Financial statements[1]

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1 The annual financial reports, the Board of Directors' reports and the statutory auditor's reports related to financial years 2008/2009, 2009/2010 and 2010/2011, and the experts' reports, interim statements and semi-annual reports (including the statutory auditor's reports) are available on the website of the Company (www.aedifica.be) or on request at the headquarters of the Company.

1. Consolidated income statement

1.1 Consolidated income statement

Year ending on 30 June (x 1 000 €)		Notes	2012	2011
I.	Rental income	4	34,340	28,857
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges	5	-51	-36
Net rental income			**34,289**	**28,821**
IV.	Recovery of property charges	6	23	32
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	7	839	474
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	8	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	9	-839	-474
VIII.	Other rental-related income and charges	10	-1,677	-1,310
Property result			**32,635**	**27,543**
IX.	Technical costs	11	-831	-762
X.	Commercial costs	12	-548	-548
XI.	Charges and taxes on unlet properties	13	-112	-106
XII.	Property management costs	14	-602	-542
XIII.	Other property charges	15	-1,047	-952
Property charges			**-3,140**	**-2,910**
Property operating result			**29,495**	**24,633**
XIV.	Overheads	16	-3,415	-2,911
XV.	Other operating income and charges	17	90	-30
Operating result before result on portfolio			**26,170**	**21,692**
XVI.	Gains and losses on disposals of investment properties	18	54	0
XVII.	Gains and losses on disposals of other non-financial assets	19	0	0
XVIII.	Changes in fair value of investment properties	20	9,423	8,825
Operating result			**35,647**	**30,517**
XX.	Financial income	21	555	205
XXI.	Net interest charges	22	-10,737	-9,132
XXII.	Other financial charges	23	-614	-596
XXIII.	Changes in fair value of financial assets and liabilities	47	-9,459	4,407
Net finance costs			**-20,255**	**-5,116**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)			**15,392**	**25,401**
XXV.	Corporate tax	24	-54	-80
XXVI.	Exit tax	25	0	0
Tax expense			**-54**	**-80**
Profit (loss)			**15,338**	**25,321**
Attributable to :				
	Non-controlling interests		0	0
	Owners of the parent		**15,338**	**25,321**
Basic earnings per share (€)		26	2.14	3.91
Diluted earnings per share (€)		26	2.14	3.91

1.2 Consolidated statement of comprehensive income

Year ending on 30 June (x 1 000 €)			2012	2011
I.	Profit (loss)		15,338	25,321
II.	Other comprehensive income			
	A.	Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-938	-1,633
	B.	Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-13,060	4,502
	H.	Other comprehensive income*, net of taxes	651	6,552
Comprehensive income			**1,991**	**34,742**
		Attributable to :		
		Non-controlling interests	0	0
		Owners of the parent	**1,991**	**34,742**

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

1.3 Consolidated balance sheet

Year ending on 30 June (x 1 000 €)

ASSETS		Notes	2012	2011
I.	**Non-current assets**			
A.	Goodwill	27	1,856	1,856
B.	Intangible assets	28	20	29
C.	Investment properties	29	592,717	518,101
D.	Other tangible assets	31	2,078	1,822
E.	Non-current financial assets	32	525	783
F.	Finance lease receivables		0	0
G.	Trade receivables and other non-current assets		0	0
H.	Deferred tax assets		0	0
I.	Equity-accounted investments		0	0
Total non-current assets			**597,196**	**522,591**
II.	**Current assets**			
A.	Assets classified as held for sale		0	0
B.	Current financial assets		0	0
C.	Finance lease receivables		0	0
D.	Trade receivables and other non-current assets	34	2,890	1,750
E.	Tax receivables and other current assets	35	6,423	5,023
F.	Cash and cash equivalents	36	2,041	985
G.	Deferred charges and accrued income	37	542	523
Total current assets			**11,896**	**8,281**
TOTAL ASSETS			**609,092**	**530,872**

EQUITY AND LIABILITIES		Notes	2012	2011
EQUITY		38		
I.	**Issued capital and reserves attributable to owners of the parent**			
A.	Capital		180,873	177,490
B.	Share premium account		34,261	34,261
C.	Reserves*		37,104	36,897
D.	Profit (loss) of the year		15,338	25,321
Equity attributable to owners of the parent			**267,576**	**273,969**
II.	**Non-controlling interests**		**0**	**0**
TOTAL EQUITY			**267,576**	**273,969**
LIABILITIES				
I.	**Non-current liabilities**			
A.	Provisions	39	0	0
B.	Non-current financial debts			
	a. Borrowings	40	235,834	231,733
C.	Other non-current financial liabilities	32	35,038	13,173
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			**270,872**	**244,906**
II.	**Current liabilities**			
A.	Provisions	39	0	0
B.	Current financial debts			
	a. Borrowings	40	60,209	198
C.	Other current financial liabilities		0	0
D.	Trade debts and other current debts			
	a. Exit tax	41	130	262
	b. Other	41	7,748	9,025
E.	Other current liabilities		0	0
F.	Accrued charges and deferred income	42	2,557	2,512
Total current liabilities			**70,644**	**11,997**
TOTAL LIABILITIES			**341,516**	**256,903**
TOTAL EQUITY AND LIABILITIES			**609,092**	**530,872**

* The reserves detail is provided in the table «Consolidated statement of changes in quity» (section 1.5.).

1.4 Consolidated cash flow statement

Year ending on 30 June (x 1 000 €)

CASH FLOW FROM OPERATING ACTIVITIES	Notes	2012	2011
Profit (loss)		15,338	25,321
Non-controlling interests		0	0
Tax expense	24	54	80
Amortisation and depreciation		484	381
Write-downs	5	35	24
Change in fair value of investment properties (+/-)	20	-9,423	-8,825
Gains and losses on disposals of investment properties	18	-54	0
Net finance costs		20,255	5,116
Changes in trade receivables (+/-)		-1,133	-252
Changes in trax receivables and other current assets (+/-)		-2,568	-107
Changes in deferred charges and accrued income (+/-)		-19	-43
Changes in trade payables and other current debts (excl. exit tax) (+/-)		1,444	-468
Changes in accrued charges and deferred income (+/-)		47	708
Cash generated from operations		**24,460**	**21,935**
Taxes paid		-80	-64
Net cash from operating activities		**24,380**	**21,871**

CASH FLOW RESULTING FROM INVESTING ACTIVITIES	2012	2011
Purchase of intangible assets	-14	-3
Purchase of real estate companies and marketable investment properties	-7,751	-24,053
Purchase of tangible assets	-335	-275
Purchase of development projects	-25,993	-7,819
Disposals of investment properties	499	0
Net changes in non-current receivables	9	46
Net investments in other assets	0	0
Net cash from investing activites	**-33,585**	**-32,104**

CASH FLOW FROM FINANCING ACTIVITIES	2012	2011
Capital increase, net of costs *	0	65,052
Disposals of treasury shares	9	12
Dividend for previous fiscal year	-11,776	-8,448
Net changes in borrowings	64,112	-852
Net changes in other loans	0	0
Net finance costs paid	-11,245	-9,523
Repayment of financial debts of acquired or merged companies	-6,042	-26,186
Repayment of working capital of acquired or merged companies	-24,797	-9,717
Net cash from financing activities	**10,261**	**10,338**

TOTAL CASH FLOW FOR THE PERIOD	2012	2011
Total cash flow for the period	**1,056**	**105**

RECONCILIATION WITH BALANCE SHEET	Notes	2012	2011
Cash and cash equivalents at beginning of period		985	880
Total cash flow for the period		1,056	105
Cash and cash equivalents at end of period	36	**2,041**	**985**

* The capital increase of 2011/2012 (contribution in kind) did not result in any cash flow.

1.5 Consolidated statement of changes in equity

Year ending on 30 June (x 1 000 €)

	2010	Capital increase	Acquisitions / disposals of treasury shares	Acquisitions / disposals of treasury shares	Appropria-tion of the result	2011
Capital	126,820	50,670	0	0	0	177,490
Share premium account	18,028	16,233	0	0	0	34,261
Treasury shares	-135	0	12	0	0	-123
Reserves						
Legal	0	0	0	0	0	0
Non-distributable	135	0	-12	0	0	123
Tax-exempted reserves	0	0	0	0	0	0
Distributable	53,233	0	12	6,552	-5,357	54,440
Result						
Result brought forward - previous years	0	0	0	0	0	0
Profit (loss)	2,790	0	0	25,321	-2,790	25,321
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-10,859	0	0	-1,633	0	-12,492
Changes in fair value of financial assets and liabilities						
On hedging instruments	-9,252	0	0	4,502	-301	-5,051
Subtotal	**180,760**	**66,903**	**12**	**34,742**	**-8,448**	**273,969**
Non-controlling interests	0	0	0	0	0	0
TOTAL	**180,760**	**66,903**	**12**	**34,742**	**-8,448**	**273,969**

	2011	Capital increase	Acquisitions / disposals of treasury shares	Consolidated	Appropria-tion of the result	2012
Capital	177,490	3,383	0	0	0	180,873
Share premium account	34,261	0	0	0	0	34,261
Reserves	36,897	0	9	-13,347	13,545	37,104
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*62,251*	*0*	*0*	*651*	*8,825*	*71,727*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-12,492*	*0*	*0*	*-938*	*0*	*-13,430*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-5,050*	*0*	*0*	*-13,060*	*204*	*-17,906*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-12,285*	*0*	*0*	*0*	*4,203*	*-8,082*
h. Reserve for treasury shares	*-123*	*0*	*9*	*0*	*0*	*-114*
m. Other reserves	*4,596*	*0*	*0*	*0*	*-4,596*	*0*
n. Result brought forward from previous years	*0*	*0*	*0*	*0*	*4,909*	*4,909*
Profit (loss)	25,321	0	0	15,338	-25,321	15,338
Equity attributable to owners of the parent	**273,969**	**3,383**	**9**	**1,991**	**-11,776**	**267,576**
Non-controlling interests	0	0	0	0	0	0
TOTAL EQUITY	**273,969**	**3,383**	**9**	**1,991**	**-11,776**	**267,576**

1.6 Notes to the consolidated financial statements

Note 1: General information

Aedifica SA (referred to in the financial statements as "the Company" or "the Parent") is a public real estate investment company with fixed capital (REIT) under Belgian law. Its primary shareholders are listed in Note 38. The address of its registered office is the following:
Avenue Louise 331-333, B-1050 Brussels

Aedifica is positioned as a leading Belgian listed company investing in residential real estate. Its strategy is aimed at creating a balanced portfolio that generates stable revenues while offering significant potential for capital gains.

To attain its objectives, Aedifica (and its subsidiaries, which together form "the Aedifica Group" or "the Group") diversifies its investments within the residential real estate sector.

Aedifica currently holds:
Residential apartment buildings in Belgian cities, let under traditional leases;
- Furnished apartment buildings located in the heart of Brussels, let under shorter term leases;
- Rest homes and assisted-living buildings, operated under very long term leases;
- Hotels operated by specialised groups under very long term leases.

Aedifica seeks to invest in:
- Existing buildings which are already rented;
- Future development projects that offer a high potential for capital gains.

The company's shares are listed on the Euronext Brussels (continuous market), as they have been since October 2006.
The publication of the consolidated financial statements was approved by the Board of Directors on 3 September 2012. The company's shareholders have the power to amend the consolidated financial statements after issue at the annual general meeting to be held on 26 October 2012.

Note 2: Accounting policies

Note 2.1: Basis of preparation

The consolidated financial statements cover the 12 month period ending 30 June 2012. They have been prepared in conformity with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), issued as of 30 June 2012 and approved by the European Union (EU).

These correspond to the standards and interpretations published by the International Accounting Standards Board (IASB applicable as of 30 June 2012) as elements of IAS 39 that were rejected by the EU are not applicable for the Aedifica group. The consolidated financial statements have also been prepared in accordance with the spirit and provisions of the Royal Decree of 7 December 2010 on Belgian REITs.
The consolidated financial statements are prepared in Euros, and presented in millions of Euros.

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

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

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

A summary of significant accounting policies is provided in Note 2.2. The new and amended standards and interpretations listed below are obligatory and have been applied by the group since 1 July 2011. They have no impact on the consolidated financial statements presented here for the 2011/2012 financial year:
- IAS 24 (amended) – Related Party Disclosures (applicable for Aedifica as of 1 July 2011);
- IFRIC 14 (amended) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applicable for Aedifica as of 1 July 2011);
- IFRS 1, IFRS 7, IAS 34 and IFRIC 13 (revised) – issued in May 2010 (applicable for Aedifica as of 1 July 2011);
- IFRS 7 (amended) – Financial Instruments Disclosures: Transfers of Financial Assets.

The only effect of the IAS 1 revision (which was issued in May 2010 and came into force for the group on 1 July 2011) was to introduce a minor change in the presentation of the consolidated statement of changes in equity.

Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters, which should have entered into force on 1 July 2011 but has not yet been approved by the EU (as of 30 June 2012), is not applicable to the group.

Several new standards and amendments and interpretations related to existing standards have been issued and will become mandatory for application in financial years beginning on or after 1 July 2012. These changes, which the Aedifica group has not yet adopted, include the following (as of 30 June 2012):
- IAS 19 (amended) – Employee Benefits (effective 1 July 2013);
- IAS 1 (amended) – Presentation of Items of Other Comprehensive Income (effective 1 July 2012);
- IFRS 9 (new) – Financial Instruments (effective 1 July 2015, pending EU approval);
- IAS 12 (amended) – Deferred Tax: Recovery of Underlying Assets (effective 1 July 2012, pending EU approval);
- IFRS 12 (new) – Disclosure of Interests in Other Entities (effective 1 July 2013, pending EU approval);
- IFRS 11 (new) – Joint Arrangements (effective 1 July 2013, pending EU approval);
- IFRS 10 (new) – Consolidated Financial Statements (effective 1 July 2013, pending EU approval);
- IAS 27 (amended) – Separate Financial Statements (effective 1 July 2013, pending EU approval);
- IAS 28 (amended) – Investments in Associates and Joint Ventures (effective 1 July 2013, pending EU approval);
- IFRS 13 (new) – Fair Value Measurement (effective 1 July 2013, pending EU approval);
- IFRIC 20 (new) – Stripping Costs in the Production Phase of a Surface Mine (effective 1 July 2013, pending EU approval);
- IFRS 7 (amended) – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 July 2013, pending EU approval);
- IAS 32 (amended) – Offsetting Financial Assets and Financial Liabilities (effective 1 July 2014, pending EU approval);
- IFRS 1 (amended) – Government Loans (effective 1 July 2013, pending EU approval);
- IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 (amended) – issued in May 2012 (Applicable for Aedifica as of 1 July 2013, pending EU approval);
- IFRS 10, IFRS 11, IFRS 12 (amended) – Transition Guidance (effective 1 July 2013, pending EU approval).

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

Note 2.2: Summary of significant accounting policies

The main significant accounting policies applied during the preparation of the consolidated financial statements are presented below. These methods were applied consistently to all previous financial years.

The numbering of the paragraphs below refers to the lines of the balance sheet and the income statement.

Consolidation principles – Subsidiaries

All entities for which Aedifica directly or indirectly holds more than half of the voting rights or has the power to control operations are considered subsidiaries and included in the scope of consolidation. In accordance with IAS 27, subsidiaries are fully consolidated from the date on which control is transferred to the Group; they are de-consolidated as from the date that control ceases. All intercompany transactions, balances, and unrealised gains and losses on transactions between the Group's companies are eliminated.

I.A. Goodwill

Business combinations are recognized using the purchase method in accordance with IFRS 3. The excess of the acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition is recognized as goodwill (an asset). In the event that this value is negative, it is recognized immediately in profit. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

I.B. Intangible Assets

Intangible assets are capitalised as assets at their acquisition cost and are amortised using the straight-line method at annual rates between 25% and 30%.

I.C. Investment Properties

1. Initial recognition

1.1 Acquisition value

If the acquisition of a building takes place by cash payment, through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issue of new shares, by merger through takeover of a property, or by a partial de-merger, the deed costs, audit and consultancy costs, reinvestment bank fees and costs of lifting security on the financing of the absorbed company and other costs of the merger are also consider part of the acquisition cost and capitalised in the asset accounts on the balance sheet.

1.2 Fair Value

Properties in the Group's portfolio or which enter into its portfolio, either with payment in cash or in kind, are valued by independent experts at their fair value.

- The fair value of investment properties is calculated as follows:
- Buildings with an investment value greater than €2.5 million: Fair value = investment value / (1+ the average transaction cost defined by BEAMA);
- Buildings with an investment value less than €2.5 million:

1) Where the expert considers that the building can be divided and sold in separate units (notably individual apartments), the fair value is defined as the lower of the separated investment value / (1 + % transfer tax levied in the region where the building is located) and the investment value / (1+ the average transaction cost defined by BEAMA);
2) Where the expert considers that the building cannot be divided and sold in separate units, the fair value is the investment value / (1 + % transfer tax levied in the region where the building is located).

The average transaction cost defined by BEAMA is revised annually and adjusted as necessary in increments of 0.5%. Expert attest to the percentage deducted and retained in their regular reports to shareholders; it currently amounts to 2.5%.

1.3 Treatment of differences at the time of acquisition

If, for acquisitions such as those described above, the investment value determined by the independent expert is different than the acquisition value defined in 1.1 above, the difference (after subtracting the exit tax) is recognized directly in equity: the negative difference between fair value and investment value is included in the consolidated statement of equity under line "I.C.c – Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties". The balance is recorded in equity under line "I.C.b. – Reserve for the balance of changes in fair value of investment properties".

2. Accounting for works projects (subsequent expenditures)

Costs incurred by Aedifica for works on investment properties are accounted for using one of two distinct methods, depending on the nature of the costs. The cost of repairs and maintenance, which neither add new functionality nor constitute a significant enhancement or upgrade to the building, are recognised as expenses as incurred and, thus, deducted from profit for the year. Subsequent expenditures related to two types of works projects are capitalised as assets on the Company's balance sheet:

a) Major renovations: these usually take place every 25 to 35 years and represent an almost complete renovation of the building, often reusing parts of the original building and applying the most up-to-date building techniques. Upon completion of these major renovation projects, the buildings are considered as new and are presented as such in the real estate portfolio.

b) Upgrades: these consist of occasional works that add new functionality or significantly enhance or upgrade the building, making it possible to raise rents, and thus increasing the building's estimated rental income.

The appreciation in building values as a result of these projects is generally recognised by experts, which validates the probability that future benefits will flow to the Group. Thus, all costs directly attributable to these types of works projects are capitalised in assets on the balance sheet. Attributable costs include but are not limited to: direct materials, contractor fees, technical studies, and architectural fees (up to 30 June 2006, only the cost of external architects were deemed eligible; since that time, both the cost of internal and external architects are included). Any excess of these costs over fair value is recognised in income statement (expense).

Borrowing costs are capitalised for all qualifying works projects with duration of more than one year.

3. Recurring remeasurement and remeasurement in the event of share transactions

3.1 Depreciation

In accordance with IAS 40, Aedifica applies the fair value model and does not recognise depreciation on its properties, the rights in rem on properties, or on properties rented to the Company under finance leases.

3.2 Share transactions

Real estate properties held by Aedifica and by the subsidiaries under its control are valued by experts each time the company proceeds to issue new shares, list share on the stock exchange, or repurchase shares other than through the stock exchange. While Aedifica is not bound by this valuation, any issue or repurchase price set below this level must be justified (in the form of a special report).

A new valuation is not required when a share issuance falls within four months of the last valuation of the property concerned, so long as the experts confirm that neither the economic situation nor the physical state of the property make a new valuation necessary.

3.3 Quarterly revaluations

Real estate experts perform a calculation of fair value at the end of the first three quarters of the financial year based on the conditions of the properties and on fluctuations observed in the real estate market. This valuation is carried out on a building-by-building basis and covers the Aedifica's entire real estate portfolio, including properties held by its subsidiaries.

3.4 Annual revaluation

At the end of each financial year, an expert conducts a precise valuation of the following items:
- Real estate properties, properties by destination, and property rights in rem held by Aedifica and by its subsidiaries;
- Options on properties held by Aedifica and its subsidiaries, as well as the properties to which these options relate;
- Rights arising from contracts through which one or multiple properties are held by Aedifica (or its subsidiaries) under finance lease, as well as the underlying properties.

These valuations are constraining for Aedifica regarding the establishment of the accounts. The carrying amount of the properties in the accounts corresponds to the fair value at which they are assessed by experts of Aedifica.

3.5 Accounting for changes in fair value

Changes in the fair value of real estate properties, as determined by independent experts, arise each time the value is assessed. They are accounted for in the income statement.

4. Asset disposals

Upon disposal of an investment property, the gain or loss on disposal is recognised in the income statement, in line "XVI. Gains and losses on disposals of investment properties".

5. Owner-occupied investment property

Any owner-occupied investment property is transferred to the line "other tangible assets" of the balance sheet. Its fair value at the time of the transfer becomes its so-called acquisition cost. If the Company only occupies a small part of the building, the whole building is recognised as "investment property" in the balance sheet and continues to be carried at fair value.

6. Development projects

Buildings under construction, renovation, or extension, which are considered development projects are recognised on the balance sheet at historical cost, including transfer taxes, non-recoverable VAT and indirect expenses (capitalised interest, insurance, legal fees, architectural fees, consulting fees, etc.). If the historical cost deviates from the fair value appraised by the independent expert, the deviation is recognised in the income statement in order to bring the carrying amount in line with the fair value. Costs incurred in the preliminary phase of development projects are recognised at their historical value.

I.D. Other tangible assets

Tangible assets with definite useful lives, which fall outside the scope of investment property, are initially recognised at their acquisition cost. The components approach is not applied (based on materiality criteria). Depreciation is charged on a linear basis using the pro rata temporis method. If the financial year does not count 12 months, the depreciation charge is adjusted accordingly. As residual values are considered marginal, accumulated depreciation is expected to cover the total acquisition cost of each item included in other tangible assets.

The following depreciation rates are applied:
- Plant, machinery and equipment: 20%;
- Furniture for furnished apartments: 10% to 20%;
- Other furniture and vehicles: 25%;
- IT: 33%.

Purchases below a unit price of €2.5 thousand are recognised in the income statement as expenses.

I.E. Non-current financial assets

1. Hedging instruments

When a derivative meets the criteria for hedge accounting under IAS 39, and provides cash flow hedges to cover a specific risk arising from a financial asset or liability, a firm commitment or a highly probable transaction, the portion of the income or the charge relating to the derivative that is considered as an effective hedge is directly 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"). The ineffective portion is recognised in the income statement. When a derivative does not meet the criteria of hedge accounting according to IAS 39, it is recognised on the balance sheet at its fair value, and changes in fair value are recognised in the income statement as soon as they occur. The same treatment is applied for hedging instruments showing a negative fair value.

2. Other financial and non-current assets

Financial assets available for sale are valued at fair value (market value if possible, otherwise acquisition value). Changes in fair value are recognised in equity (under "I.C.i. Reserve for the balance of changes in fair value of financial assets available for sale"). Receivables are valued at amortised cost.

II.A. Assets held for sale

Properties that are considered non-strategic and which will be sold are included in line II.A. They are recognised at fair value.

II.C/D/E. Receivables

Receivables are measured at amortised cost. Impairments are recognised when the insolvency of the debtor is confirmed.

II.G. Deferred charges and accrued income

Costs incurred during the year, which relate partially or in full to the following year, are recognised in on a proportional basis as deferred charges. Revenues and portions of revenues earned over the course of one or several subsequent financial years, but which are also related to the current year, are recognised in income for the amount earned in the current year.

I.A. and II.A. Provisions

A provision is recognized on the balance sheet when the Group has an implicit or legal obligation as a result of a past event, and for which it is probable the resources will be used to extinguish this obligation. Provisions are measured by taking the present value of expected cash flows at a market interest rate, and reflected as a liability on the balance sheet.

II.B/D/E. Current debts

Debts are recognized at amortised cost at the year-end date. Debts denominated in foreign currencies are converted into Euros using the spot rate on the year-end date.

II.F. Accrued charges and deferred income

Damages and interests paid by a lessee for breach of its contract, are booked in the income statement at the time of their actual receipt.

I to XV. Operating result before result on portfolio

The objective of lines I to XV is to reflect the operating profit generated by the Company's rental property portfolio, including general operating costs.

XVI to XVIII Operating result

The objective of lines XVI to XVIII is to reflect in the income statement all transactions and accounting adjustments related to the value of the Company's portfolio:

- Realised capital gains and losses: capital gains and losses are included in the line "Gains and losses on disposals of investment properties".
- Unrealised gains and losses (carried at fair value): changes in the portfolio's fair value are included in the income statement under "changes in fair value of investment properties".
- Commissions paid to real estate agents and other transaction costs: commissions related to the sale of buildings are deducted from the sale price in determining the gain or loss on disposal which is recognised in the operating result. Fees paid to real estate and technical experts are recognised as current expenses.

Commitments and contingencies

The Board of Directors values commitments and contingencies at the nominal value of the legal obligation as stated in the contract; in the absence of a nominal value or in exceptional cases, they are disclosed for information purposes.

Group insurance

Aedifica's groups insurance contracts are considered defined contribution plans which imply no additional future obligations.

Note 3: Operating segments

Note 3.1: Presented segments

The following four operating segments have been identified with application of IFRS 8:
- Unfurnished apartment buildings: these are residential buildings located in cities. When let, the apartments generate rental income. This segment also includes the rental income of the commecrial ground floors or office areas located in these buildings.
- Furnished apartment buildings: these are buildings with furnished apartments, let to international customers under shorter term rental contracts. This segment also includes the rental income of the commercial ground floors in office areas located in these buildings.
- Senior housing: these are rest homes and assisted-living complexes, rented to operators under "triple net" long leases (this explains that no operating expenses are accounted for in the segment income statement).
- Hotels and other: these are mainly hotels, rented to operators under "triple net" long leases.

These operating segments are consistent with the internal reporting provided to the Group's chief operating decision-maker, as required under IFRS 8. The accounting policies presented in Note 2 are used for internal reporting purposes, including segment reporting.

All revenues are earned from external clients located in the Company' country of residence (Belgium) and all non-current assets are located in the Company's country of residence.

Each group of entities that falls under common control is considered as a single customer under IFRS 8. Revenues generated through transactions with a single customer representing more than 10% of the Company's total revenues must be disclosed. This requirement applies to the nine rest homes operated by the Orpea Group through the companies "Château Chenois Gestion SPRL", "New Philip SA", and "Medibelge SA", for which rents represent 18% of the Company's total 2011/2012 rental income (included in the senior housing segment). This requirement also applies to the thirteen rest homes operated by the SLG Group, which rents represent 17% of the Company's total 2011/2012 rental income (included in the senior housing segment). Comparative percentages for the previous year are 21% and 19% for the Orpea Group and SLG Group, respectively. Rents mentioned here represent the turnover realised by the Company over the duration of the financial year, which differ from the contractual rents (representing the situation at the time of the year-end closure) on which the analyses included in the property report of this annual financial report are based (refer to sections 3.7 and 3.8 of the property report).

Note 3.2 : segment information

		2012						
		Unfur-nished	Furnished	Senior housing	Hotels and other	Non-allocated	Inter-segment items*	Total
SEGMENT RESULT								
I.	Rental income	7,223	5,506	17,510	4,200	0	-99	34,340
II.	Writeback of lease payments sold and discounted	0	0	0	0	0	0	0
III.	Rental-related charges	-35	-13	0	-3	0	0	-51
Net rental income		**7,188**	**5,493**	**17,510**	**4,197**	**0**	**-99**	**34,289**
IV.	Recovery of property charges	23	0	0	0	0	0	23
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	636	22	84	97	0	0	839
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	-636	-22	-84	-97	0	0	-839
VIII.	Other rental-related income and charges	-12	-1,668	0	2	0	1	-1,677
Property result		**7,199**	**3,825**	**17,510**	**4,199**	**0**	**-98**	**32,635**
IX.	Technical costs	-469	-282	0	-17	-63	0	-831
X.	Commercial costs	-356	-189	0	-3	0	0	-548
XI.	Charges and taxes on unlet properties	-108	0	0	-5	0	1	-112
XII.	Property management costs	-238	-364	0	-1	0	1	-602
XIII.	Other property charges	-495	-547	0	-5	0	0	-1,047
Property charges		**-1,666**	**-1,382**	**0**	**-31**	**-63**	**2**	**-3,140**
Property operating result		**5,533**	**2,443**	**17,510**	**4,168**	**-63**	**-96**	**29,495**
XIV.	Overheads	-38	-14	0	-2	-3,460	99	-3,415
XV.	Other operating income and charges	13	40	0	-8	45	0	90
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**5,508**	**2,469**	**17,510**	**4,158**	**-3,478**	**3**	**26,170**
SEGMENT ASSETS								
Marketable investment properties		134,803	60,737	314,708	73,155	-	-	583,403
Development projects		-	-	-	-	9,314	-	9,314
Investment properties								**592,717**
Other assets		-	-	-	-	16,375	-	16,375
Total assets								**609,092**
SEGMENT DEPRECIATION		**-13**	**-421**	**0**	**0**	**-50**	**0**	**-484**
SEGMENT INVESTMENTS								
Marketable investment properties		101	7,272	29,644	1,132	-	-	38,149
Development projects		-	-	-	-	0	-	0
Investment properties		**101**	**7,272**	**29,644**	**1,132**	**0**	**0**	**38,149**
INVESTMENT PROPERTIES IN ACQUISITION VALUE		**129,617**	**59,319**	**292,040**	**70,506**	**-**	**-**	**551,482**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES		**787**	**2,245**	**5,991**	**45**	**355**	**-**	**9,423**

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

Note 3.2 : segment information

	2011						
	Unfur-nished	Furnished	Senior housing	Hotels and other	Non-allo-cated	Inter-segment items*	Total
SEGMENT RESULT							
I. Rental income	6,443	5,221	13,516	3,754	0	-77	28,857
II. Writeback of lease payments sold and discounted	0	0	0	0	0	0	0
III. Rental-related charges	-18	-12	0	-6	0	0	-36
Net rental income	**6,425**	**5,209**	**13,516**	**3,748**	**0**	**-77**	**28,821**
IV. Recovery of property charges	31	0	0	1	0	0	32
V. Recovery of rental charges and taxes normally paid by tenants on let properties	334	17	74	48	0	1	474
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0	0
VII. Rental charges and taxes normally paid by tenants on let properties	-334	-17	-74	-48	0	-1	-474
VIII. Other rental-related income and charges	-69	-1,234	0	-7	0	0	-1,310
Property result	**6,387**	**3,975**	**13,516**	**3,742**	**0**	**-77**	**27,543**
IX. Technical costs	-414	-269	0	-38	-41	0	-762
X. Commercial costs	-354	-193	0	-1	0	0	-548
XI. Charges and taxes on unlet properties	-98	0	0	-8	0	0	-106
XII. Property management costs	-230	-310	0	-2	0	0	-542
XIII. Other property charges	-432	-512	0	-9	0	1	-952
Property charges	**-1,528**	**-1,284**	**0**	**-58**	**-41**	**1**	**-2,910**
Property operating result	**4,859**	**2,691**	**13,516**	**3,684**	**-41**	**-76**	**24,633**
XIV. Overheads	-46	-19	0	0	-2,923	77	-2,911
XV. Other operating income and charges	-59	29	0	1	-1	0	-30
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**4,754**	**2,701**	**13,516**	**3,685**	**-2,965**	**1**	**21,692**
SEGMENT ASSETS							
Marketable investment properties	132,061	52,213	260,178	59,334	-	-	503,786
Development projects	-	-	-	-	14,315	-	14,315
Investment properties							**518,101**
Other assets	-	-	-	-	12,771	-	12,771
Total assets							**530,872**
SEGMENT DEPRECIATION	**-19**	**-329**	**0**	**0**	**-33**	**0**	**-381**
SEGMENT INVESTMENTS							
Marketable investment properties	17,103	0	49,360	-48	-	-	66,415
Development projects	-	-	-	-	3,221	-	3,221
Investment properties	**17,103**	**0**	**49,360**	**-48**	**3,221**	**0**	**69,636**
INVESTMENT PROPERTIES IN ACQUISITION VALUE	**129,703**	**52,193**	**243,792**	**56,886**	**-**	**-**	**482,574**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	**930**	**622**	**6,072**	**1,191**	**10**	**-**	**8,825**

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

Note 4 : Rental income

(x 1 000 €)	2012	2011
Rents earned	34,174	28,761
Guaranteed income	163	76
Cost of rent free periods	-19	-13
Indemnities for early termination of rentral contracts	22	33
TOTAL	**34,340**	**28,857**

The group exclusively rents its buildings under operating leases.

The schedule of future minimum lease payments under non-cancellable operating leases required by IAS 17 is based on the following assumptions, which are extremely cautious :

- Residential leases (furnished) : no income since 1 July 2012.
- Residential leases (unfurnished) : break of all leases on 1 July 2012, with in average one and a half month of compensation.
- Commercial and office leases : termination at following possible break, in average after one and a half year.
- Long-term leases (senior housing, hotels) : no inflation.

Future minimum lease payments under non-cancellable operating leases are presented as follow:

(x 1 000 €)	2012	2011
Not later than one year	27,051	22,622
Later than one year and not later than five years	97,873	80,883
Later than five years	517,503	417,178
TOTAL	**642,427**	**520,683**

Rental income does not include any contingent rents.

Note 5 : Rental-related charges

(x 1 000 €)	2012	2011
Rents payable as lessee	-16	-12
Write-downs on trade receivables	-35	-24
TOTAL	**-51**	**-36**

Note 6 : Recovery of property charges

(x 1 000 €)	2012	2011
Indemnities on rental damage	23	32
TOTAL	**23**	**32**

Note 7 : Recovery of rental charges and taxes normally paid by tenants on let properties

(x 1 000 €)	2012	2011
Rebilling of rental charges invoiced to the landlord	431	90
Rebilling of property taxes and other taxes on let properties	408	384
TOTAL	**839**	**474**

The increase in recharged expenses incurred by the owner arises from the internalisation of the administrative and accounting management of certain properties since the end of the 2011/2012 financial year. This is also covered in Note 9.

Note 8: Costs payable by the tenant and borne by the landlord on rental damage and repair of lease

Aedifica has not paid any amounts justifying particular mention in relation to costs payable by tenants and borne by the landlord on rental damage and repairs at the end of the lease term.

Note 9: Rental charges and taxes normally paid by tenants on let properties

The increase in rental charges invoiced to the landlord arises from the internalisation of the administrative and accounting management of certain properties since the end of the 2011/2012 financial year. This is also covered in Note 7.

(x 1 000 €)	2012	2011
Rental charges invoiced to the landlord	-431	-90
Property taxes and other taxes on let properties	-408	-384
TOTAL	**-839**	**-474**

Note 10: Other rental-related income and charges

(x 1 000 €)	2012	2011
Cleaning	-405	-304
Energy	-494	-292
Depreciation of furniture	-424	-330
Employee benefits	-211	-203
Other	-143	-181
TOTAL	**-1,677**	**-1,310**

Note 11: Technical costs

(x 1 000 €)	2012	2011
Recurring technical costs		
Repair	-333	-321
Insurance	-55	-50
Employee benefits	-219	-203
Maintenance	-123	-136
Expert fees	-101	-52
TOTAL	**-831**	**-762**

Note 12: Commercial costs

(x 1 000 €)	2012	2011
Letting fees paid to real estate brokers	-324	-340
Marketing	-205	-193
Fees paid to lawyers and other legal costs	-15	-9
Other	-4	-6
TOTAL	**-548**	**-548**

Note 13: Charges and taxes on unlet properties

(x 1 000 €)	2012	2011
Charges	-112	-112
TOTAL	**-112**	**-112**

Note 14: Property management costs

(x 1 000 €)	2012	2011
Fees paid to external property managers	-95	-114
Internal property management expenses	-507	-428
TOTAL	**-602**	**-542**

Note 15: Other property charges

(x 1 000 €)	2012	2011
Property taxes and other taxes	-1,047	-952
TOTAL	**-1,047**	**-952**

Disputes on local taxes (which are contested by Aedifica) are underway.

Note 16: Overheads

(x 1 000 €)	2012	2011
Lawyers/notaries	-44	-74
Auditors/accountants	-38	-46
Real estate experts	-506	-438
IT	-133	-123
Insurance	-59	-62
Public relations, communication, marketing, publicity	-123	-108
Directors and executive management	-1,010	-833
Employee benefits	-698	-557
Depreciation and amortisation of other assets	-59	-52
Tax expense	-199	-156
Other	-546	-462
TOTAL	**-3,415**	**-2,911**

Note 17 : Other operating income and charges

(x 1 000 €)	2012	2011
Recovery of damage expenses	15	8
Other	75	-38
TOTAL	**90**	**-30**

Note 18 : Gains and losses on disposals of investment properties

(x 1 000 €)	2012	2011
Net sale of properties (selling price - transaction costs)	499	0
Carrying amount of properties sold	-445	0
TOTAL	**54**	**0**

Note 19: Gains and losses on disposals of other non-financial assets

Over the course of the 2011/2012 and 2010/2011 financial years, Aedifica has not recognised any gains or losses on disposals of other non-financial assets.

Note 20 : Changes in fair value of investment properties

(x 1 000 €)	2012	2011
Positive changes	12,235	11,464
Negative changes	-2,812	-2,639
TOTAL	**9,423**	**8,825**
of which : marketable investment properties	9,068	8,815
development projects	355	10

Note 21 : Financial income

(x 1 000 €)	2012	2011
Interests earned	257	104
Other	298	101
TOTAL	**555**	**205**

Note 22 : Net interest charges

(x 1 000 €)	2012	2011
Nominal interest on borrowings	-6,564	-4,673
Charges arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-2,620	-2,621
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-2,144	-2,253
Subtotal	-4,764	-4,874
Income arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	23	0
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	0	0
Subtotal	23	0
Capitalised borrowings costs	572	418
Other interest charges	-4	-3
TOTAL	**-10,737**	**-9,132**

Charges and income arising from hedging instruments represents Aedifica's cash interest receipts or payments related to derivatives presented in Note 32 and detailed in Note 33. Changes in the fair value of these derivatives are listed in Note 47 and recognised in the income statement.

Note 23 : Other financial charges

(x 1 000 €)	2012	2011
Bank charges and other commissions	-574	-587
Other	-40	-9
TOTAL	**-614**	**-596**

Note 24 : Corporate tax

(x 1 000 €)	2012	2011
Parent		
Profit before tax (loss)	15,444	25,465
Effect of the Belgian REIT tax regime	-15,444	-25,465
Taxable result based on non-deductible costs	163	222
Tax rate of 33,99%	-55	-75
Tax regularisation for the previous year	1	-5
Subtotal	-54	-80
Subsidiaries	0	0
TOTAL	**-54**	**-80**

As Belgian REIT, Aedifica benefits from a specific tax regime. Aedifica is taxed on its non-deductible costs, such as regional taxes, car costs, representation costs, social costs, donations, etc.

Note 25: Exit tax

Aedifica did not recognise any exit tax in the income statement.

Note 26 : Earnings per share

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

	2012	2011
Profit (loss) (Owners of the parent) (x 1 000 €)	15,338	25,321
Weighted average number of shares outstanding during the period	7,152,918	6,470,130
Basic EPS (in €)	2.14	3.91
Diluted EPS (in €)	2.14	3.91

Aedifica uses profit excluding IAS 39 and 40 to monitor its operational and financial performance; however, this performance measure is not defined under IFRS. Profit excluding IAS 39 and IAS 40 is the profit (attributable to owners of the parent) after excluding 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 that used in the financial statements of other companies.

It is calculated as follows:

(x 1 000 €)	2012	2011
Profit (loss) (Owners of the parent)	15,338	25,321
Less : Changes in fair value of investment properties (see note 20)	-9,423	-8,825
Less : Gain and losses on disposal of investment properties (see note 18)	-54	0
Less : Changes in fair value of financial assets and liabilities (see note 47)	9,459	-4,407
Roundings	0	0
Profit excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties)	**15,320**	**12,089**
Denominator* (in shares)	7,153,096	6,470,303
EPS excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties - in €)	2.14	1.87

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

Note 27 : Goodwill

(x 1 000 €)	2012	2011
Gross value at the beginning of the year	1,856	1,856
Cumulative impairment losses at the beginning of the year	0	0
Carrying amount at the beginning of the year	1,856	1,856
Movements of the year	0	0
CARRYING AMOUNT AT THE END OF THE YEAR	**1,856**	**1,856**
of which : gross value	1,856	1,856
cumulative impairment losses	**0**	**0**

Goodwill arises from the acquisition of a company that was active in furnished apartment rentals.

In applying IAS 36 – Impairment of Assets, the Group performed an analysis of the carrying amount of goodwill. Goodwill arose from the acquisition of Ixelinvest SA, the original owner of a residential complex that is rented out as furnished apartment on rue Souveraine. This complex constitutes the cash-generating unit for the purposes of the goodwill impairment test.

The impairment review, undertaken by calculating value in use, was carried out to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, defined as the higher of (i) the fair value less costs to sell and (ii) the value in use.

In determining the value in use, the Group calculated the present value of the estimated future cash flows expected to arise from the continuing use of the assets using a pre-tax discount rate of 7%. The discount rate applied is based upon the weighted average cost of capital with appropriate adjustment for the relevant risks associated with the businesses. Estimated future cash flows are based on long-term plans (i.e. over 6 years) for each cash-generating unit, with extrapolation thereafter based on long-term average growth rates for the individual cash-generating units. This growth rate is set at 1.8%, in line with expected inflation.

Future cash flows are estimates that may be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the value in use of goodwill may fall below the carrying amount. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

Note 28 : Intangible assets

All intangible assets have a fixed useful life, consisting mainly of computer software. Amortisation is recognised in income under the line "overheads".

(x 1 000 €)	2012	2011
Gross value at the beginning of the year	270	267
Depreciation and cumulative impairment losses at the beginning of the year	-241	-207
CARRYING AMOUNT AT THE BEGINNING OF THE YEAR	**29**	**60**
Entries: items acquired seperately	14	3
Amortisations	-23	-34
CARRYING AMOUNT AT THE END OF THE YEAR	**20**	**29**
of which : gross value	283	270
amortisations and cumulative impairment losses	-263	-241

Note 29 : Investment properties

(x 1 000 €)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS AT 1/07/2010	**423,040**	**11,652**	**434,692**
Acquisitions	66,415	3,221	69,636
Capitalised interest charges	0	418	418
Capitalised employee benefits	0	51	51
Other capitalised expenses	1,573	4,131	5,704
Transfers due to completion	5,168	-5,168	0
Changes in fair value (see Note 20)	8,815	10	8,825
Other expenses booked in the income statement	0	0	0
Transfers to equity	-1,225	0	-1,225
CARRYING AMOUNT AS AT 30/06/2011	**503,786**	**14,315**	**518,101**
CARRYING AMOUNT AS AT 1/07/2011	**503,786**	**14,315**	**518,101**
Acquisitions	38,149	0	38,149
Disposals	-445	0	-445
Capitalised interest charges	0	572	572
Capitalised employee benefits	0	45	45
Other capitalised expenses	2,133	25,376	27,509
Transfers due to completion	31,349	-31,349	0
Changes in fair value (see Note 20)	9,068	355	9,423
Other expenses booked in the income statement	0	0	0
Transfers to equity	-637	0	-637
CARRYING AMOUNT AS AT 30/06/2012	**583,403**	**9,314**	**592,717**

The determination of fair values depends on market factors and is based on valuations provided by independent experts who hold pertinent and recognised professional qualifications and recent experience in the geographic areas and property types included in the Group's portfolio. All investment properties are located in Belgium.

The portfolio of marketable investment properties is valued as of 30 June 2012 by independent experts, by applying a capitalisation rate of 6.27% to contractual rents. A 0.10% change in the capitalisation rate would lead to a €9 million change in the portfolio's fair value.

Development projects are described in detail in the property report included in the 2011/2012 annual financial report.

Acquisitions made during the year are described in detail in the consolidated Board of Directors' report included in the 2011/2012 annual financial report.

Note 30: Development projects

This note became redundant with the introduction of the revised IAS 40 – Investment Property on 1 July 2009. Changes in development projects are covered in Note 29. Development projects are also described in detailed in section 2.2.2 of the property report included in the 2011/2012 annual financial report.

Note 31 : Other tangible assets

(x 1 000 €)	2012	2011
Gross value at beginning of the period	3,344	3,067
Depreciation and cumulative impairment losses at beginning of period	-1,522	-1,173
Carrying amount at beginning of period	**1,822**	**1,894**
Additions	717	277
Disposals	0	0
Depreciation	-461	-349
CARRYING AMOUNT AT END OF PERIOD	**2,078**	**1,822**
of which : gross value	4,061	3,344
depreciations and cumulative impairment losses	-1,983	-1,522

The other tangible assets consist of capital employed in operations (mainly the furniture used for the furnished apartments).

Note 32 : Non-current financial assets and other non-current financial liabilities

(x 1 000 €)	2012	2011
Receivables		
Collateral	0	0
Other non-current receivables	487	538
Available-for-sale financial assets		
Investments in related entities (Note 51)	0	0
Assets at fair value through profit or loss		
Hedges (see Note 33)	38	0
Other non-current financial assets		
Hedging instruments (see Note 33)	0	245
TOTAL NON-CURRENT FINANCIAL ASSETS	**525**	**783**
Liabilities at fair value through profit or loss		
Hedging instruments (see Note 33)	-17,057	-8,081
Total non-current financial liabilities		
Hedging instruments (see Note 33)	-17,981	-5,092
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**-35,038**	**-13,173**

Other non-current receivables (included in "loans and receivables" under IAS 39) generate interest and will be recovered over the course of subsequent fiscal years.

Assets and liabilities at fair value through profit or loss consist of hedging instruments in the form of multi-callable swaps, caps, and collars for which hedge accounting in the sense of IAS 39 cannot be applied. However, they serve to hedge against interest rate risks. Other hedging instruments, whether assets or liabilities, meet the criteria established under IAS 39 for application of hedge accounting. Cash flows generated by all hedges, as well as changes in the fair value recognised in income, are covered in Notes 22 and 47.

Note 33: Hedges

1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn the floating rate debt into fixed rate debt (cash flow hedges). All hedges are related to existing or highly probable risks. Hedging instrument are either derivatives (interest rate swaps, or "IRS") which meet the strict criteria set by IAS 39 to allow hedge accounting, either derivatives (mainly multi-callable interest rate swaps, or "multi-callable IRS", caps and collars) which do not meet these criteria but provide economic hedging against interest rate risk nonetheless. All hedges are provided in the framework of the hedging policy set out in note 44. The fair value of hedges is computed by banks based on the present value of the estimated expected cash flows. The table below lists the hedging instruments.

Analysis as at 30 June 2011 :

Instrument	Notional amount (x 1 000 €)	Beginning	Periodicity (months)	Initial duration (years)	First date possible for the call	Max. hedged rate (in %)	Fair value (x 1 000 €)
IRS	50,000	30/06/2010	3	3	-	2.21	-213
IRS	25,000	1/04/2007	3	10	-	3.97	-1,669
IRS	25,000	1/10/2007	3	5	-	3.93	-658
IRS*	11,000	1/04/2011	3	32	-	4.89	-1,924
Multi-callable IRS*	31,713	31/07/2007	3	36	31/07/2017	4.39	-4,574
Multi-callable IRS	15,000	1/07/2008	3	10	1/07/2011	4.02	-1,344
Multi-callable IRS	12,000	2/06/2008	1	10	2/06/2013	4.25	-1,291
Multi-callable IRS	8,000	1/08/2008	1	10	1/08/2013	4.25	-871
IRS	12,000	1/11/2008	1	5	-	4.18	-629
IRS	25,000	2/08/2013	3	5	-	3.23	136
IRS	25,000	1/10/2012	3	5	-	2.99	109
Cap	15,000	1/01/2012	3	2	-	4.02	-1
Total	**254,713**						**-12,929**

Analysis as at 30 June 2012 :

Instrument	Notional amount (x 1 000 €)	Beginning	Periodicity (months)	Initial duration (years)	First date possible for the call	Max. hedged rate (in %)	Fair value (x 1 000 €)
IRS	50,000	30/06/2010	3	3	-	2.21	-927
IRS	25,000	1/04/2007	3	10	-	3.97	-3,494
IRS	25,000	1/10/2007	3	5	-	3.93	-213
IRS*	10,888	1/04/2011	3	32	-	4.89	-4,730
Multi-callable IRS*	31,221	31/07/2007	3	36	31/07/2017	4.39	-10,284
Multi-callable IRS	15,000	1/07/2008	3	10	1/07/2011	4.02	-2,489
Multi-callable IRS	12,000	2/06/2008	1	10	2/06/2013	4.25	-2,258
Multi-callable IRS	8,000	1/08/2008	1	10	1/08/2013	4.25	-1,532
IRS	12,000	1/11/2008	1	5	-	4.18	-630
IRS	25,000	2/08/2013	3	5	-	3.23	-2,207
IRS	25,000	1/10/2012	3	5	-	2.99	-2,298
Cap	15,000	1/01/2012	3	2	-	4.02	1
IRS	25,000	2/08/2013	3	5	-	2.97	-1,866
Collar	25,000	1/10/2013	3	3	-	3.00	-312
Cap	25,000	3/10/2011	1	2	-	2.25	0
Cap	25,000	1/11/2011	1	2	-	1.75	1
Cap	20,000	30/03/2012	1	1	-	1.00	0
Cap	25,000	1/11/2013	1	1	-	0.75	36
IRS	25,000	2/01/2012	1	1	-	0.79	-65
IRS	25,000	2/08/2013	3	5	-	2.70	-1,551
Collar	25,000	1/10/2013	3	3	-	3.00	-182
TOTAL	**474,109**						**-35,000**

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

The total of the fair value of the hedging instruments presented in the table above (€ -35,000 thousand) can be broken down as follows: € 38 thousand on line I.E. of the asset side of the consolidated balance sheet (see note 32) and € 35,038 thousand on line I.C. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps and collars (€ 448 thousand), the IAS 39 impact on equity amounts to € 35.447 thousand.

2. Derivatives for which hedge accounting is applied

(x 1 000 €)	2012	2011
Effective part of the changes in fair of the derivatives		
Beginning of the year	-4,420	-8,921
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-17,949	-357
Tranfer to the income statement of interests paid on hedging instruments	4,463	4,858
Transfer to the income statement regarding revoked designation	0	0
AT YEAR-END	**-17,906**	**-4,420**

The amounts recorded in equity will be transferred in net finance costs in line with the payment of the interests of the hedged financial debt, between 1 July 2012 and 31 July 2043.

The year-end equity value includes the effective part (according to IAS 39) of the change in fair value (-€ 13,060 thousand) of the derivatives for which hedge accounting is applied. These financial instruments are "level 2" derivatives (according to IFRS7 p27A). The ineffective part (according to IAS 39), which represents a charge of € 75 thousand, is recognised in the financial result (see Note 47). The interest cash flows arising from the hedges are shown in Note 22.

3. Derivatives for which hedge accounting is not applied

Besides the aforementioned charge of €75 thousand, the financial result also includes a charge of €9,384 thousand (30 June 2011 : an income of €4,203 thousand), arising from the change in fair value of the derivatives for which hedge accounting is not applied (in line with IAS 39, i.e. multi-callable IRS, caps and collars listed in the aforementioned framework). These financial instruments are "level 2" derivatives (according to IFRS7 p27A).

The interest cash flows arising from the hedges are shown in Note 22, while the change in fair value recognised in the income statement is shown in Note 47.

4. Sensitivity analysis

The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain most of the change in the fair value of hedging instruments between 1 July 2011 and 30 June 2012, which led to the recognition of a charge of €9,459 thousand in the income statement and of €13,060 thousand directly in equity.

A change in the interest rate curve would impact the fair value of IRS for which hedge accounting is applied (according to 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 amounting to €937 thousand (30 June 2011: €757 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 of multi-callable IRS, caps and collars (for which hedge accounting according to IAS 39 is not applied) cannot be determined as precisely, since options are embedded within these instruments. The fair value of these options change according to a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the "marked-to-market" value of the multi-callable IRS in response to an increase of 10 bps of the interest rate curve is estimated at + €711 thousand (30 June 2011: + €573 thousand) in the income statement. A decrease of 10 bps of the interest rate curve would have a negative impact in the same range in the income statement.

Note 34 : Trade receivables

(x 1 000 €)	2012	2011
Trade receivables - net value	**2,890**	**1,750**

It is anticipated that the carrying amount of trade receivables will be recovered within 12 months. This carrying amount represents an estimate of the fair value of assets, which do not generate interest.

The credit risk associated with trade receivables is limited thanks to the diversity of the client base and rental guarantees (2012: €13.0 million; 2011: €12.8 million) received from tenants to cover their commitments. The carrying amount is presented after provision for doubtful debts. Accordingly, the risk of exposure to credit risk is reflected in the carrying amount of receivables recognised on the balance sheet.

Trade receivables are analysed as follows:	2012	2011
Overdue		
under 90 days	640	490
over 90 days	284	121
Subtotal	924	611
Not due	2,081	1,253
Write-downs	-115	-114
Carrying amount	**2,890**	**1,750**

Write-downs have evolved as follows:

	2012	2011
At beginning of period	-114	-115
Addition	-57	-59
Utilisation	33	30
Reversal	23	37
Mergers	0	-7
At end of period	**-115**	**-114**

Note 35 : Tax receivables and other current assets

(x 1 000 €)	2012	2011
Tax receivables	3,467	4,591
Other	2,956	432
TOTAL	**6,423**	**5,023**

Tax receivables are composed mainly of taxes to be recovered on liquidation of merged subsidiaries.
Other current assets consist mainly of VAT paid in relation the extension of Martin's Klooster hotel, which reached completion in April 2012. The receivable will be recovered in the coming months.

Note 36 : Cash and cash equivalents

(x 1 000 €)	2012	2011
Short-term deposits	0	0
Cash at bank and in hands	2,041	985
TOTAL	**2,041**	**985**

Cash and cash equivalents are assets which generate interest at varying rates. The amounts presented above were available as of 30 June 2012 and 30 June 2011. Short term investments may be held during the year, normally for periods of one week to one month.

Note 37 : Deferred charges and accrued income

(x 1 000 €)	2012	2011
Accrued rental income	239	174
Deferred property charges	303	335
Other	0	14
TOTAL	**542**	**523**

Note 38 : Equity

Aedifica shareholders holding more than 5% of the Company's outstanding shares are disclosed below (based on declarations received as of 30 June 2012 – see also part three of the "Aedifica in the stock market" section included in the 2011/2012 annual financial report:

Shareholders	Share in capital (in %)
Jubeal Fondation	6.37
Wulfsdonck Investment (via Finasucre)	5.46

The capital has evolved as follows:

	Number of shares	Capital
Situation at the beginning of the previous year	5,033,338	127,783
Capital increase	2,057,577	52,965
Situation at the end of the previous year	**7,090,915**	**180,747**
Capital increase	86,293	3,383
Situation at the end of the year	**7,177,208**	**184,130**

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

Of the 7,177,208 shares issued as of 30 June 2012, 7,090,915 are listed on the Euronext Brussels continuous market.

86,293 shares will be listed after detachment of the coupon which will occur in October 2012. The 86,293 shares give dividend rights as from 5 October 2011. These shares must remain nominative up to their listing date. Furthermore 16,868 new shares were issued on 12 July 2012; they give dividend rights as from that date and must remain nominative up to their listing date, which will occur after the detachment of the 2012/2013 coupon.

Capital increases are detailed in the "standing documents" of the 2011/2012 annual financial report. All subscribed shares are fully paid- up, with no par value. The shares are registered, bearer, or dematerialised shares and grant one vote.

Aedifica SA holds 1,478 treasury shares.

The Board of Directors is authorised to raise share capital with one or a series of issuances up to a maximum amount of € 180 million at dates and following the procedures established by the Board of Directors, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted for a period of 5 years from the publication date in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 29 June 2011. Each time the capital is increased, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares, unless the shareholders at the General Meeting take a decision on this themselves. Increases in share capital decided upon by the Board of Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases can equally be realised through the issuance of convertible debt securities or subscription rights.

The Board of Directors has proposed a dividend distribution of €1.86 per share, i.e. a total dividend of €13,305 thousand.

Calculated in accordance with Article 617 of the Belgian Companies Code and given the Royal Decree of 7 December 2010, reserves available for distribution (statutory) amount to €7,029 thousand as of 30 June 2012, after taking into account the dividend proposed above (2011: €4,952 thousand). Detailed calculations are provided in the notes to the attached abridged statutory accounts.

Aedifica defines capital in the sense of IAS 1 (p134) as the sum of all equity accounts. The equity level is monitored using a consolidated debt-to-assets ratio calculated in accordance with the provisions of the Royal Decree of 7 December 2010 (see Note 52), which cannot exceed 60% according to the credit agreements in place with the Company's banks (see Notes 40 and 44). Equity is managed so as to permit the Group to continue as a going concern and to finance its future growth.

Note 39: Provisions

Long term benefits granted to executive managers are covered in the context of defined contribution plan regimes, which do not require provisions. The amounts recognised as an expense are detailed in the remuneration report included in the 2011/2012 annual financial report.

Note 40 : Borrowings

(x 1 000 €)	2012	2011
Non-current financial debts		
Borrowings	235,834	231,733
Current financial debts		
Borrowings	60,209	198
TOTAL	**296,043**	**231,931**

Aedifica benefits from credit facilities (presented as current and non-current financial debts and being financial liabilities at amortised cost according to IAS 39) issued by five banks (club deal of €210 million issued by BNP Paribas Fortis, ING, LB-Lux and Bank Degroof; two bilateral facilities totaling €60 million issued by KBC Bank; three bilateral facilities totaling €60 million issued by BNP Paribas Fortis; and two bilateral facilities totaling €60 million issued by ING). Hence, Aedifica can use up to €390 million according to its needs for acquisitions of property, 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 63%, and (iii) other covenants (in line with market practice) are met. Each withdrawal is made in Euros for a period of up to 6 months, at a fixed rate set by reference to the euribor rate prevailing at the time of the withdrawal. As of 30 June 2012, the withdrawals are mainly done for periods of 1 month. The average interest rate, including the spread charged by the bank, was 3.9% after deduction of capitalised interest (4.4% in 2010/2011) and 4.2% before deduction of capitalised interest (4.6% in 2010/2011). Given the short duration of the withdrawals and the fact that they are at floating rate, the carrying amount of the financial debts is a proxy for their fair value. The hedges put in place are detailed in Note 33.

Since 30 December 2010 (acquisition date of Altigoon SA), Aedifica also benefits from two fixed-rate (5.3%) amortising facilities granted by KBC Bank, which will be maturing in 2021. The non-current part of these amounts to €2.1 million, while the current portion amounts to €0.2 million. Aedifica has neither pledged any buildings as collateral for its debts, nor has it granted any other security to debt-holders.

Besides this, as mentioned in Note 49, BNP Paribas Fortis granted on 11 July 2012 a new roll-over credit facility of €30 million with a 4-year maturity ending on 11 July 2016. Furthermore, the credit facility of €30 million granted by KBC Bank in 2010, which was scheduled to mature in March 2013, was renegotiated on 14 August 2012 in order to extend its maturity to 30 June 2014. Finally, the €60 million credit facility maturing on 23 July 2012 was effectively reimbursed. The maturity table of the credit facilities is as follows (in € million):

July 2012	60
March 2013	30
July 2013	150
August 2013	30
August 2014	15
October 2015	30
June 2016	30
August 2016	15
January 2017	30
2021	2
Facilities on 30 June 2012	392
July 2016	30
Reimbursement July 2012	-60
Cancellation maturity date of March 2013	-30
New maturity date in June 2014	30
Facilities since 14 August 2012	362

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. Net financial debt is based on current and non-current financial debts less cash and cash equivalents. It excludes the fair value of hedging derivatives. The definition of net financial debt might be different from those of other concepts having the same label in the financial statements of other groups. 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 €)	2012	2011
Borrowings	296,043	231,931
Less : Cash and cash equivalents	-2,041	-985
NET FINANCIAL DEBT	**294,002**	**230,946**

Note 41: Trade payables and other current debts

(x 1 000 €)	2012	2011
Exit tax	130	262
Other		
Suppliers	5,655	4,199
Tenants	892	915
Tax	606	3,407
Salaries and social charges	576	467
Dividends of previous years	19	37
TOTAL	**7,878**	**9,287**

The majority of trade payables and other current debts (recognised as “financial liabilities at amortised cost” under IAS 39, with the exclusion of taxes covered by IAS 12 and remuneration and contributions to social security plans covered by IAS 19). It is anticipated that these debts will be settled within 12 months.

Note 42 : Accrued charges and deferred income

(x 1 000 €)	2012	2011
Property income received in advance	44	381
Financial charges accrued	1,424	1,288
Other accrued charges	1,089	843
TOTAL	**2,557**	**2,512**

Note 43 : Employee benefits expense

The total of employee benefits (excluding executive management and directors presented in note 16) are broken down in the income statement as follows :

(x 1 000 €)	2012	2011
Cleaning costs (see note 10)	-211	-203
Technical costs (see note 11)	-219	-203
Commercial costs	-33	-31
Overheads (see note 16)	-698	-557
Property management costs (see note 14)	-507	-401
Capitalised costs	-45	-51
TOTAL	**-1,713**	**-1,446**

Headcount at the year-end (excl. executive management and directors) :

	2012	2011
Unfurnished	4	3
Furnished	14	13
Not attributable	13	11
TOTAL	**31**	**27**

Note 44: Financial risk management

Aedifica's financial risk management aims to ensure a permanent access to borrowings, and follow and minimize interest risk rate.

1. Debt structure

As of 30 June 2012, the debt-to-assets ratio (as defined in the Royal Decree of 7 December 2010 on Belgian REITs) has risen to 49.9% on a consolidated level (30 June 2011: 45.5%) and 49.9% on a statutory level (30 June 2011: 45.5%). The maximum ratio permitted for Belgian REITs is set at 65% of total assets, thus, Aedifica maintains an additional consolidated debt capacity of €91 million in constant assets or €262 million in variable assets. Conversely, the balance sheet structure permits, other things being equal, the company to absorb a decrease up to a 23% in the fair values of its investment properties before reaching the maximum debt-to-assets ratio. Given Aedifica's existing commitments with its banks, which further limit the maximum debt-to-assets ratio to 60%, the headroom available amounts to €61 million in constant assets, €153 million in variable assets, and -17% in the fair value of investment properties. When exceeding the threshold of 50%, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio exceeds the threshold of 65% (article 54 of the Royal Decree of 7 December 2010).

Aedifica's financial model relies on a structural indebtedness. Hence, cash balances are usually low. They amounted to €2 million as of 30 June 2012.

Aedifica has neither pledged any buildings as collateral for its debts, nor has it granted any other security to debt-holders.

2. Liquidity risk

Aedifica enjoys a strong and stable relationship with its banks, which form a diversified pool of multinational institutions. Details of Aedifica's credit facilities are disclosed in Note 40.

As of 30 June 2012, €296 million of credit facilities are in use by Aedifica (2011: €232 million), out of total available credit of €392 million (a breakdown of the credit facilities by banks is provided in Note 40). The headroom (€ 96 million, to which the credit facility granted by BNP Paribas Fortis on 11 July 2012 should be added, as well as the effect of the re-negotiated maturity – from March 2013 to June 2014 – of one of the credit facilities granted by KBC Bank) is sufficient to cover the Aedifica's financial needs (including the development projects in progress) until the end of the 2012/2013 financial year.

Given the regulatory status of Belgian REITs, and given the type of property in which Aedifica invests, the risk of non-renewal of mature credit facilities is remote, except unforeseen circumstances, even in the context of a credit crunch. Anyway, in case of worsening of the market conditions in comparison with those that existed at the time of signing of the current credit facilities, there is a risk of increasing credit spreads.

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

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

As of 30 June 2012, the undiscounted future cash flows related to the credit facilities include in principal the amount of €294 million maturing within 1 year, €1 million maturing between 1 and 5 years, and €1million maturing in more than 5 years. The credit facilities also give rise to an interest expense of €0.4 million due within 1 year (2011: €232 million in principal and €0.5 million in interest).

The undiscounted contractual future cash flows related to hedging instruments are analysed as follows:

As at 30 June 2012 (x 1 000 €)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-3,472	-12,530	-4,617	**-20,619**
Derivatives for which hedge accounting is not applied	-2,530	-9,026	-7,625	**-19,181**

As at 30 June 2011 (x 1 000 €)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-2,134	-3,056	-790	**-5,980**
Derivatives for which hedge accounting is not applied	-1,937	-5,195	-4,239	**-11,371**

3. Interest rate risk

All financial debts of Aedifica are floating-rate borrowings (except two fixed-rate facilities totaling €2 million). This allows Aedifica to benefit from low interest rates on the non-hedged part of its borrowings. To mitigate the risk of increasing interest rates, Aedifica follows a policy aimed at securing over several years the interest rates related to at least 60% of its current or highly probable indebtedness.

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

For example, assuming that the structure and level of financial debts remain unchanged, and assuming that no hedges have been entered into, simulations show that a deviation increase of 25 bps of the 2012/2013 interest rates over the forecast rates would lead to an additional €0.8 million interest expense for the year ended 30 June 2013.

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, as well as caps and collars). All hedges are entered into with leading banks and relate to existing or highly probable risks. Where appropriate, Aedifica applies hedge accounting as defined by IAS 39. The analysis of the hedges is provided in the Board of Directors' report and in Note 33. The hedges are entered into for long periods; however, the agreements signed with the banks providing the hedges provides (in line with market practice) for events that would lead to early termination of the hedges or initiate margin calls (in cash for example) in favour of the banks.

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

4. Counterparty risk

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

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

Aedifica is in an on-going relationship with the 5 banks listed above (see section 2). What regards to hedging, the main providers (by order of magnitude) are ING, BNP Paribas Fortis and KBC Bank.

5. Foreign exchange risk

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

6. Financial planning risk

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

Note 45: Contingencies and commitments

1. Commitments

None of the acquisition values mentioned below exceed the investment value determined by the independent expert at the time of the signing of the agreement (which generated the commitment).

1.1 Extension of the "Aux Deux Parcs" rest home in Jette
In the framework of the long lease with Senior Living Group, Aedifica committed to finance the extension of the existing rest home for a maximum budget of €0.7 million. This commitment is subject to outstanding conditions.

1.2 Construction of a new rest home next to the existing building Au Bon Vieux Temps in Mont-Saint-Guibert
In the framework of the long lease with the operator of the Au Bon Vieux Temps rest home (being part of Senior Living Group), Aedifica committed to finance the construction of a new 75-bed rest home and 20 assisted-living apartments next to the existing rest home in Mont-Saint-Guibert, for a maximum budget of €6.6 million. This commitment is subject to outstanding conditions.

1.3 Extension of the De Edelweis in Begijnendijk
In the framework of the long lease with the operator of the De Edelweis rest home (being part of Senior Living Group), Aedifica committed to finance the extension of the existing rest home for a maximum budget of €2.9 million. Construction began in the summer 2011.

1.4 Extension of the Séniorerie La Pairelle rest home in Wépion (Namur)
In the framework of the long lease with the operator of the La Pairelle rest home (being part of Armonea), Aedifica committed to finance the phase II of the extension of the existing rest home for a maximum budget of €2.2 million. The construction is currently in progress.

1.5 Extension of the Larenshof rest home and construction of an assisted-living apartment in Laarne
In the framework of the long lease with Armonea, Aedifica committed to finance a 28-bed extension of the Larenshof rest home in Laarne phase III of the project) and construction of 30 assisted-living apartments (phase IV) for a maximum budget of €7.4 million. This commitment is subject to outstanding conditions.

1.6 Extension of the hotel Eburon in Tongeren
In the framework of the long lease with the operator of the hotel Eburon (being part of the Different Hotel Group), Aedifica committed to finance the hotel extension, namely the renovation of unused wings, for a maximum budget of €1 million. The first part of the works has already been carried out for €100 thousand. The commitment for the remainder of the works is still subject to outstanding conditions.

1.7 Renovation and extension of the Koning Albert rest home in Dilbeek

In the framework of the long lease with Soprim@, Aedifica committed to finance the renovation and extension of the rest home, for a maximum budget of €11.3 million. Construction is currently in progress.

1.8 Extension of the Klein Veldeken assisted-living apartments in Asse

In the framework of the long lease with Soprim@, Aedifica committed, to finance the extension of this building, for a maximum budget of €6.1 million. This commitment is subject to outstanding conditions.

1.9 Renovation and reconversion of the Marie-Louise rest home in Wemmel

In the framework of the long lease with Soprim@, Aedifica committed to finance the renovation of this building and its conversion into a rehabilitation centre for seniors, for a maximum budget of €3.3 million. This commitment is still subject to outstanding conditions.

1.10 Construction of a new rest home in Wemmel

In the framework of the long lease with Soprim@, Aedifica committed to finance the conversion of a former school located in Wemmel into a new rest home, for a maximum budget of €19.8 million. A development permit was obtained on 21 March 2012 and the construction is currently in progress.

1.11 Extension of the Eyckenborch rest home in Gooik

In the framework of the long lease with Soprim@, Aedifica committed to finance an extension of the rest home, for a maximum budget of €8.7 million. The development permit was obtained on 16 February 2012.

1.12 Construction of two new rest homes in Olen en Wetteren

After entering into a framework agreement with La Reserve SA ("LRI") on 5 July 2010 and as referred to in the 2009/2010 annual financial report (see Note 49), two agreements in principle (with outstanding conditions) were signed on 20 and 24 May 2011. They allow Aedifica to acquire, by way of partial de-mergers, properties in the senior housing segment : a 122-bed rest home under construction in Olen, and a 113-bed rest home under construction in Wetteren) for €18 million and €13 million, respectively. Of the total acquisition value (approximately €31 million), €23 million will be financed through an exchange of new shares to be issued by Aedifica. These investment properties will be rented out to Armonea under 27-year triple net leases.

1.13 Construction of a new rest home in Tervuren

Aedifica signed an agreement in principle for the development of a new rest home in Tervuren, for a maximum budget of €24 million. This agreement is subject to outstanding conditions, such as the final approval of the development permit. After completion, the rest home will have a capacity of 120 beds and 40 assisted-living apartments.

1.14 Earn-outs

For some acquisition deals, a portion of the acquisition price has been set based on future contingent events, such as the public authority's approval of subsidised additional beds (in the case of a rest home), or the increase of the rent after extension. These events could trigger earn-outs, i.e. additional future payments owing to the seller of the property.

2. Contingent liabilities

2.1 Credit facilities

No security has been pledged in relation to the Company's credit agreements.

2.2 Acquisition of shares in property companies, mergers and de-mergers

Generally speaking, Aedifica benefits from warranties provided by the sellers of shares in property companies acquired.

3. Contingent assets

3.1 Guaranteed rental income

As of 30 June 2012, Aedifica does not enjoy any remaining guaranteed rental income.

3.2 Security received on rental agreements

Generally speaking, Aedifica benefits from rental guarantees (in line with market practice and applicable regulations), in the form of bank guarantees, restricted bank deposits or guarantor backings.

Moreover, in certain cases, Aedifica benefits from other securities:

- Martin's Brugge: commitments of the lessee are covered by a mortgage (ranking #4) in the amount of €25 thousand and a mortgage authorisation in the amount of €1,230 thousand on the building "Château du Lac" located at avenue du Lac 87, 1332 Genval;
- Martin's Klooster: commitments of the lessee are covered by a mortgage (ranking #6) in the amount of €50 thousand and a mortgage authorisation (ranking #11) in the amount of €450 thousand on the building "Château du Lac" located at avenue du Lac 87, 1332 Genval;
- Ecu, Eburon, Carbon, Eurotel: commitments of each lessee are backed by the lessees of the other buildings, who act as cross-guarantors.

3.3 Securities received following acquisitions

In case of acquisitions, contributions in kind, mergers, and de-mergers, Aedifica benefits from the following securities;

- Ring: bank guarantees of €0.5 million to be lifted in several steps at the latest on 31 March 2013;
- Residence du Golf: bank guarantee of €0.3 million, to be lifted at the latest on 31 December 2012;
- Gaerveld (assisted-living apartments): commitment from the shareholders of the company Home to hold all of their shares in that entity for a period of 5 years, to manage the entity following best practices over the same time period, and to provide sufficient funds to the entity to enable it to fulfil all obligations toward Aedifica;
- Freesias and Heliotropes: security on Aedifica shares worth €0.7 million, to be lifted in several steps after March 2015;
- Bois de la Pierre: security on Aedifica shares worth €0.1 million, to be lifted on 30 June 2013 at the latest;
- Gaerveld (rest home): security on Aedifica shares held by Mr and Mrs Houbaer-Meers worth €0.8 million, to be lifted in several steps ending on 8 April 2015 at the latest.

4. Other

4.1 Résidence Palace – Résidence Esplanade

Aedifica signed a provisional sales agreement relating to the acquisition of 6 parking spaces in the building Résidence Esplanade next to the building Résidence Palace. These parking places are currently under construction.

4.2 Sundry options

- Long leases on rest homes and hotels: in some cases, Aedifica has granted preferential rights, renewal rights or purchase options to the lessees. Aedifica benefits from a number of preferential rights granted by rest homes lessees.

- Sale or purchase options on vacant land (related to some rest home extensions): in certain cases, Aedifica has granted options to third parties, and/or benefits from options allowing it to dispose of land (e.g. when it appears that pieces of land will not be used for the contemplated extension).

Note 46 : Acquisitions and disposals of investment properties

The main investment property acquisitions of the financial year are the following ones:

Acquisitions Name	Business segment	Properties valuation* (x 1 000 €)	Register of corporations	Acquisition date**	Acquisition method
ALWN NV	Senior housing	29,139	0869.970.333	7/09/2011	Acquistion of shares and subsequent merger
Ter Venne NV	Senior housing		0809.454.607	7/09/2011	Acquistion of shares and subsequent merger
Siracam NV	Furnished apartements	7,126	0421.236.554	5/10/2011	Contribution in kind of shares and subsequent merger
TOTAL		**36,265**			

* 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.

All these operations are detailled in the Board of Directors' report.

Note 47 : Changes in fair value of financial assets and liabilities

(x 1 000 €)	2012	2011
Authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-75	204
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-9,384	4,203
Subtotal	-9,459	4,407
Other	0	0
TOTAL	**-9,459**	4,407

Note 48: Related party transactions

Related party transactions (as defined under IAS 24 and the Belgian Companies Code) relate exclusively to the remuneration of the Company's Directors and Executive Managers (€1,010 thousand in 2011/2012; €833 thousand in 2010/2011). Remuneration details are provided in part 8 of the corporate governance statement included in the 2011/2012 annual financial report.

Note 49: Subsequent events

On 11 July 2012, a new €30 million "roll-over" credit facility was issued by BNP Paribas Fortis for a 4-year term, ending 11 July 2016. In addition, on 14 August 2012, a €30 million credit facility issued by KBC Bank in 2010, which was scheduled to reach its maturity on 31 March 2013, was extended to 30 June 2014. As scheduled, a credit facility in the amount of €60 million, which reached maturity on 23 July 2012, was reimbursed. A timetable showing the maturity of Aedifica's current lines of credit is presented in Note 40.

On 12 July 2012, the general meeting of Aedifica's shareholders proceeded into a partial de-merger of the "Société d'Investissements et de Financement Immobiliers de l'avenue Louise" (SIFI LOUISE), which aimed to transfer to Aedifica a parcel of land (approximately 349 m^2) belonging to SIFI LOUISE with a contractual value of €0.8 million. This property is located in the Louise district of Brussels, between the streets avenue Louise, rue Vilain XIIII and rue du Lac. Preliminary plans and studies related to the residential development project, which will be constructed on the aforementioned land, were also transferred to Aedifica as part of this transaction. No debts were assumed by Aedifica as a result of the partial de-merger. 16,868 new Aedifica shares (granting dividend rights as from 12 July 2012 and to be listed as from the ex-dividend date related to the 2012/2013 financial year) were issued on this occasion. Consequently, the total number of Aedifica shares now amounts to 7,194,076. Each share confers a right to vote in the general shareholder's meeting, and the total number of shares represents the denominator for notification reasons in the context of transparency regulation. Upon completion of this acquisition, the total capital of Aedifica amounts to €184,930,164.13.

Note 50 : Corrected profit as defined in the Royal Decree of 7 december 2010

The corrected profit as defined in the Royal Decree of 7 December 2010 is calculated based on the statutory accounts as follows :

(x 1 000 €)	2012	2011
Profit (loss)	15,390	25,385
Depreciation	484	382
Write-downs	35	24
Other non-cash items	9,433	-4,391
Gains and losses on disposals of investment properties	-54	0
Changes in fair value of investment properties	-9,423	-8,821
Roundings	1	1
Corrected profit	15,866	12,580
Denominator* (in shares)	7,153,096	6,470,303
Corrected profit per share* (in € per share)	**2.22**	**1.94**

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

Note 51 : List of the subsidiaries, associates and joint ventures

The table below presents a full list of the companies covered by Articles 114 and 165 of the Royal Decree of 30 January 2001 pertaining to the execution of the Belgian Companies Code. The financial year end for each of these companies is 30 June 2012. The percentage of equity held by Aedifica is unchanged as compared to 30 June 2011.

Name	Country	Category	Register of corporations	Capital held (in %)
Aedifica Invest SA	Belgium	Subsidiaries	0879.109.317	100.00
Aedifica Invest Brugge SA	Belgium	Subsidiaries	0899.665.397	100.00

Note 52 : Belgian REIT status

(x 1 000 €)	2012	2011
Consolidated debt-to-assets ratio (max. 65%)		
Total liabilities	341,516	256,903
Corrections	-37,595	-15,685
Total liabilities according to the Royal Decree of 7 December 2010	**303,921**	**241,218**
Total assets	609,092	530,872
Corrections	-38	-245
Total assets according to the Royal Decree of 7 December 2010	**609,054**	**530,627**
Debt-to-assets ratio (in %)	49,9%	45%
Statutory pay-out ratio		
Statutory corrected profit	15,865	12,580
Proposed dividend	13,305	11,776
Pay-out ratio (min. 80%)	84%	94%

Prohibition to invest more than 20% of assets in real estate assets that form a single property
As of 30 June 2012, no single property represents more than 20% of the Company's assets (see "risk factors", section 1.4).

Valuation of investment properties by an expert
Aedifica's properties are valued quarterly by independent experts, Stadim CVBA and de Crombrugghe & Partners SA.

Note 53 : Audit fees

(x 1 000 €)	2012	2011
Statutory audit	40	44
Complementary fees for the statutory audit	0	0
Other legal missions (mergers, contributions in kind, etc.)	3	5
Due diligence	0	17
TOTAL	**43**	**66**

1.7 Auditor's report

This auditor's report has been faithfully reproduced and, to Aedifica's knowledge, no facts have been omitted which would render the information reproduced inexact or misleading.

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF AEDIFICA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the consolidated financial statements as well as the required additional comments.

Unqualified opinion on the consolidated financial statements

We have audited the consolidated financial statements of Aedifica and its subsidiaries (collectively referred to as 'the Group') for the year ended 30 June 2012, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at 30 June 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of € 609.092 (000) and the consolidated statement of income shows a profit for the year, share of the Group, of € 15.338 (000).

Responsibility of the board of directors for the preparation and fair presentation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from the board of directors and the Group's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 30 June 2012 give a true and fair view of the Group's financial position as at 30 June 2012 and of the results of its operations and its cash flows in accordance with IFRS as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional comments

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments, which do not modify the scope of our opinion on the consolidated financial statements:

The directors' report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the entities included in the consolidation are facing, and on their financial situation, their foreseeable evolution or the significant influence of certain facts on their future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 3 September 2012
Ernst & Young Réviseurs d'Entreprises sccrl
Statutory auditor
represented by Jean-François Hubin, Partner