

## PRESS RELEASE

Regulated information  
30 August 2013: 7.45 AM

---

### Consolidated Half Year results on June 30, 2013

The results for the period reflect both a number of accounting adjustments on participations (in various directions) and positive perspectives coming from new developments that are in progress.

On the activity side, the main events during the past half-year were:

- the renegotiation of long term lease agreements with existing tenants in France (Corvettes –Paris) and in Belgium (Diamond and Alma Court – Brussels).
- the signing of a new “built-to-suit” operation for 6,500 sqm in Brussels for the Group Marsh and McLennan Companies.
- two sale operations in France (Eragny) and Belgium (Kontich).
- At City Mall, the building permit for the shopping centre project in Verviers became enforceable.

The financial statements also include non-recurring elements relating to a capital gain of € 10.5 Mio following the deconsolidation of the Montea participation and to a value reduction of €8.44 Mio made on the participation in the projects of City Mall.

---

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

##### **A. Leases**

The gross rental income of the first half year amounted to €6.45 Mio versus €6.95 Mio for the same period of last year.

In Belgium, in the context of a still difficult lease market, Banimmo has completed the extension of lease agreements for long periods (9 years) with existing tenants (Alma Court 3,000 sqm – Diamond 4,800 sqm – Corvettes 3,800 sqm).

For Diamond and Corvettes the new financial conditions are less advantageous compared to those prevailing before, representing a decrease in rental income of about € 325 K per year. This entails negative value adjustments impacting these assets.

Two tenants have notified the end of their lease: Mobistar for the H5 building in Evere (1,240 sqm rented on a precarious basis) and Geodis (3,900 sqm) for the ABC building in Vilvoorde. Last mentioned asset will be completely reconverted in the long run.

The letting activity in Belgium was rather weak whereas in France, the pre-letting of the retail complex in Suresnes (Paris) is evolving very positively, with a occupancy rate reaching 85%. For the Galerie St Germain, Banimmo has identified a major future tenant whose very specific technical requirements were to be defined. This tenant will rent about two third of the available area. An agreement has been signed on the technical specifications which allows to negotiate a commercial lease agreement. Once signed in September, this lease will still remain subject to a number of conditions precedent. Subsequently Banimmo will start the administrative phase of obtaining the permits and start the execution phase.

The occupancy rate of the global portfolio amounts to 77%, compared to 84% as at December 31, 2012.

As every year, this variation is predominantly attributable to a change of the portfolio perimeter i.e. the sale of the fully assets Prins B.5 in Kontich (6,800 sqm – rent € 493 K) and Eragny in Paris (12,000 sqm – rent € 1,491 K).

## **B. Development and investment activity**

In Belgium two transactions have impacted the first half year. In March Banimmo has sold an office building located in Kontich for €9.13 Mio based on a net yield of 7.75%. This sale generates an economical loss of €575K. Considering the impact of the linearizations, the accounting loss accounted for amounts to €0,87 Mio.

Banimmo has also signed a 15 years firm rental contract with Marsh and McLennan for its new headquarters (6,500 sqm) to be delivered in December 2014. The construction works have already started.

In Ghent the negotiations with the City for field 12 of the The Loop project (100,000 sqm) have progressed positively.

In France, Banimmo has sold a retail asset located in Eragny (Paris region) and leased to Castorama for €18.65 Mio based on a yield of 8.1%. This sale generates a capital gain of €3.24 Mio.

The redevelopment of the retail galery in Suresnes (Paris periphery) evolves well and will be completed by the first quarter of 2014. Currently 85% of said asset has already been prelet. Banimmo has started the repositioning of the Halle Secrétan in Paris in the framework of a sale on plan (*VEFA - Vente en Etat Future d'Achèvement*) signed with the developer Sodearif, after having founded a solution on the problem resulting from an appeal that had been lodged. This complex develops 4,180 m<sup>2</sup> and is fully prelet.

In Rocquencourt (Versailles) three reputable hotel brands have confirmed their interest in the site and will submit binding lease offers by the end of the summer.

With regard to the joint-ventures following important events occurred at City Mall Invest:

- After several delays due to the appeals lodged with the State Council by some individuals, the building permit became finally enforceable for the project in Verviers. This allows City Mall to relaunch the commercialization which had been put on hold. Meanwhile, City Mall finalizes a “Bouwteam” agreement with a general contractor for the construction of this new shopping complex.
- The repeated delays of the administrative phases of the projects in Verviers and Namur led City Mall Invest to review its objectives on the Charleroi site. City Mall is now considering a sales transaction of this asset with a local operator based on a different mixed program (retail – offices – others).

This changed strategy entails a significant negative revision of the value of the participation held by Banimmo in City Mall (cfr infra).

## 2. COMMENTS ON THE RESULTS

### Key figures

ANALYSIS OF THE CONSOLIDATED RESULTS		
	K €	K €
	30/06/2013	30/06/2012
<b>Recurrent income</b>	5,165	6,408
of which net rental income from investment buildings	4,737	5,107
Gross rental income	6,451	6,946
Rental costs	-1,714	-1,839
of which management fees and commissions	420	978
of which share in the result of companies accounted by the equity method	8	323
Other operational costs on buildings	-376	-380
Operational and administrative costs	-3,867	-4,198
Other income	0	0
<b>Recurring operating result (REBIT)</b>	<b>922</b>	<b>1,830</b>
<b>Net result of transfers on real estate operations</b>	<b>2,157</b>	<b>3,194</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>3,079</b>	<b>5,024</b>
Net financial costs	-3,669	-3,749
Dividends	1,639	30
<b>Result before taxes</b>	<b>1,049</b>	<b>1,305</b>
Taxes	-1,454	347
<b>Net current result</b>	<b>-405</b>	<b>-1,652</b>
Variations of fair value on investment buildings (IAS 40)	-5,406	414
Variations of fair value on hedging instruments (IAS 39)	2,316	-1,221
Variations of fair value in the result of companies accounted by the equity method	161	-528
Profit/loss of value on asset held in stocks (IAS 2)	0	567
Profit/loss of value on companies accounted by the equity method	-5,284	0
Result of the reclassification of the participations in companies accounted by the equity method	10,503	0
Depreciation (allocation/write back) on the participations in companies accounted by the equity method	-3,157	0
Deferred taxes	-611	531
<b>Result of the financial year - continued activities</b>	<b>-1,883</b>	<b>1,415</b>
Result of the financial year - activities abandoned	0	0
<b>Result of the financial year</b>	<b>-1,883</b>	<b>1,415</b>
Minority interests	0	-5
<b>Result of the financial year-group share</b>	<b>-1,883</b>	<b>1</b>
Attributable to:		
- Company shareholders	-1,883	1,415
- Minority interests	0	-5
Weighted average number of shares	11,356,544	11,356,544
Coverage ratio of recurring revenue to operational costs	1.22	1.40

BALANCE SHEET		30/06/2013	31/12/2012
	<u>Total Balance Sheet</u>	384,325	403,685
of which investment buildings		90,503	93,954
of which fixed assets		1,518	1,560
of which investments in companies accounted by equity method		36,557	60,854
of which long-term financial assets		82,506	58,776
of which inventory		150,640	166,704
of which cash		3,134	3,998
	<u>Equity Capital (before allocation)</u>	126,304	133,231
Long-term financial debts		221,066	231,095
Short-term financial debts		5,952	7,100

NB: a conversion table of the consolidated income statement in IFRS is available on our website

## **Results**

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** on June 30<sup>th</sup> 2013 amounts to € 4,737K compared with € 5,107K on June 30<sup>th</sup> 2012. This variation has been explained in « Commercial Activities » above.

The **fees and commissions** amount to € 420K compared with € 978K on June 30<sup>th</sup>, 2012. This item mainly includes the asset management of the Dolce sites for account of Conferinvest. In 2012, this item included also the second phase 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 to an IFRS loss of € 5.116K against a loss of € 204K in 2012.

The contribution of the companies accounted by the equity method for the year 2012 can however not be compared to the year 2013.

Indeed, the main contributor to this line in 2012 was the result of the participation of 12.93% held in Montea, a REIT specialized in logistics.

In 2013 Banimmo has decided to reduce its presence in the board of Montea in order to be at the same level as the institutional financial investors that have recently participated in its capital. Banimmo did not participate in the recent capital increases of Montea. Therefore and further to the application of the IFRS norms, the results of Montea are no longer accounted by the equity method. Henceforth only the dividend of Montea has an impact on the results of Banimmo and is booked as a financial income and no longer as a result of a company accounted by the equity method. For the current bookyear, this dividend amounted to €1,609 K.

This deconsolidation implies also that Banimmo shall value this participation on the basis of the stock price. On this basis, Banimmo registers an exceptional accounting capital gain of € 10.50 Mio, booked in accordance with the IFRS norms in the result of companies accounted by the equity method.

In City Mall Invest Banimmo registered an exceptional loss of € 8.44 Mio. This loss results from a 100% value reduction of the part of the acquisition price of € 19 Mio attributed to the Charleroi project for an amount of €4,284 K, from a value reduction on the projects in Namur and Verviers

for an amount of €1,000 K and from a value reduction on the not attributable goodwill of the initial acquisition price for an amount of €3,157 K.

City Mall and its shareholders have decided not to pursue the development of a shopping center in Charleroi on the 7 hectare site near the City Hall. City Mall is now negotiating a sales transaction of this asset with a specific developer based on a different mixed program (retail – offices – residential).

Priority is given to the projects of Verviers with an enforceable permit and starting in 2014, and the project of Namur where a permit delivery is expected in 2014.

The non recurrent impacts resulting thereof have been accounted according to the IFRS rules in the result of companies accounted by the equity method.

The recurrent results of City Mall Invest and Grondbank The Loop are in line with those of last year.

With regards to the Dolce Centres, the results booked by Dolce Chantilly are far below those of last year mainly as a result of works affecting the hotel capacity. Dolce La Hulpe maintains a satisfactory level and has signed a major agreement with Deloitte EMEA to accommodate the training programs of Deloitte University for the next five years.

The operational contribution of the companies accounted by the equity method, without taking into account non cash elements, amounts to €8K.

The structure costs (administrative and operational costs) of the group are under control.

The ratio “recurrent income on structure costs” amounts to 1.22 compared to 1.40 in June 2012.

The net financial charge amounts to €3.07 Mio versus €6.83 Mio in June 2012.

The net average financing cost (before the impact of the hedging instruments) has declined to 3.23% versus 3.84% in 2012. Taking into account the existing hedging instruments, this average cost amounts to 4.61% versus 4.96% in 2012.

Taking into account hedges in place, 73% of Banimmo's financing sources are at fixed rate.

The decrease of the financial charges is the result of a value increase (non cash) of €2.15 Mio on the financial hedging instruments (IAS 39) further to the rapid increase of long term interest rates which occurred in June, versus a value decrease of €1.22 Mio in June 2012.

Financial income amounts to €3,356 K versus €1,780 K. This increase is attributable to the recording for the first time of the dividend of Montea in this account.

The net current result amounts to a loss of €405K compared to a profit of €1,652K on June 30<sup>th</sup>, 2012.

Other fair-value adjustments on the assets (IAS 40) have a negative impact of €5.41 Mio on the results. These mainly concern the assets Corvettes and Diamond further to the renegotiations of the lease agreements with their major tenants.

The consolidated net result (IFRS) of the first half year amounts to a loss of €1.88 Mio versus a result of €1.42 Mio on June 30<sup>th</sup>, 2012.

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

The intrinsic net value per share amounts to € 13.70 compared to a share price of € 9.40 on June 30, 2013. This value is determined by taking on the asset side the investment properties (IAS 40) at fair value, Montea at its stock market value, the conference centres, Jardins des Quais and Grondbank The Loop at the expert's value, City mall and the assets accounted under inventories (IAS 2) at the lower of either their historical acquisition value or net realizable value if this is lower than the acquisition cost.

The landbank and assets accounted under inventories have a book-value of € 151 million. The financial debt at its nominal value is deducted from these assets.

### **4. POST CLOSING EVENTS**

Banimmo has signed a letter of intent with an international group for the construction of its future office in Ghent covering 7,500 sqm. The long term lease shall be finalised in fall. More than one third of the developable area of the The Loop site has been rented within 24 months, a sign of the strength of the real estate market in Ghent.

With regard to its office building project in Charleroi (8,000 m<sup>2</sup>), Banimmo is facing a refusal of its partner to sell 50% of the shares of the company owning the land. Banimmo has started legal proceedings to enforce the execution of the signed partnership agreement.

Banimmo has obtained exclusivity for the acquisition of two assets. The first, located in Belgium, is an office building rented for three years. At the end of the lease, Banimmo will reposition the building. A residential destination is considered.

The second acquisition is located in Paris and is a retail asset to be redeveloped.

With regards to the retail assets located in France that are part of the sales objectives of this year ( Rouen – Fontenay - Jardin des Quais (jointly controlled with Affine)), an exclusivity has been granted to a well-known institutional investor on the 3 assets together.

### **5. FORECASTS**

The main goal remains the completion of the sales program that has already been achieved for nearly 50% at the end of June 2013. This will allow to allocate funds on new non speculative (re)developments. Banimmo continues to identify many opportunities as evidenced by the “built to-suits” projects in preparation. Residential conversion projects are also envisaged.

The second priority is to support the teams of City Mall in order to enable them achieving the completion of the projects of Verviers and Namur.

Due to the combined impact of the negative exceptional results and of the profit on sales that is lower than expected, the annual consolidated result of 2013 should be negative.

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

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

**Contact:**

Didrik van Caloen  
nv BANIMMO sa  
Tel. : +32 2 710 53 11  
e-mail : [didrik.vancaloen@banimmo.be](mailto:didrik.vancaloen@banimmo.be)

Christian Terlinden  
nv BANIMMO sa  
Tel. : +32 2 710 53 11  
e-mail : [christian.terlinden@banimmo.be](mailto:christian.terlinden@banimmo.be)

**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 24 real estate properties representing a total value of more than € 396 million. Belgium constitutes the predominant market, with 62% of the portfolio in terms of market value. France represents 38% 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.*