

## PRESS RELEASE

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### **Consolidated accounts as at December 31<sup>th</sup>, 2012**

**Signing of new leases or renegotiations for a total surface of 13,410 sqm.**

**Decrease of net rental income nearly exclusively attributable to the sale of rented assets in 2011 and 2012.**

**Finalisation of three sales generating a consolidated net capital gain of €6,706K, below announced objectives.**

**Important investment activity with a new construction or renovation potential of 70,000 sqm reflecting an increase of 39% of the future sellable surface. Those acquisitions don't generate an immediate rental income.**

**The impact of the temporary value changes on the real estate portfolio amounts to € 257K, on the hedging instruments € -2,011K and on the result of the companies accounted by the equity method € -2,092K.**

**The operational result remains almost stable at €14.65 million versus €15.06 million in 2011. The net current result is also almost stable at €6.46 million versus €6.97 million in 2011.**

**Unchanged dividend at 0,27 € per share.**

**The intrinsic net value<sup>1</sup> amounts to €15.08 per share versus €14.52 in 2011 (+4%).**

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

#### **A. Leases**

At 31 December 2012, net rental income reaches € 11,686K versus € 14,308K as at 31 December 2011. This level is in line with forecasts. The decrease of the rental income is mainly attributable to the sale of Clamart during the first semester of 2011, to the sale during the second half year of 2011 of 3 assets, i.e. Antwerp Expo, Lozana and Saran I, and finally to the sale of Saran II in 2012. On the contrary, the start of the leasing contract on the Raket building in Evere (Brussels) leads to an increase of the rental income.

The global occupancy rate of the portfolio remains stable at 84%.

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<sup>1</sup> Intrinsic net value methodology : figure that hasn't been audited.

This value is the sum of i) the investment properties, valued at their net market value according to experts (IAS 40), ii) buildings in stocks (IAS 2), valued at their historical cost and iii) financial participations valued at their stock market. For the Joint-Ventures, City Mall is valued at its historical acquisition cost; Les Jardins des Quais, The Loop and the Dolce hotels are valued at market value according to experts. From this overall sum, the net financial debt of the company is deducted.

In Belgium, Banimmo has finalized several new lettings in different office buildings, i.e. in Prins B.5 (Antwerp), in the Diamond building (Brussels) and in the Alma Court building (Brussels) for a total surface of 5,145 sqm and an annual nominal rental income of €688K.

In France, new lettings have been finalized in the buildings Jardins des Quais (Bordeaux), Les Corvettes (Paris), Marché Saint-Germain (Paris) and the Halle Secrétan for a total surface of 8,265 sqm and an annual nominal rental income for Banimmo of €1,527K.

No significant departures have been recorded during this period.

The acquisitions that were realized in the first semester of 2012 do not generate a rental income.

## **B. Sales and acquisitions**

During the first semester, several acquisitions have been realized, so contributing to feed the pipeline of Banimmo:

- Acquisition in Versailles at a price of €6.75 Mio of the headquarters of Mercedes of 27,000 useful sqm that have to be redeveloped. The building allows several types of reconversion, in particular, but not limited to, the development of a new hotel center. Banimmo is actively looking for a hotel operator to run the hotel on the basis of a rental contract.
- Acquisition in Suresnes, close to Paris of a retail gallery of 4,660 sqm for a price of €11.5 Mio. Currently this gallery is in a neglected state. In this framework, Banimmo has signed a lease agreement with a leading brand of the food sector for 2,300 sqm.
- Signing of the agreements related to the cooperation in view of the commercialization and development of fields 3 and 5 of The Loop site in Ghent (56,000 sqm).
- Launch of an office development in Charleroi for a total surface of 8,000 sqm, on the basis of a fixed 15 years lease contract with a first rank financial group. Due to an appeal that has been lodged, the start of the operation has been delayed from end 2012 to mid 2013. This operation is shared 50/50 with the historical owner of the land.
- Acquisition in Evere (Parc Da Vinci – Brussels) of a land plot of 1ha 47a allowing the development of 30,000 sqm for a total price of €1.8 Mio.

Those operations represent a total development and renovation potential of 70,000 sqm in Belgium and France. Considering the current total portfolio under management of 174,600 sqm, the investment activity of the first half year represents an increase of 39% of the future sellable surface.

Banimmo has finalized three sales:

- The remaining retail area (Saran II) in Orléans has been sold for an amount of less than €1 million. This operation has no impact on the consolidated accounts.
- The second operation relates to the sale of the receivables on the long term lease revenues due by the European Commission on the H3 building in Evere (Brussels) for an aggregate amount of €11.1 Mio. With this transaction, Banimmo maintains its long lease rights until 2080, and at the end of the usufruct of the European Commission that has been transferred until 2023, Banimmo will eventually consider new developments of about 34,000 sqm. This sale thus enables to express the value of these residual rights valued by an expert at €4.8 Mio. This complex operation has enabled to obtain a better value for this real estate asset than a straight sale for which the market wasn't willing to pay more than €13 million.

- A part of the land plot in Ans has been sold to the city of Ans for the development of a police station; Banimmo and the group Equilis have also concluded a partnership in order to analyze a retail development on this site.

Those three transactions represent a total sales amount of € 12 millions, below the announced objective of € 50 millions. This reveals that the investment market is still very selective and under pressure. The process to complete sales is slowed down by a difficult economic situation.

Banimmo, the delegated principal, has delivered a new building of almost 7,200 sqm let to the Vlaamse MilieuMaatschappij in Ghent to Participatie Maatschappij Vlaanderen. This operation generates a profit of € 866K this year, in addition to the part already booked in 2011.

### **C. Development and repositioning**

The main evolution concerns the retail project Halle Secrétan in Paris (19<sup>th</sup> district). The heavy renovation should start as of this spring, with a delay of 6 months.

On the development side, Banimmo has finalized an agreement concerning the commercialisation of two thirds of the Marché Saint-Germain gallery with international brands. The agreements are subject to technical verifications and obtaining the administrative authorisations.

## 2. COMMENTS ON THE RESULTS

### Key figures

Consolidated Income statement		
	K €	K €
	31/12/2011	31/12/2012
<b>Recurrent income</b>	18.954	16.142
of which net rental income	14.308	11.686
gross rental income	17.502	15.004
rental costs	-3.194	-3.318
of which management fees and commissions	2.065	1.417
of which shares in the result of companies accounted by the equity method	2.581	3.039
Other operational costs on building	-167	-326
Operational and administrative costs	-7.919	-7.871
Other income	0	0
<b>Recurrent operational result (REBIT)</b>	<b>10.868</b>	<b>7.946</b>
<b>Net result of transfers on real estate operations</b>	<b>4.195</b>	<b>6.706</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>15.063</b>	<b>14.652</b>
Net financial costs	-7.931	-7.937
Dividends	39	30
<b>Result before taxes</b>	<b>7.171</b>	<b>6.745</b>
Taxes	-198	-284
<b>Net current result</b>	<b>6.972</b>	<b>6.461</b>
Variations of fair value on investment buildings (IAS 40)	-2.869	-111
Variations of fair values on hedging instruments (IAS 39)	-1.530	-2.011
Variations of fair value in the result of companies accounted by the equity method	-1.301	-2.092
Change in value on inventories (IAS 2)	0	368
Deferred taxes	-112	59
<b>Result of the financial year - continued activities</b>	<b>1.161</b>	<b>2.674</b>
Result of the financial year - activities abandoned	0	0
<b>Result of the financial year</b>	<b>1.161</b>	<b>2.674</b>
Minority interests	-2	-4
<b>Result of the financial year - group share</b>	<b>1.163</b>	<b>2.678</b>
Attributable to:		
- Company shareholders	1.161	2.674
- Minority interests	-2	-4
Total number of shares	11.356.544	11.356.544

Key figures	31/12/2011	31/12/2012
Coverage ratio of recurrent income to operational costs	2,34	1,97
<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 per share (in €)</u>		
Shares A	0,10	0,24
Shares B	0,10	0,24

Balance sheet	31/12/2011	31/12/2012
<u>Total Balance Sheet</u>	376.260	401.307
of which investment buildings	84.166	91.575
of which fixed assets	1.577	1.560
of which investments in companies accounted by equity method	60.779	60.854
of which long-term financial assets	54.969	58.776
of which inventory	151.544	166.704
of which cash	5.390	3.998
<u>Equity Capital (before allocation)</u>	133.322	132.951
Long-term financial debts	212.178	231.095
Short-term financial debts	4.165	7.100

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 non cash elements of those companies have been extracted from their economical result.

The **net rental income** amounts to € 11,686K compared with € 14,308K. This variation has been explained in « Activities on the Portfolio - Leases » above.

The **fees and commissions** amount to € 1,417K compared with € 2,065K. The main contribution to this result is attributable to the finalization of the delegated principal contract with regards to the delivery of the office building of 7,200 sqm to Participatie Maatschappij Vlaanderen.

The **share in the profits/losses of companies accounted by the equity method** amounts in IFRS to a profit of € 947 against a profit of € 1,280K in 2011.

The decrease is once again attributable to the non-cash fair value changes between two periods. If based on the economical result, the result would increase from € 2,581K to € 3,039K in 2012.

This result is broken down as following :

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

The contribution to the IFRS result goes from € 632K to € 443K due to the impact of an exceptional charge. The occupancy rate of the building reaches now 96% and the renovation is completed. The turnover of the center is progressing well.

ii. Montea

The contribution of Montea is decreasing from € 429K to € 338K, despite an increase of the net current result. This difference is attributable to the negative fair value changes on the portfolio for € 6.7 Mio and on the hedging instruments for € 8 Mio.

The net current result increases with 10% to € 11.25 Mio.

Montea has announced a dividend increase of 5%, to a level of 1.93 € per share for 2013.

iii. Grondbank The Loop

The contribution changes from a loss of € 250K to a profit of € 385 K following the sale of an office building on the site.

The company enters an active phase where it can add value to its serviced land area.

iv. Conferinvest (Dolce conference centers)

The contribution of the two Dolce conference centers amounts to € 27K, compared to € 773K.

The operational performance of the centers, stable in the first half year compared to last year has declined in the second half year, particularly in France in a more marked way than anticipated. The turnover decreases slightly from € 37,133K to € 36,150K and Ebitda (excl. exceptional) from € 7,743K to € 6,184K.

The year has been affected by an exceptional charge of € 500K related to the final settlement of a commercial dispute in La Hulpe.

v. City Mall

As a result of the development costs on the projects in Verviers and Namur that cannot be activated, the contribution of this participation is negative up to € 264 K versus a loss of € 304 K in 2011. The mezzanine financing generates a financial income of € 2,847K.

A new better motivated permit has been granted by the Walloon Region for the retail project in Verviers. A new appeal at the Council of State has however been introduced by the same parties.

This delay will cause additional development costs and reduce the expected margin.

For the project in Namur, the finalization of the PRU procedure (*Périmètre de Remembrement Urbain*) is expected in the second quarter of 2013. This PRU is a prerequisite for the filing of a final permit request. This will cause a delay in the project execution but has no impact on the expected margin.

Considering the existing shopping center projects in Charleroi, the project of City Mall should evolve towards an extension of the Ville Haute; this extension would include a set of public services (Exposition, congress) and private functions (retail area, administration and offices, residential, hotel) in the framework of a densification of the site with a high mixity of functions.

This new approach will allow to take into account both retail areas that are complementary and in line with the urban policy formulated by the new local authorities.

The **structure costs** (administrative and operational costs) amount to €7,871K compared to €7,919K (-2.6%).

There is no particular progress in the recurrent cost structure of the group; the variation is due to the specific costs mainly related to the pre-study on The Loop (Ghent) and on the delegated principal mission on the delivery of the building to PMV.

The ratio “recurrent income on structure costs” amounts to 1.97 compared to 2.34 in 2011.

The **net financial charges and dividends** reach €9,919K versus €9,422K in 2011, including a non cash charge of €2,011K due to the change in value of the hedging instruments (IAS 39). The financial charges on the bank debt and the bond remain globally stable with a debt level of €238 Mio at the end of 2012 compared to €216 Mio at the end of 2011.

The net average financing cost (before the impact of the hedging instruments) has declined at 3.56% versus 3.86% in 2011. Taking into account the existing hedging instruments, this average cost amounts to 4.66% versus 5.01% in 2011.

The negative market values of the hedging instruments is a consequence of the continuing decline in interest rates on the markets.

All real estate companies, which in their majority cover their interest rate risk with hedgings imposed by banks, have to cope with this non cash charge.

Taking into account hedges in place, 85% of Banimmo’s financing sources are at fixed rate. This percentage will be reduced to 70% as of the beginning of 2013 as a result of the ending of some hedging instruments at that date.

The ratio Net Financial indebtedness on total balance sheet amounts to 58.35% compared to 56.1% in 2011.

The **net current result (IFRS)** before restatement of fair market values (IAS 39 and IAS 40) has slightly decreased to €6,461K compared to €6,972K in 2011.

The **net consolidated result (IFRS) (part of the group)** amounts to €2,678K compared to €1,163K in 2011.

The different variations due to the IAS 39, IAS 40 and the profit/losses of value on assets held in stocks, including those on the companies accounted by the equity method, amount €3,787 K compared to €5,812K in 2011.

### **3. INTRINSIC NET VALUE PER SHARE**

The intrinsic net value per share amounts to €15.08 compared to a share price of €9.59 (average of last 30 days). The intrinsic value has increased with 4% since December 31<sup>st</sup> 2011. This increase isn’t reflected in the share price that has decreased from €9.99 on December 31, 2011 to €9.61 on December 31, 2012 (-3.8%) with an average share price in 2012 of €9.26.

### **4. FORECASTS and POST CLOSING EVENTS**

In the real estate portfolio, two lease renewals have been realized : Unilever on Diamond building (Brussels) for 4,800 m<sup>2</sup> and Metrologie in Corvettes (Paris) for 3,800 m<sup>2</sup>.

A sale agreement has been signed for the Prins B. 5 building in Kontich (Antwerp). The notarial deed should be signed at the end of March.

Banimmo has received for its retail asset in Eragny an unconditional offer that is considered acceptable. As the buyer has already performed a due diligence in November of last year, the realization of this sale should be finalized shortly.

On the financial side, the syndicated loan has been increased in January from € 120 Mio to € 130 Mio, at the same conditions.

The priority remains the continuation of the sales program of assets that are mature and stabilized.

## **5. DIVIDEND**

The Board of Directors will propose to the General Meeting of Shareholders the payment of an ordinary gross dividend of € 0.27. Compared to the net current result, this represents a payout ratio of 47%.

## **6. 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 is also specialized in the development of built to suit buildings meeting the highest sustainability and energy-efficiency norms. 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 25 real estate properties representing a total value of more than € 414 million. Belgium constitutes the predominant market, with 61% of the portfolio in terms of market value. France represents 39% 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 (49.51%) and the management (24.9%) that have signed a shareholder agreement. The remainder, that is 25.59%, is in the hands of the public.*