

## PRESS RELEASE

Regulated information  
Brussels, August 29<sup>th</sup>, 2011 : 7.45 AM

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### **Consolidated half year accounts on June 30<sup>th</sup>**

**Increase of the net rental income as a result of new lettings over the last 12 months and of the contribution of assets that have been acquired during the same period, particularly in France.**

**Significant increase of the recurrent operating result (REBIT) that went from €4,357K up to €6,119K (+40%).**

**Banimmo generates capital gains on asset sales, for a total amount of € 3.03 Mio. No transaction occurred in 2010.**

**Net current result increases from €1,092K to €5,135K.**

**No significant change in the fair value of investment properties but significant improvement in the value of interest rate hedging instruments.**

**Several « built to suit » sustainable development operations in advanced negotiations. The acquisitions of Banimmo France made in the retail segment increase the share of the latter in the overall portfolio of Banimmo. Currently, this segment represents 34% of the portfolio.**

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

#### **A. Leases**

Net rental income reach €7,774K versus €6,526K as at 30 June 2011.

This increase is predominantly the result of :

- New lettings of a total surface of 2,800 m<sup>2</sup> during the period (buildings Prins B. 5, Arts 27, H5 and Raket in Parc da Vinci).  
For the latter, “built to suit” redevelopment and extension on behalf of the lessee Electrolux Belgium were completed in accordance with foreseen timing and budget, allowing the activation of the long term leasing.
- The inclusion of rental income of retail assets acquired in France (Rouen and Eragny (Paris)) during the period and generating an additional revenue of €1,120 K.

Only one asset, namely the office building Les Corvettes in Paris saw a deterioration of its rental situation. This impact amounts to €262K.

At June 30 2011, the average occupancy rate of the investment properties amounts to 82% on available surface, compared to 89% as at 30 June 2010.

Overall, the offices rental market in Brussels remains depressed, in particular due to the lack of new lettings to authorities or institutions linked to the European Union.

In France, and more specifically in Paris, the situation is going back to normal. Taken into account potential new sales, net rental income of 2011 should remain in line with the level recorded in 2010.

## **B. Development and renovation**

The building Raket has been delivered to its lessee Electrolux Belgium (8,242 m<sup>2</sup>). The repositioning of the Vaugirard gallery in Paris is completed and its reletting is in progress. In Eragny, the tenant Castorama has been stabilized until 2014, after which redevelopment works of this retail surface will start, in accordance with plan. The new short term lease was concluded on the basis of a rent of € 1,476 K.

## **C. Sales and acquisitions**

Banimmo won the public tender, organized by the City of Paris, for the heavy renovation of a *Halle Baltard* in the 19<sup>th</sup> district of Paris, in the framework of an administrative long lease. The project develops 3,800 m<sup>2</sup> retail area that was already largely prelet.

During the corresponding period in 2010 and given the difficult real estate market conditions, Banimmo did not sell any assets, and focused on acquisitions.

Banimmo ties in with transactions through the sale of two assets :

- The retail complex in Clamart for a net amount of € 19.60 Mio. This operation generates a capital gain of € 3.03 Mio and an IRR of 37%
- Antwerp Expo, an exposition center in Antwerp has been sold on July 1<sup>st</sup> to its tenant Artexis. The operation has been concluded on the basis of an asset value of € 17.1 million with a capital gain of € 1.05 mio and an IRR of 13%.

On June 30, this value has been included in the fair value adjustments on investment properties and will be expressed as a capital gain during the second half year.

## 2. COMMENTS ON THE RESULTS

CONSOLIDATED INCOME STATEMENT		
	K €	K €
	30/06/2010 <sup>(*)</sup>	30/06/2011
<b>Recurrent income</b>	8,920	10,623
of which net rental income from investment buildings	6,525	7,774
Gross rental income	8,383	9,624
Rental costs	-1,858	-1,850
of which management fees and commissions	469	1,207
of which share in the result of companies accounted by the equity methc	1,926	1,643
Other operational costs on buildings	-879	-557
Operational and administrative costs	-3,684	-3,948
Other income	0	0
<b>Recurring operating result (REBIT)</b>	<b>4,357</b>	<b>6,119</b>
<b>Net result of transfers on real estate operations</b>	<b>0</b>	<b>3,028</b>
<b>Net result of transfers on participations of companies accounted by the equity method</b>	<b>0</b>	<b>0</b>
<b>Operating result (EBIT)</b>	<b>4,357</b>	<b>9,147</b>
Net financial costs	-3,129	-3,821
Dividends	88	39
<b>Result before taxes</b>	<b>1,316</b>	<b>5,365</b>
Taxes	-224	-230
<b>Net current result</b>	<b>1,092</b>	<b>5,135</b>
Variations of fair value on investment buildings (IAS 40)	-2,652	-79
Variations of fair value on hedging instruments	-4,617	2,247
Profit/loss of value on asset held in stocks (IAS 2)	0	0
Deferred taxes	190	-1,263
<b>Result of the financial year - continued activities</b>	<b>-5,987</b>	<b>6,041</b>
Result of the financial year - activities abandonned	0	0
<b>Result of the financial year</b>	<b>-5,987</b>	<b>6,041</b>
Attributable to:		
- Company shareholders	-5,987	6,041
- Minority interests	0	0
Weighted average number of shares	11,356,544	11,356,544

(\*) After modification following the adoption of IAS 2 norm for some assets

KEY FIGURES		30/06/2010	30/06/2011
Coverage ratio of recurring revenue to operational costs		1.95	2.36
<u>Figures per share</u>			
Average number of A shares		10,318,172	10,318,172
Average number of B shares		1,038,372	1,038,372
<u>Basis result diluted per share (in € per share)</u>			
Shares A		-0.53	0.53
Shares B		-0.53	0.53

BALANCE SHEET		31/12/2010	30/06/2011
<u>Total Balance Sheet</u>		410,320	387,981
of which investment buildings		113,057	98,862
of which fixed assets		1,528	1,596
of which investments in companies accounted by equity method		60,165	60,910
of which long-term financial assets		41,033	39,948
of which inventory		162,888	150,380
of which cash		3,514	3,939
<u>Equity Capital (before allocation)</u>		136,758	138,180
Long-term financial debts		223,615	215,912
Short-term financial debts		22,397	3,978

Banimmo's recurrent revenue comes mainly from three sources:

- The net rental income
- The management fees and commissions within the framework of partnerships
- The share in the results of companies consolidated by the equity method.

The **net rental income** amounts to € 7,774K compared with € 6,525K due to the reasons mentioned in « Commercial Activities ».

The **fees and commissions** amounts to € 1,207K compared with € 469K.

Banimmo acting as delegated principal for the office building developed for PMV in Ghent as well as the project management fees due by Electrolux, lessee of the Raket building in Evere, are the main contributors to this result.

The **share in the profits/losses of companies consolidated by the equity method** amounts to € 1,643K against € 1,926K in June 2010. This result is broken down as following :

i. SNC Les Jardins des Quais – Retail complex in Bordeaux

The contribution to the result stands at € 458 K, compared to € 1,553K. The occupancy rate reaches 83% and there is predominantly one building (out of 5) that presents a significant void. The rental income is increasing.

The decline in contribution to the consolidated result is solely attributable to a change in fair value that is less important than on June 30 2010.

ii. Montea

The contribution of Montea is increasing in absolute terms, while the participation of Banimmo in Montea was reduced from 23.26% to 14.80%.

Banimmo has indeed sold all shares subscribed during the capital increase in June 2010, with a capital gain of € 0.8 million.

This contribution, with changed perimeter, changes from a loss of € 106K to a gain of € 1,262K. The results of Montea are improving as a result of an increased occupancy rate, acquisitions completed during the period and a recovery of the fair values of investment properties and hedging instruments and that, after 3 consecutive years of negative changes.

iii. Grondbank The Loop

The contribution is negative and not significant. The City of Ghent and Banimmo are actively working on the progressive redevelopment of the different plots of land of the site.

With regard to Field 12 (retail destination), Banimmo has signed a partnership agreement with a specialized operator in order to develop the retail area and a Design outlet center in order to make a joint bid on the land.

iv. Conferinvest (conference centers)

The contribution of the Dolce conference centers amounts to €152K, compared to €297K.

Overall, the operational performance of the two centers is evolving positively, particularly in France with a strong recovery in the price of overnight stays (Average Daily Rate).

In Belgium, the net results of Dolce La Hulpe are however affected by the occurrence of an exceptional event generating a charge of € 400K .

In La Hulpe, the turnover reaches € 10,907K against € 10,371K in 2010 and Ebitda (before exceptional) increased from € 2,059K to € 2,312K.

In Chantilly, turnover increases from € 7,599K to € 8,041K and the Ebitda increases from € 1,377K to € 1,484K.

The expiry of hedging instruments concluded in 2007 will generate a future economy on financial charges of € 1 million annually.

v. City Mall

City Mall has been integrated for the first time in the half year results.

City Mall specializes in the design and development of shopping centers in city centers. The company is actively working on the projects in Verviers and Namur.

In Verviers, permits were granted, but a suspending appeal was introduced at the Council of State. The decision of the Council of state is expected in October.

As a reminder, Banimmo has acquired a 42.5% interest in City Mall and granted a mezzanine financing for an amount of € 35 million.

The contribution of the participation amounts to a loss of € 149K , as the company does not generate any income during the development phase. On the other hand, the mezzanine financing generates a financial income of € 804K .

The **administrative and operational costs** have increased with 7.1%, after having declined by 10% in 2010.

This increase of € 264K is attributable to different elements that are predominantly non – recurrent, such as some departures in the teams, costs linked to the execution of our project

management mission for the building PMV in Ghent (generating important commissions) and pre-development costs, especially on the site The Loop in Ghent.

The **net financial charges and dividends** reach € 3,782K compared with € 3,042K in June 2010.

The gross financial charges amount to € 4,522K compared to € 2,647K in 2010.

This increase is attributable to a higher indebtedness during the period, further to different acquisitions, and, to a lesser extent, to the interest charge on the bond issued in May 2010.

The charge related to hedging instruments amounts to € 1,234K compared to € 1,036K and should automatically decrease after the expiry of some hedgings concluded before the banking crisis of 2008.

Currently, and taking into account hedges in place, 78% of Banimmo's financing sources are at fixed rate.

The ratio « Financial indebtedness on total balance sheet » amounts to 56.7% compared to 53.8% on 30 June 2010.

The **net current result** before restatement of fair market values (IAS 40 et IAS 39) amounts to € 5,135K compared to € 1,092K as at 30 June 2010.

The net variations of fair value on investment properties and profit/losses on assets held in stock (IAS 2) are marginal.

On the contrary, Banimmo books an important positive variation on its hedging instrument values for an amount of € 2,247K as a result of the gradual interest rate rise.

The **net consolidated result** amounts to € 6,041K compared to a loss of € 5,987K on 30 June 2010.

### **3. POST CLOTURE ELEMENTS**

- As mentioned above, the building Antwerp Expo has been sold on July 1<sup>st</sup> 2011.
- Banimmo has concluded the refinancing of its existing loan expiring on September 5<sup>th</sup> 2011 with a syndicate of two banks, ING and KBC.  
This new credit stabilizes the financing of the group for a period of 5 years. It amounts to € 120 Mio and it is a revolving facility (as the previous one).  
Its use has been seriously simplified, compared to the existing credit. It allows an indebtedness ratio up to 65% of assets.
- M. Olivier Durand, previously in charge of real estate transactions in France, has been appointed “*directeur-général délégué*” of Banimmo France. He succeeds Patrick Henniquau which, in mutual consent with Banimmo, has decided to put an end to his function whilst continuing some punctual missions for Banimmo. M. André Bosmans takes his position as director of Banimmo over as of August 25<sup>th</sup>.

#### **4. FORECASTS**

No new major acquisition is expected this year, given the time required for such operations. On the contrary, new disposals are in various negotiation stages and will, in case of realization, have a significant positive impact on the net result.

Based on its success and know-how, Banimmo is pursuing actively the development of sustainable real estate projects based on « built to suit » schemes.

#### **5. FINANCIAL REPORT ACCORDING TO IAS 34 STANDARD**

The financial report in accordance with the IAS 34 standard including the intermediate management report as well as the auditor's report is available on the internet site [www.banimmo.be](http://www.banimmo.be) as of the publication date of this press release.

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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 € 414 million. Belgium constitutes the predominant market, with 65% of the portfolio in terms of market value. France represents 35% 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 (27.3%) that have signed a shareholder agreement. The remainder, that is 22.7%, is in the hands of the public.*