

## **INTERIM STATEMENT** **Regulated information**

14 November 2012 – After closing of markets  
**Under embargo until 17:40 CET**

### **Interim statement of the Board of Directors** **1<sup>st</sup> quarter 2012/2013**

- Fair value of investment properties amounting to €606 million
- Very high occupancy rate of 97.4 % for the unfurnished portion of the portfolio (representing 90 % of the fair value of marketable investment properties)
- Occupancy rate of 78.6 % for the furnished portion of the portfolio (representing 10 % of the fair value of marketable investment properties)
- 11 % increase of the consolidated rental income compared to the 1<sup>st</sup> quarter of previous financial year
- Net asset value at €38.67 per share (i.e. €44.03 per share excluding IAS 39 impact), an increase of 4 % compared to 30 June 2012
- Debt-to-assets ratio of 48.3 %
- Publication on 9 November 2012 of the notice relating to the public offering of new shares within the framework of a capital increase in cash with preferential subscription rights

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### **1. Summary of the activities since 1 July 2012**

In addition to the acquisition of land ideally located in the Louise district in Brussels (in the framework of the development of a residential project), Aedifica continued during the first quarter of financial year 2012/2013 to develop its real estate portfolio by investing a total of €3 million in the execution of major construction projects, such as the new rest home in Wemmel (total budget of around €20 million, of which €15 million still to be executed) and the renovation and extension of the Koning Albert rest home in Dilbeek (total budget of over €11 million, of which €9 million still to be executed). These development projects should be completed during the 2013/2014 financial year.

The abovementioned investments are fully aligned with Aedifica's strategy developed around two underlying demographic trends, which are the shift toward cities and the ageing population.

In parallel with its investment activities, Aedifica continues to manage its existing real estate portfolio, which consists of furnished and unfurnished apartment buildings, senior housing (which represents the most significant segment in terms of both rental income and fair value), and hotels. This translates into rental incomes, representing more than €9 million for the 1<sup>st</sup> quarter (against €8 million one year earlier), supported by an occupancy rate of 97.4 % for the unfurnished portion of the portfolio, representing 90 % of the fair value of marketable investment properties.

The “non-cash” elements of the income statement (change in fair value of investment properties and change in fair value of hedging instruments) represent a net unrealised capital gain of almost €8 million, of which the major part comes from the change in fair value of marketable investment properties. The debt-to-assets ratio of Aedifica amounts to 48.3 % as of 30 September 2012 (against 49.9 % as of 30 June 2012).

At the end of the 1<sup>st</sup> quarter of the financial year, Aedifica is slightly ahead of quarterly forecasts (both in terms of rental income as in terms of profit excluding IAS 39 and IAS 40) derived from the annual outlook for the 2012/2013 financial year which is presented in the annual financial report 2011/2012 (section 11.2 of the consolidated Board of Directors' report).

Furthermore, Aedifica could undertake new investment opportunities that are fully aligned with its investment strategy. As indicated in the annual press release of 4 September 2012, seizing these opportunities should ideally depend on an enlarged equity base that permits maintaining a sustainable debt-to-assets ratio in the range of 50 % to 55 %. In this context, Aedifica published on 9 November 2012 a notice relating to the public offering of new shares within the framework of a capital increase in cash with preferential subscription rights.

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### 2. Important events

#### 2.1. During the 1<sup>st</sup> quarter 2012/2013

- Résidence du Lac (Brussels)

As announced in the press release of 12 July 2012 and reiterated in the press release on the annual results 2011/2012 of Aedifica of 4 September 2012, the general meeting of Aedifica proceeded on 12 July 2012 into a partial de-merger of the “Société d’Investissements et de Finacement Immobiliers de l’avenue Louise” (SIFI LOUISE), which aimed to transfer to Aedifica a parcel of land (approximately 349 m<sup>2</sup>) belonging to SIFI LOUISE with a contractual value of €0.8 million. This property is located in the Louise district of Brussels, between the streets avenue Louise, rue Vilain XIII and rue du Lac. Preliminary plans and studies related to the residential development project, which will be constructed on the aforementioned land, were also transferred to Aedifica as part of this transaction. No debts were assumed by Aedifica as a result of the partial de-merger. 16,868 new Aedifica shares (granting dividend rights as from 12 July 2012 and to be listed as from the ex-dividend date related to the 2012/2013 financial year) were issued on this occasion. Upon completion of this acquisition, the total capital of Aedifica amounts to €184,930,164.13.

- Ring Building (Antwerp)

On 20 August 2012, Aedifica acquired an apartment in the “Ring” apartment building located at Plantin-Moretuslei 107-115 in Antwerp. Aedifica now holds 88 of the 98 apartments in this building, which first entered its investment portfolio in 2007.

- Logis de Famenne (Wanlin)

As announced in the interim statement of 3<sup>rd</sup> quarter 2011/2012 of 16 May 2012 and reiterated in the press release on the annual results 2011/2012 of Aedifica of 4 September 2012, the Armonea group has transferred the beds and residents from the “Logis de Famenne” rest home in Wanlin toward the new rest home “Pont d’Amour” in Dinant (completed in April 2012). Since the transfer, the Armonea group continued to assume its lease obligations in respect of the “Logis de Famenne” rest home.

After examining various possible reallocation options together with Aedifica, a new operator was found for the Wanlin site. This new operator has taken over the lease obligations since 10 September 2012.

The new operator of the site is the group “Le Carrosse”. “Le Carrosse” is a set of institutions that offer a permanent home in Belgium to individuals with mental retardation associated or not with specific pathologies. The group currently hosts more than 250 residents spread across 10 sites in Belgium. The group renamed the “Logis de Famenne” site to “La Boule de Cristal”.

Aedifica looks forward to this new collaboration with a key player in a sector that is consistent with the strategy of Aedifica, where care and housing needs are combined.

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- Projects in progress

The following development projects are in progress:

- De Edelweis (extension of a rest home in Begijnendijk);
- Rue Haute (renovation of an apartment building in Brussels);
- Koning Albert I (renovation and extension of a rest home in Dilbeek);
- Séniorerie La Pairelle (phase II);
- Eyckenborch (extension of the rest home in Gooik);
- Wemmel (construction of a new rest home).

- Financing

On 11 July 2012, a new €30 million “roll-over” credit facility was issued by BNP Paribas Fortis for a 4-year term, ending 11 July 2016.

As scheduled, the amount of €60 million, which reached maturity on 23 July 2012, was reimbursed.

On 14 August 2012, a €30 million credit facility issued by KBC Bank in 2010, which was scheduled to reach its maturity on 31 March 2013, was extended to 30 June 2014.

The timetable showing the maturity of Aedifica’s current credit facilities is as follows (in € million) (this situation is the same as the one communicated in the annual financial report 2011/2012):

- July 2013:	150
- August 2013:	30
- June 2014:	30
- August 2014:	15
- October 2015:	30
- June 2016:	30
- July 2016:	30
- August 2016:	15
- January 2017:	30
- 2021:	<u>2</u>
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### 2.2. After the 1<sup>st</sup> quarter 2012/2013

On 25 October 2012, Aedifica disposed of 1 apartment in the building “Broqueville 8” located in Brussels, a co-owned building. This sale generated a net gain on disposal of approx. 25 % as compared to its most recent fair value (30 September 2012). Aedifica now holds 6 apartments in this building.

Aedifica’s financial communication has taken a new dimension with the translation into English of its press releases (since 26 October 2012) and its annual financial report. These documents are available on the website of Aedifica.

On 9 November 2012, Aedifica published a notice relating to the public offering of new shares within the framework of a capital increase in cash with preferential subscription rights. The text of the notice was also published on 9 November 2012 in the Annexes of the Belgian State Gazette, in L’Echo and in De Tijd, and is available on the website of the Company.

### 3. Turnover of the 1<sup>st</sup> quarter 2012/2013

The consolidated turnover (consolidated rental income) for the first quarter of the current financial year (1 July 2012 – 30 September 2012) amounts to €9.0 million, i.e. +11 % as compared to the same period of previous financial year (-1 % on a like-for-like basis and +1 % as compared to the quarterly forecasts derived from the annual outlook for the 2012/2013 financial year which is presented in the annual financial report 2011/2012), despite the highly difficult economic context.

The table below presents the consolidated rental income by segment:

Consolidated rental income (x €1,000)	30 September 2012	30 September 2011	Var. (%)	Var. (%) on a like-for-like basis
Unfurnished apartment buildings	1,758	1,792	-2%	-2%
Furnished apartment buildings	1,331	1,359	-2%	-11%
Senior housing	4,752	4,016	+18%	+3%
Hotels and other	1,199	991	+21%	-1%
Intersegment items	<u>-25</u>	<u>-25</u>		
<b>Total</b>	<b>9,015</b>	<b>8,133</b>	<b>+11%</b>	<b>-1%</b>

### 4. Investment properties as of 30 September 2012

During the first quarter of the 2011/2012 financial year, Aedifica increased its portfolio of marketable investment properties by €10 million, from a fair value of €583 million to €594 million (i.e. +1.9 %). This growth mainly comes from the changes in the fair value of marketable investment properties recognised in income (+ €9 million, or +1.5 % over the first quarter). This appreciation, assessed by the independent experts, is broken down as follows:

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- unfurnished apartment buildings: + €0.8 million, i.e. +0.6 %;
- furnished apartment buildings: + €0.7 million, i.e. +1.2 %;
- senior housing: + €6.2 million, i.e. +2.0 %;
- hotels and other: + €0.8 million, i.e. +1.1 %.

As of 30 September 2012, Aedifica had 124 marketable investment properties, with a total surface area of 293,000 m<sup>2</sup>, consisting mainly of:

- 544 unfurnished apartments;
- 295 furnished apartments;
- 34 rest homes comprising 3,255 beds, 2 assisted-living buildings comprising 61 serviced apartments and a building affected to permanent housing for persons with a mental disability;
- 6 hotels comprising 521 rooms.

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

- 54 % senior housing;
- 33 % apartment buildings, of which:
  - 23 % unfurnished apartment buildings;
  - and 10 % furnished apartment buildings.
- 13 % hotels and other building types.

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

- 47% in Brussels;
- 36% in Flanders;
- 17% in Wallonia.

The occupancy rate<sup>1</sup> of the total unfurnished portion of the portfolio amounted to 97.4 % as of 30 September 2012. This is a very high level although it is slightly below the record level rates recorded over the previous financial year (97.8 % as of 30 June 2012).

The occupancy rate of the furnished portion of the company's real estate portfolio reached 78.6 % over the first three months of the financial year, a decrease as compared to the occupancy rate realised on the first three months of the previous financial year (85.6 %) and to the occupancy rate on the whole 2011/2012 financial year (82.3 %). This reflects the amplified seasonality arising from the economic climate, as noted in the semi-annual financial report released on 14 February 2012, and is also explained by the fact that Aedifica takes advantage of the slowdown to renovate some of its furnished apartments. Hence, during the first quarter, 16 of the 295 apartments (i.e. 5 % of the units) were unavailable for rental due to refurbishment. The first figures for the second quarter of the 2012/2013 financial year indicate an occupancy rate for furnished apartments at a normalised level above 80%, but slightly below the quarterly forecasts derived from the annual forecasts for the 2012/2013 financial year presented in the annual financial report 2011/2012.

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<sup>1</sup> The occupancy rate is calculated as follows:

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

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The average remaining lease maturity for all buildings in the portfolio is 18 years, unchanged compared to 30 June 2012.

### 5. Gross yield by segment

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

In general terms, the slight decline in the gross yield ("yield compression") comes from the fact that the fair value of the buildings grew faster than the contractual rents.

30 September 2012							
Investment properties (x €1,000)	Unfurnished apartment buildings	Furnished apartment buildings	Senior housing	Hotels and other	Marketable investment properties	Development projects	Investment properties
Fair value	136,095	61,795	320,933	74,769	593,592	11,991	605,583
Annual contractual rents	7,135	5,323 *	19,012	4,820	36,290	-	-
Gross yield (%) **	5.2%	8.2%	5.9%	6.4%	6.1%	-	-
30 September 2011							
Investment properties (x €1,000)	Unfurnished apartment buildings	Furnished apartment buildings	Senior housing	Hotels and other	Marketable investment properties	Development projects	Investment properties
Fair value	132,721	52,466	291,256	60,415	536,858	15,883	552,741
Annual contractual rents	7,205	5,435 *	17,425	4,043	34,108	-	-
Gross yield (%) **	5.4%	9.7%	6.0%	6.7%	6.3%	-	-

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

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

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### 6. Net asset value per share as of 30 September 2012

The following table shows the evolution of the net asset value per share. The change of the net asset value per share, which takes into account the evolution of the fair value of investment properties (IAS 40) and the evolution of fair value of hedging instruments (IAS 39), is +4 % from its level as of 30 June 2012.

Excluding the non-monetary impact (i.e. non-cash) of IAS 39<sup>1</sup>, the net asset value per share based on the fair value of investment properties is €44.03 as of 30 September 2012, as compared to €42.23 per share on 30 June 2012. The progression of this indicator is +4 % since the beginning of the financial year.

Net asset value per share (in €)	30 September 2012	30 juin 2012
<b>Based on fair value of investment properties</b>		
Net asset value excl. IAS 39	44.03	42.23
IAS 39 impact	<u>-5.36</u>	<u>-4.94</u>
Net asset value based on fair value	38.67	37.29
<b>Number of shares outstanding (excl. treasury shares)</b>	7,192,598	7,175,730

The net asset value per share as of 30 September 2012 does not yet include the effect of the dividend payment decided at the annual general meeting on 26 October 2012. This effect amounts to €1.85 per share<sup>2</sup>.

### 7. Outlook

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

In the current economic climate, that has recently further deteriorated, Aedifica's **key strengths** are the following:

- Its diversified investment strategy in its four segments (the unfurnished apartment buildings, the furnished apartment buildings, the senior housing, the hotels and other) creates the ability to adapt to market opportunities and to the evolution of the economic situation. Note, however, that the furnished apartment buildings and the hotels segments are the most sensitive to the economic situation.

<sup>1</sup> The IAS 39 impact of €-5.36 per share as of 30 September 2012 is the impact in equity of the fair value of hedging instruments, which is negative for €39 million, mainly booked in the liabilities on the balance sheet. The change in fair value of hedging instruments since 30 June 2012 amounts to €-3 million, of which €-2 million directly booked in equity and €-1 million booked in the income statement.

<sup>2</sup> This amount corresponds to the amount of the total dividend (€13.3 million) divided by the total number of shares outstanding as of 30 September 2012 (7,192,598) and is less than the coupon No. 8 (€1.86 per share), certain shares held only rights to a prorata temporis dividend.



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- Thanks to its investments in senior housing, Aedifica benefits from indexed long term rental incomes, which generate high net yields. The average remaining lease maturity on the total of its leases – 18 years – provides a very good view toward its future income streams over the long run.
- Its investments in apartment buildings (both furnished and unfurnished) offer a potential for capital gains. Further, revenues from its furnished apartments, while more sensitive to the economic fluctuations than revenue from unfurnished apartments, generally stand to generate higher rental returns.
- External financing of the real estate portfolio (including commitments for development projects) is ensured by credit facilities totaling €362 million, of which none reaches maturity in the 2012/2013 financial year. To date, the drawings on these credit facilities are more than 90 % covered by hedging instruments (interest rate swaps, caps, or collars).
- With a debt-to-assets ratio of 48.3 % as of 30 September 2012 (far below the maximum legal limit of 65 % imposed for Belgian REITs and the maximum contractual limit of 60 % resulting from bank covenants), Aedifica is in a good solvent position. This is further supported by the stable fair values that the company's real estate portfolio has demonstrated since the beginning of the economic and financial crisis. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations it has committed (totaling approximately €121 million as of 30 September 2012, of which €23 million will in principle be financed by issuing new Aedifica shares within the framework of partial de-mergers).

Despite the current economic climate, the dividend forecast for the current financial year, as published in the annual financial report 2011/2012, remains unchanged, when no capital increase is considered. Updated forecasts, incorporating the effects of the considered capital increase, will of course be published in the prospectus (and more specifically in the Securities Note).

### **8. Principal risks and uncertainties**

The Board of Directors considers that the major risk factors presented in pages 2 to 11 of the annual financial report 2011/2012 remain relevant for the remaining months of the 2012/2013 financial year.

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### 9. Financial calendar

Financial calendar	
Semi-annual report 31.12.2012	19/02/2013
Interim statement	14/05/2013
Annual press release 30.06.2013	3/09/2013
Annual financial report 2012/2013	13/09/2013
Annual general meeting 2013	25/10/2013
Dividend - Coupon related to the 2012/2013 financial year ("ex-date")	30/10/2013
Dividend - Record date	1/11/2013
Dividend - Coupon payment	4/11/2013
Interim statement	12/11/2013

**Aedifica is a Belgian listed property company investing in residential real estate. Aedifica has identified four strategic pillars in which it concentrates investments activities:**

- unfurnished apartment buildings in Belgian cities;
- furnished apartment buildings;
- senior housing;
- hotels.

**Aedifica is a Belgian REIT quoted on NYSE Euronext Brussels (continuous market).**

### Forward looking statement

*This document contains forward-looking information that involves risks and uncertainties, including statements about Aedifica's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Aedifica. Should one or more of these risks, uncertainties or contingencies materialise, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, Aedifica does not assume any responsibility for the accuracy of these forward-looking statements.*

### For all additional information

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