

## PRESS RELEASE

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### Consolidated Half-Year results on June 30, 2014

The results for the period reflect both positive perspectives ensuing from new built-to-suit developments in progress and new lettings; as well as a number of accounting adjustments (non cash) on the participation in City Mall.

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

- The letting and the delivery of the Galerie Bagatelle in Suresnes (5,300 sqm) 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, booked for an amount of €1.1 million in the accounts of this half year. The balance will be accounted for progressively in line with the completion of the works.
  - Start of the development of a new “built-to-suit” for BNP Paribas Fortis in Charleroi (8,000 sqm) will a delivery scheduled in the second half year of 2015 .
  - 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 leading to an accounting loss.
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#### 1. COMMERCIAL AND LETTING ACTIVITY

During the first half-year of 2014, Banimmo focused in Belgium on the letting of surfaces in its office buildings. It has leased a surface of 793 sqm in the building Alma Court and 1,131 sqm in the building Diamond. Those new lettings will allow to generate an additional rental income of € 0.3 million (year basis).

In France, the letting of the Galerie Bagatelle in Suresnes is finalized and its inauguration took place on March 11, 2014. This gallery, totally renovated by Banimmo, covers a total area of 5,300 sqm (4,700 sqm lettable area) and generates a yearly rental income of € 1.6 million.

In the office building Les Corvettes, a tenant (558 sqm) has left and a renegotiation (667 sqm) has taken place. Those two elements will generate an annual rental decrease of € 0,1 million.

In the Vaugirard gallery (2,083 sqm lettable area), Banimmo has relaunched the commercialization process which has already resulted in 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 gross and net rental income of the first half-year of 2014 amounts to respectively € 6.7 million and € 4.9 million compared to € 6.45 million and € 4.7 million during the first half-year of 2013, corresponding to an increase of 4%. 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 half-year and by the acquisition of the Desguin building.

During the first half-year, no acquisition generating rental income has occurred.

## **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 house 75 parking spots. The permits have been obtained and the construction has started at the end of this half year. The delivery is 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 the delivery is scheduled end 2014-early 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 filing requests for the construction of the future McArthurGlen Outlet Center is progressing. Several of the conditions precedent to be met for the realization of this project have been 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. Negotiations for its sale have quickly started, given the strong investor appetite for this type of real estate.

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 already 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. The delivery of the permits is foreseen by year-end. This redevelopment follows the signing in 2013 of a lease agreement with a major international brand. The start of the works is planned for the first half of 2015.

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

- The building permit for the shopping center project in Verviers, 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 by 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 has already been formalized by a ministerial decision dated August 18, 2014. This urbanistic tool is necessary for the filing of the permit applications that should occur early 2015.

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

b. Investments

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

- Mid-April, Banimmo acquired 50% of a company owning a site of 52 acres in Namur on which it will develop, together with the Thomas & Piron group, an office project of 15,000 sqm. The land 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 ongoing discussions for the long-term occupation of two buildings.
- On May 15 City Mall and Banimmo have signed an agreement whereby Banimmo acquires an affiliate of City Mall owning a site in Charleroi for an amount of € 7 million. A first payment of € 5 million has been made; the remainder will be paid when the city of Charleroi will have approved the PCA-R (*Plan Communal d'Aménagement*) for this site.

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, operating 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 finalizes the acquisition of a retail gallery nearby Paris for which it obtained, after a first due diligence phase, an exclusivity. This acquisition is foreseen in October, subsequently Banimmo will perform a commercial restructuring in order to turn this into 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 possible thanks 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.

### 3. COMMENTS ON THE RESULTS

#### Key figures

ANALYSIS OF THE CONSOLIDATED RESULTS		
	K €	K €
	30/06/2014	30/06/2013
<b>Recurrent income</b>	5,520	5,165
of which net rental income from investment buildings	4,886	4,737
Gross rental income	6,701	6,451
Rental costs	-1,815	-1,714
of which management fees and commissions	447	420
of which share in the result of companies accounted by the equity method	187	8
Other operational costs on buildings	-140	-376
Operational and administrative costs	-4,009	-3,867
Other income	-	-
<b>Recurring operating result (REBIT)</b>	<b>1,371</b>	<b>922</b>
<b>Net result of transfers on real estate operations</b>	<b>1,129</b>	<b>2,157</b>
<b>Net result of transfers on participations of companies accounted by the equity method</b>	<b>-</b>	<b>-</b>
<b>Operating result (EBIT)</b>	<b>2,500</b>	<b>3,079</b>
Net financial costs	-3,457	-3,669
Dividends	1,643	1,639
Result of other financial assets	-82	-
<b>Result before taxes</b>	<b>604</b>	<b>1,049</b>
Taxes	262	-1,454
<b>Net current result</b>	<b>866</b>	<b>-405</b>
Variations of fair value on investment buildings (IAS 40)	-1,218	-5,406
Variations of fair value on hedging instruments (IAS 39)	-953	2,316
Variations of fair value in the result of companies accounted by the equity method	-4,100	161
Profit/loss of value on asset held in stocks (IAS 2)	-	-
Value reduction on receivables on companies accounted by the equity method	-3,238	-
Profit/loss of value on companies accounted by the equity method	-	-5,284
Result of the reclassification of the participations in companies accounted by the equity method	-	10,503
Depreciation (allocation/write back) on the participations in companies accounted by the equity method	-	-3,157
Deferred taxes	1,111	-611
<b>Result of the financial year - continued activities</b>	<b>-7,532</b>	<b>-1,883</b>
Result of the financial year - activities abandoned	-	-
<b>Result of the financial year</b>	<b>-7,532</b>	<b>-1,883</b>
Minority interests	0	0
<b>Result of the financial year-group share</b>	<b>-7,532</b>	<b>-1,883</b>
Attributable to:		
- Company shareholders	-7,532	-1,883
- Minority interests	-	-
Weighted average number of shares	11,356,544	11,356,544

KEY FIGURES		30/06/2014	30/06/2013
Coverage ratio of recurring revenue to operational costs		1.33	1.22
<u>Figures per share</u>			
Average number of A shares		10,625,838	10,318,172
Average number of B shares		730,706	1,038,372
<u>Basis result diluted per share (in € per share)</u>			
Shares A		-0.66	-0.17
Shares B		-0.66	-0.17
BALANCE SHEET		30/06/2014	31/12/2013
<u>Total Balance Sheet</u>		358,851	356,784
of which investment buildings		83,138	83,168
of which fixed assets		1,911	1,825
of which investments in companies accounted by equity method		9,516	10,760
of which long-term financial assets		81,772	74,590
of which inventory		155,101	152,060
of which cash		4,722	4,066
<u>Equity Capital (before allocation)</u>		108,270	115,651
Long-term financial debts		215,560	193,028
Short-term financial debts		5,378	6,083

## 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> 2014 amounts to € 4.9 million compared with € 4.7 million on June 30<sup>th</sup> 2013. This variation has been explained in « Commercial and Letting Activity » above.

The fees and commissions remained stable at € 0.4 million. This item mainly includes the asset management of the Dolce sites for account of Conferinvest.

The contribution (cash and non-cash) of the companies accounted by the equity method was € -3.9 million. This negative result is mainly due to an additional value correction on the participation City Mall Invest. The acquisition by Banimmo of an affiliate of City Mall owning a site in Charleroi for an amount of € 7 million has led Banimmo to reduce the value of its participation in City Mall to zero and thus book a value correction of € 4.0 million on this participation.

The balance of the companies accounted by the equity method amounts to € 0.1 million:

- Conferinvest, who holds the two hotels Dolce La Hulpe and Dolce Chantilly, has a contribution of € 0.2 million. This contribution comes from Dolce La Hulpe. Indeed, an agreement was signed last year with Deloitte, leading to an increased turnover. The activity in Dolce Chantilly remains weak as a result of works and of a difficult general environment in France.
- Grondbank The Loop has a negative (recurrent) contribution of € 0.1 million, in line with previous years. The sale of the different plots of land in the short and medium term, including the sale of the parcel on which the Deloitte building will be developed, will now allow the company to progressively generate capital gains, depending on the pace of the developments.

The operational contribution of the companies accounted by the equity method, without taking into account non cash elements, amounts to € 0.2 million compared to a result that was in balance during the first semester of last year.

The structure costs (administrative and operational costs) slightly increased, from € 3.9 million to € 4.0 million. This is attributable to some lawyer fees and non recurrent costs linked to investment and development files.

Banimmo realizes a capital gain of € 1.1 million, compared with € 2.2 million for the same period of last year. This amount represents part of the capital gain realized on the sale of the shares of Luso Invest (owning the Veridis building). The balance will be accounted for progressively in line with the completion of the works.

The net financial result amounts to € -6.0 million, compared to € 0.3 million for the first half year of 2013. This result is impacted by a 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. During the first semester of last year, Banimmo booked a value gain of € 2.15 million on the hedging instruments, a difference between the two years of €3.1 million.

The financial result is also negatively impacted by an additional value reduction of € 1.7 million linked to City Mall. 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. Since the company booked a financial income of € 1.4 million during the first half of last year, the difference between the two years amounts to € 3.1 million. This difference, combined with that from hedging instruments (€ 3.1 million) explains the significant difference in financial income between the two years.

From 2015, this cost will decrease due to the maturity of some hedging instruments contracted in 2011 and the beginning of new contracts at lower interest levels.

The net average financing cost (before the impact of the hedging instruments) has increased to 3.45%, coming from 3.23% on June 2013. Taking into account the existing hedging instruments, this average cost amounts to 4.73% versus 4.61% in 2013. The increase of the average financing cost can be explained by a lower average financial debt during this semester. The bonds, with an interest rate of 5.17%, therefore weighs more in the computation of the average financing cost.

Fair-value adjustments on the assets have a negative impact of € 1.2 million on the results. These mainly concern the assets Les 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 done for them.



The tax product amounts to € 1.4 million, and is composed of current taxes and deferred taxes:

- A current tax product of € 0.3 million, linked to a reversal of the tax linked to the real estate sales of last year;
- A positive deferred tax of € 1.1 million linked to various variations. The value reductions on the participation in City Mall have not generated any deferred tax asset.

The consolidated net result (IFRS) of the first half year amounts to a loss of € 7.5 million, compared with a loss of € 1.9 million in the first half year of 2013. Almost all of the loss of this half year is attributable to non-cash items, namely non-cash 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 is being close to balance (- € 0.7 million).

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

The intrinsic net value per share amounts to € 10.52 compared to a share price of € 8.02 on 30 June 2014. This value is determined by taking on the asset side the investment properties (IAS 40) at fair value, the shares in Montea at stock market value, the conference centres and Grondbank The Loop at the expert's value, 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 € 155 Mio.

The financial debt at its nominal value is deducted from these assets. Subsequently, this result is divided by the number of shares in order to obtain the intrinsic net value per share.

#### **5. POST CLOSING EVENTS**

Banimmo has signed an unconditional sale agreement with a French institutional investor for the sale of the Bagatelle gallery in Suresnes. The signing of the notarial deed is foreseen in the 2 coming months. Otherwise, Banimmo will receive a contractual compensation equal to 10% of the sale price.

During the summer, Banimmo has finalized the letting of 1,498 sqm in its Belgian office buildings Alma Court (1,266 sqm) and Arts 27 (232 sqm), which will allow to generate an additional rental income of € 0,2 million on year basis.

A letter of intent has been signed with an important international brand for the letting of 900 sqm in the Marché Saint Germain in France. The rental agreement should be signed shortly and would bring the preletting percentage of this gallery to 63%.

On July 31 2014, as contractually foreseen, Mercedes-Benz has left the building in Rocquencourt (Versailles). Banimmo has identified an international American hotel operator. An agreement on the technical specifications for the conversion of the office building into an hotel has been reached. This operator has identified final investors that are interested in the sale on plan of this hotel. Negotiations are ongoing.

#### **6. FORECASTS**

For 2014, Banimmo aimed achieving a sales objective amounting to € 80 million. With the sale of Luso invest (owner of the Veridis building) on June 30, 30% of said objective has been reached. The sale of the Bagatelle gallery (Suresnes) should take place during the coming 2



months, bringing the achievement rate to 60% (See 5. *Post closing events*). Negotiations for the sale of another asset are ongoing.

The main goal remains the completion of the sales program on those two assets in order to achieve the sales objective of this year. This will allow to allocate funds on new (re)developments. Banimmo continues to identify many opportunities as evidenced by the “built to-suits” projects started recently.

The second priority is to finalize new lettings in the office buildings in Belgium, a.o. North Plaza, H5 and Alma Court (total surface of 16,000 sqm).

Due to the impact of the negative exceptional results linked to the City Mall participation, the annual consolidated net result of 2014 should remain negative.

## **7. FINANCIAL CALENDAR**

Interim statement for third quarter 2014 :

November 14, 2014

## **8. 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).

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### **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 €355,7 million. Belgium represents the predominant market, with 73,2% of the portfolio in terms of market value, with France representing 26,8%. 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.*