0%). The maximum ratio permitted for Belgian REITs is set at 65% of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €150 million in constant assets[19] or €429 million in variable assets[20]. Conversely, the balance sheet structure permits, all else equal, Aedifica to absorb a decrease of up to 31% in the fair value of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing commitments with its banks, which further limit the maximum debt-to-assets ratio to 60%, the headroom available amounts to €113 million in constant assets, €283 million in variable assets, and -25% in the fair value of investment properties.

Other liabilities amount to €32 million (30 June 2013: €35 million) and consist mainly of the fair value of hedging instruments of €30 million (30 June 2013: €32 million).

[19] That is, excluding growth in the real estate portfolio.
[20] That is, taking into account growth in the real estate portfolio.

6.3. Net asset value per share

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

Excluding the non-monetary impact (that is to say, non-cash) of IAS 39[21] and after accounting for the payment of the 2012/2013 dividend in November 2013[22], the net assets per share based on the fair value of investment properties is €41.05 as of 31 December 2013, compared to €40.23 share on 30 June 2013.

Net asset value per share (in €)	31 December 2013	30 June 2013
Based on fair value of investment properties		
Net asset value excl. IAS 39	41.05	40.23
IAS 39 impact	-3.04	-3.28
Net asset value	38.01	36.95
Number of shares outstanding (excl. treasury shares)	9,903,656	9,902,998

Number of shares	31 December 2013	30 June 2013
Number of shares outstanding*	9,903,656	9,902,998
Total number of shares	9,903,690	9,903,690
Total number of shares on the stock market	9,903,690	9,874,985
Weighted average number of shares outstanding (IAS 33)	9,903,148	8,715,370
Number of dividend rights expected at the end of the financial year**	9,903,400	8,715,339

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

7. Outlook

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

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

- Its diversified investment strategy concentrated on two strategic pillars (senior housing in Western Europe, apartment buildings in the main Belgian cities) creates the ability to adapt to market opportunities and to the evolution of the economic situation. However, note that the furnished apartment buildings and the hotels are more sensitive to the economic fluctuations than other properties.

- Thanks to its investments in senior housing, Aedifica benefits from indexed long term rental incomes, which generate high net yields. The average remaining lease maturity on the total of

[21] The IAS 39 impact of €-3.04 per share as of 31 December 2013 is the impact in equity of the fair value of hedging instruments, which is negative for €30 million, mainly booked in the liabilities on the balance sheet.
[22] Recall that IFRS requires the presentation of the annual accounts before appropriation. Net assets in the amount of €38.59 per share as of 30 June 2013 thus included the dividend distributed in November 2013, and should be adjusted by €1.64 per share in order to compare with the value as of 31 December 2013. This amount corresponds to the amount of the total dividend (€16 million) divided by the total number of shares outstanding as of 30 June 2013 (9,902,998) and is less than the coupons No. 10 an No. 11 which amounted to €1.86 per share (certain shares held only rights to a prorata temporis dividend).

its leases (19 years) provides a very good view toward future income streams over the long term.

- Its investments in apartment buildings offer a potential for capital gains.

- External financing of the real estate portfolio (including commitments for development projects) is assured with credit facilities in place totalling €370 million, of which none reaches maturity before the end of 2013/2014 financial year. To date, the drawings on these credit facilities are almost fully covered by hedging instruments (interest rate swaps, caps, or collars).

- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 44.7% as of 31 December 2013 (far below the maximum legal limit of 65% imposed for Belgian REITs and the contractual maximum of 60% imposed by way of bank covenants). This is further supported by the stable fair values that the company's real estate portfolio has demonstrated since the beginning of the economic and financial crisis. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations (commitments totalling approximately €139 million as of 31 December 2013, of which €23 million should, in principle, be financed by issuing new Aedifica shares) and to realise significant new investments.

The dividend forecast for the current financial year, as published in the 2012/2013 annual financial report, remains unchanged at €1.86 per share, stable as compared to 30 June 2013.

8. Ranking Aedifica

According to the "Belgian REIT Overview", published each month by Bank Degroof, Aedifica is currently the 5th Belgian REIT in terms of the fair value of its investment properties portfolio (5th as of 30 June 2013). In addition, Aedifica holds the 4th place in terms of the average volume traded on the stock market, with an average daily volume of €570 thousand over the last 12 months (30 June 2012: 4th place with an average daily volume of €230 thousand).

Moreover, between 31 December 2006 and 31 December 2013, Aedifica rose successfully from 36th to 11th place in the ranking of the 100 largest real estate portfolios in Belgium (according to the "Investors Directory 2014", edited by Expertise BVBA in January 2014).

9. Principal risks and uncertainties

The Board of Directors considers that the key risk factors summarised in pages 2 to 7 of the 2012/2013 annual financial report remain relevant for the second half of the 2013/2014 financial year.

10. Related party transactions

Related party transactions, as defined under IAS 24 and by the Belgian Companies Code, are the subject of Note 15 of the attached condensed financial statements. These transactions comprise the remuneration of Aedifica's directors and executive managers.

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

11. Corporate governance

11.1. New non-executive independent Director

Recall that, at the Extraordinary General Meeting of 24 June 2013, Mr. Jean Franken was elected as new non-executive independent Director effective 1 July 2013 until the Annual General Meeting that will be held in 2016. The Board of Directors comprises eleven Directors, including five independent Directors.

11.2. Renewal of the offices

As a reminder, at the Annual General Meeting on 25 October 2013, the office of Mr. Jean Kotarakos, acting as executive Director, and Mr. Olivier Lippens, acting as non-executive Director representing the shareholders, were renewed until October 2016.

12. Independent real estate expert

Following the acquisitions realised by Aedifica in Germany over the course of the 1st half of 2013/2014, Aedifica has designated CBRE GmbH as independent real estate expert for the assessment of Aedifica's German portfolio. This appointment was made in accordance with the requirements of the Royal Decree of 7 December 2010 related to Belgian REITs; the mission will start as from the quarterly valuation as of 31 March 2014.

Brussels 17 February 2014.
The Board of Directors.

II. EPRA[23]

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

The EPRA ("European Public Real Estate Association") is the voice of Europe's publicly traded real estate sector and the most widely used global benchmark for listed real estate. It represents more than 200 active members and over €250 billion in real estate assets. The European indices include more than 80 constituents, with a free-float market capitalisation of approximately €100 billion. The criteria for inclusion in the indices are publicly available on the EPRA website.

Aedifica is registered in the European Index with a weighting of approx. 0.4% and in the Belgian Index with a weighting of approx. 12%.

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 the key performance indicators according to the EPRA principles, as follows:

Key performance indicators according to the EPRA principles

	31 December 2013
EPRA Earnings (in €/share)	0.93
EPRA NAV (in €/share)	41.03
EPRA NNNAV (in €/share)	37.84
EPRA Net Initial Yield (NIY) (in %)	5.2
EPRA Topped-up NIY (in %)	5.2
EPRA Vacancy Rate (in %)	3

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

Half year financial report
Regulated information

18 February 2014 – After closing of markets
Under embargo until 17:40 CET

III. Aedifica in the stock market

1. Stock price and volume

Aedifica's stock (AED) has been quoted on the NYSE Euronext Brussels continuous market since 23 October 2006. On 7 December 2012, Aedifica successfully completed its second capital increase in cash and with preferential right, to raise a gross amount of €99.8 million. In this context, Aedifica issued 2,697,777 new shares at an issue price of €37.00 per share.

Recall that on 15 October 2010, Aedifica successfully completed its first capital increase in cash and with preferential right, to raise a gross amount of €67 million. In this offering, Aedifica had issued 2,013,334 new shares at a subscription price of €33.45 per share.

On 31 December 2013, Aedifica was registered in the Bel Real Inv. Trusts (formerly known as Bel Real Estate) index with a weighting of 7.29% and in the Bel Mid Index[24] with a weighting of 3.02%.

Based on the stock price as of 31 December 2013 (€51.53), Aedifica shares show:

- a 25.5% premium as compared to the net asset value per share excluding IAS 39, based on the fair value of the property portfolio;
- a 35.6% premium as compared to the net asset value per share including IAS 39, based on the fair value of the property portfolio.

Aedifica's stock price increased by 39% between the date of the IPO (after deduction of the coupons attached to preferential rights issued as part of the 15 October 2010 and 7 December 2012 capital increases) and 31 December 2013. This increase shows a very favourable contrast as compared to the Bel Mid Index and EPRA Europe[25] indices, which fell by 3% and 40%, respectively, over the same period.

[24] 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.
[25] For additional information on EPRA indice, refer to EPRA's website (www.EPRA.com).

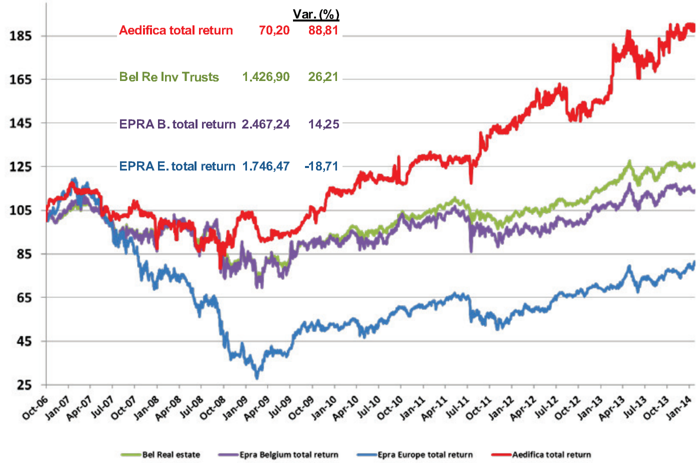
Aedifica share	31 December 2013	30 June 2013
Share price at closing (in €)	51.53	47.50
Net asset value per share excl. impact IAS 39 (in €) (based on fair value)	41.05	40.23 [4]
Premium (+) / Discount (-) excl. impact IAS 39 (based on fair value)	25.5%	18.1%
Net asset value per share after impact IAS 39 (in €) (based on fair value)	38.01	36.95 [4]
Premium (+) / Discount (-) after impact IAS 39 (based on fair value)	35.6%	28.5%
Market capitalisation (in €)	510,337,146	469,863,018
Free float[1]	88.17%	88.17%
Total number of shares listed	9,903,690	9,874,985
Denominator for the calculation of the net asset value per share	9,903,656	9,902,998
Average daily volume (in shares)	7,110	10,508
Velocity[2]	25.0%	30.5%
Gross dividend per share (in €)[3]	1.86	1.86
Gross dividend yield[5]	3.6%	3.9%

[1] Pourcentage of the capital of a company held by the market, according to the definition of Euronext.
[2] Total volume of share exchanged annualised divided by the total number of shares listed on the market, according to the definition of Euronext.
[3] See section 7 of the interim Board of Directors' report here above.
[4] After deduction of the dividend 2012/2013 paid in November 2013.
[5] Gross dividend per share, before withholding tax of 15% (in accordance with the current fiscal law), divided by the share price at closing.

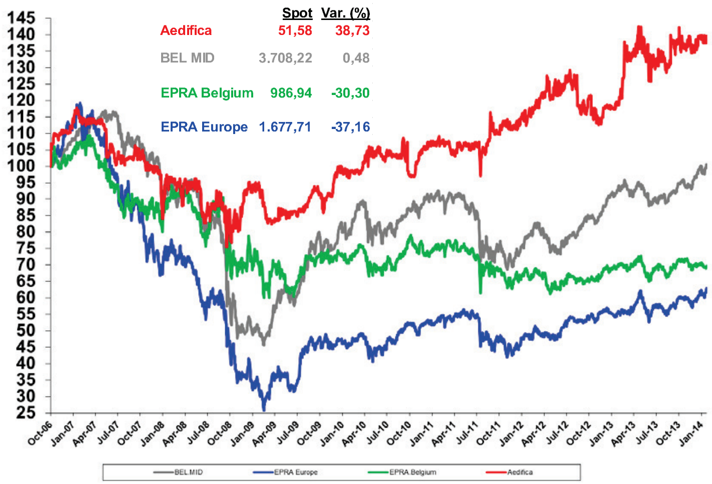
2. Graphic illustrations of Aedifica's stock price

The stock prices cover the period between the IPO and 13 February 2014.

Aedifica's total return compared to indexes



Aedifica's stock price evolution compared to indexes



3. Shareholding structure

Aedifica shareholders holding more than 5% of the Company's total number of shares are listed in the table below (situation as of 15 October 2010)[26].

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

The total number of shares (including the treasury shares) is 9,903,690.

4. Shareholders' calendar[27]

Financial calendar	
Interim statement	13/05/2014
Annual press release 30.06.2014	2/09/2014
Annual financial report 2013/2014	12/09/2014
Annual General Meeting 2014	24/10/2014
Dividend - Coupon related to the 2013/2014 financial year ("ex-date")	29/10/2014
Dividend - Record date	30/10/2014
Dividend - Coupon payment	31/10/2014
Interim statement	13/11/2014
Half year results 31.12.2014	February 2015

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

IV. Property report

1. Consolidated property portfolio

1.1. Investment properties[28]

Senior housing	Totale surface (m²)(1)	Residential surface (m²)	Number of residential units	% Occupancy rate(2)	Contractual rents(3)	Contractual rents + ERV on empty spaces(4)	Estimated rental value (ERV)(5)
Château Chenois	6,354	6,354	115	100.0%	856,600	856,600	1,053,800
New Philip	3,914	3,914	111	100.0%	469,000	469,000	569,300
Jardins de Provence	2,280	2,280	72	100.0%	385,000	385,000	372,300
Bel Air	5,350	5,350	161	100.0%	700,000	700,000	779,000
Résidence Grange des Champs	3,396	3,396	75	100.0%	414,200	414,200	483,800
Résidence Augustin	4,832	4,832	94	100.0%	520,900	520,900	512,400
Ennea	1,848	1,848	34	100.0%	186,700	186,700	172,100
Kasteelhof	3,500	3,500	81	100.0%	337,700	337,700	488,300
Wielant	4,834	4,834	102	100.0%	518,600	518,600	580,000
Résidence Parc Palace	6,719	6,719	162	100.0%	1,212,400	1,212,400	1,266,900
Résidence Service	8,716	8,716	175	100.0%	1,247,000	1,247,000	994,600
Résidence du Golf	6,424	6,424	194	100.0%	750,700	750,700	1,124,100
Résidence Boneput	2,993	2,993	78	100.0%	438,500	438,500	515,900
Résidence Aux Deux Parcs	1,423	1,423	53	100.0%	222,000	222,000	280,900
Résidence L'Air du Temps	2,763	2,763	88	100.0%	448,900	448,900	500,100
Au Bon Vieux Temps	1,268	1,268	43	100.0%	196,000	196,000	173,600
Op Haanven	4,675	4,675	90	100.0%	400,100	400,100	431,400
Résidence Exclusiv	4,253	4,253	104	100.0%	685,100	685,100	644,000
Séniorie Mélopée	2,967	2,967	70	100.0%	476,100	476,100	378,100
La Boule de Cristal	1,290	1,290	41	100.0%	90,900	90,900	157,300
Les Charmes en Famenne	3,165	3,165	96	100.0%	289,200	289,200	331,400
Seniorerie La Pairelle	6,016	6,016	140	100.0%	736,900	736,900	668,000
Residence Gaerveld	1,504	1,504	20	100.0%	163,300	163,300	162,400
Résidence du Plateau	8,069	8,069	143	100.0%	1,223,400	1,223,400	1,177,200
Seniorie de Maretak	5,684	5,684	122	100.0%	509,400	509,400	681,100
De Edelweis	6,235	6,235	96	100.0%	642,500	642,500	846,400
Bois de la Pierre	2,272	2,272	65	100.0%	428,600	428,600	409,700
Buitenhof	4,386	4,386	80	100.0%	533,300	533,300	624,200
Klein Veldeken	3,363	3,363	41	100.0%	390,400	390,400	697,600
Koning Albert I	4,853	4,853	67	100.0%	460,800	460,800	894,800
Eyckenborch	5,457	5,457	89	100.0%	427,600	427,600	839,900
Rietdijk	2,155	2,155	59	100.0%	323,800	323,800	335,400
Marie-Louise	1,959	1,959	59	100.0%	125,400	125,400	304,500
Gaerveld	6,994	6,994	135	100.0%	762,100	762,100	766,300
Larenshof	5,464	5,464	88	100.0%	837,700	837,700	732,800
Ter Venne	6,634	6,634	95	100.0%	957,400	957,400	998,300
Pont d'Amour	4,364	4,364	74	100.0%	492,400	492,400	367,700
Résidence Les Cheveux d'Argent	4,177	4,177	80	100.0%	240,300	240,300	317,200
't Hoge	2,055	2,055	62	100.0%	200,000	200,000	453,400

[28] It is not in the interest of the shareholder to publish the values by building. The addresses of the buildings are available in the annual financial report 2012/2013. Addresses of the acquisitions since 1 July 2013 are available in the related press releases. The five following buildings are owned by a subsidiary: Salve and Plantijn (Patrius Invest SA), Stephanie's Corner (Immo Dejoncker SA), De Stichel (De Stichel SA, controlled by Aedifica Invest Vilvoorde SA) and Huize Lieve Moenssens (Aedifica Invest Dilsen SA, controlled by Aedifica Invest Vilvoorde SA). All other buildings are held by Aedifica SA.

Helianthus	2,409	2,409	47	100.0%	230,000	230,000	440,600
Hestia	12,682	12,682	222	100.0%	1,298,000	1,298,000	1,515,400
Plantijn	5,958	5,958	110	100.0%	466,800	466,800	833,400
Salve	6,730	6,730	120	100.0%	493,100	493,100	866,700
AGO Herkenrath	4,000	4,000	80	100.0%	575,000	575,000	575,000
AGO Dresden	5,098	5,098	116	100.0%	583,200	583,200	583,200
De Stichel	6,257	6,257	118	100.0%	643,100	643,100	660,800
Huize Lieve Moenssens	4,301	4,301	67	100.0%	321,650	321,650	348,400
AGO Kreischa	3,670	3,670	84	100.0%	416,500	416,500	416,500
Total of the segment "Senior housing"	**215,710**	**215,710**	**4,518**	**100.0%**	**25,328,250**	**25,328,250**	**29,326,200**

Apartment buildings	Totale surface (m²)[1]	Residential surface (m²)	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Unfurnished apartments							
Tervueren 13 A/B	4,628	621	3	67.4%	394,859	585,844	622,975
Sablon	4,655	3,342	30	81.5%	777,585	954,410	920,898
Complexe Laeken - Pont Neuf	5,720	4,637	42	85.9%	556,382	647,584	663,945
Le Bon 24-28	1,666	1,666	15	93.7%	169,168	180,579	189,263
Lombard 32	1,431	1,095	13	88.6%	190,817	215,317	175,604
Complexe Louise 331-333	4,871	1,509	9	100.0%	644,100	644,100	666,100
Place du Samedi 6-10	3,769	2,365	24	92.5%	304,229	329,054	303,695
Broqueville 8	638	638	6	30.4%	21,226	69,753	70,308
Bataves 71	552	312	3	62.6%	36,120	57,720	57,480
Tervueren 103	881	410	6	89.4%	110,980	124,090	116,740
Louis Hap 128	688	688	7	85.2%	78,306	91,893	75,648
Rue Haute	2,630	1,380	20	31.0%	92,649	298,459	305,748
Résidence Palace	6,388	6,189	57	88.8%	550,900	620,600	693,100
Churchill 157	2,210	1,955	22	88.1%	234,545	266,375	268,170
Auderghem 237-239-241-266-272	1,739	1,739	22	89.6%	175,410	195,700	183,228
Edison	2,029	758	7	76.8%	96,792	125,991	138,265
Verlaine/Rimbaud/Baudelaire	2,795	1,518	21	93.4%	246,434	263,894	271,333
Ionesco	930	930	10	98.3%	94,885	96,505	100,740
Musset	562	472	6	100.0%	51,327	51,327	50,200
Giono & Hugo	1,412	1,412	15	65.3%	81,719	125,113	139,300
Antares	439	439	7	100.0%	41,046	41,046	39,323
Ring	11,381	7,227	88	100.0%	677,200	677,200	860,100
Résidence Gauguin et Manet	2,885	2,885	35	92.2%	294,722	319,655	306,825
Résidence de Gerlache	6,794	6,174	75	85.4%	695,991	814,978	815,465
Stephanie's Corner	3,150	2,617	27	96.7%	501,214	518,254	526,238
Total of the unfurnished apartments	**74,842**	**52,977**	**570**	**85.6%**	**7,118,606**	**8,315,441**	**8,560,691**

Apartment buildings	Totale surface (m²)[1]	Residential surface (m²)	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Unfurnished apartments							
Complexe Souveraine	11,847	11,354	116	72.8%	2,174,098	2,174,098	1,423,130 [6]
Louise 130	1,110	694	9	71.3%	162,688	162,688	163,100 [6]
Louise 135 (+ 2 parkings Louise 137)	1,978	1,930	31	77.7%	551,106	551,106	343,000 [6]
Louise 270	1,043	958	14	88.4%	264,281	264,281	146,500 [6]

Vallée 48	623	623	6	76.1%	116,975	116,975	88,100 [6]
Livourne 16-18 (+ 24 parkings Livourne 7-11)	1,567	1,567	16	83.6%	352,372	352,372	261,100 [6]
Freesias	3,635	3,138	37	71.9%	372,784	372,784	357,600 [6]
Héliotropes	1,493	1,223	25	86.7%	256,956	256,956	173,400 [6]
Livourne 20-22	1,326	1,326	12	94.1%	337,524	337,524	185,700 [6]
Livourne 14	324	324	6	75.9%	51,712	51,712	33,700 [6]
Résidence Chamaris	1,838	1,702	23	87.2%	475,132	475,132	355,290 [6]
Total of the furnished apartments	**26,784**	**24,839**	**295**	**77.8%**	**5,115,627**	**5,115,627**	**3,530,620** [6]
Total of the segment "Apartment buildings"	**101,626**	**77,816**	**865**	**n.a.**	**12,234,233**	**13,431,068**	**12,091,311**

Hotels and other	Totale surface (m²)[1]	Residential surface (m²)	Number of residential units	% Occupancy rate[2]	Contractual rents[3]	Contractual rents + ERV on empty spaces[4]	Estimated rental value (ERV)[5]
Hotel Martin's Brugge	11,369	0	0	100.0%	1,584,887	1,584,887	1,171,460
Royale 35	1,813	0	0	100.0%	188,929	188,929	174,405
Martin's Klooster	6,935	0	0	100.0%	1,365,943	1,365,943	1,141,080
Bara 124-126	1,539	0	0	0.0%	0	63,113	63,113
Corbais 18	292	292	1	100.0%	26,200	26,200	12,200
Carbon	5,715	0	0	100.0%	434,100	434,100	559,100
Eburon	4,016	0	0	100.0%	399,000	399,000	458,700
Ecu	1,960	0	0	100.0%	216,000	216,000	229,700
Eurotel	4,779	0	0	100.0%	361,400	361,400	373,500
Villa Bois de la Pierre	320	160	4	100.0%	31,000	31,000	39,600
Duysburgh	470	470	5	100.0%	62,800	62,800	40,300
Résidence du Lac	0	0	0	100.0%	30,700	30,700	30,700
Total of the segment "Hotels and other"	**39,208**	**922**	**10**	**98.7%**	**4,700,959**	**4,764,072**	**4,293,858**
TOTAL investment properties	**356,543**	**294,448**	**5,393**	**n.a.**	**42,263,442**	**43,523,390**	**45,711,369** [6]

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

[2] See Glossary in the 2012/2013 annual financial report. The occupancy rate of the buildings furnished apartments 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 unfurnished apartment buildings includes units in renovation and hence temporarily not rentable.

[3] See Glossary in the 2012/2013 annual financial report. The amounts related to buildings with furnished apartments correspond to the annualised rental income excl. VAT.

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

[5] See Glossary in the 2012/2013 annual financial report. The ERV is the value as assessed by the independent real estate experts. For the furnished apartment buildings, the experts do not take into account the 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.

1.2. Projects and renovations in progress

Projects and renovations (in € million)	Address	Estimated inv.	Inv. as of 31 December 2013	Future inv.	Date of completion	Comments
I. In progress						
Larenshof	Laarne	3.1	0.0	3.1	2013/2014	Extension of a rest home
Koning Albert I (phases II & III)	Dilbeek	6.9	5.4	1.5	2013/2014	Renovation and extension of a rest home
Eyckenborch	Gooik	9.9	4.4	5.5	2014/2015	Extension of a rest home
Salve	Brasschaat	8.4	5.4	3.0	2014/2015	Renovation and redevelopment of a rest home
't Hoge	Kortrijk	4.9	0.8	4.1	2014/2015	Renovation and extension of a rest home
Residentie Sporenpark	Beringen	17.4	3.4	14.0	2014/2015	Construction of a new rest home
Résidence Palace - Parkings	Brussels	0.2	0.2	0.0	2014/2015	Acquisition of 6 parking spaces to be built
Edelweis II	Begijnendijk	1.3	0.7	0.6	2014/2015	Extension of a rest home
Aux Deux Parcs	Jette	0.7	0.0	0.7	2014/2015	Extension of a rest home
Rue Haute	Brussels	1.9	0.2	1.7	2014/2015	Renovation of a residential building with 20 apartments and 1 commercial groundfloor
Klein Veldeken	Asse	3.5	0.0	3.5	2014/2015	Extension of an assisted-living building
Helianthus	Melle	3.5	0.1	3.4	2014/2015	Extension of a rest home
Pont d'Amour	Dinant	7.9	0.0	7.9	2015/2016	Extension of a rest home
Plantijn	Kapellen	7.6	0.0	7.6	2016/2017	Renovation and extension of a rest home
II. Subject to outstanding conditions						
Résidence Cheveux d'Argent	Spa	3.0	0.0	3.0	2014/2015	Extension of a rest home
Tervuren	Tervuren	24.0	0.0	24.0	2015/2016	Construction of a new rest home
Résidence du Lac	Brussels	3.5	0.1	3.4	2015/2016	Construction of an apartment building
Au Bon Vieux Temps	Mont-Saint-Guibert	9.8	0.2	9.6	2015/2016	Construction of a new rest home
Marie-Louise	Wemmel	3.2	0.0	3.2	2015/2016	Renovation and reconversion of a rest home
Air du Temps	Chênée	5.8	0.1	5.7	2016/2017	Extension of a rest home
Op Haanven	Veerle-Laakdal	2.9	0.0	2.9	2016/2017	Extension of a rest home
III. Land reserves						
Terrain Bois de la Pierre	Wavre	1.8	1.8	0.0	-	Land reserve.
Platanes	Brussels	0.2	0.2	0.0	-	Land reserve.
IV. Acquisitions subject to outstanding conditions						
Krentzen	Olen	18.0	0.0	18.0	2014/2015	New rest home with 122 units
Overbeke	Wetteren	13.0	0.0	13.0	2014/2015	New rest home with 113 units
Total		**162.4**	**23.0**	**139.4**		
Capitalised costs		-	0.4	-		
Changes in fair value		-	2.0	-		
Roundings		-	0.3	-		
On balance sheet			**25.7**			

Of these projects, 95% are already pre-let. It is expected that the total investment budget of €139 million will be paid in cash, except for €23 million relating the Olen and Wetteren projects for which new shares will be issued by Aedifica (as mentioned in Note 45 of the consolidated financial statements published in the 2012/2013 annual financial report).

2. Marketable investment properties portfolio analysis

2.1. Breakdown by segment (in fair value)

Breakdown by segment (in fair value)	31 December 2013	30 June 2013
Senior housing	60%	56%
Apartment buildings	30%	32%
Unfurnished apartments	*21%*	*22%*
Furnished apartments	*9%*	*10%*
Hotels and other	10%	12%

2.2. Geographical breakdown (in fair value)

Geographical breakdown (in fair value)	31 December 2013	30 June 2013
Belgium	97%	100%
Brussels	*42%*	*46%*
Flanders	*40%*	*37%*
Wallonia	*15%*	*17%*
Germany	3%	0%

2.3. Breakdown by building (in fair value)

Breakdown by building (in fair value)	31 December 2013
Complexe Souveraine (apartments)	4%
Hotel Martin's Brugge (hotel)	3%
Hestia (senior)	3%
Martin's Klooster (hotel)	3%
Résidence Service (senior)	3%
Résidence du Plateau (senior)	3%
Résidence Parc Palace (senior)	3%
Sablon (apartments)	3%
Buildings < 3%	75%

2.4. Number of buildings per segment

Number of buildings per segment	31 December 2013	30 June 2013
Senior housing	48	40
Apartment buildings	76	75
Unfurnished apartments	*46*	*45*
Furnished apartments	*30*	*30*
Hotels and other	12	12
Total	**136**	**127**

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

Age of buildings by type of contract (fair value)	31 December 2013	30 June 2013
Triple net contracts	67%	69%
Other leases 0-10 years	17%	14%
Other leases > 10 years	16%	17%

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

Breakdown by lease maturity of contracts (fair value)	31 December 2013	30 June 2013
≥ 15 years	71%	69%
< 15 years	29%	31%

The average residual maturity of Aedifica's contracts is 19 years.

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

Breakdown of senior housing contractual rents by group controlling legal entities in contractual relation with Aedifica	31 December 2013	30 June 2013
Senior housing	**60%**	**55%**
Senior Living Group	*17%*	*19%*
Orpea	*16%*	*17%*
Armonea	*12%*	*11%*
Soprim@	*9%*	*5%*
AGO	*4%*	*0%*
Other operators	*2%*	*3%*
Hotels and other	**10%**	**12%**
Martin's Hotels	*7%*	*8%*
Different Hotel Group	*3%*	*4%*
Other tenants	**30%**	**33%**
Total	**100%**	**100%**

2.8. Gross yield by segment[29] (based on fair value)

Gross yield by segment (based on fair value)	31 December 2013	30 June 2013
Senior housing	6.0%	5.9%
Apartment buildings	5.8%	6.1%
Unfurnished apartments	*4.9%*	*5.1%*
Furnished apartments	*7.7%*	*8.0%*
Hotels and other	6.4%	6.6%
Average	**6.0%**	**6.1%**

[29] 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 2013, annualized and excl. VAT) / (fair value of the concerned buildings + goodwill + furnishments).

aedifica

Half year financial report
Regulated information

18 February 2014 – After closing of markets
Under embargo until 17:40 CET

2.9. Occupancy rate[30]

2.9.1. Furnished apartment buildings

Occupancy rates (Furnished apartment buildings)	
Dec 2013	77.8%
Dec 2012	80.8%

2.9.2. Total portfolio (excluding furnished apartments)

Occupancy rates (Total portfolio excluding furnished apartments)	
Dec 2013	96.7%
June 2013	97.4%
Dec 2012	97.3%

3. The real estate market

3.1. The Belgian residential market[31]

Prices on the residential real estate market resisted pressures in 2013, but the activity declined. On the secondary market (i.e. sales that are subject to registration fees), the sales of single family dwellings had already decreased by 6% in 2012 and declined a further 5% in 2013 to approximately 77,000 transactions during the year. This decrease in the number of transactions is reflected in each of the three Belgian regions. We must go back to 2000-2001 to find similar figures. The average selling price of €227,500 represents a slight increase of approximately +1%. In Brussels, the few single family dwellings have shown a more significant increase (+5%), reaching an average selling price of a little more than €400,000.

The strict credit policy followed by banks is being felt on the market. A funding limit of 80% of the market price appears to be applied more frequently, which means that the buyer must dispose more own financial resources more than a third of the purchase price in order to purchase a property. Taking into account transaction and borrowing costs, this amounts to €75,000 on average.

The acquisition of apartments as a cheaper alternative to single family dwellings continued to generate interest in this segment in 2012 (+2% in number of transactions), but dropped off in 2013 (-4%). The average price still increased slightly in Wallonia (+1%) and in Brussels (+1.5%). Prices at the coast stagnated at their 2011 levels while the number of sales decreased by 9%. Elsewhere in Flanders, prices have risen by 4%.

[30] 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.

[31] Written on 10 January 2014 by Stadim CVBA, and reproduced with permission.

The biggest decline in the residential market was observed for building land: the units sold decreased by 10% to approximately 15,000 parcels, which is 43% less that the last peak in 2005, or barely a quarter of the 1973 historic peak. However, prices in each of the regions continue to increase by approximately 2%.

The contraction in the building land segment leads to a similar trend in the construction market. Less than 20,000 residential constructions (single family dwellings and apartment buildings) were started in 2013, 14% less than in 2012. The effective number of starts for single family dwellings decreased to about 17,000, which is 500 units less than in 1983 (a year of crisis) and a third less than the most recent peak in 2006. The number of apartments per building under construction has stalled at 9 units. The total number of units under construction declined to approximately 19,500 units (-14%), which is one third less than record set in 2006-2007.

The number of development permits approved in 2013 indicates a less dramatic perspective: approximately 20,700 units (-6%) for single family dwellings and 27.400 units (+10%) for apartments. However, not all of these permits will lead to effective starts in the short term.

The total amount of mortgage loans granted to families for home purchases provides an additional barometer for the residential real estate market. Total mortgage loans amounted to €27.5 billion in 2011 and stayed at that level in 2012. In 2013, this amount fell to €24 billion but remained stable on average throughout the year (approximately €6 billion per quarter). A further decrease is not expected, but rather stagnation at this low level.

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

The increasing life expectancy also has as consequence in delaying the infusion of capital through inheritance. In addition, elderly people increasingly draw down their savings as the interest generated thereon does not provide a sufficient supplement to their pensions to meet their financial needs.

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

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

3.2. The market of furnished apartments in Belgium

The presence of European institutions, NATO and headquarters of international corporations in Brussels has paved the way for the market for furnished apartments targeted at expatriates. Demand continues to grow along with the entry of new Member States in the European Union.

In this highly competitive sector, numerous small operators and private investors have entered the market over the last few years.

The leading actors have dramatically become more professional in order to provide their customers (such as businesspeople) with better services and build customer loyalty. Professionalisation of the sector is also evident in other major cities, like Antwerp. A new industry association was recently established, grouping together operators of "business flats" in Belgium (Vereniging van BusinessFlat uitbaters VZW, or VBF VZW – see ww.businessflats.org).

The Belgian market for "business flats" is characterised by the dispersion of operators and by a highly diversified product offering (ranging from basic furnished apartments rentals to rentals offering various services, from very short-term or daily rentals to classic monthly rental periods, etc.). Moreover, this segment is characterised by a lack of transparency. To the best of our knowledge, no independent market study has been carried out on this segment to date.

The demand for "business flats" and their rental values soared up to 2008. The global financial crisis halted this trend by the spring of 2009. After reaching its lowest point in the summer of 2009, the market began to bounce back in the 1st half of 2010, both in terms of occupancy rates and prices. The sector has again come under pressure since the beginning of 2012 with increasing volatility in these measures.

The business of renting out furnished apartments must not be confused with the hotel industry. The main activity is indeed the renting out of apartments, which include all necessary furnishings. The additional services provided are normally quite limited, usually consisting of a weekly cleaning service only.

In Flanders, furnished apartment rentals are subject to a specific regulation, the Decree of 10 July 2008 on Touristic Housing. In the Brussels region, a draft legislation has recently been proposed, whereby furnished apartments rentals with services would now be governed by the regulatory framework that will be applied to tourist accommodation.

3.3. The senior housing market[32]

3.3.1. Belgium

In 2013, the number of properties on the senior housing market stagnated at 1,537 (-2 compared to 2012) while the total number of beds increased by 2.2% (137,165 beds). The not-for-profit operators in Flanders and Brussels' private sector recorded the largest increase with 3.5% in both cases.

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

These new entrants push the rental yields down and therefore drive the prices upward. The main challenges for the future are multiple: (1) the Government should continue to support care through an appropriate subsidy policy; (2) operators should be increasingly focused on efficiency as the model to adopt to continue providing the level of care required; (3) investors should not decrease the quality of buildings and infrastructure given the lower yields. Real estate in general, and related sectors involved in the operation of the sites (such as rest homes or hotels) will also have to respond to future changes in terms of both needs and regulations. The possibilities and flexibility offered by the properties are therefore required as a basis for the performance over the long term.

3.3.2. Germany

Population ageing and increasing life expectancies drive both the German and Belgium markets, but based on populations of very different size. Germany has approx. 81 million inhabitants, of which approx. 16 million (20%) are over 65 and an estimated 8 million (10%) are over 75 years. The Belgian market is much smaller; its total population of approx. 11 million includes approx. 2 million (18%) over 65 and 1 million (9%) over 75. Population ageing will be further augmented by the generation of baby boomers reaching 60 years of age over the next decade. Consequently, the need for senior housing will increase over the next decades.

When looking at the population by age cohorts, we note that approx. 0.5% of people below 60 years of age require long-term care. This percentage increases to 10% for those between 60 and 80 years and reaches 20% thereafter. The total capacity in rest homes in Germany will have to be expanded, given the number of persons in need. It is expected that this number will rise from approx. 2 million today to approx. 3 million by 2030.

Currently, there are approx. 800,000 beds in more than 11,000 rest homes in Germany. These are operated by not-for-profit operators (approx. 55%), private operators (approx. 40%) or public operators (approx. 5%), in a very fragmented market. The market share of the five biggest operators is estimated at approx. 8%.

According to some market studies, the capacity of rest homes should be increased by approximately 380,000 units by 2030. Thus, the ageing population offers significant growth potential and opportunities for consolidation in the collective senior housing sector in Germany.

[32] Written on 10 January 2014 by Stadim CVBA, and reproduced with permission.

3.4. The hotel market[33]

Based on figures available up to end of November 2013, the Belgian hotel market presents a positive balance for 2013. Overall, the occupancy rate (at +/- 72%) and the RevPar (revenue per available room) have increased slightly. Average prices have remained relatively stable in the mid and high range segments (3 and 4 stars).

At the regional level, the Flemish art cities continue to perform well. The monthly occupancy rates of all cities up to the end of November 2013 were slightly above those of 2012. The occupancy rate of the hotels located in Leuven experienced a peak in September 2013 (+/-82% based on data covering 40% of hotels). Bruges experienced the highest occupancy rate in August (+/-86% based on data covering 61% of hotels). Both Leuven, through the exposure of Coxie at the Museum M, and Bruges, through the commemoration of the First World War (1914-1918), should be able to reinforce their attractiveness as tourist centres.

The inauguration of Het Tafelrond (4 stars, 44 rooms) in the Grote Markt in Leuven should take place end 2015. Furthermore, within the framework of the Zeventuinen project, works for a 26-room hotel are planned in 2014 in the old cigar factory Vander Elst, located Nobelstraat. In Bruges, no new hotel development projects are expected at present.

The occupancy rate of hotels in Limburg falls below the other Flemish provinces on average, although there are large differences between the various categories of hotels. 3 star and especially 4 star hotels reached considerable occupancy rates with record months of up to 70% (based on data covering 34% of 3 and 4 stars hotels).

In terms of investments, the Accor Group announced the sale of 4 Belgian hotels during the third quarter: Sofitel Le Louise in Brussels and three Formule 1 hotels. Furthermore, 2013 was a good year for investments on the global level, with an investment volume of +/- €10 billion in the EMEA.

[33] Written on 10 January 2014 by de Crombrugghe & Partners NV, and reproduced with permission.
Source : Toerisme Vlaanderen, Fgov, MKG Hospitality

4. Experts' report[34]

Gentlemen,

We are pleased to send you our estimate of the value of investment properties held by Aedifica as of 31 December 2013.

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

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

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

The fair value of the portfolio amounted to €728,243,740 as of 31 December 2013, including €702,539,675 for marketable investment properties. Contractual rents amounted to €42,263,442 which corresponds to an initial rental yield of 6.02%[35] 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 €43,523,390, i.e. an initial rental yield of 6.20%[36] compared to the fair value of marketable investment properties.

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

- The fair value defined by IAS 40 and IFRS 13 is the price that would be received from the sale of an asset or paid for the transfer of a liability, during a normal transaction between market participants at the assessment date. The "IVSC" considers that these conditions are met if the definition of the market value is respected. Moreover, the market value must also reflect the current lease contracts, the current cash flow and reasonable assumptions about potential income rentals and costs.

[34] The expert report was reproduced with the agreement of de Crombrugghe & Partners NV and Stadim CVBA.
[35] 5.99% compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.
[36] 6.17% compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.

- In this context the transfer costs require adaptation to the market costs. Based on the analysis of a large number of transactions, the experts acting at the request of publicly traded real estate companies, reunited in a working group, came to the following conclusion: the "fiscal engineering" which is largely used in various forms (also totally legal), implies that the impact of transfer costs on major investment properties, whose value exceed €2.5 million, is limited to 2.5%. The investment value corresponds therefore to the fair value plus 2.5% of transfer costs. The fair value is then calculated by dividing the investment value by 1.025.

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

Patrizia Tortolani, MRICS, de Crombrugghe & Partners SA, 14 February 2014
Céline Janssens, MRE, MRICS and Katrien Van Grieken, MRE, Stadim CVBA, 13 February 2014

V. Condensed consolidated financial statements

1. Consolidated income statement

Half year ending on 31 December (x € 1,000)		Notes	31/12/2013	31/12/2012
I.	Rental income		19,453	18,037
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges		-45	-69
Net rental income			**19,408**	**17,968**
IV.	Recovery of property charges		14	24
V.	Recovery of rental charges and taxes normally paid by tenants on let properties		481	510
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		-481	-510
VIII.	Other rental-related income and charges		-779	-773
Property result			**18,643**	**17,219**
IX.	Technical costs		-440	-473
X.	Commercial costs		-246	-240
XI.	Charges and taxes on unlet properties		-73	-63
XII.	Property management costs		-385	-339
XIII.	Other property charges		-593	-539
Property charges			**-1,737**	**-1,654**
Property operating result			**16,906**	**15,565**
XIV.	Overheads		-1,999	-1,764
XV.	Other operating income and charges		-19	15
Operating result before result on portfolio			**14,888**	**13,816**
XVI.	Gains and losses on disposals of investment properties		0	54
XVII.	Gains and losses on disposals of other non-financial assets		0	0
XVIII.	Changes in fair value of investment properties		990	9,926
Operating result			**15,878**	**23,796**
XX.	Financial income		128	190
XXI.	Net interest charges		-5,329	-5,427
XXII.	Other financial charges		-378	-360
XXIII.	Changes in fair value of financial assets and liabilities	9	926	-1,792
Net finance costs			**-4,653**	**-7,389**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)			**11,225**	**16,407**
XXV.	Corporate tax		131	-29
XXVI.	Exit tax		0	0
Tax expense			**131**	**-29**
Profit (loss)			**11,356**	**16,378**
Attributable to :				
	Non-controlling interests		0	0
	Owners of the parent		**11,356**	**16,378**
Basic earnings per share (€)		10	1.15	2.17
Diluted earnings per share (€)		10	1.15	2.17

2. Consolidated statement of comprehensive income

Half year ended on 31 December (x €1,000)	31/12/2013	31/12/2012
I. Profit (loss)	11,356	16,378
II. Other comprehensive income		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-2,378	-209
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	1,493	-2,795
H. Other comprehensive income, net of taxes	0	132
Comprehensive income	**10,471**	**13,506**
Attributable to :		
Non-controlling interests	0	0
Owners of the parent	10,471	13,506

3. Consolidated balance sheet

ASSETS (x €1,000)	Notes	31/12/2013	30/06/2013
I. Non-current assets			
A. Goodwill		1,856	1,856
B. Intangible assets		20	21
C. Investment properties	6	728,244	642,844
D. Other tangible assets		1,823	1,849
E. Non-current financial assets		743	968
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets		193	0
I. Equity-accounted investments		0	0
Total non-current assets		**732,879**	**647,538**
II. Current assets			
A. Assets classified as held for sale		0	0
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables and other non-current assets		2,929	2,514
E. Tax receivables and other current assets		843	893
F. Cash and cash equivalents	8	1,778	725
G. Deferred charges and accrued income		312	527
Total current assets		**5,862**	**4,659**
TOTAL ASSETS		**738,741**	**652,197**

EQUITY AND LIABILITIES (x €1,000)	Notes	31/12/2013	30/06/2013
I. Issued capital and reserves attribuable to owners of the parent			
A. Capital	7	248,072	248,072
B. Share premium account		64,730	64,730
C. Reserves		52,290	41,686
D. Profit (loss) of the year		11,356	27,671
Equity attribuable to owners of the parent		**376,448**	**382,159**
II. Non-controlling interests		**0**	**0**
TOTAL EQUITY		**376,448**	**382,159**
I. Non-current liabilities			
A. Provisions		0	0
B. Non-current financial debts			
a. Borrowings	8	275,951	171,484
C. Other non-current financial liabilities	9	29,804	32,373
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred taxes liabilities		0	0
Non-current liabilities		**305,755**	**203,857**
II. Current liabilities			
A. Provisions		0	0
B. Current financial debts			
a. Borrowings	8	42,957	55,721
C. Other current financial liabilities	9	0	0
D. Trade debts and other current debts			
a. Exit tax		3,322	137
b. Other		7,574	7,479
E. Other current liabilities		0	0
F. Accrued charges and deferred income		2,685	2,844
Total current liabilities		**56,538**	**66,181**
TOTAL LIABILITIES		**362,293**	**270,038**
TOTAL EQUITY AND LIABILITIES		**738,741**	**652,197**

4. Consolidated cash flow statement

Half year ended on 31 December (x €1,000)	31/12/2013	31/12/2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss)	11,356	16,378
Non-controlling interests	0	0
Corporate tax	-131	29
Amortisation and depreciation	293	278
Write-downs	34	58
Change in fair value of investment properties (+/-)	-990	-9,926
Gains and losses on disposals of investment properties	0	-54
Net finance costs	4,653	7,389
Changes in trade receivables (+/-)	-449	191
Changes in trax receivables and other current assets (+/-)	50	2,668
Changes in deferred charges and accrued income (+/-)	215	308
Changes in trade payables and other current debts (excl. exit tax) (+/-)	123	483
Changes in accrued charges and deferred income (+/-)	-158	-449
Cash generated from operations	**14,996**	**17,353**
Taxes paid	-90	-54
Net cash from operating activities	**14,906**	**17,299**
CASH FLOW RESULTING FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-5	-6
Purchase of real estate companies and marketable investment properties	-30,699	-1,788
Purchase of tangible assets	-262	-138
Purchase of development projects	-17,008	-9,945
Disposals of investment properties	0	248
Net changes in non-current receivables	0	0
Net investments in other assets	0	0
Net cash from investing activites	**-47,974**	**-11,629**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital increase, net of costs	0	96,854
Disposals of treasury shares	28	30
Dividend for previous fiscal year	-16,211	-13,305
Net changes in borrowings	71,099	-83,704
Net changes in other loans	0	0
Net finance costs paid	-5,504	-5,543
Repayment of financial debts of acquired or merged companies	-10,108	0
Repayment of working capital of acquired or merged companies	-5,183	-834
Net cash from financing activities	**34,121**	**-6,502**
TOTAL CASH FLOW FOR THE PERIOD		
Total cash flow for the period	**1,053**	**-832**
RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at beginning of period	725	2,041
Total cash flow for the period	1,053	-832
Cash and cash equivalents at end of period	**1,778**	**1,209**

5. Consolidated statement of changes in equity

Half year ended on 31 December (x € 1,000)	01/07/2012	Capital increase in cash	Capital increase in kind	Acquisitions/ disposals of treasury shares	Consolidated comprehensive income	Appropria-tion of the result	Roundings	31/12/2012
Capital	180,873	66,385	800	0	0	0	0	248,058
Share premium account	34,261	30,469	0	0	0	0	-1	64,729
Reserves	37,104	0	0	30	-2,872	2,033	1	36,296
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*71,727*	*0*	*0*	*0*	*132*	*9,478*	*-1*	*81,336*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-13,430*	*0*	*0*	*0*	*-209*	*0*	*0*	*-13,639*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-17,906*	*0*	*0*	*0*	*-2,795*	*-75*	*0*	*-20,776*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-8,082*	*0*	*0*	*0*	*0*	*-9,385*	*1*	*-17,466*
h. Reserve for treasury shares	*-114*	*0*	*0*	*30*	*0*	*0*	*0*	*-84*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*4,909*	*0*	*0*	*0*	*0*	*2,015*	*1*	*6,925*
Profit (loss)	15,338	0	0	0	16,378	-15,338	0	16,378
Total equity attributable to owners of the parent	**267,576**	**96,854**	**800**	**30**	**13,506**	**-13,305**	**0**	**365,461**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**267,576**	**96,854**	**800**	**30**	**13,506**	**-13,305**	**0**	**365,461**

Half year financial report
Regulated information
18 February 2014 – After closing of markets
Under embargo until 17:40 CET

Half year ended on 31 December (x € 1,000)	01/07/2013	Capital increase in cash	Capital increase in kind	Acquisitions/ disposals of treasury shares	Consolidated comprehensive income	Appropria-tion of the result	Roundings	31/12/2013
Capital	248,072	0	0	0	0	0	0	248,072
Share premium account	64,730	0	0	0	0	0	0	64,730
Reserves	41,686	0	0	28	-885	11,460	1	52,290
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*82,798*	*0*	*0*	*0*	*0*	*9,067*	*0*	*91,865*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-13,848*	*0*	*0*	*0*	*-2,378*	*0*	*0*	*-16,226*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-16,637*	*0*	*0*	*0*	*1,493*	*-137*	*0*	*-15,281*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-17,467*	*0*	*0*	*0*	*0*	*1,737*	*0*	*-15,730*
h. Reserve for treasury shares	*-84*	*0*	*0*	*28*	*0*	*0*	*0*	*-56*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*6,924*	*0*	*0*	*0*	*0*	*793*	*1*	*7,718*
Profit (loss)	27,671	0	0	0	11,356	-27,671	0	11,356
Total equity attributable to owners of the parent	**382,159**	**0**	**0**	**28**	**10,471**	**-16,211**	**1**	**376,448**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**382,159**	**0**	**0**	**28**	**10,471**	**-16,211**	**1**	**376,448**

6. Notes

6.1. Note: General information

Aedifica SA (referred to in the financial statements as “the Company”, “the Parent” or “the Group”) is a limited liability company having opted for the status of public real estate investment company with fixed capital (REIT) under Belgian law. Its primary shareholders are listed in Note 7. The address of its registered office is the following:
Avenue Louise 331-333, B-1050 Brussels (telephone: +32 (0)2 626 07 70)

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

To attain its objectives, Aedifica has identified two strategic pillars in which it will concentrate investment activities: senior housing in Western Europe and apartment buildings in Belgium's main cities. The diversification sought by Aedifica centres on these two strategic pillars, which provide for easy adaptation of the Company's investment policy in response to shifting market opportunities and economic conditions. The two strategic poles are concentrated in two main segments (senior housing, apartment buildings). Hotels and other types of buildings constitute a residual, non-strategic segment.

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

Aedifica's financial year runs from 1 July to 30 June. The publication of the condensed consolidated financial statements was approved by the Board of Directors on 17 February 2014 to be published on 18 February 2014 (in accordance with the Company's financial calendar published in its previous annual financial report).

6.2. Note 2: accounting policies

Note 2.1: Basis of prepration

The condensed consolidated financial statements cover the period from 1 July to 31 December 2013. 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 31 December 2013 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) applicable as of 31 December 2013; 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 7 December 2010 on Belgian REITs.

The condensed consolidated financial statements are prepared in Euros, and presented in thousands of Euros, as permitted under IAS 34. They must be read in combination with the condensed consolidated financial statements as of 30 June 2013, which are presented in the 2012/2013 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, and financial assets and liabilities held for hedging or held for trading (mainly derivatives).

The condensed consolidated financial statements have been prepared in accordance with accrual accounting principles on a going concern basis.

The new and amended standards and interpretations listed below are obligatory and have been applied by the group since 1 July 2013. They have no impact on the consolidated financial statements presented here:

- Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters" (effective 1 July 2013);
- IAS 19 (amended) "Employee Benefits" (effective 1 July 2013);
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective 1 July 2013);
- IFRS 7 (amended) "Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective 1 July 2013);
- IFRS 1 (amended) "Government Loans" (effective 1 July 2013);
- Improvement to IFRS 5 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) issued in May 2012 (Applicable for Aedifica as of 1 July 2013).

The only effect of IFRS 13 "Fair Value Measurement" (which came into force for the group on 1 July 2013) was to take an amount (income of €1.5 million), which would previously have been booked directly to equity, in the income statement during the period (under line "XVIII. Changes in fair value of investment properties").

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

Note 2.2: Summary of significant accounting policies

A summary of the Group's main significant accounting policies is provided in Note 2.2 of the 2012/2013 annual financial statements (see pages 118 to 122 of the 2012/2013 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"). This rule was adapted prospectively as of 1 July 2013 as of the entry into force of IFRS 13 "Fair Value Measurement":

If, for acquisitions such as those defined in section IC 1.1 ("Acquisition value") on page 117 of the 2012/2013 annual financial report, the investment value determined by the independent expert is different than the acquisition value defined in section IC 1.1, the difference (after subtracting the exit tax) is recognised as follows:

- *the negative difference between fair value and the investment value attributable to estimated transaction costs is booked directly in equity under line "I.C.c Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties".*
- *the balance is booked in 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's and its internal reporting structure.

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

(x € 1,000)	31/12/2012					
	Senior housing	Apartment buildings*	Hotels and other	Non-allocated	Inter-segment items	Total
SEGMENT INFORMATION						
Rental income	9,536	6,161	2,391	0	-51	18,037
Net rental income	9,536	6,104	2,379	0	-51	17,968
Property result	9,536	5,356	2,379	0	-51	17,220
Property operating result	9,535	3,747	2,370	-37	-51	15,564
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**9,536**	**3,742**	**2,364**	**-1,826**	**0**	**13,816**
SEGMENT ASSETS						
Marketable investment properties	325,496	198,135	74,826	0	0	598,457
Development projects	0	0	0	20,320	0	20,320
INVESTMENT PROPERTIES						**618,777**
Other assets	0	0	0	9,078	0	9,078
TOTAL ASSETS						**627,855**

* Split respectively as follows (rental income, net rental income, property result, property operating result, operating result before result on portfolio, marketable investment properties, development projects, other assets):
Unfurnished apartment buildings: 31 December 2013: €3,481 k; €3,442 k; €3,439 k; €2,510 k; €2,507 k; €144,858 k; €0 k; €0 k.
31 December 2012: €3,496 k; €3,448 k; €3,460 k; €2,600 k; €2,600 k; €136,243 k; €0 k; €0 k.
Furnished apartment buildings: 31 December 2013: €2,558 k; €2,552 k; €1,791 k; €1,040 k; €1,035 k; €63,187 k; 0 k€; 0 k€.
31 December 2012: €2,665 k; €2,656 k; €1,896 k; €1,147 k; €1,142 k; €61,892 k; €0 k; €0 k.

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 the spring and autumn than in summer and winter) and the operating result in particular for the furnished apartments. Any negative variation tends to be offset in periods of favourable economic conditions. In weak conditions, we note increased volatility during the low season.

The sensitivity of Aedifica's activities to economic cycles is presented in page 2 of the 2012/2013 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 2013.

6.6. Note 6: investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
Carrying amount as of 01/07/2012	**583,403**	**9,314**	**592,717**
Acquisitions	13,912	1,297	15,209
Disposals	-195	0	-195
Capitalised interest charges	0	577	577
Capitalised employee benefits	0	33	33
Other capitalised expenses	2,371	23,676	26,047
Transfers due to completion	9,029	-9,029	0
Changes in fair value	6,248	2,765	9,013
Other expenses booked in the income statement	0	0	0
Transfers to equity	-557	0	-557
Carrying amount as of 30/06/2013	**614,211**	**28,633**	**642,844**
Carrying amount as of 01/07/2013	**614,211**	**28,633**	**642,844**
Acquisitions	64,343	3,426	67,769
Disposals	0	0	0
Capitalised interest charges	0	441	441
Capitalised employee benefits	0	20	20
Other capitalised expenses	1,143	15,037	16,180
Transfers due to completion	22,600	-22,600	0
Changes in fair value	243	747	990
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Carrying amount as of 31/12/2013	**702,540**	**25,704**	**728,244**

The main acquisition of investment property of the half is the following:

Name	Business segment	Properties valuation* *(€ million)*	Register of corporations	Acquisition date**	Acquisition method
SZ AGO	Senior housing	21	-	1/08/2013, 22/11/2013, 28/12/2013	Acquisition of buildings
Patrius Invest SA	Senior housing	16	0479.910.468	29/08/2013	Acquisition of shares
Immo Dejoncker SA	Apartment buildings	10	0862.084.431	21/10/2013	Acquisition of shares
Aedifica Invest Dilsen SA	Senior housing	5	0849.347.737	16/12/2013	Acquisition of shares
De Stichel SA	Senior housing	11	0436.377.363	16/12/2013	Acquisition of shares
Total		**63**			

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

6.7. Note 7: capital

There has been no changes in Aedifica's capital over the first half of 2013/2014. The capital increases that occurred prior to 30 June 2013 are disclosed in the "standing documents" of the 2012/2013 annual financial report. All subscribed shares are fully paid- up, with no par value. The shares are

registered, bearer, or dematerialised shares and grant one vote each. All Aedifica shares are listed on the Euronext Brussels continuous market.

Aedifica shareholders holding more than 5 % of the Company's outstanding shares are disclosed below (based on declarations of transparency received by Aedifica as of 31/12/2013):

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

Aedifica SA holds 34 treasury shares.

6.8. Note 8: financial debts

(x €1,000)	31/12/2013	30/06/2013
Non-current financial debts		
Borrowings	275,951	171,484
Current financial debts		
Borrowings	42,957	55,721
TOTAL	**318,908**	**227,205**

As of 31 December 2013, Aedifica has credit facilities (presented as current and non-current financial debts and being financial liabilities at amortised cost according to IAS 39) issued by six banks (Bank für Sozialwirtzchaft, Bank Degroof, Bank LBLux, BNP Paribas Fortis, ING, KBC Bank) in a total amount of €370 million:

- Aedifica can use up to €347 million according to its needs, so long as: (i) the debt-to-assets ratio does not exceed 60%, (ii) the share of fair value of the rest homes in the assets does not exceed 75%, and (iii) other covenants (in line with market practice) are met. Each withdrawal is made in Euros for a period of up to 12 months, at a fixed rate set with reference to the euribor rate prevailing at the time of the withdrawal.
- Aedifica also has amortisable facilities in the amount of €23 million.

The average interest rate, including the spread charged by the bank and the effect of the hedging instruments, was 4.0% after deduction of capitalised interest (4.0% in 2012/2013) and 4.3% before deduction of capitalised interest (4.2% in 2012/2013).

As of 31 December 2013, Aedifica has neither pledged any buildings as collateral for its debts, nor has it granted any other security to debt-holders, except for mortgages on buildings located in Germany in the amount of €14 million.

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

- 2013/2014 :	30
- 2014/2015 :	65
- 2015/2016 :	85
- 2016/2017 :	75
- 2017/2018 :	62
- 2018/2019 :	30
- 2019/2020 :	0
- 2020/2021 :	2
- > 2022/2023 :	21
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Net financial debt is a non-GAAP measure, i.e. its definition is not included in IFRS. Aedifica uses the concept of net financial debt to reflect its indebtedness. It is measured as current and non-current financial debts less cash and cash equivalents. It excludes the fair value of hedging derivatives. The definition of financial debt may differ from that used in the financial statements of other companies .Net financial debt is not taken into account in the computation of the debt-to-assets ratio as defined by the Royal Decree of 7 December 2010.

(x €1,000)	31/12/2013	30/06/2013
Borrowings	318,908	227,205
Less: Cash and cash equivalents	-1,778	-725
NET FINANCIAL DEBT	**317,130**	**226,480**

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 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 (interest rate swaps, or "IRS"), or derivatives which do not meet these criteria but provide economic hedging against interest rate risk nonetheless (mainly "multi-callable interest rate swaps", or "multi-callable IRS", caps and collars). All hedges are provided in the framework of the hedging policy set out in Note 44 of the 2012/2013 annual financial report. The fair value of hedges is computed by banks based on the present value of the estimated expected cash flows. The tables below list the Company's hedging instruments.

Analysis as of 31 December 2013 Instrument	Notional amount (x €1,000)	Beginning	Periodicity (months)	Initial duration (years)	First date possible of the call	Max. hedged rate (in %)	Fair value (x €1,000)
Multi-callable IRS*	29,254	31/07/2007	3	36	31/07/2017	4.39	-8,253
IRS*	10,611	1/04/2011	3	32	-	4.89	-3,793
Cap	15,000	1/01/2012	3	2	-	4.02	0
IRS	25,000	1/10/2012	3	5	-	2.99	-2,082
IRS	15,000	2/04/2013	3	9	-	3.50	-2,123
IRS	12,000	3/06/2013	3	9	-	3.64	-1,833
IRS	8,000	3/06/2013	3	9	-	3.67	-1,247
IRS	25,000	2/08/2013	3	5	-	3.23	-2,571
IRS	25,000	2/08/2013	3	5	-	2.97	-2,270
IRS	25,000	2/08/2013	3	5	-	2.70	-1,958
Collar	25,000	1/10/2013	3	3	-	3.00	-546
Collar	25,000	1/10/2013	3	3	-	3.00	-398
Cap	25,000	1/10/2013	3	2	-	1.00	11
Cap	25,000	1/10/2013	3	1	-	1.25	0
Cap	25,000	1/11/2013	1	1	-	0.75	0
IRS	25,000	3/01/2014	3	7	-	3.10	-2,729
Cap	25,000	1/10/2014	3	1	-	1.25	7
Cap	25,000	1/11/2014	3	1	-	1.00	16
Cap	25,000	1/11/2014	3	3	-	2.50	134
Cap	25,000	1/11/2015	3	2	-	2.50	132
TOTAL	**439,865**						**-29,503**

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

Analysis as of 30 June 2013 Instrument	Notional amount (x €1,000)	Beginning	Periodicity (months)	Initial duration (years)	First date possible of the call	Max. hedged rate (in %)	Fair value (x €1,000)
IRS	25,000	1/04/2007	3	10	-	3.97	-3,004
Multi-callable IRS*	29,746	31/07/2007	3	36	31/07/2017	4.39	-9,115
IRS	12,000	1/11/2008	1	5	-	4.18	-169
IRS	50,000	30/06/2010	3	3	-	2.21	-97
IRS*	10,693	1/04/2011	3	32	-	4.89	-4,268
Cap	25,000	3/10/2011	1	2	-	2.25	0
Cap	25,000	1/11/2011	1	2	-	1.75	0
Cap	15,000	1/01/2012	3	2	-	4.02	0
IRS	25,000	1/10/2012	3	5	-	2.99	-2,235
IRS	15,000	2/04/2013	3	9	-	3.50	-2,305
IRS	25,000	2/04/2013	1	1	-	0.12	1
IRS	12,000	3/06/2013	3	9	-	3.64	-1,985
IRS	8,000	3/06/2013	3	9	-	3.67	-1,351
IRS	25,000	2/08/2013	3	5	-	3.23	-2,667
IRS	25,000	2/08/2013	3	5	-	2.97	-2,332
IRS	25,000	2/08/2013	3	5	-	2.70	-2,002
Collar	25,000	1/10/2013	3	3	-	3.00	-495
Collar	25,000	1/10/2013	3	3	-	3.00	-347
Cap	25,000	1/10/2013	3	1	-	1.25	8
Cap	25,000	1/10/2013	3	2	-	1.00	66
Cap	25,000	1/11/2013	1	1	-	0.75	12
Cap	25,000	1/10/2014	3	1	-	1.25	45
Cap	25,000	1/11/2014	3	1	-	1.00	51
Cap	25,000	1/11/2014	3	1	-	1.00	181
Cap	25,000	1/11/2015	3	2	-	2.50	161
TOTAL	**577,439**						**-31,847**

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

The total notional amount of €440 million presented in the table above is broken down as follows:
- operational and active instruments: €250 million,
- operational instruments which became out of the money (caps): €90 million,
- instruments with forward start: €100 million.

The total of the fair value of the hedging instruments presented in the table above (€-29,503 thousand) can be broken down as follows: €301 thousand under line I.E. of the asset side of the consolidated balance sheet and €29,804 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 (€581 thousand), the IAS 39 impact on equity amounts to - €30,084 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 interest on the hedged financial debt, between 1 July 2013 and 31 July 2043.

As of 31 December 2013, the equity value includes the effective part (according to IAS 39) of the change in fair value (+€1,493 thousand) of the derivatives for which hedge accounting is applied, and the ineffective portion of the 2012/2013 financial year (charge of €137 thousand) that was appropriated by decision of the Annual General Meeting held in October 2013. These financial instruments are "level 2" derivatives (according to IFRS 13p81). The ineffective part (as defined in IAS 39) represents a charge of €123 thousand and is recognised in the financial result (under line "XXIII. Changes in fair value of financial assets and liabilities").

(x €1,000)	31/12/2013	30/06/2013
Effective part of the changes in fair value of derivatives		
Beginning of the year	-16,637	-17,906
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-1,948	-4,454
Transfer to the income statement of interests paid on hedging instruments	3,304	5,723
AT END OF PERIOD	**-15,281**	**-16,637**

3. Derivatives for which hedge accounting is not applied:
In addition to the aforementioned charge of €123 thousand, the financial result also includes an income of €1,049 thousand (31 December 2012: a charge of €1,650 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).

4. Sensitivity analysis:
The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain most of the change in the fair value of hedging instruments between 1 July 2013 and 31 December 2013, which led to the recognition of an income of €926 thousand in the income statement and of €1,493 thousand directly in equity.

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A change in the interest rate curve would impact the fair value of IRSs for which hedge accounting is applied (in accordance with IAS 39), and recognised in equity (line "I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS"). All else being equal, a positive change of 10 bps of the interest rate curve at balance sheet date would have had a positive impact on equity in the amount of €803 thousand (30 June 2013: €786 thousand). A negative change of 10 bps of the interest rate curve at 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 + €792 thousand (30 June 2013: + €773 thousand) in the income statement. A decrease of 10 bps of 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:

	31/12/2013	31/12/2012
Profit (loss) (Owners of the parent) (x €1,000 €)	11,356	16,378
Weighted average number of shares outstanding during the period	9,903,148	7,558,301
Basic EPS (in €)	1.15	2.17
Diluted EPS (in €)	1.15	2.17

Aedifica uses profit excluding IAS 39 and 40 to measure its operational and financial performance; however, this performance measure is not defined under IFRS. Profit excluding IAS 39 and IAS 40 represents the profit (attributable to owners of the Parent) after removing changes in fair value of investment properties and 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)	31/12/2013	31/12/2012
Profit (loss) (Owners of the parent)	11,356	16,378
Less : Changes in fair value of investment properties (IAS 40)	-990	-9,926
Less : Gain and losses on disposal of investment properties	0	-54
Less: Deferred taxes	-193	0
Less : Changes in fair value of financial assets and liabilities (IAS 39)	-926	1,792
Profit excl. IAS 39 and IAS 40	**9,247**	**8,190**
Denominator* (in shares)	9,903,400	8,715,113
EPS excl. IAS 39 and IAS 40 (in €)	0.93	0.94

* Based on the dividend rights expected at the end of the financial year.

6.11. Note 11: net asset value per share

Net asset value per share (in €)	31 December 2013	30 June 2013
Based on fair value of investment properties		
Net asset value excl. IAS 39	41.05	40.23
IAS 39 impact	-3.04	-3.28
Net asset value	38.01	36.95
Number of shares outstanding (excl. treasury shares)	9,903,656	9,902,998

Recall that IFRS requires the presentation of the annual accounts before appropriation. Net assets in the amount of €38.59 per share as of 30 June 2013 published in the 2012/2013 annual financial report thus still included the dividend subsequently distributed in November 2013, and should be adjusted by €1.64 per share in order to compare with the value as of 31 December 2013. This amount corresponds to the amount of the total dividend (€16.2 million) divided by the total number of shares outstanding as of 30 June 2013 (9,902,998) and is less than coupons No. 10 and No. 11 which amount to €1.86 per share (certain shares held only rights to a prorata temporis dividend).

6.12. Note 12: contingencies and commitments

A statement of contingencies and commitments as of 30 June 2013 is provided in Note 45 of the consolidated financial statements presented in the 2012/2013 annual financial report (see pages 140-143). No significant changes are to be mentioned at the end of the first half of the current financial year, except for the items listed below.

1.1. Renovation and redevelopment of the Salve rest home in Brasschaat
In the framework of the long lease with Armonea, Aedifica committed to finance the renovation and redevelopment of the Salve rest home for a maximum budget of €8.4 million. The works are currently in progress.

1.2. Renovation and extension of the Plantijn rest home in Kapellen
In the framework of the long lease with Armonea, Aedifica committed to finance the renovation and extension of the Plantijn rest home for a maximum budget of €7.6 million. The development permit has been obtained and works are currently in progress.

6.13. Note 13 : dividends paid

The General Meeting of 25 October 2013 approved the distribution of the result proposed by the Board of Directors for the 2012/2013 financial year. A dividend of €1.86 was therefore granted for the shares entitled to the full dividend, and the payment was issued on 4 November 2013 (coupons No. 10 and No. 11). An adapted dividend was awarded to the shares which were temporarily not entitled to the full dividend. The total dividend distribution amounted to €16.2 million (corresponding to an average coupon of €1.64 per share).

6.14. Note 14: subsequent events

No significant subsequent events require a mention in these condensed consolidated financial statements.

6.15. Note 15: related party transactions

Related party transactions relate exclusively to the remuneration of the Company's Directors and Executive Managers (€0.6 million for the first half of the 2013/2014 financial year; €1.1 million for the 2012/2013 financial year).

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 2013 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 2013 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 2013, 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, 17 February 2014
Ernst & Young Reviseurs d'Entreprises sccrl
Statutory auditor
represented by
Jean-François Hubin
Partner

VI. Forward looking statement

This half year financial report contains forward looking information involving risks and uncertainties, in particular statements concerning Aedifica's plans, objectives, expectations and intentions. It is brought to the attention of the reader that these statements may involve known or unknown risks and be subject to significant uncertainties on 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. Pierre Iserbyt, independent Director of Aedifica, and Mr. Stefaan Gielens, CEO of Aedifica, declare that to the best of their knowledge:

- the condensed financial statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and the results of Aedifica SA and the business included in the consolidation;
- the interim Board of Directors' report contains an accurate account of the important events and key related party transactions that occurred during the first six months of the financial year and their impact on the condensed 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.

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Auditor	Ernst & Young Réviseurs d'Entreprises SCCRL, represented by Jean-François Hubin, Partner
Real estate experts	Stadim CVBA and de Crombrugghe & Partners NV
Financial year	1 July - 30 June

For all additional information, please address to:

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This half year financial report is also available in French and Dutch[37].

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