

## PRESS RELEASE

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### **Interim statement Evolution of the activity during 1<sup>st</sup> half-year of 2014**

The main events during the past half-year were:

- The letting and the delivery of the Galerie Bagatelle in Suresnes (nearby Paris) and the letting of more than 1,900 sqm in the office portfolio in Belgium.
  - The sale of a company owning an office building currently under development in Belgium (Brussels) for a transactional value of €23.2 million and generating a capital gain, partially booked for an amount of €1.1 million in the accounts of this half year.
  - Start of the development of a new “built-to-suit” for BNP Paribas Fortis in Charleroi (8,000 sqm).
  - The acquisition of different plots of land in order to widen the landbank allowing the development of new built-to-suit projects.
  - An additional provision on City Mall which leads to an accounting loss.
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Concerned about a better transparency, Banimmo publishes at the end of July a “guidance” on its half-year result together with a brief comment on the activity of the year.

These figures have not been audited yet and will be submitted for approval to the board of directors that will be held on August 27.

The complete half-year press release will be published on August 29.

#### **1. COMMERCIAL AND LETTING ACTIVITY**

During the first quarter of 2014, Banimmo focused in Belgium on the letting of surfaces in its office buildings. It has leased an area of 793 sqm in the building Alma Court and 1,131 sqm in the building Diamond.

In France, the letting of the Galerie Bagatelle in Suresnes is finalized and the inauguration of this gallery took place on March 11, 2014. This gallery has been totally renovated by Banimmo and covers a total area of about 5,300 sqm (4,700 sqm lettable area). In the Vaugirard gallery (2,083 sqm lettable area), Banimmo has relaunched the commercialization which has led to the letting of a first retail area of 54 sqm. The letting of new retail areas should follow in the coming months.

The global occupancy rate of the portfolio remained nearly unchanged, amounting to 78.8% on December 31, 2013 and 78.6% on June 30, 2014; the sale of the company owning the fully let Veridis building has been offset by new lettings.

The net rental income of the first half-year of 2014 amounts to €4.9 million compared to €4.7 million during the first half-year of 2013. The decrease in rental income resulting from the sale of 4 buildings that occurred in 2013 (Eragny, Rouen, Fontenay and Prins B.5) has completely been compensated by rental income from new lettings of office and retail areas concluded during the first semester of the year and by the new acquisition of the Desguin building.

## **2. DEVELOPMENT, INVESTMENT AND DISPOSAL ACTIVITY**

### **a. Development activity**

In Belgium, Banimmo has started the construction of the new regional headquarters of BNP Paribas Fortis in Charleroi. Banimmo has partnered with the group IRET to jointly develop this project. The building will be located on the Boulevard Tirou in Charleroi and will develop a total surface of 8,000 sqm and will house 75 parking spots. The permits have been obtained and the construction has started at the end of this half year in view of a delivery scheduled at the end of 2015. The tenant will occupy its new regional headquarters based on a 15 years lease contract.

Moreover, the construction of the new headquarters of Marsh and McLennan (6,500 sqm) in Brussels is progressing and a delivery is scheduled end 2014-beginning 2015 (*see also 2.c Disposals*).

For the construction of the new headquarters of Deloitte in Ghent, the permits have been obtained and the construction has started in July. The delivery is foreseen at the end of 2015.

The preparation of the permit fillings required for the construction of the future McArthurGlen Outlet Center is progressing. Several of the conditions precedent were fulfilled during this semester. The deadline for the completion of some other conditions precedent has been extended by mutual agreement until the end of September 2014.

In France, as mentioned above, the redevelopment of the Galerie Bagatelle in Suresnes nearby Paris is completed.

The redevelopment of the Halle Secrétan (Paris) has been launched in the summer of 2013 in the framework of a sale on plan (*VEFA- Vente en Etat Futur d'Achèvement*). Works are progressing according to schedule with a delivery in the first half-year of 2015. This asset is prelet at 92%.

For the redevelopment of Marché Saint-Germain (Paris), the *CDAC* (socio-economic permit) has been granted and building permit applications have been filed. This redevelopment follows the signing in 2013 of a lease agreement with a major international brand that will occupy two-third of the surfaces. The construction start is planned for the first half of 2015.

### **b. Investments**

In order to compose a premium landbank allowing the development of new built-to-suit projects, Banimmo has acquired different plots of land during this half year :

- Mid-April, Banimmo has acquired 50% of a company owning a site of 52 acres in Namur on which it will develop, together with the group Thomas & Piron, an office project of 15,000 sqm. The ground is located on the *Boulevard Cauchy*, close to the railway and bus station of Namur. It allows the construction of 3 office buildings (7,000 sqm, 5,000 sqm and 3,000 sqm) with a common basement for 150 car parking spots and 50 bicycle places. The permits have already been obtained. The buildings will have a BREEAM-

certification, ensuring the sustainability of the project. There are advanced discussions for the long-term occupation of two buildings.

- City Mall and Banimmo have signed an agreement on May 15 whereby Banimmo acquires an affiliate of City Mall owning a site in Charleroi for an amount of € 7 million.

Through this transaction, Banimmo owns a long lease on nearly 7 hectares of land around the exposition hall *Palais des Expositions* of Charleroi located near the *place du Manège*, and 54% of the company Charleroi Expo SCRL, the company that operates the *Palais des Expositions of Charleroi*, owned by the City. Banimmo is discussing with the city of Charleroi on the possible realization of a mixed development related to the renovation of the Palais des Expositions desired by the City.

In France, Banimmo analyzes the acquisition of a retail gallery nearby Paris for which it obtained an exclusivity. This acquisition is foreseen in October, subsequently Banimmo will perform a commercial restructuring in order to make from this gallery a prime asset for institutional investors.

c. Disposals

Banimmo has signed on June 30 2014 an agreement with the Common insurance fund Integrale for the sale of 100% of the shares of the company Luso Invest. This company owns a building currently under development, located in Auderghem (Brussels), on the crossing of the Herrmann-Debroux avenue and the Souverain boulevard. The building will develop a total surface of approximately 6,500 sqm. The building is rented to the subsidiaries of Marsh & McLennan in Belgium on the basis of a 15 years lease contract.

In the framework of a sale on plan signed between Luso Invest and Banimmo, the latter will ensure the development of the building until its final delivery. The provisional delivery is foreseen for early 2015. This sale is the first “forward sale” realized by Banimmo and was made possible due to the qualities of the building.

The sale price of the shares is based on a transactional value of the building of € 23.2 million. The sale will generate a capital gain, part of which (€ 1.1 million) has been registered in the accounts on June 30, 2014. The balance will be accounted for progressively in line with the completion of the works.

This transaction is the first sale of an announced sales objective of four in 2014. The other sales transactions are in various stages of negotiations. With regard to the gallery Bagatelle in Suresnes, negotiations are progressing positively in order to be able to finalize an acquisition in the coming months.

With regard to the joint-ventures, the evolution in the participation in City Mall Invest is as follows:

- With regard to the shopping center project in Verviers, the building permit became enforceable and progress has been booked with the finalization of the agreement with a general constructor and with the further commercialization: the company finalizes rental contracts with 2 leading brands and hopes to reach a very significant occupancy rate at the end of the year. The first preparatory works have been undertaken.
- With regard to the project in Namur, the City council has approved on June 26, 2014 the PCA-R (*Plan Communal d’Aménagement*) defining the destinations and the volumes of the zone. This PCA-R is subject to the approval of the Region which is expected very soon. This urbanistic tool is the necessary foundation for the filing of the permit applications that should occur early 2015.

No specific significant events occurred with regard to the other joint-ventures of Banimmo.

### **3. RESULTS**

In an economic environment that is still difficult, Banimmo has increased its net rental income from € 4.7 million to € 4.9 million and realized a capital gain on a sale, reflecting a sound operational activity.

For 2014, Banimmo aimed achieving a sales objective amounting to € 80 Mio. With the sale of Luso invest (owner of the Veridis building) on June 30, 30% of said objective had been reached. Negotiations for the sale of two other assets are ongoing.

All these commercial and investment transactions generate an operational result (before contribution of the companies accounted by the equity method ) of € 2.3 million versus € 3.1 million in the first half year of 2013. The difference is mainly due to a capital gain on disposals that was larger in the first half year of 2013 (€ 2.2 million) compared to € 1.1 million accounted for in the same period of this year.

The contribution of the companies accounted by the equity method was € -3.9 million and is mainly attributable to City Mall Invest. The acquisition by Banimmo of an affiliate of City Mall owning a site in Charleroi for an amount of € 7 million (*cfr supra 2.b. Investments*) has led Banimmo to reduce the value of its participation in City Mall to zero and thus book an additional value reduction of € 4.0 million on this participation, now fully amortized.

The net financial result amounts to € -6.0 million. This result is impacted by a profit loss (non cash) of € 0.95 million on the financial hedging instruments further to the decrease of long term interest rates which occurred during the half year. The financial result is also negatively impacted by an additional value reduction of € 1.7 million. This amount consists of a provision for interest recognized in 2013 on the mezzanine loan granted by Banimmo to City Mall, that all creditors had agreed to capitalize until December 2014. As the recoverability of said interest becomes uncertain, Banimmo decided to make a provision for this amount and for the same reasons, does not recognize the interest income on this loan for the year 2014.

Fair-value adjustments on the assets have a negative impact of € 1.2 million on the results. These mainly concern the assets Corvettes (87% occupancy rate) in France and Diamond in Belgium (66% occupancy rate) in Belgium. The adjustment on Diamond is a result of renegotiations of the lease agreements with major tenants and works that have been done for them.

Taking into account a tax product of € 1.4 million, resulting predominantly from deferred taxes, the net consolidated result (IFRS) of the first half year amounts to a loss of € 7.5 million. Almost all of this loss is attributable to non-cash items, namely adjustments to City Mall (€ 5.7 million), fair value adjustments on assets and financial instruments (€ 2.2 million) and deferred taxes, net result excluding these elements being close to balance (-€ 0.7 million).

#### **4. FORECASTS**

Forecasts will be developed in the half-year press release of August 29.

#### **5. FINANCIAL CALENDAR**

Publication of halfyear results 2014 :  
Interim statement for third quarter 2014 :

August 29, 2014  
November 14, 2014

**For more information, please contact:**

**Banimmo**  
Lenneke Marelaan 8  
1932 Zaventem  
[www.banimmo.be](http://www.banimmo.be)

**Christian Terlinden**  
CEO  
Tel. : +32 2 710 53 11  
[christian.terlinden@banimmo.be](mailto:christian.terlinden@banimmo.be)

**Cedric De Laet**  
CFO  
Tel. : +32 2 710 53 11  
[cedric.delaet@banimmo.be](mailto:cedric.delaet@banimmo.be)

#### **About Banimmo**

*Banimmo stands out as a specialized player capable of producing or transforming a real estate asset meeting the requirements and the highest standards of institutional investors, as well as developing built-to-suit projects meeting the occupants needs. This competence is applicable to both the office building sector and the retail segment or niche segments (hotels, nursing homes and so on).*

*The company has 30 employees. At the end of June 2014, the real estate portfolio had a total value of €355,5 million. Belgium represents the predominant market, with 73,1% of the portfolio in terms of market value, with France representing 26,9%. 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 (23.28%). The remainder (27.21%) is in public hands.*