FINANCIAL STATEMENTS[1]

1. The annual financial reports, the Board of Directors' reports and the statutory auditor's reports related to financial years 2011/2012, 2012/2013 and 2013/2014, and the experts' reports, interim statements and semi-annual reports (including the statutory auditor's reports) are available on the website of the Company (www.aedifica.be) or on request at the headquarters of the Company.

CONTENT

1. Consolidated Financial Statements

1.1 Consolidated Income Statement

Year ending on 30 June (x €1,000)		Notes	2015	2014
I.	Rental income	4	49,903	40,675
II.	Writeback of lease payments sold and discounted		0	0
III.	Rental-related charges	5	-50	-62
Net rental income			**49,853**	**40,613**
IV.	Recovery of property charges	6	32	36
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	7	1,811	1,096
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	8	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	9	-1,811	-1,096
VIII.	Other rental-related income and charges	10	-1,563	-1,510
Property result			**48,322**	**39,139**
IX.	Technical costs	11	-1,071	-933
X.	Commercial costs	12	-492	-549
XI.	Charges and taxes on unlet properties	13	-131	-162
XII.	Property management costs	14	-892	-717
XIII.	Other property charges	15	-1,588	-1,187
Property charges			**-4,174**	**-3,548**
Property operating result			**44,148**	**35,591**
XIV.	Overheads	16	-5,355	-4,202
XV.	Other operating income and charges	17	229	32
Operating result before result on portfolio			**39,022**	**31,421**
XVI.	Gains and losses on disposals of investment properties	18	428	0
XVII.	Gains and losses on disposals of other non-financial assets	19	0	0
XVIII.	Changes in fair value of investment properties	20	19,259	3,816
Operating result			**58,709**	**35,237**
XX.	Financial income	21	478	894
XXI.	Net interest charges	22	-12,833	-11,128
XXII.	Other financial charges	23	-792	-731
XXIII.	Changes in fair value of financial assets and liabilities	47	374	-2,990
Net finance costs			**-12,773**	**-13,955**
XXIV.	Share in the profit or loss of associates and joint ventures accounted for using the equity method		0	0
Profit before tax (loss)			**45,936**	**21,282**
XXV.	Corporate tax	24	-771	103
XXVI.	Exit tax	25	0	0
Tax expense			**-771**	**103**
Profit (loss)			**45,165**	**21,385**
Attributable to:				
	Non-controlling interests		0	0
	Owners of the parent		**45,165**	**21,385**
Basic earnings per share (€)		26	4.24	2.16
Diluted earnings per share (€)		26	4.24	2.16

Financial statements

1.2 Consolidated Statement of Comprehensive Income

Year ending on 30 June (x €1,000)			2015	2014
I.	Profit (loss)		45,165	21,385
II.	Other comprehensive income recyclable under the income statement			
	A.	Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-7,432	-3,736
	B.	Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	-181	-2,710
	H.	Other comprehensive income, net of taxes	0	0
Comprehensive income			**37,552**	**14,939**
		Attributable to:		
		Non-controlling interests	0	0
		Owners of the parent	**37,552**	**14,939**

1.3 Consolidated Balance Sheet

ASSETS Year ending on 30 June (x €1,000)		Notes	2015	2014
I.	**Non-current assets**			
A.	Goodwill	27	1,856	1,856
B.	Intangible assets	28	102	21
C.	Investment properties	29	1,003,358	784,980
D.	Other tangible assets	31	1,834	1,911
E.	Non-current financial assets	32	1,397	461
F.	Finance lease receivables		0	0
G.	Trade receivables and other non-current assets		0	0
H.	Deferred tax assets	54	110	244
I.	Equity-accounted investments		0	0
Total non-current assets			**1,008,657**	**789,473**
II.	**Current assets**			
A.	Assets classified as held for sale	29	1,805	0
B.	Current financial assets		0	0
C.	Finance lease receivables		0	0
D.	Trade receivables and other non-current assets	34	4,352	2,938
E.	Tax receivables and other current assets	35	962	495
F.	Cash and cash equivalents	36	3,598	1,156
G.	Deferred charges and accrued income	37	910	661
Total current assets			**11,627**	**5,250**
TOTAL ASSETS			**1,020,284**	**794,723**

EQUITY AND LIABILITIES Year ending on 30 June (x €1,000)		Notes	2015	2014
EQUITY		38		
I.	**Issued capital and reserves attributable to owners of the parent**			
A.	Capital		360,633	264,231
B.	Share premium account		151,388	64,729
C.	Reserves		41,084	46,730
	a. Legal reserve		*0*	*0*
	b. Reserve for the balance of changes in fair value of investment properties		*95,679*	*91,863*
	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		*-25,015*	*-17,582*
	d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		*-19,667*	*-19,484*
	e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS		*-18,717*	*-15,729*
	h. Reserve for treasury shares		*0*	*-56*
	k. Reserve for deferred taxes on investment properties located abroad		*244*	*0*
	m. Other reserves		*0*	*0*
	n. Result brought forward from previous years		*8,560*	*7,718*
D.	Profit (loss) of the year		45,165	21,385
Equity attributable to owners of the parent			**598,270**	**397,075**
II.	**Non-controlling interests**		**0**	**0**
TOTAL EQUITY			**598,270**	**397,075**
LIABILITIES				
I.	**Non-current liabilities**			
A.	Provisions	39	0	0
B.	Non-current financial debts			
	a. Borrowings	40	340,752	274,955
C.	Other non-current financial liabilities	32	39,320	37,774
	a. Authorised hedges		38,050	37,774
	b. Other		1,270	0
D.	Trade debts and other non-current debts		0	0
E.	Other non-current liabilities		0	0
F.	Deferred taxes liabilities	54	2,435	0
Non-current liabilities			**382,507**	**312,729**
II.	**Current liabilities**			
A.	Provisions	39	0	0
B.	Current financial debts			
	a. Borrowings	40	25,897	70,945
C.	Other current financial liabilities		0	0
D.	Trade debts and other current debts			
	a. Exit tax	41	813	615
	b. Other	41	8,484	10,305
E.	Other current liabilities		0	0
F.	Accrued charges and deferred income	42	4,313	3,054
Total current liabilities			**39,507**	**84,919**
TOTAL LIABILITIES			**422,014**	**397,648**
TOTAL EQUITY AND LIABILITIES			**1,020,284**	**794,723**

1.4 Consolidated Cash Flow Statement

Year ending on 30 June (x €1,000)	Notes	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		45,165	21,385
Non-controlling interests		0	0
Tax expense	24	771	-103
Amortisation and depreciation		670	599
Write-downs	5	33	43
Change in fair value of investment properties (+/-)	20	-19,259	-3,816
Gains and losses on disposals of investment properties	18	-428	0
Net finance costs		12,773	13,955
Changes in trade receivables (+/-)		-1,446	-467
Changes in tax receivables and other current assets (+/-)		-467	397
Changes in deferred charges and accrued income (+/-)		-250	-133
Changes in trade payables and other current debts (excl. exit tax) (+/-)		-2,100	2,773
Changes in accrued charges and deferred income (+/-)		1,253	212
Cash generated from operations		**36,715**	**34,845**
Taxes paid		-141	-70
Net cash from operating activities		**36,574**	**34,775**
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-96	-11
Purchase of real estate companies and marketable investment properties		-66,675	-49,714
Purchase of tangible assets		-577	-651
Purchase of development projects		-33,435	-36,727
Disposals of investment properties		15,943	0
Net changes in non-current receivables		49	46
Net investments in other assets		0	0
Net cash from investing activities		**-84,791**	**-87,057**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs *		149,158	0
Disposals of treasury shares		56	28
Dividend for previous fiscal year		-8,891	-16,211
Net changes in borrowings		20,749	98,444
Net changes in other loans		0	0
Net finance costs paid		-13,574	-10,802
Repayment of financial debts of acquired or merged companies		-36,258	-10,461
Repayment of working capital of acquired or merged companies		-60,581	-8,285
Net cash from financing activities		**50,659**	**52,713**
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		**2,442**	**431**
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		1,156	725
Total cash flow for the period		2,442	431
Cash and cash equivalents at end of period	**36**	**3,598**	**1,156**

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

1.5 Consolidated Statement of Changes in Equity

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

Financial statements

Year ending on 30 June (x €1,000)	2014	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	2015
Capital	264,231	78,812	17,591	0	0	0	-1	360,633
Share premium account	64,729	70,580	16,079	0	0	0	0	151,388
Reserves	46,730	0	0	56	-7,613	1,912	-1	41,084
a. Legal reserve	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
b. Reserve for the balance of changes in fair value of investment properties	*91,863*	*0*	*0*	*0*	*0*	*3,816*	*0*	*95,679*
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-17,582*	*0*	*0*	*0*	*-7,432*	*0*	*-1*	*-25,015*
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	*-19,484*	*0*	*0*	*0*	*-181*	*-1*	*-1*	*-19,667*
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	*-15,729*	*0*	*0*	*0*	*0*	*-2,989*	*1*	*-18,717*
h. Reserve for treasury shares	*-56*	*0*	*0*	*56*	*0*	*0*	*0*	*0*
k. Reserve for deferred taxes on investment properties located abroad	*0*	*0*	*0*	*0*	*0*	*244*	*0*	*244*
m. Other reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
n. Result brought forward from previous years	*7,718*	*0*	*0*	*0*	*0*	*842*	*0*	*8,560*
Profit (loss)	21,385	0	0	0	45,165	-21,385	0	45,165
Equity attribuable to owners of the parent	**397,075**	**149,392**	**33,670**	**56**	**37,552**	**-19,473**	**-2**	**598,270**
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	**397,075**	**149,392**	**33,670**	**56**	**37,552**	**-19,473**	**-2**	**598,270**

1.6 Notes to the Consolidated Financial Statements

Note 1: General information

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

Aedifica aims to position itself as a market leader among listed Belgian residential real estate companies, in particular with regard to senior housing. Our objective is to create a balanced portfolio of residential buildings that generates recurring revenues and offers potential for capital gains. We aim to take advantage of two underlying demographic trends, namely population ageing in Western Europe and population growth in Belgium's main cities.

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

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

Publication of the Consolidated Financial Statements was approved by the Board of Directors on 2 September 2015. The Company's shareholders have the power to amend the Consolidated Financial Statements after issue at the Annual General Meeting, to be held on 23 October 2015.

Note 2: Accounting policies

Note 2.1: Basis of preparation

The Consolidated Financial Statements cover the 12-month period ending 30 June 2015. They have been prepared in conformity with "International Financial Reporting Standards" ("IFRS") and the interpretations of the "International Financial Reporting Interpretations Committee" ("IFRIC"), issued as of 30 June 2015 and approved by the European Union ("EU").

These are fully in line with the standards and interpretations published by the "International Accounting Standards Board" ("IASB") applicable as of 30 June 2015. 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 13 July 2014 on Regulated Real Estate Companies.

The Consolidated Financial Statements are prepared in Euros, and presented in thousands 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), put options granted to non-controlling shareholders.

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

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

A summary of significant accounting policies is provided in Note 2.2. The new and amended standards and interpretations listed below are obligatory and have been applied by the Group since 1 July 2014 and have no impact on the Consolidated Financial Statements presented for the 2014/2015 financial year:

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

The new IFRIC 21 interpretation "Levies" which entered into force for the Group on 1 July 2014 had an effect in the income statement during the period through recognition of a net non-recurrent charge of €0.4 million (additional charge of €0.2 million under line "VII. Rental charges and taxes normally paid by tenants on let properties", additional income of €0.2 million under line "V. Recovery of rental charges and taxes normally paid by tenants on let properties", additional charge of €0.4 million under line "XIII. Other property charges"). This is the result of the recognition of property taxes which were previously spread over time (i.e. taken pro rata temporis over the financial year) and which are now recognised at once for the full calendar year. Since the Company's financial year straddles two calendar years, the 2014/2015 income statement exceptionally includes the net effect of 18 months property taxes (6 months for the 2014 calendar year and 12 months for 2015 calendar year).

Several new standards, as well as amendments and interpretations related to existing standards have been issued and will become mandatory for application in financial years beginning on or after 1 July 2015. These changes, which the Aedifica group has not adopted anticipatively, include the following (as of 30 June 205):

- IFRS 9 (new) – Financial Instruments (effective 1 July 2018, pending EU approval);
- IFRS 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations (effective 1 July 2016, pending EU approval);
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 July 2016, pending EU approval);
- IAS 16 et IAS 41 (amended) – Bearer Plants (effective 1 July 2016, pending EU approval);
- IFRS 14 (new) – Regulatory Deferral Accounts (effective 1 July 2016, pending EU approval);
- IFRS 15 (new) – Revenue from Contracts with Customers (effective 1 July 2018, pending EU approval);
- IAS 27 (amended) – Separate Financial Statements (effective 1 July 2016, pending EU approval);
- Annual Improvements to IFRS 2012-2014 Cycle issued in September 2014 (effective 1 July 2016, pending EU approval);
- IFRS 1 (amended) – Disclosure Initiative (effective 1 July 2016, pending EU approval);
- IFRS 10, IFRS 12 and IFRS 28 (amended) – Investment Entities: Applying the Consolidation Exception (effective 1 July 2016, 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 presented on the balance sheet and income statement.

Consolidation principles – Subsidiaries

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

I.A. Goodwill

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

I.B. Intangible Assets

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

I.C. Investment Properties

1. Initial recognition

1.1. Acquisition value

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

1.2. Fair value

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

The fair value of investment properties located in Belgium is calculated as follows:

- Buildings with an investment value greater than €2.5 million: Fair value = investment value / (1+ the average transaction cost defined by BEAMA);
- Buildings with an investment value less than €2.5 million:
    1) Where the expert considers that the building can be divided and sold in separate units (notably individual apartments), the fair value is defined as the lower of the separated investment value / (1 + % transfer tax levied in the region where the building is located) and the investment value / (1+ the average transaction cost defined by BEAMA);
    2) Where the expert considers that the building cannot be divided and sold in separate units, the fair value is the investment value / (1 + % transfer tax levied in the region where the building is located).

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

The fair value of investment properties located abroad take into account locally applicable legal costs.

1.3. Treatment of differences at the time of acquisition

If, for acquisitions such as those defined in section IC 1.1 ("Acquisition value") above, the investment value determined by the independent expert is different than the acquisition value defined in section IC 1.1, the difference (after subtracting the exit tax) is recognised as follows:

- the negative difference between fair value and the investment value attributable to estimated transaction costs is booked directly in equity under line "I.C.c Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties".
- the balance is booked in the income statement under line "XVIII. Changes in fair value of investment properties".

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

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

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

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

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

3. Recurring remeasurement and remeasurement in the event of share transactions
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 shares on the stock exchange, or repurchase shares other than through the stock exchange. While Aedifica is not bound by this valuation, any issue or repurchase price set below this level must be justified (in the form of a special report).

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

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 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 binding for Aedifica and must be reflected in the accounts. Thus, the carrying amount of the properties in the accounts corresponds to the fair value at which they are assessed by Aedifica's independent experts.

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

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

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

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

I.E. Non-current financial assets
1. Hedging instruments
When a derivative provides cash flow hedges to cover a specific risk arising from a financial asset or a firm commitment or a highly probable transaction liability and meets the criteria for hedge accounting under IAS 39, the effective portion of the income or the charge is recognised directly in equity (line “I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS”). The ineffective portion is recognised in the income statement.
When a derivative does not meet the criteria for hedge accounting under IAS 39, it is recognised on the balance sheet at its fair value, and changes in fair value are recognised in the income statement as they occur. The same treatment is applied for hedging instruments showing a negative fair value.

2. Other financial and non-current assets
Financial assets available for sale are valued at fair value (market value if available, otherwise acquisition value). Changes in fair value are recognised in equity (under “I.C.i. Reserve for the balance of changes in fair value of financial assets available for sale“). Receivables are valued at amortised cost.

I.F. Deferred tax assets
When a building is acquired outside of Belgium, the net income generated is subject to a foreign income tax. Deferred taxes are recognised on the balance sheet in relation to any unrealised gains (temporary difference between the fair value and the assessed value used for tax purposes of the building in question).

II.A. Assets held for sale
Properties that are considered non-strategic and which are intended to be sold are included in line II.A. They are recognised at fair value.

II.C/D/E. Receivables
Receivables are measured at amortised cost. Impairments are recognised when the insolvency of the debtor is confirmed.

II.G. Deferred charges and accrued income

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

I.A. et II.A. Provisions

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

I.C.b. Other non-current financial liabilities – Other

The Company can commit itself to acquire the non-controlling shareholdings owned by third parties in subsidiaries, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the balance sheet on line “I.C.b. Other non-current financial liabilities – Other”.

I.H. Deferred tax liabilities

When a building is acquired outside of Belgium, the net income generated is subject to a foreign income tax. Deferred taxes are recognised on the balance sheet in relation to any unrealised gains (temporary difference between the fair value and the assessed value used for tax purposes of the building in question).

II.B/D/E. Current debts

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

II.F. Accrued charges and deferred income

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

I. to XV. Operating result before result on portfolio

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

XVI. to XVIII. Operating result

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

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

Commitments and contingencies

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

Group insurance

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

Note 3: Operating segments

Note 3.1: Presented segments

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

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

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

All revenues are earned from external clients located in the Company's country of residence (Belgium: €45,008 thousand) and abroad (Germany: €4,895 thousand), and all non-current assets are located in the Company's country of residence, with the exception of €119,800 thousand located in Germany. In 2013/2014, all revenues were earned from external clients located in the Company's country of residence (Belgium: €39,559 thousand) and abroad (Germany: €1,116 thousand), and all non-current assets were located in the Company's country of residence, with the exception of €37,350 thousand located in Germany.

Each group of entities that falls under common control is considered as a single customer under IFRS 8. Revenues generated through transactions with a single customer representing more than 10 % of the Company's total revenues must be disclosed. This requirement applies to:

- the 9 buildings (in the senior housing segment) operated by legal entities controlled by the Orpea group, for which rents represent 13 % of the Company's total 2014/2015 rental income (16 % in the prior financial year);
- the 17 buildings (in the senior housing segment) operated by legal entities controlled by the Senior Living Group group (a subsidiary of the Korian – Medica group), for which rents represent 14 % of the Company's total 2014/2015 rental income (17 % in the prior financial year);
- the 11 buildings (in the senior housing segment) operated by legal entities controlled by the Armonea group, for which rents represent 13 % of the Company's total 2014/2015 rental income (13 % in the prior financial year).

Rents mentioned here represent the turnover realised by the Company over the duration of the financial year, which differ from the contractual rents (representing the agreements in place at the time of the year-end closure) on which the analyses included in the Property Report of this Annual Financial Report are based (refer to sections 3.7 and 3.8 of the Property Report).

Note 3.2: Segment information

Year ending on 30 June (x €1,000)		2014					
		Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items*	TOTAL
SEGMENT RESULT							
I.	Rental income	24,566	12,084	4,132	0	-107	40,675
II.	Writeback of lease payments sold and discounted	0	0	0	0	0	0
III.	Rental-related charges	-1	-60	0	0	-1	-62
Net rental income		**24,565**	**12,024**	**4,132**	**0**	**-108**	**40,613**
IV.	Recovery of property charges	0	36	0	0	0	36
V.	Recovery of rental charges and taxes normally paid by tenants on let properties	135	916	45	0	0	1,096
VI.	Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0
VII.	Rental charges and taxes normally paid by tenants on let properties	-135	-916	-45	0	0	-1,096
VIII.	Other rental-related income and charges	0	-1,512	2	0	0	-1,510
Property result		**24,565**	**10,548**	**4,134**	**0**	**-108**	**39,139**
IX.	Technical costs	-3	-846	-15	-68	-1	-933
X.	Commercial costs	0	-546	-3	0	0	-549
XI.	Charges and taxes on unlet properties	0	-159	-4	0	1	-162
XII.	Property management costs	-16	-703	0	0	2	-717
XIII.	Other property charges	0	-1,168	-18	-1	0	-1,187
Property charges		**-19**	**-3,422**	**-40**	**-69**	**2**	**-3,548**
Property operating result		**24,546**	**7,126**	**4,094**	**-69**	**-106**	**35,591**
XIV.	Overheads	-1	-50	-2	-4,256	107	-4,202
XV.	Other operating income and charges	1	60	0	-28	-1	32
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**24,546**	**7,136**	**4,092**	**-4,353**	**0**	**31,421**
SEGMENT ASSETS							
Marketable investment properties		482,401	210,128	73,260	-	-	765,789
Development projects		-	-	-	19,191	-	19,191
Investment properties							**784,980**
Assets classified as held for sale		-	-	-	-	-	0
Other assets		-	-	-	9,743	-	9,743
Total assets							**794,723**
SEGMENT DEPRECIATION		**0**	**-516**	**0**	**-83**	**0**	**-599**
SEGMENT INVESTMENTS							
Marketable investment properties		86,010	9,965	0	-	-	95,975
Development projects		-	-	-	0	-	0
Investment properties		**86,010**	**9,965**	**0**	**0**	**0**	**95,975**
INVESTMENT PROPERTIES IN ACQUISITION VALUE		**441,721**	**199,288**	**71,344**	**-**	**-**	**712,353**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES		**5,896**	**-145**	**-99**	**-1,836**	**-**	**3,816**
VALUE INSURED		**361,884**	**191,941**	**77,105**	**-**	**-**	**630,930**
GROSS YIELD IN FAIR VALUE		**6.0%**	**5.8%**	**6.2%**	**-**	**-**	**5.9%**

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

Year ending on 30 June (x €1,000)	2015					
	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items*	TOTAL
SEGMENT RESULT						
I. Rental income	34,082	11,949	3,986	0	-114	49,903
II. Writeback of lease payments sold and discounted	0	0	0	0	0	0
III. Rental-related charges	-1	-49	0	0	0	-50
Net rental income	**34,081**	**11,900**	**3,986**	**0**	**-114**	**49,853**
IV. Recovery of property charges	0	30	2	0	0	32
V. Recovery of rental charges and taxes normally paid by tenants on let properties	547	884	145	235	0	1,811
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease	0	0	0	0	0	0
VII. Rental charges and taxes normally paid by tenants on let properties	-547	-884	-145	-235	0	-1,811
VIII. Other rental-related income and charges	-74	-1,494	5	0	0	-1,563
Property result	**34,007**	**10,436**	**3,993**	**0**	**-114**	**48,322**
IX. Technical costs	-35	-916	-18	-101	-1	-1,071
X. Commercial costs	0	-492	0	0	0	-492
XI. Charges and taxes on unlet properties	0	-124	-7	0	0	-131
XII. Property management costs	-133	-760	0	0	1	-892
XIII. Other property charges	-11	-1,185	-19	-372	-1	-1,588
Property charges	**-179**	**-3,477**	**-44**	**-473**	**-1**	**-4,174**
Property operating result	**33,828**	**6,959**	**3,949**	**-473**	**-115**	**44,148**
XIV. Overheads	-92	-81	0	-5,296	114	-5,355
XV. Other operating income and charges	134	66	0	29	0	229
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**33,870**	**6,944**	**3,949**	**-5,740**	**-1**	**39,022**
SEGMENT ASSETS						
Marketable investment properties	694,467	214,461	72,696	-	-	981,624
Development projects	-	-	-	21,734	-	21,734
Investment properties						**1,003,358**
Assets classified as held for sale	1,805	0	0	-	-	1,805
Other assets	-	-	-	15,121	-	15,121
Total assets						**1,020,284**
SEGMENT DEPRECIATION	**0**	**-578**	**0**	**-92**	**0**	**-670**
SEGMENT INVESTMENTS						
Marketable investment properties	184,871	0	0	-	-	184,871
Development projects	-	-	-	1,526	-	1,526
Investment properties	**184,871**	**0**	**0**	**1,526**	**0**	**186,397**
INVESTMENT PROPERTIES IN ACQUISITION VALUE	**640,638**	**201,688**	**70,978**	**-**	**-**	**913,304**
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	**13,343**	**1,061**	**125**	**4,730**	**-**	**19,259**
VALUE INSURED	**572,643**	**191,941**	**77,105**	**-**	**-**	**841,689**
GROSS YIELD IN FAIR VALUE	**5.9%**	**5.4%**	**6.2%**	**-**	**-**	**5.8%**

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

Note 4: Rental income

(x €1,000)	2015	2014
Rents earned	49,844	40,640
Guaranteed income	0	0
Cost of rent free periods	-23	-24
Indemnities for early termination of rental contracts	82	59
TOTAL	**49,903**	**40,675**

The Group exclusively rents its buildings under operating leases.

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

- Residential leases: termination of all leases on 1 July 2015, with an average indemnity payment of one and a half months as indemnity payment.
- Commercial and office leases: termination of leases after one and a half years on average.
- Long-term leases (senior housing, hotels): no inflation.

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

(x €1,000)	2015	2014
Not later than one year	49,573	37,188
Later than one year and not later than five years	185,327	136,040
Later than five years	883,244	703,843
TOTAL	**1,118,144**	**877,071**

Rental income includes contingent rents amounting to €41 thousand, with no comparative figure applicable for 30 June 2014.

Note 5: Rental-related charges

(x €1,000)	2015	2014
Rents payable as lessee	-17	-19
Write-downs on trade receivables	-33	-43
TOTAL	**-50**	**-62**

Note 6: Recovery of property charges

(x €1,000)	2015	2014
Indemnities on rental damage	32	36
TOTAL	**32**	**36**

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

(x €1,000)	2015	2014
Rebilling of rental charges invoiced to the landlord	785	628
Rebilling of property taxes and other taxes on let properties	1,026	468
TOTAL	**1,811**	**1,096**

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

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

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

(x €1,000)	2015	2014
Rental charges invoiced to the landlord	-785	-628
Property taxes and other taxes on let properties	-1,026	-468
TOTAL	**-1,811**	**-1,096**

Note 10: Other rental-related income and charges

(x €1,000)	2015	2014
Cleaning	-332	-367
Energy	-318	-365
Depreciation of furniture	-569	-512
Employee benefits	-260	-236
Other	-84	-30
TOTAL	**-1,563**	**-1,510**

Note 11: Technical costs

(x €1,000)	2015	2014
Recurring technical costs		
Repair	-369	-341
Insurance	-81	-57
Employee benefits	-383	-298
Maintenance	-110	-134
Expert fees	-128	-103
TOTAL	**-1,071**	**-933**

Note 12: Commercial costs

(x €1,000)	2015	2014
Letting fees paid to real estate brokers	-244	-323
Marketing	-227	-204
Fees paid to lawyers and other legal costs	-14	-17
Other	-7	-5
TOTAL	**-492**	**-549**

Note 13: Charges and taxes on unlet properties

(x €1,000)	2015	2014
Charges	-131	-162
TOTAL	**-131**	**-162**

Note 14: Property management costs

(x €1,000)	2015	2014
Fees paid to external property managers	-118	-85
Internal property management expenses	-774	-632
TOTAL	**-892**	**-717**

Note 15: Other property charges

(x €1,000)	2015	2014
Property taxes and other taxes	-1,588	-1,187
TOTAL	**-1,588**	**-1,187**

A number of disputes are ongoing with respect to local taxes; Aedifica continues to defend its position in these cases.

Note 16: Overheads

(x €1,000)	2015	2014
Lawyers/notaries	-337	-209
Auditors	-72	-44
Real estate experts	-599	-522
IT	-139	-119
Insurance	-56	-57
Public relations, communication, marketing, publicity	-258	-180
Directors and executive management	-1,577	-1,238
Employee benefits	-1,038	-807
Depreciation and amortisation of other assets	-101	-88
Tax expense	-418	-358
Other	-760	-580
TOTAL	**-5,355**	**-4,202**

Note 17: Other operating income and charges

(x €1,000)	2015	2014
Recovery of damage expenses	6	14
Other	223	18
TOTAL	**229**	**32**

Note 18: Gains and losses on disposals of investment properties

(x €1,000)	2015	2014
Net sale of properties (selling price - transaction costs)	15,943	0
Carrying amount of properties sold	-15,515	0
TOTAL	**428**	**0**

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

Over the course of the current and previous financial years, Aedifica has not recognised any gains or losses from the sale of other non-financial assets.

Note 20: Changes in fair value of investment properties

(x €1,000)	2015	2014
Positive changes	34,209	15,094
Negative changes	-14,950	-11,278
TOTAL	**19,259**	**3,816**
of which: marketable investment properties	14,529	5,652
development projects	4,730	-1,836

Note 21: Financial income

(x €1,000)	2015	2014
Interests earned	31	100
Other	447	794
TOTAL	**478**	**894**

The 2014/2015 financial income includes €0.4 million of non-recurrent income. This amount represents the fee paid to Aedifica at the time of the partial demerger on 4 December 2014 as compensation for the allocation of full dividend rights for the 2014/2015 financial year to the new shares issued that day.

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

Note 22: Net interest charges

(x €1,000)	2015	2014
Nominal interest on borrowings	-6,753	-5,039
Charges arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-3,566	-3,980
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-3,186	-2,891
Subtotal	-6,752	-6,871
Income arising from authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	0	0
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	1	0
Subtotal	1	0
Capitalised borrowings costs	675	783
Other interest charges	-4	-1
TOTAL	**-12,833**	**-11,128**

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)	2015	2014
Bank charges and other commissions	-746	-665
Other	-46	-66
TOTAL	**-792**	**-731**

Note 24: Corporate tax

(x €1,000)	2015	2014
Parent		
Profit before tax (loss)	-11,572	18,422
Effect of the Belgian REIT tax regime	11,572	-18,422
Taxable result in Belgium based on non-deductible costs	264	233
Belgian current tax at rate of 33,99%	-90	-79
Belgian current tax regularisation for the previous year	0	13
Foreign current tax	-180	-18
Foreign deferred taxes: originations	142	388
Foreign deferred taxes: reversals	-276	-144
Subtotal	-404	160
Subsidiaries		
Belgian current tax	-100	-57
Foreign current tax	-6	0
Foreign deferred taxes: reversals	-261	0
Subtotal	-367	-57
TOTAL	**-771**	**103**

The corporate taxes are composed of current taxes and deferred taxes.

Current taxes consist primarily of Belgian tax on Aedifica's non-deductible expenditures (since Belgian REITs benefit from a specific tax regime, inducing only the taxation of non-deductible costs, such as regional taxes, car costs, representation costs, social costs, donations, etc.), tax generated abroad and tax on the result of the consolidated subsidiaries.

Deferred taxes arose from the recognition at fair value of buildings located abroad in conformity with IAS 40. This deferred tax (with no monetary impact, that is to say, non-cash) is thus excluded from the result excluding IAS 39 and IAS 40 (see Note 54).

Note 25: Exit tax

Aedifica has not recognised any exit tax in the income statement.

Note 26: Earnings per share

The earnings per share ("EPS" as defined by IAS 33) is calculated as follows:

	2015	2014
Profit (loss) (Owners of the parent) (x €1,000)	45,165	21,385
Weighted average number of shares outstanding during the period	10,658,981	9,917,093
Basic EPS (in €)	4.24	2.16
Diluted EPS (in €)	4.24	2.16

Aedifica uses profit excluding IAS 39 and 40 to measure its operational and financial performance; however, this performance measure is not defined under IFRS. Profit excluding IAS 39 and IAS 40 represents the profit (attributable to owners of the Parent) after removing changes in fair value of investment properties (and the movements of deferred taxes related to these) and hedging instruments. The definition of profit excluding IAS 39 and 40 as applied to Aedifica's financial statements may differ from that used in the financial statements of other companies.

Profit excluding IAS 39 and IAS 40 is calculated as follows:

(x €1,000)	2015	2014
Profit (loss) (Owners of the parent)	45,165	21,385
Less: Changes in fair value of investment properties (see Note 20)	-19,259	-3,816
Less: Gain and losses on disposal of investment properties (see Note 18)	-428	0
Less: Deferred taxes (see Note 54)	395	-244
Less: Changes in fair value of financial assets and liabilities (see Note 47)	-374	2,990
Roundings	-1	0
Profit excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties)	**25,498**	**20,315**

Weighted average number of shares outstanding during the period	10,658,981	9,917,093
EPS excl. IAS 39 and IAS 40 (before gains and losses on disposals of investment properties - in €)	2.39	2.05

Note 27: Goodwill

(x €1,000)	2015	2014
Gross value at the beginning of the year	1,856	1,856
Cumulative impairment losses at the beginning of the year	0	0
Carrying amount at the beginning of the year	**1,856**	**1,856**
Movements of the year	0	0
CARRYING AMOUNT AT THE END OF THE YEAR	**1,856**	**1,856**
of which: gross value	1,856	1,856
cumulative impairment losses	0	0

Goodwill relates to the acquisition of a company that was active in furnished apartment rentals.

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

An impairment review, performed by calculating value in use, was carried out to ensure that the carrying value of the cash-generating unit's assets (fair value of properties of €28 million, carrying amount of furniture of less than €1 million and carrying amount of goodwill for less than €2 million, i.e. €30 million in total) does not exceed their recoverable amount, defined as the higher of (i) the fair value less costs to sell and (ii) the value in use (estimated at €49 million).

In determining the value in use, the Group calculated the present value of the estimated future cash flows expected to arise from the continued use of the assets using a pre-tax discount rate of 4 %. The discount rate applied is based upon the weighted average cost of capital with appropriate adjustment for the relevant risks associated with the businesses, and can vary one year to another depending on market indicators. Estimated future cash flows are based on long-term plans (i.e. over 5 years) for each cash-generating unit, with extrapolation thereafter based on long-term average growth rates for the individual cash-generating units. This growth rate is set at 1.8 %, in line with expected inflation.

Future cash flows are estimates and may be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data, captured in the abovementioned pre-tax discount. Should the assumptions vary adversely in the future, the value in use of goodwill may fall below the carrying amount. Based on current valuations, the headroom (estimated at €18 million) appears sufficient to absorb a normal variation of approx. 1 % in the pre-tax discount. An impairment on goodwill would be booked for any excess over this headroom.

Note 28: Intangible assets

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

(x €1,000)	**2015**	**2014**
Gross value at the beginning of the year	305	295
Depreciation and cumulative impairment losses at the beginning of the year	-284	-274
Carrying amount at the beginning of the year	**21**	**21**
Entries: items acquired separately	97	10
Amortisations	-16	-10
CARRYING AMOUNT AT THE END OF THE YEAR	**102**	**21**
of which: gross value	402	305
amortisations and cumulative impairment losses	-300	-284

Note 29: Investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS OF 1/07/2013	**614,211**	**28,633**	**642,844**
Acquisitions	95,975	0	95,975
Disposals	0	0	0
Capitalised interest charges	0	782	782
Capitalised employee benefits	0	30	30
Other capitalised expenses	2,786	38,747	41,533
Transfers due to completion	47,165	-47,165	0
Changes in fair value (see Note 20)	5,652	-1,836	3,816
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	0	0	0
CARRYING AMOUNT AS OF 30/06/2014	**765,789**	**19,191**	**784,980**
CARRYING AMOUNT AS OF 1/07/2014	**765,789**	**19,191**	**784,980**
Acquisitions	184,871	1,526	186,397
Disposals	-15,139	0	-15,139
Capitalised interest charges	0	675	675
Capitalised employee benefits	0	20	20
Other capitalised expenses	3,353	25,618	28,971
Transfers due to completion	30,026	-30,026	0
Changes in fair value (see Note 20)	14,529	4,730	19,259
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	-1,805	0	-1,805
CARRYING AMOUNT AS OF 30/06/2015	**981,624**	**21,734**	**1,003,358**

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

The fair value of the Group's portfolio of marketable investment properties assessed by independent experts as of 30 June 2015. The average capitalisation rate applied to contractual rents is 5.84 % (in accordance with the valuation methodology – presented in the first bullet of section 1.12 of the Standing Documents included in the 2014/2015 Annual Financial Report). A positive 0.10 % change in the capitalisation rate would lead to a negative change of €17 million in the portfolio's fair value.

Development projects are described in detail in the Property Report included in the 2014/2015 Annual Financial Report.

Acquisitions made during the year are described in detail in the Consolidated Board of Directors' Report included in the 2014/2015 Annual Financial Report.

All investment properties are considered to be at "level 3" on the fair value scale defined under IFRS 13. This scale includes three levels: Level 1: observable listed prices in active markets; Level 2: observable data other than the listed prices included in level 1; Level 3: unobservable data. During the 2014/2015 financial year, there were no transfers between level 1, level 2 and level 3.

The valuation methodologies (approach under which a capitalisation rate is applied to the estimated rental value and another based on the present value of future cash flows) are described in section 1.12 of the "Standing Documents" of the 2014/2015 Annual Financial Report.

The quantitative information presented below in relation to the determination of the fair value of investment properties based on unobservable data (level 3) is taken from various reports produced by the independent real estate experts:

Type of asset	Fair value as of 30 June 2015 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Senior housing	**696,272**	**DCF**	ERV / m²	76	218	193
			Inflation	1.0%	1.6%	1.1%
			Discount rate	4.7%	6.9%	5.6%
			Residual maturity (year)	4	28	24
Apartment buildings	**214,461**	**Capitalisation**	ERV / m²	68	201	132
			Capitalisation rate	4.6%	8.8%	5.6%
Hotels and other	**72,696**	**DCF**	ERV / m²	79	125	98
			Inflation	1.1%	2.0%	1.7%
			Discount rate	5.7%	8.1%	7.1%
			Residual maturity (year)	22	33	28
		Capitalisation	ERV / m²	86	165	131
			Capitalisation rate	3.3%	7.4%	5.2%
Development projects	**21,734**	**DCF**	ERV / m²	89	201	163
			Inflation	1.0%	1.0%	1.0%
			Discount rate	4.7%	6.2%	5.5%
			Residual maturity (year)	27	27	27
Total	**1,005,163**					

Type of asset	Fair value as of 30 June 2014 (x €1,000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Senior housing	**482,401**	**DCF**	ERV / m²	76	222	143
			Inflation	1.1%	1.9%	1.4%
			Discount rate	5.4%	7.5%	6.1%
			Residual maturity (year)	5	29	24
Apartment buildings	**210,128**	**Capitalisation**	ERV / m²	68	201	131
			Capitalisation rate	4.6%	8.9%	5.7%
Hotels and other	**73,260**	**DCF**	ERV / m²	42	125	97
			Inflation	1.1%	2.0%	1.7%
			Discount rate	6.2%	8.1%	7.3%
			Residual maturity (year)	23	34	29
		Capitalisation	ERV / m²	41	165	129
			Capitalisation rate	3.4%	15.2%	5.2%
Development projects	**19,191**	**DCF**	ERV / m²	97	222	136
			Inflation	1.4%	1.6%	1.4%
			Discount rate	5.9%	6.7%	6.0%
			Residual maturity (year)	27	27	27
Total	**784,980**					

In accordance with legal provisions, properties are revalued four times per year based on valuation reports prepared by the three independent experts appointed by the Company. These valuations are based on:

- information provided by the Company such as contractual rents, rental contracts, investment budgets, etc. These data are extracted from the Company's information system and are thus subject to the Company's internal control environment.
- assumptions and valuation models used by the independent experts, based on their professional judgment and market knowledge.

Reports provided by the independent experts are reviewed by the Company's Investment Manager, the Control Manager and the Executive Managers. This includes a review of the changes in fair value over the period. When the Executive Managers consider that the valuation reports of the independent experts are coherent, the valuation report is submitted to the Audit Committee. Following a favourable opinion of the Audit Committee, these reports are submitted to the Board of Directors.

The sensitivity of the fair value measurement to a change of the abovementioned unobservable data is generally as follows (all else being equal):

Unobservable inputs	Effect on the fair value	
	in case of decrease of the unobservable input value	in case of increase of the unobservable input value
ERV / m²	negative	positive
Capitalisation rate	positive	negative
Inflation	negative	positive
Discount rate	positive	negative
Residual maturity (year)	negative	positive

Interrelations between unobservable data are possible, as they are determined in part by market conditions.

Note 30: Development projects

This Note became redundant with the introduction of the revised IAS 40 “Investment Property” on 1 July 2009. Changes in development projects are now covered in Note 29. Development projects are also described in detail in section 4.2. of the Property Report included in the 2014/2015 Annual Financial Report.

Note 31: Other tangible assets

(x €1,000)	2015	2014
Gross value at beginning of the period	5,080	4,441
Depreciation and cumulative impairment losses at beginning of period	-3,169	-2,592
Carrying amount at beginning of period	**1,911**	**1,849**
Additions	577	651
Disposals	0	0
Depreciation	-654	-589
CARRYING AMOUNT AT END OF PERIOD	**1,834**	**1,911**
of which: gross value	5,531	5,080
depreciations and cumulative impairment losses	-3,697	-3,169

Other tangible assets consist of capital employed in operations (mainly furniture in the furnished apartments).

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

(x €1,000)	2015	2014
Receivables		
Collateral	0	0
Other non-current receivables	349	396
Available-for-sale financial assets		
Investments in related entities (Note 51)	0	0
Assets at fair value through profit or loss		
Hedging instruments (see Note 33)	1,048	65
Other non-current financial assets		
Hedging instruments (see Note 33)	0	0
TOTAL NON-CURRENT FINANCIAL ASSETS	**1,397**	**461**
Liabilities at fair value through profit or loss		
Hedging instruments (see Note 33)	-18,383	-18,289
Other	-1,270	0
Total non-current financial liabilities		
Hedging instruments (see Note 33)	-19,667	-19,485
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**-39,320**	**-37,774**

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

Assets and liabilities recognised at fair value through profit or loss consist principally of hedging instruments for which hedge accounting in the sense of IAS 39 is not applied. However, they serve to hedge against interest rate risks. Other hedging instruments, whether assets or liabilities, meet the criteria set out in IAS 39 for application of hedge accounting. Cash flows generated by all hedges, and/or changes in the fair value recognised in income are covered in Notes 22 and 47.

The other liabilities recognised at fair value through profit or loss (€1,270 thousand) include the put options granted to non-controlling shareholders (see Notes 47 and 56).

Note 33: Hedges

1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn floating rate debts into fixed rate debt or capped-rate debt (cash flow hedges). All hedges (interest rate swaps or “IRS”, caps and collars) relate to existing or highly probable risks. Hedging instruments are either derivatives that meet the strict criteria set by IAS 39 to allow hedge accounting or derivatives which do not meet these criteria but which nonetheless provide economic hedging against interest rate risk. All hedges are entered into in accordance with the hedging policy set out in Note 44. The fair value of hedges is computed by banks based on the present value of expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk (“DVA” or “Debit Valuation Adjustment”) and the counterparty credit risk (“CVA” or “Credit Valuation Adjustment”). The table below lists the hedging instruments.

INSTRUMENT Analysis as at 30 June 2014	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS*	10,528	1/04/2011	3	32	-	4.89	-4,842
Multi-callable IRS*	28,763	31/07/2007	3	36	31/07/2017	4.39	-10,168
IRS	15,000	2/04/2013	3	9	-	3.50	-2,930
IRS	12,000	3/06/2013	3	9	-	3.64	-2,461
IRS	8,000	3/06/2013	3	9	-	3.67	-1,676
IRS	25,000	2/08/2013	3	5	-	3.23	-2,920
IRS	25,000	2/01/2015	3	5	-	2.99	-2,918
IRS	25,000	2/08/2013	3	5	-	2.97	-2,652
Collar	25,000	1/10/2013	3	3	-	3.00	-458
Cap	25,000	1/11/2013	1	1	-	0.75	0
IRS	25,000	2/08/2013	3	5	-	2.70	-2,371
Cap	25,000	1/10/2013	3	1	-	1.25	0
Cap	25,000	1/11/2014	3	1	-	1.00	0
Cap	25,000	1/10/2013	3	2	-	1.00	0
Cap	25,000	1/10/2014	3	1	-	1.25	0
Cap	25,000	1/11/2015	3	2	-	2.50	32
IRS	25,000	3/01/2014	3	7	-	3.10	-3,782
Collar	25,000	1/10/2013	3	3	-	3.00	-595
Cap	25,000	1/11/2014	3	3	-	2.50	32
TOTAL	**424,291**						**-37,709**

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

INSTRUMENT Analysis as at 30 June 2015	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS*	10,356	1/04/2011	3	32	-	4.89	-5,398
IRS*	27,779	31/07/2014	3	29	-	4.39	-10,520
IRS	15,000	2/04/2013	3	9	-	3.50	-2,925
IRS	12,000	3/06/2013	3	9	-	3.64	-2,438
IRS	8,000	3/06/2013	3	9	-	3.67	-1,667
IRS	25,000	2/01/2015	3	5	-	2.99	-3,015
Cap	25,000	3/11/2014	3	1	-	1.00	0
Cap	25,000	1/10/2013	3	2	-	1.00	0
Cap	25,000	1/10/2014	3	1	-	1.25	0
Cap	25,000	1/11/2015	3	2	-	2.50	8
IRS	25,000	3/01/2014	3	7	-	3.10	-3,631
Cap	25,000	1/11/2014	3	3	-	2.50	8
IRS	25,000	2/02/2015	3	6	-	1.94	-1,946
IRS	25,000	3/11/2014	3	6	-	2.51	-2,674
IRS	25,000	1/01/2015	3	3	-	0.70	-362
Cap	50,000	1/10/2015	3	3	-	0.50	284
Cap	50,000	1/10/2015	3	4	-	0.35	748
IRS	25,000	3/11/2014	3	6	-	2.76	-3,003
IRS	25,000	1/01/2015	3	3	-	0.89	-470
Cap	40,000	1/09/2014	1	1	-	0.05	0
TOTAL	**513,135**						**-37,001**

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

The total notional amount of €513 million presented in the table above is broken down as follows:
- operational and active instruments: €248 million;
- operational instruments which became out of the money (caps): €140 million;
- instruments with forward start: €125 million.

The total fair value of the hedging instruments presented in the table above (-€37,001 thousand) can be broken down as follows: €1.048 thousand on line I.E. of the asset side of the consolidated balance sheet (see Note 32) and €38,050 thousand on line I.C.a. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps (€921 thousand), the IAS 39 impact on equity amounts to -€37,923 thousand.

2. Derivatives for which hedge accounting is applied

(x €1,000)	2015	2014
Changes in fair of the derivatives		
Beginning of the year	-19,484	-16,637
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-6,454	-9,581
Transfer to the income statement of interests paid on hedging instruments	6,271	6,734
Transfer to the income statement regarding revoked designation	0	0
AT YEAR-END	**-19,667**	**-19,484**

The amounts recorded in equity will be transferred to net finance costs, in line with the payment of interest on the hedged financial debt, between 1 July 2015 and 31 July 2043.

The year-end equity value includes the effective part (as defined in IAS 39) of the change in fair value (-€181 thousand) of derivatives for which hedge accounting is applied, and the ineffective portion of the 2013/2014 financial year (charge of €1 thousand) that was appropriated in 2014/2015 by decision of the Annual General Meeting held in October 2014. These financial instruments are “level 2” derivatives (according to IFRS 13p81). The ineffective part is nil in 2014/2015. Cash flows arising from interest on the hedges are shown in Note 22.

3. Derivatives for which hedge accounting is not applied

The financial result includes an income of €461 thousand (30 June 2014: a charge of €2,989 thousand), arising from the change in the fair value of derivatives for which hedge accounting is not applied (in line with IAS 39, as listed in the aforementioned framework) (see Note 47). These financial instruments are “level 2” derivatives (as defined in IFRS 13p81). The financial result also includes the amortisation of the premiums paid at the time of the subscription to the caps and collars, which amounts to €291 thousand (30 June 2014: €163 thousand).

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

4. Sensitivity analysis

The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain most of the change in the fair value of hedging instruments between 1 July 2014 and 30 June 2015, which led to the recognition of an income of €461 thousand in the income statement and a charge of €181 thousand directly in equity.

A change in the interest rate curve would impact the fair value of instruments for which hedge accounting is applied (in accordance with IAS 39), and recognised in equity (line “I.C.d. Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS”). All else being equal, a positive change of 10 bps in the interest rate curve at the balance sheet date would have had a positive impact on equity in the amount of €856 thousand (30 June 2014: €812 thousand). A negative change of 10 bps in the interest rate curve at the balance sheet date would have had a negative impact on equity in the same amount. The impact of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IAS 39 is not applied, cannot be determined as precisely, since options are embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the “mark-to-market” value of these instruments to an increase of 10 bps in the interest rate curve is estimated at approx. +€1,134 thousand (30 June 2014: +€857 thousand) in the income statement. A decrease of 10 bps in the interest rate curve would have a negative impact on the income statement in the same range.

Note 34: Trade receivables

(x €1,000)	2015	2014
TRADE RECEIVABLES - NET VALUE	**4,352**	**2,938**

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 (2015: €20.0 million; 2014: €15.5 million) received from tenants to cover their commitments. The carrying amount on the balance sheet is presented net of the provision for doubtful debts. Thus, the risk of exposure to credit risk is reflected in the carrying amount of receivables recognised on the balance sheet.

Trade receivables are analysed as follows:

(x €1,000)	2015	2014
under 90 days	206	10
over 90 days	130	424
Subtotal	336	434
Not due	4,128	2,731
Write-downs	-112	-227
CARRYING AMOUNT	**4,352**	**2,938**

Write-downs have evolved as follows:

(x €1,000)	2015	2014
At beginning of period	-227	-207
Addition	-58	-101
Utilisation	137	24
Reversal	38	57
Mergers	-2	0
AT END OF PERIOD	**-112**	**-227**

Note 35: Tax receivables and other current assets

(x €1,000)	2015	2014
Tax	608	0
Other	354	495
TOTAL	**962**	**495**

Tax receivables are composed mainly of prepayments.

Note 36: Cash and cash equivalents

(x €1,000)	2015	2014
Short-term deposits	0	0
Cash at bank and in hands	3,598	1,156
TOTAL	**3,598**	**1,156**

Cash and cash equivalents are assets which generate interest at varying rates. The amounts presented above were available as of 30 June 2015 and 30 June 2014. 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)	2015	2014
Accrued rental income	563	290
Deferred property charges	347	371
Other	0	0
TOTAL	**910**	**661**

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 2015 – see also section 3 of the chapter "Aedifica in the Stock Market" chapter included in the 2014/2015 Annual Financial Report:

SHAREHOLDERS	Share in capital (in %)
Wulfsdonck Investment (via Finasucre)	5.46

The capital has evolved as follows:

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	9,903,690	254,293
Capital increase	345,427	16,159
Situation at the end of the previous year	**10,249,117**	**270,451**
Capital increase	3,796,814	100,190
Situation at the end of the year	**14,045,931**	**370,641**

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.

The totality of the 14,045,931 shares issued as of 30 June 2015 are listed on the Euronext Brussels continuous market.

Capital increases are detailed in the “Standing Documents” included in the 2014/2015 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 no treasury shares.

The Board of Directors is authorised to raise share capital through one or a series of issuances up to a maximum amount of €180 million on the dates and following the procedures established by the Board, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted to the Board of Directors for a period of 5 years from the publication date in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 29 June 2011. Each time new shares are issued, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares (unless such decisions are made by shareholders at the Annual General Meeting). Increases in share capital decided upon by the Board of Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases can equally be realised through the issuance of convertible debt securities or subscription rights. The remaining balance of the authorised capital amounts to €3 million as of 30 June 2015.

The Board of Directors has proposed a dividend distribution of €2.00 gross per share for the year ended 30 June 2015, i.e. a total dividend of €21,849 thousand.
Calculated in accordance with Article 617 of the Belgian Companies Code and given the Royal Decree of 13 July 2014, reserves available for distribution (statutory) amount to €10,801 thousand as of 30 June 2015, after taking into account the dividend proposed above (2014: €7,803 thousand). Detailed calculations are provided in the notes to the attached Abridged Statutory Accounts.

Aedifica defines capital in accordance with of IAS 1p134 as the sum of all equity accounts. The equity level is monitored using a consolidated debt-to-assets ratio calculated in accordance with the provisions of the Royal Decree of 13 July 2014 (see Note 52), which cannot exceed 60 % and according to the credit agreements in place with the Company’s banks (see Notes 40 and 44). Equity is managed so as to permit the Group to continue as a going concern and to finance its future growth.

Note 39: Provisions

Aedifica contributes to a number of defined contribution plans, open to newcomers. It concerns pension schemes per capitalisation for all beneficiaries, i.e. labourers, staff members and members of the Management Committee (Executive Managers). These schemes are managed through group insurances with a guaranteed return. No personal contributions from the beneficiaries are required.

The Belgian legislation currently provides that the employer needs to guarantee a return of 3.25% on his contribution, and this could generate a liability in his balance sheet. This guarantee is not applicable to the scheme of the members of the Management Committee.

The obligations for defined benefit plans correspond to the maximum amount between the current accounts and the account calculated with the minimum guaranteed return, assessed for each individual (intrinsic value approach). Under these schemes, Aedifica had externalized assets for the amount of €200 thousand as of 30 June 2015. During the 2015/2016 financial year, the expected contribution for the schemes will amount to €80 thousand. An actuarial valuation (intrinsic value approach) showed that as of 30 June 2015 no net asset or liability had to be recognised in the balance sheet for these schemes.

Given that the interest rates that are guaranteed by the insurers have decreased below the level of 3.25 % since 2013, there is a risk for future underfunding, which is however limited in view of the externalised assets.

The amounts recognised as an expense for the long-term benefits granted the members of the Management Committee are detailed in the Remuneration Report included in the 2014/2015 Annual Financial Report.

Note 40: Borrowings

(x €1,000)	2015	2014
Non-current financial debts		
Borrowings	340,752	274,955
Current financial debts		
Borrowings	25,897	70,945
TOTAL	**366,649**	**345,900**

As of 30 June 2015, Aedifica benefits from credit facilities (financial liabilities carried at amortised cost according to IAS 39 and presented as current and non-current financial debts on the balance sheet) issued by eight banks (Bank für Sozialwirtschaft, Bank Degroof, Banque Européenne du Crédit Mutuel, Bayerische Landesbank, Belfius Bank, BNP Paribas Fortis, ING and KBC Bank) totalling €550 million.

- Aedifica can use up €534 million depending on its needs, so long as: (i) the debt-to-assets ratio does not exceed 60 %, (ii) the share of fair value of the rest homes in assets does not exceed 75 % of the total of the balance sheet, and (iii) other covenants (in line with market practice) are met. Each withdrawal is made in Euros for a period of up to 12 months, at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- Aedifica also benefits from amortising facilities amounting to €16 million at fixed rates between 3.1 % and 5.8 %.

The average interest rate, including the spread charged by the banks and the effect of hedging instruments, was 2.8 % after deduction of capitalised interest (3.8 % in 2013/2014) and 3.0 % before deduction of capitalised interest (4.0 % in 2013/2014). Given the short duration of the withdrawals, the carrying amount of the variable-rate financial debts is an approximation for their fair value (€351 million). The hedges in place as of 30 June 2015 are detailed in Note 33. The fair value of the fixed-rate financial debts (€16 million) is estimated at €18 million.

As of 30 June 2015, the Group has neither pledged any Belgian buildings as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 3 of the Company's 14 German buildings are linked to a mortgage, respecting the requirements laid down in Article 43 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies.

The classification between current financial debts and non-current financial debts is made based on the maturity dates of the underlying credit facilities on which the drawings are made, rather than on the maturity date of the individual drawings.

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

– 2015/2016 :	85
– 2016/2017 :	150
– 2017/2018 :	92
– 2018/2019 :	102
– 2019/2020 :	80
– 2020/2021 :	2
– 2021/2022 :	25
– > 2022/2023 :	14
Credit facilities on 30 June 2015:	**550**

Net financial debt is a non-GAAP measure, i.e. its definition is not included in IFRS. Aedifica uses the concept of net financial debt to reflect its indebtedness. It is measured as current and non-current financial debts less cash and cash equivalents. It excludes the fair value of hedging derivatives. The definition of financial debt may differ from that used in the financial statements of other companies. Net financial debt is not taken into account in the computation of debt-to-assets ratio as defined by the Royal Decree of 13 July 2014.

(x €1,000)	2015	2014
Borrowings	366,649	345,900
Less: Cash and cash equivalents	-3,598	-1,156
NET FINANCIAL DEBT	**363,051**	**344,744**

Note 41: Trade payables and other current debts

(x €1,000)	2015	2014
Exit tax	813	615
Other		
Suppliers	4,661	7,422
Tenants	1,408	871
Tax	1,513	1,242
Salaries and social charges	880	748
Dividends of previous years	22	22
TOTAL	**9,297**	**10,920**

The majority of trade payables and other current debts (recognised as “financial liabilities at amortised cost” under IAS 39, excluding taxes covered by IAS 12 and remuneration and contributions to social security plans covered by IAS 19). It is anticipated that these debts will be settled within 12 months. The carrying amount constitutes an approximation of their fair value.

Note 42: Accrued charges and deferred income

(x €1,000)	2015	2014
Property income received in advance	424	77
Financial charges accrued	1,912	1,752
Other accrued charges	1,977	1,225
TOTAL	**4,313**	**3,054**

Note 43: Employee benefits expense

Total employee benefits (excluding Executive Managers and Directors presented in Note 16) are broken down in the income statement as follows:

(x €1,000)	2015	2014
Cleaning costs (see Note 10)	-260	-236
Technical costs (see Note 11)	-383	-298
Commercial costs	-51	-38
Overheads (see Note 16)	-1,038	-807
Property management costs (see Note 14)	-774	-632
Capitalised costs	-20	-30
TOTAL	**-2,526**	**-2,041**

Headcount at the year-end (excluding Executive Managers and Directors):

	2015	2014
Total excluding students	35	36
Students	0	2
TOTAL	**35**	**38**

Note 44: Financial risk management

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

1. Debt structure

The debt-to-assets ratio (as defined in the Royal Decree of 13 July 2014) is provided in section 3.3 of the Consolidated Board of Directors' Report included in this Annual Financial Report. As of 30 June 2015, it amounts to 36.9 % on statutory level and to 37.0 % on consolidated level. This section also discloses the maximum ratio permitted before the Company reaches the maximum debt-to-assets ratio permitted for Belgian REITs (65 % of total assets) or arising due to bank covenants (60 % of total assets). When exceeding the debt-to-assets threshold of 50 %, a financial plan with an implementation schedule must be elaborated, describing the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the maximum permissible threshold of 65 % (Article 24 of the Royal Decree of 13 July 2014).

Aedifica's financial model relies on a structural indebtedness. As a result, cash balances are usually low, amounting to €4 million as of 30 June 2015.

As of 30 June 2015, Aedifica has neither pledged any Belgian building as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 3 out of the Company's 14 buildings in Germany are linked to a mortgage as of 30 June 2015, respecting the requirements laid down in Article 43 of the Act of 12 May 2014.

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 2015, Aedifica is using credit facilities totalling €367 million (2014: €346 million), out of €550 million in total available credit. This provides a headroom of €183 million is sufficient to cover Aedifica's short-term financial needs (including the development projects in progress) until the end of the 2015/2016 financial year. The investment amount that is budgeted in the Company's financial plan for the existing projects as of 30 June 2015 is estimated at €61 million, to which a hypothetical investment of €50 million should be added. This brings the total investment which is included in the financial plan for the 2015/2016 financial year to €111 million.

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

The Company would be exposed to a liquidity risk which would arise due to a lack of cash flow in the event of early termination of the credit facilities. Should the Company fail to comply with the provisions of credit facility arrangements, the facilities might indeed be cancelled, re-negotiated, or forced into reimbursement. The covenants in place are in line with market practice, and in particular require that the debt-to-assets ratio (as defined by the Royal Decree of 13 July 2014) does not exceed 60 %. Moreover, there is a risk of early termination in the event of a change of control, in case of non-compliance with the Company's obligations, and, more generally speaking, in the event of default as defined in these arrangements. Based on the information available to date, and the prospects for the foreseeable future, there is no indication of a possible early termination of one or more of the existing credit facilities. However, this risk cannot be ignored completely. Moreover, Aedifica does not itself retain control over certain commitments, such as in the event of a change of control, which could lead to the early termination of the credit facilities.

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

As of 30 June 2015, the undiscounted future cash flows related to the credit facilities include €352 million maturing within 1 year, €4 million maturing within 1 to 5 years, and €11 million maturing in more than 5 years (2014: €330 million within 1 year). The credit facilities also give rise to an interest expense of €0.9 million that is due within 1 year (2014: €1.0 million interest within 1 year).

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

As at 30 June 2015 (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	-3,214	-13,542	-4,632	-21,388
Derivatives for which hedge accounting is not applied	-2,890	-8,969	-8,156	-20,015

As at 30 June 2014 (x €1,000)	Due within the year	Due between one to five years	Due after more than five years	TOTAL
Derivatives for which hedge accounting is applied	-3,167	-16,282	-4,383	-23,832
Derivatives for which hedge accounting is not applied	-1,831	-4,528	-1,341	-7,700

3. Interest rate risk

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

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

For example, assuming that the structure and level of financial debts remain unchanged, and assuming that no hedges have been entered into, simulations show that a 25 bps positive deviation (increase) in the 2015/2016 interest rates over the forecast rates would lead to an additional €1.1 million interest expense for the year ended 30 June 2016.

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

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

4. Counterparty risk

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

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

Aedifica is in an on-going relationship with the banks listed Note 40 of the Consolidated Financial Statements included in the Annual Financial Report. What regards to hedging, the main providers (by order of magnitude) are ING, BNP Paribas Fortis and KBC Bank.

5. Foreign exchange risk

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

6. Financial planning risk

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

Note 45: Contingencies and commitments

1. Commitments

The acquisition values mentioned below respect the requirements laid down in Article 49 § 1 of the Belgian Act of 12 May 2014 on Regulated Real Estate Companies (at the time of the signing of the agreements which generated the commitment).

1.1 Extension of the Aux Deux Parcs rest home in Jette

Aedifica committed to finance the extension of the existing rest home for a maximum budget of €1.9 million. Works are expected to begin shortly.

1.2 Renovation and extension of the L'Air du Temps rest home in Chênée

Under the long lease with Senior Living Group, Aedifica committed to finance the renovation and extension of the L'Air du Temps rest home in Chênée for a maximum budget of €6.2 million. Works are expected to begin shortly.

1.3 Construction of a new rest home and assisted-living apartments next to the existing building Au Bon Vieux Temps in Mont-Saint-Guibert

Under 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 rest home and assisted-living apartments next to the existing rest home in Mont-Saint-Guibert, for a maximum budget of €10.3 million. Works are currently in progress.

1.4 Renovation and extension of the Op Haanven rest home in Veerle-Laakdal

Under the long lease with Senior Living Group, Aedifica committed to finance the renovation and extension of the rest home in Veerle-Laakdal for a maximum budget of €4.4 million. Works are currently in progress.

1.5 Extension of the Pont d'Amour rest home in Dinant

Under the long lease with the operator of the Pont d'Amour rest home (being part of the Armonea group), Aedifica committed to finance the extension of the rest home for a maximum budget of €7.9 million. Works are currently in progress.

1.6 Renovation and reconversion of the Marie-Louise into assisted-living apartments in Wemmel

Under 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 €4.0 million. Works are currently in progress.

1.7 Construction of a new assisted-living apartment building next to the Cheveux d'Argent rest home in Sart-lez-Spa

Under the long lease with the operator of the Cheveux d'Argent rest home (being part of Senior Living Group), Aedifica committed to finance the construction of a new assisted-living apartment building next to the existing rest home in Sart-lez-Spa for a maximum budget of €3.0 million. This commitment remains subject to outstanding conditions.

1.8 Renovation and extension of the 't Hoge rest home in Kortrijk

Under the long lease with the operator of the 't Hoge rest home (which includes a guarantee from Senior Living Group), Aedifica committed to finance the renovation and extension of the existing building in Kortrijk for a maximum budget of €5.6 million. The first phase is already operational (€3.9 million). Works for the second phase are currently in progress (budget of €1.7 million).

1.9 Extension of the Helianthus rest home in Melle

Under the long lease with the operator of the Helianthus rest home (that benefits the guarantee of Senior Living Group), Aedifica committed to finance the extension of the site for the construction of 22 assisted-living apartments in Melle for a maximum budget of €3.8 million. Works are currently in progress.

1.10 Renovation and extension of the Plantijn rest home in Kapellen

Under the long lease with Armonea, Aedifica committed to finance the renovation and extension of the Plantijn rest home for a maximum budget of €7.6 million. The development permit has been obtained.

1.11 Renovation and redevelopment of the Salve rest home in Brasschaat

Under the long lease with Armonea, Aedifica committed to finance the renovation and redevelopment of the Salve rest home for a maximum budget of €8.4 million. The construction is currently underway (budget of €2.4 million), with the first phase (€6.0 million) already completed.

1.12 Renovation and extension of the Huize Lieve Moenssens rest home in Dilsen-Stokkem

Under the long lease with the operator of the Huize Lieve Moenssens rest home, Aedifica committed to finance the renovation and the extension of the site for a maximum budget of €7.0 million. Works are expected to begin shortly.

1.13 Extension of the De Stichel rest home in Vilvoorde

Under the long lease with the operator of the De Stichel rest home, Aedifica committed to finance the extension of the site for a maximum budget of €3.5 million. The commitment is subject to outstanding conditions.

1.14 Extension of the Oase Binkom rest home in Binkom

Under the long lease with Oase, Aedifica committed to finance the extension of the rest home for a maximum budget of €2.2 million. The commitment is subject to outstanding conditions.

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

Aedifica committed to finance the extension and the renovation of the existing La Ferme Blanche rest home, located in Remicourt, for a budget of €6.0 million. Works are expected to begin shortly.

1.16 Construction of a new rest home and renovation of the Villa Temporis assisted-living apartment complex in Hasselt

Aedifica committed to finance the construction of a new rest home and renovation of the existing assisted-living apartment complex for a budget of €9.6 million (including plot of land). Works are currently under progress.

1.17 Acquisition of two senior housing sites in Flanders

On 12 June 2014, Aedifica announced an agreement in principle (subject to outstanding conditions) which allows the Company to acquire two new rest homes, one under construction in Aarschot (Poortvelden) and another in the planning phase in Glabbeek for a total budget of €27.8 million.

1.18 Acquisition of the Leopoldsburg senior housing site in Leopoldsburg

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

1.19 Earn-outs

For some acquisition deals, a portion of the acquisition price has been set based on future contingent events, such as (in the case of one rest home) the increase of rent after an extension. These events could trigger earn-outs.

2. Contingent liabilities

2.1 Credit facilities

A security has been pledged in relation to the Company's credit agreements, within the limits authorised by the regulation on following buildings: SZ AGO Herkenrath, SZ AGO Dresden and SZ AGO Kreischa.

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

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

3. Contingent assets

3.1 Securities received on rental agreements

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

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

- Martin's Brugge: commitments of the lessee are covered by a mortgage (ranked #2) in the amount of €25 thousand and a mortgage authorisation in the amount of €1,230 thousand on the buildings "Château du Lac" located at avenue du Lac 87, 1332 Genval, "la Villa du Lac", located at avenue des Merisiers 8 and Drève des Magnolias, 1332 Genval and "Le Manoir du Lac", located at avenue Hoover 8, 1332 Genval;
- Martin's Klooster in Leuven: commitments of the lessee are covered by a mortgage (ranked #2) in the amount of €50 thousand and a mortgage authorisation in the amount of €1,340 thousand on the buildings "Château du Lac" located at avenue du Lac 87, 1332 Genval, "la Villa du Lac", located at avenue des Merisiers 8 and Drève des Magnolias, 1332 Genval and "Le Manoir du Lac", located at avenue Hoover 8, 1332 Genval.

3.2 Securities received following acquisitions

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

- Résidence du Lac: a blocked account for €2.1 million that can be freed in September 2015 at the earliest;
- Stephanie's Corner: a blocked account for €0.2 million that can be freed as of 31 December 2015 at the earliest.

4. Other

4.1 Sundry options

- Long leases on rest homes and hotels: in some cases, Aedifica has granted preferential rights, renewal rights or purchase options to the lessees. Aedifica also benefits from a number of preferential rights granted by rest homes lessees.
- Sale or purchase options (related to some development projects): in certain cases, Aedifica has granted options to third parties, and/or benefits from options allowing it to sell buildings (e.g. when it appears that pieces of buildings will not be used for the development projects).

Note 46: Acquisitions and disposals of investment properties

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

ACQUISITIONS NAME	Business segment	Properties valuation* (in € million)	Register of corporations	Acquisition date**	Acquisition method
Woon & Zorg VG Aarschot SPRL	Senior housing	24	0836.667.164	10/07/2014	Acquisition of shares and subsequent merger
Woon & Zorg VG Tienen SPRL	Senior housing	20	0836.667.956	29/08/2014	Acquisition of shares and subsequent merger
Halmolen	Senior housing	18	-	11/12/2014	Acquisition of a building
La Réserve Invest SA Krentzen SPRL Overbeke SPRL	Senior housing	29	0472.563.511 0831.847.551 0816.956.665	4/12/2014	Partial demerger, acquisitions of shares and subsequent merger
Aedifica Luxemburg I SARL	Senior housing	24	B128048	16/12/2014	Acquisition of shares
Aedifica Luxemburg II SARL	Senior housing	22	B139725	16/12/2014	Acquisition of shares
Aedifica Luxemburg III SARL	Senior housing	20	B143704	16/12/2014	Acquisition of shares
Michri SA	Senior housing	4	0862.001.188	18/12/2014	Acquisition of shares
Villa Temporis SA	Senior housing	5	0442.682.066	18/12/2014	Acquisition of shares
Schloss Bensberg	Senior housing	14	-	1/03/2015	Acquisition of a building
TOTAL		**180**			

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

** and consolidation date in the financial statements.

All these operations are detailed in the Board of Directors' Report.

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

(x €1,000)	2015	2014
Authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	0	-1
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	461	-2,989
Subtotal	461	-2,990
Other	-87	0
TOTAL	**374**	**-2,990**

The Line "Other" represents the changes in fair value of the put options granted to non-controlling shareholders (see Notes 32 and 56).

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 (€1,577 thousand in 2014/2015; €1,238 thousand in 2013/2014). Remuneration details are provided in the Corporate Governance Statement included in the 2014/2015 Annual Financial Report.

Note 49: Subsequent events

2 July 2015: Résidence de la Houssière rest home (Braine-le-Comte, Province of Hainaut, Belgium)

On 2 July 2015, Aedifica announced the acquisition (together with its subsidiary, Aedifica Invest SA) of 100 % of the shares of the limited liability company La Croix Huart SA. La Croix Huart is the owner of the plot of land on which the Résidence de la Houssière rest home is located in Braine-le-Comte, Belgium.

The Résidence de la Houssière rest home is well located in a green area, near the centre of Braine-le-Comte, a municipality of approx. 20,000 inhabitants, situated approx. 20 kilometres from Mons (Province of Hainaut, Belgium). The rest home currently comprises 94 beds. The initial building, which dates from the late 1990s, was completed in 2006 with the construction of a new wing. The site also includes a land reserve of approx. 1.5 ha, which presents potential for an extension project. The site is operated by the limited liability company Résidence de la Houssière SA, a local player that has been present on the senior care market for more than 20 years.

The contractual value of the site (including plot of land) amounts to approx. €10 million. The initial triple net yield amounts to approx. 6 %. The Aedifica Group will receive this yield based on a 27-year triple net long lease which will be granted to Résidence de la Houssière SA.

This transaction was structured for execution in two phases:

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

9 July 2015 : Senior Flandria assisted-living apartment building (Bruges, Province of West-Flanders, Belgium)

On 9 July 2015, Aedifica acquired 100 % of the shares of the limited liability companies Senior Hotel Flandria SA and Patrimoniale Flandria SA. Senior Hotel Flandria SA is the owner of the Senior Flandria assisted-living apartment building located in Bruges (Province of West-Flanders, Belgium). Patrimoniale Flandria SA is the owner of the plot of land on which the assisted-living apartment building is located.

The Senior Flandria assisted-living apartment building is well located in a residential area, close to the centre of Bruges. This city of 117,000 inhabitants is the capital city of the province of West Flanders, Belgium. The building, which dates from 1991, currently comprises 108 one-bedroom apartments and common areas (total surface of approx. 6,500 m²). The building is very well maintained and has undergone some renovation works (such as the bathrooms). The building is a recognised assisted-living apartment building intended for senior housing, and offers various facilities (concierge, anti-intruder system, call system, restaurant, fitness, bar, etc.), services (animation, hairdresser, handyman services, cleaning services) and health-care services (physiotherapy, care, home nursing).

The contractual value of the site (including plot of land) amounts to approx. €10 million. The site is operated by the SPRL Happy Old People (controlled by the Armonea group) on the basis of a triple net long lease for which the remaining maturity is approx. 20 years. The initial triple net yield amounts to approx. 6 %.

Note 50: Corrected profit as defined in the Royal Decree of 13 July 2014

The corrected profit as defined in the Royal Decree of 13 July 2014 is calculated based on the Statutory Accounts as follows:

(x €1,000)	2015	2014
Profit (loss)	39,444	18,582
Depreciation	670	599
Write-downs	33	98
Other non-cash items	-2,187	2,922
Gains and losses on disposals of investment properties	-428	0
Changes in fair value of investment properties	-12,105	-1,799
Roundings	-1	1
Corrected profit	25,426	20,403
Denominator* (in shares)	10,924,613	10,249,083
CORRECTED PROFIT PER SHARE* (in € per share)	**2.33**	**1.99**

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

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

The table below presents a full list of the companies covered by Articles 114 and 165 of the Royal Decree of 30 January 2001 pertaining to the execution of the Belgian Companies Code. For the subsidiaries already present in the prior year (Aedifica Invest SA, Aedifica Invest Brugge SA and De Stichel SA), the percentage of equity held by Aedifica is unchanged as compared to 30 June 2014.

NAME	Country	Category	Register of corporations	Capital held (in %)
Aedifica Invest SA	Belgium	Subsidiary	0879.109.317	100.00
Aedifica Invest Brugge SA	Belgium	Subsidiary	0899.665.397	100.00
Aedifica Asset Management GmbH	Germany	Subsidiary	DE297302957	100.00
De Stichel SA	Belgium	Subsidiary	0466.259.105	100.00
Overbeke SPRL	Belgium	Subsidiary	0816.956.665	100.00
Villa Temporis SA	Belgium	Subsidiary	0442.682.066	100.00
Michri SA	Belgium	Subsidiary	0862.001.188	100.00
Aedifica Luxemburg I SARL	Luxembourg	Subsidiary	B128048	94.00
Aedifica Luxemburg II SARL	Luxembourg	Subsidiary	B139725	94.00
Aedifica Luxemburg III SARL	Luxembourg	Subsidiary	B143704	94.00

Note 52: Belgian RREC status

(x €1,000)	2015	2014
Consolidated debt-to-assets ratio (max. 65%)		
Total liabilities	422,014	397,648
Corrections	-44,798	-40,828
Total liabilities according to the Royal Decree of 13 July 2014	377,216	356,820
Total assets	1,020,284	794,723
Corrections	-1,048	-65
Total assets according to the Royal Decree of 13 July 2014	1,019,236	794,658
Debt-to-assets ratio (in %)	**37.0%**	**44.9%**
STATUTORY PAY-OUT RATIO		
Statutory corrected profit	25,426	20,403
Proposed dividend	21,849	19,473
PAY-OUT RATIO (MIN. 80%)	**86%**	**95%**

Prohibition to invest more than 20 % of assets in real estate assets that form a single property

As of 30 June 2015, no single property represents more than 20 % of the Company's assets (see "Risk Factors", section 1.4).

Valuation of investment properties by an expert

Aedifica's properties are valued quarterly by independent experts, Stadim CVBA, de Crombrugghe & Partners SA and CBRE GmbH.

Note 53: Audit fees

(x €1,000)	2015	2014
Statutory (audit Aedifica SA)	29	29
Statutory audit (subsidiaries)	46	23
Opinion reports foreseen in the Belgian Companies Code (Aedifica SA)	20	5
Other opinion reports (comfort letter, etc.) (Aedifica SA)	36	2
Tax advice missions	0	0
Other missions unconnected with the statutory audit	0	0
TOTAL	**131**	**59**

Note 54: Deferred taxes

Deferred taxes recognised on the balance sheet arise from the acquisition of investment properties located outside of Belgium.

They arise from the temporal difference between the buildings' fair value and the assessed value used for tax purposes.

Changes in deferred taxes are presented as follows (see also Note 24):

(x €1,000)	Assets	Liabilities
CARRYING AMOUNT AS OF 1/07/2013	**0**	**0**
Originations	388	0
Reversals	-144	0
Scope changes	0	0
CARRYING AMOUNT AS OF 30/06/2014	**244**	**0**

(x €1,000)	Assets	Liabilities
CARRYING AMOUNT AS OF 1/07/2014	**244**	**0**
Originations	142	0
Reversals	-276	-261
Scope changes	0	-2,174
CARRYING AMOUNT AS OF 30/06/2015	**110**	**-2,435**

Note 55: Fair value

In accordance with IFRS 13, balance sheet elements for which the fair value can be computed are presented below and broken down according to the levels defined by IFRS 13:

(x €1,000)	Level 1	Level 2	Level 3	Carrying amounts of the balance sheet 2015
Investment properties	-	-	1,003,358	**1,003,358**
Assets classified as held for sale	-	-	1,805	**1,805**
Non-current financial assets	-	1,397	-	**1,397**
Trade receivables and other non-current assets	-	4,352	-	**4,352**
Tax receivables and other current assets	-	962	-	**962**
Cash and cash equivalents	3,598	-	-	**3,598**
Non-current financial debts (a. Borrowings)	-	-342,970	-	**-340,752**
Other non-current financial liabilities	-	-39,320	-	**-39,320**
Current financial debts (a. Borrowings)	-	-25,897	-	**-25,897**
Trade debts and other current debts (b. Other)	-	-8,484	-	**-8,484**

(x €1,000)	Level 1	Level 2	Level 3	Carrying amounts of the balance sheet 2014
Investment properties	-	-	784,980	**784,980**
Non-current financial assets	-	461	-	**461**
Trade receivables and other non-current assets	-	2,938	-	**2,938**
Tax receivables and other current assets	-	495	-	**495**
Cash and cash equivalents	1,156	-	-	**1,156**
Non-current financial debts (a. Borrowings)	-	-277,337	-	**-274,955**
Other non-current financial liabilities	-	-37,774	-	**-37,774**
Current financial debts (a. Borrowings)	-	-70,945	-	**-70,945**
Trade debts and other current debts (b. Other)	-	-10,305	-	**-10,305**

In the table above, the fair value of hedging instruments is included under lines “non-current financial assets” and “other non-current financial liabilities”, as broken down in Note 32.

Note 56: Put options granted to non-controlling shareholders

The Company has committed to acquire the non-controlling shareholdings (6 % of the share capital) owned by third parties in Aedifica Luxemburg I SARL, Aedifica Luxemburg II SARL and Aedifica Luxemburg III SARL, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the liability side of balance sheet on line “I.C.b. Other non-current financial liabilities – Other” (see Notes 32 and 47).

1.7 Auditor's Report

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

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF AEDIFICA NV AS OF AND FOR THE YEAR ENDED 30 JUNE 2015
In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in capital and reserves and the consolidated cash flow statement for the year ended 30 June 2015 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the consolidated financial statements - Unqualified opinion
We have audited the Consolidated Financial Statements of Aedifica SA ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 30 June 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of €1.020.284 thousand and of which the consolidated income statement shows a profit for the year of €45.165 thousand.

Responsibility of the Board of Directors for the preparation of the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and 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 given 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 International Standards on Auditing ("ISAs"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.
We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion
In our opinion, the Consolidated Financial Statements of the Group as at 30 June 2015 give a true and fair view of the consolidated net equity and financial position, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.
In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as published in the Belgian Gazette on 28 August 2013 (the "Additional Standard"), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

- The Board of Director's report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 2 September 2015
Ernst & Young Réviseurs d'Entreprises sccrl
Statutory auditor
represented by Jean-François Hubin*, Partner

* Acting on behalf of a BVBA/SPRL