

## PRESS RELEASE

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### **Summary of the consolidated accounts**

**Doubling of the recurrent operational result as a consequence of an excellent evolution of the result of companies accounted by the equity method and of a decrease of the operational and administrative costs and despite a relative lowering of the rental income.**

**No real estate asset sale in the course of the year considering a weak demand from investors.**

**Achievement of investment objectives fixed at the end of 2009 with an increasing weight of the retail segment in the portfolio.**

**Limited impact of the fair value adjustments on investment buildings. Modification of used accounting norms, ensuring a better readability of the company's accounts.**

**Net current result of €5,189 K, being impacted by the absence of sales operations.**

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### **Introduction** : Modification of certain accounting norms :

Banimmobility has adopted a new accounting norm, i.e. IAS 2. This allows to take up some assets again in inventories and to maintain them at their historical acquisition cost.

The adoption of this norm meets mainly the objective of a better readability of our accounts, in particular for the non-speculative development activities. The concept of fair value (IAS 40), which applied till now on all our investment assets, is indeed less relevant for assets being developed or in heavy renovation, as it leads to annual value fluctuations and this on a short term basis for assets for which the development extends over a multiannual period (5 to 7 years) before a final sale.

Therefore, when an asset is being acquired with a clear and established intention to (re)develop it before a final sale, the asset will from now on be classified in inventories, valued at its acquisition cost increased with the capital expenditure costs.

Some assets have been reclassified on this basis. The details of the reclassification impact is set out in appendix.

## **1. ACTIVITIES ON THE PORTFOLIO**

### **A. Leases**

The net rental income has dropped to €14,259 K versus €16,159 K in 2009.

This decrease is exclusively attributable to the activities in Belgium and is the result of the important sales realized in 2009 as well as the programmed departure of tenants in the buildings North Plaza and Prins B.5 (Kontich). As the investments in 2010 were concentrated in France and in the City Mall participation, this rental decrease has not been compensated.

As a result of the acquisitions, the net rental income in France has strongly increased from €3.4 Mio to €5.93 Mio.

Furthermore, new lettings have only a progressive impact on the rental income. Banimmo was able to ensure the letting of 16,263 m<sup>2</sup>, representing a gross annual flow of €2.74 Mio.

The average occupancy rate of the portfolio reached 83% versus 82% as at 31 December 2009. The variation of this rate is not very significant given the modifications in the portfolio perimeter.

#### **B. Redevelopment for own account**

The renovation of the buildings Arts 27 and Parc Da Vinci H5 have been completed. These buildings meet the environmental norms. Their commercialisation continues : H5 will be completely rented up in June 2011.

The renovation of the buildings North Plaza and Prins B.5 is in progress. For the latter, works will be achieved by mid-year. Important lettings are in progress.

In France, the renovation of the Vaugirard galery in Paris is nearly achieved.

#### **C. Built to suit developments**

In 2009, Banimmo has developed and sold a building of 30,000 m<sup>2</sup> hosting the headquarters of the company Mobistar.

Banimmo will deliver by mid-year the future headquarters (8,242 m<sup>2</sup>) of the company Electrolux, a building that is currently already partially occupied by this company. This building will reach energy performances far above current norms.

Aware of this new real estate aspect, several companies are in discussion with Banimmo for the development of their headquarters. In this way, Banimmo will deliver, as contracting party, the future headquarters of the Vlaamse Milieu Maatschappij in Ghent.

#### **D. Investments and sales**

In the course of the first half year of 2010, no specific sales actions have been initiated, as market conditions remained too deteriorated. The steps taken in the second halfyear have not been completed before 31 December 2010. In order to preserve values, Banimmo has not sought to conclude these transactions in 2010 at any price.

On the contrary, Banimmo has been active on the acquisition side :

-Two retail transactions have been signed in France (Rouen / Eragny (Ile de France)) for a total amount of €24.6 Mio. Those two operations generate a rental income.

-Banimmo has participated in the capital increase of the REIT Montea at a share price of €19.5. Investment amounts to €9.29 Mio. The share price stands currently approximately at €25.

-In August, Banimmo has realized an important transaction by taking an equity stake of 42.5% in City Mall (ex Foruminvest) in the framework of a Leveraged Buy In with its executive director, M. Huon. Banimmo has invested €54.15 Mio through different instruments and is now partner for the development of three city centers shopping malls in Verviers, Namur and Charleroi.

The projects in Verviers and Namur, approximately 29,000 m<sup>2</sup> and 20,000 m<sup>2</sup> respectively, are in a well-advanced discussion phase with public authorities.

For Verviers, buildings permits have been granted but an appeal remains possible.

Banimmo participates in the corporate bodies of the main companies and takes its responsibilities in the decision process of City Mall .

## 2. COMMENTS ON THE RESULTS

Consolidated Income Statement		
	K €	K €
	2009	2010
<b>Recurrent income</b>	15,018	20,290
of which net rental income	16,159	14,259
gross rental income	19,237	17,466
rental costs	-3,077	-3,208
of which management fees and commissions	1,300	1,274
of which share in the result of companies accounted by the equity method	-2,442	4,758
Other operational costs on building	-451	-826
Operational and administrative costs	-7,970	-7,072
Other income	0	0
<b>Recurrent operational result (REBIT)</b>	<b>6,597</b>	<b>12,393</b>
<b>Net result of transfers on real estate operations</b>	<b>18,011</b>	<b>254</b>
<b>Net result of transfers on participations of companies accounted by the equity method</b>	<b>0</b>	<b>0</b>
<b>Operational result (EBIT)</b>	<b>24,608</b>	<b>12,647</b>
Net financial costs	-7,144	-7,264
Dividends	81	88
<b>Result before taxes</b>	<b>17,545</b>	<b>5,472</b>
Taxes	571	-282
<b>Net current result</b>	<b>18,117</b>	<b>5,189</b>
Variations of fair value on investment buildings (IAS 40)	-5,099	-2,978
Variations of fair value on hedging instruments	-2,134	-2,745
Change in value on inventories (IAS 2)	0	400
Deferred taxes	5,980	590
<b>Result of the financial year - continued activities</b>	<b>16,864</b>	<b>456</b>
Result of the financial year - activities abandoned	0	0
<b>Result of the financial year</b>	<b>16,864</b>	<b>456</b>
Attributable to:		
- Company shareholders	16,864	456
- Minority interests	0	0
Total number of shares	11,356,544	11,356,544

Key figures	2009	2010
Coverage ratio of recurrent income to operational costs	1.78	2.57
<u>Figures per share</u>		
Average number of A shares	10,281,017	10,318,172
Average numbers of B shares	1,038,372	1,038,372
<u>Basis result diluted per share (in €)</u>		
Shares A	1.28	0.04
Shares B	3.55	0.04

Balance sheet	2009	2010
<u>Total Balance Sheet</u>	317,044	410,320
of which investment buildings	115,899	113,057
of which fixed assets	1,432	1,528
of which investments in companies accounted by equity method	38,230	60,165
of which long-term financial assets	18,407	41,033
of which inventory	125,021	162,888
of which cash	1,360	3,514
<u>Equity Capital (before allocation)</u>	149,236	136,758
Long-term Financial Debts	129,806	223,615
Short-term Financial Debts	16,893	22,397

The **net rental income** amounts to €14,259 K compared with €16,159 K due to the reasons mentioned above.

The **fees and commissions** remain in line with the amounts achieved last year. They amount to €1,274 K.

The **share in the profits/losses of companies consolidated by the equity method** has continued its positive evolution announced on June 30. The contribution of this item went from a loss of €2,442 K in 2009 to a profit of €4,758 K, which represents a difference of €7,200 K.

These profits and losses are broken down as following:

i. **SNC Les Jardins des Quais**

The contribution of this asset improves steadily from €569 K to €2,169 K.

This evolution reflects the regular increase of rental income, which should continue its progress following the renting up of the vacant areas and the constant progression of the market value of this asset (IAS 40).

ii. **Montea**

The contribution of Montea improves from a loss of €2,497 K to a profit of €1,690 K. On 31 December 2009, Banimmo integrated 23.26% of the result of Montea whereas on 31 December 2010, this percentages amounted to 14.8%.

The shares acquired on June 30<sup>th</sup> further to the capital increase have been classified as Short Term Financial assets.

The net result of Montea has strongly improved, both on the operational and on the side of fair value adjustments on real estate assets and financial hedging instruments. The latter is a result of the progressive market improvement. Net current result, without result on disposals of investment properties, amounts to €13.21 Mio in comparison with €13.42 Mio.

Banimmo has been paid a dividend of €1,742K.

iii. Grondbank The Loop

In 2010, this real estate company has, in the framework of the development of the site, continued the construction of the infrastructure on the site, in particular the south bridge over the Pegoud-laan.

A first transaction has been materialized. The company has contributed to Lak Invest, a joint-venture between Grondbank The Loop and Participatie Maatschappij Vlaanderen, the plot of land on which, following the tender process, the hybrid building with laboratories and offices will be developed for the Vlaamse Milieumaatschappij. Banimmo will act as contracting party for the construction of this building.

The contribution to Banimmo's 2010 consolidated accounts amounts to €298K and comes predominantly from exploitation grants allocated within the framework of infrastructure works realized by the company.

In 2011, some other pre-let office developments should be initiated on Field 5 and an important mixed project in Field 12 should be launched.

iv. Conferinvest (Dolce La Hulpe – Dolce Chantilly)

This participation contributes twice to the results of the group.

The shareholder advances granted by Banimmo to Conferinvest are now remunerated in agreement with banks of Conferinvest. Banimmo has received €353 K in 2010.

The share of Banimmo in the result of Conferinvest amounts to €825 K compared with €297 K in 2009.

On both sites, and in particular in La Hulpe, the activity benefits from the overall improvement of the hotel sector. This trend should continue in 2011.

The historical hedges on interest rates (4%) will expire in 2011. In 2010, this additional cost amounted to €1,936 K.

**Key figures – Analytical results**

	<i>Dolce La Hulpe</i>		<i>Dolce Chantilly</i>		<i>Consolidated</i>
<i>(in thousands of € and 100%)</i>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>
Turnover	17,929	21,020	13,308	14,776	35,796
Earnings before interest, taxes, depreciation and amortisation (EBITDA) <sup>(1)</sup>	3,079	4,430	2,037	2,828	7,258
Evolution Turnover		17.2%		11%	
Evolution EBITDA		44%		39%	

(1) Does not include €895 K of rental income on the site Dolce La Hulpe.  
Without exceptional non-cash charge of €516 K

The **administrative and operational costs** have decreased with 11% and amount to €7,071 K, following the implementation of an important cost-reduction program.

The **net financial costs and dividends** reach €7,176 K compared with €7,063 K, without taking into account the impact of fair value adjustments on hedging instruments amounting to €2,745 K compared with €2,134 K in 2009.

The company has totally covered its interest rate risk in 2009. The persistence of the low interest rate policy of the central banks in 2010, is explaining this non cash negative charge on hedging instruments.

The **average interest rate of the debt**, including cost of hedging instruments, amounts to 4.5%. Without the cost of hedging instruments, the average interest rate amounts to 3.4%.

The public issuance of a bond with warrant for an amount of € 75 Mio has allowed Banimmo to reduce its dependency on the syndicated credit for an initial amount of 197 Mio.

This credit line has progressively been reduced and amounts now to €117 Mio.

The ratio « Net financial indebtedness on total balance sheet » amounts to 59.1% compared to 45.1% in 2009. Its increase is the result of the acquisitions and of the absence of sales during the year.

The **net current result** before restatement of fair market values amounts to €5,189 K compared to €18,117 K in 2009.

The **net consolidated result** amounts to €456 K compared to €16.864 K in 2009.

#### **Net assets and balance sheet**

Due to the adoption of the IAS 2 norm, a new balance sheet item « Current Assets-inventories » for an amount of €162,887 K has been created. The item « Investment assets » has been reduced inversely.

The shareholder funds (before distribution) amount to €136,758 K, i.e. a net asset value per share of €12.04.

Due to the adoption of IAS 2, this concept of net asset value has no relevance anymore. Indeed, as a majority of buildings are valued at their historical value, this concept undervalues the revalued net asset.

### **3. FORECASTS AND POST CLOTURE ELEMENTS**

No significant event has occurred between closing date and the date of this press release.

For the year in progress, Banimmo anticipates a continuous gradual recovery of the real estate markets (retail and offices) in Paris. In Brussels, rental market remains tight but if we subtract the vacant areas in obsolete buildings and if we integrate the increased concern from end-users and investors for energy-wise performing buildings, the market imbalance diminishes sharply. It is in the latter segment that Banimmo is the most active and that different built to suit developments are being analyzed.

In this phase, different disposals take shape.

### **4. DIVIDEND**

The Board of Directors will propose to the General Meeting of Shareholders the payment of an ordinary gross dividend of €0.35.

### **5. AUDITOR'S CERTIFICATION**

The statutory auditor confirmed that its audit of the draft consolidated balance sheet and income statement is substantially completed and has to date not revealed any significant misstatements. The statutory auditors also confirmed that the financial accounting information included in this press release is in all material aspects in accordance with the draft financial statements from which the information is derived.

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## **About Banimmo**

*Banimmo, a real estate company for repositioning and redevelopment, acquires buildings that have a high potential for redevelopment in order to re-sell them after transformation. The company, which is active in Belgium, in France and in Luxembourg in the office, retail and semi-industrial sectors, as well as in conference and exhibition centres, is established in Brussels. Its subsidiary, Banimmo France, covers the French market from its headquarters in Paris. The company has thirty employees. Until now, the Banimmo group has invested in around 27 real estate properties representing a total value of more than € 436 million. Belgium constitutes the predominant market, with 64% of the portfolio in terms of market value. France represents 36% of Banimmo's portfolio. The portfolio is continually evolving thanks to the ongoing repositioning and to the high rotation of the assets. Banimmo is listed on Euronext Brussels. Currently the company is held by the SIIC Affine (50%) and the management (28.2%) that have signed a shareholder agreement. The remainder, that is 21.8%, is in the hands of the public.*

## **Appendix to the press release**

### Adoption of the IAS 2 norm by Banimmo

The decision to reclassify some buildings in IAS 2 has been the object of an overall reflection of the corporate bodies of Banimmo with regard to the choice between the IAS/IFRS norms (IAS 2, IAS 16 or IAS 40) that are best suited to the different types of real estate assets of Banimmo's portfolio. As provided in the IAS/IFRS framework, this analysis necessarily requires a judgement as classification is difficult. Banimmo has fixed several criteria (mainly physical or commercial repositioning activity, the holding period and the intention to sell) in order to be able to assess this judgment in a permanent and coherent manner.

The IAS 2 norm allows to account real estate assets as inventories, and to keep them at acquisition cost increased with capital expenditures provided that these assets have been acquired with a clear and established intention to sell them (in accordance with the ordinary course of business cycle of the acquirer).

As these assets are excluded from the scope of the IAS 40 norm, they are not valued upwards or downwards based on the fair value concept .

The norm IAS 2 indicates that inventories shall be measured at the lowest cost and at the lowest net realisable value, which means that an impairment test shall be performed at each closing.

The adoption of the IAS 2 norm for certain buildings allows to :

- Take the evolution of Banimmo's activity into account, which is increasingly focused on the offices segment, oriented towards the development of new buildings meeting the highest environmental norms and for which the tenant has been identified beforehand.
- Improve the quality and readability of our financial information towards the market by limiting the wide value variations.

Banimmo has also been inspired by the accounting practices used by other listed Belgian real estate companies such as Atenor and Immoel having a similar real estate activity.

In practise, each asset in the portfolio has been analyzed prior to a possible reclassification in IAS 2.

The assets North Plaza, Da Vinci H3 and H5, Prins B 5, Arts 27, Fusée (Electrolux) in Belgium and Clamart, Galerie Vaugirard, Galerie St Germain and Rouen in France have been reclassified in IAS 2.

As a consequence, fair value adjustments accumulated since their acquisition have been reversed in the first place. Subsequently, the resulting value (i.e. economically and accounting wise the acquisition value plus renovation costs) has been compared to the possible net realizable value by including the cost of remaining works still needed to be able to sell the asset. If this test proves negative, an impairment loss is recorded.

In accordance with IAS 8, balance sheets and income statements for 2008 and 2009 have been fully modified and are published in extenso below.

The impact on shareholders' funds remains limited.

On 31/12/2009 those increased from €142 Mio to €149 Mio, a difference of 4,4% over 3 years.

The item « Current assets – Inventories » amounts to €125 Mio on 31/12/2009 instead of €1 Mio.

The result of 2008 decreases from €4,25 Mio to €3,88 Mio and for 2009 the result increases from €11,01 Mio to €16,86 Mio.



The change has no impact on the calculation of the bank covenant “Loan to Value” that is part of our credit agreements.

#### BANIMMO S.A. - CONSOLIDATED INCOME

	31/12/2009 Restated	31/12/2009	Variation 31/12/2009	31/12/2008 Restated	31/12/2008	Variation 31/12/2008
Rental income (2007 linearizations already included)	19,236	19,236	0	17,877	17,877	0
Rental costs (2007 linearization already included)	-3,077	-3,077	0	-2,699	-2,699	0
<b>NET RENTAL INCOME ON INVESTMENT BUILDINGS</b>	<b>16,159</b>	<b>16,159</b>	<b>0</b>	<b>15,178</b>	<b>15,178</b>	<b>0</b>
<b>NET RESULT OF TRANSFERS ON REAL ESTATE OPERATIONS</b>	<b>18,011</b>	<b>18,011</b>	<b>0</b>	<b>6,074</b>	<b>3,651</b>	<b>2,423</b>
Management fees and commissions	1,300	1,300	0	831	831	0
Variations of fair value on investment buildings	-5,099	-11,648	6,549	-6,718	-3,477	-3,241
Change in value on inventories ( IAS 2 )	0	0	0	0	0	0
Other operational costs	-451	-451	0	610	610	0
<b>REAL ESTATE RESULT</b>	<b>29,920</b>	<b>23,371</b>	<b>6,549</b>	<b>15,975</b>	<b>16,793</b>	<b>-818</b>
Administrative costs	-7,970	-7,970	0	-7,911	-7,911	0
<b>RECURRENT OPERATIONAL RESULT</b>	<b>21,950</b>	<b>15,401</b>	<b>6,549</b>	<b>8,064</b>	<b>8,882</b>	<b>-818</b>
Net financial costs	-9,197	-9,197	0	-8,035	-8,035	0
Share in the result of companies accounted by the equity method	-2,441	-2,441	0	-427	-427	0
RESULT OF TRANSFERS ON PARTICIPATIONS OF COMPANIES ACCOUNTED BY THE EQUITY METHOD		0	0	3,424	3,424	0
<b>RESULT BEFORE TAXES</b>	<b>10,312</b>	<b>3,763</b>	<b>6,549</b>	<b>3,026</b>	<b>3,844</b>	<b>-818</b>
Taxes	6,552	7,243	-691	852	404	448
<b>RESULT OF THE FINANCIAL YEAR</b>	<b>16,864</b>	<b>11,006</b>	<b>5,858</b>	<b>3,878</b>	<b>4,248</b>	<b>-370</b>

**BANIMMO S.A. - CONSOLIDATED BALANCE SHEET - mention of items amended by the adoption of norm IAS 2**

	31/12/2009 Restated	31/12/2009	Variation 31/12/2009	31/12/2008 Restated	31/12/2008	Variation 31/12/2008	31/12/2007 Restated	31/12/2007	Variation 31/12/2007
<b>ASSETS</b>	<b>322,353</b>	<b>317,044</b>	<b>5,309</b>	<b>364,723</b>	<b>364,649</b>	<b>74</b>	<b>234,181</b>	<b>233,289</b>	<b>892</b>
<b>Non-current assets</b>	<b>178,031</b>	<b>296,848</b>	<b>-118,817</b>	<b>220,482</b>	<b>338,571</b>	<b>-118,089</b>	<b>176,922</b>	<b>224,719</b>	<b>-47,797</b>
Investment properties IAS 40	115,899	233,401	-117,502	161,862	251,881	-90,019	133,217	167,933	-34,716
Tangible assets	1,432	1,432	0	1,421	29,491	-28,070	1,424	14,505	-13,081
Deferred tax assets	2,458	3,773	-1,315	0	0	0	0	0	0
<b>Current assets</b>	<b>144,322</b>	<b>20,196</b>	<b>124,126</b>	<b>144,241</b>	<b>26,078</b>	<b>118,163</b>	<b>57,259</b>	<b>8,570</b>	<b>48,689</b>
Stocks (IAS 2)	125,020	894	124,126	119,057	894	118,163	49,583	894	48,689
<b>TOTAL LIABILITIES</b>	<b>322,353</b>	<b>317,044</b>	<b>5,309</b>	<b>364,723</b>	<b>364,649</b>	<b>74</b>	<b>234,181</b>	<b>233,289</b>	<b>892</b>
<b>SHAREHOLDERS' Equity</b>	<b>149,236</b>	<b>142,899</b>	<b>6,337</b>	<b>144,375</b>	<b>143,896</b>	<b>479</b>	<b>158,344</b>	<b>157,452</b>	<b>892</b>
Capital	128,008	128,008	0	128,276	128,276	0	129,562	129,562	0
Consolidated reserves	21,228	14,891	6,337	16,099	15,620	479	28,782	27,890	892
Minority interest	0	0	0	0	0	0	0	0	0
<b>Non-current liabilities</b>	<b>140,007</b>	<b>141,035</b>	<b>-1,028</b>	<b>161,449</b>	<b>161,854</b>	<b>-405</b>	<b>29,519</b>	<b>29,519</b>	<b>0</b>
Non-current financial debts	129,806	129,806	0	155,866	155,866	0	21,931	21,931	0
Non-current tax liabilities	1,812	2,840	-1,028	1,865	2,270	-405	3,221	3,221	0