

## PRESS RELEASE

Regulated information  
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### Consolidated results at 30 June 2016

Operating result at breakeven.

Negative net result of €8.4 million.

Delivery of Marché Saint-Germain to tenants in May 2016. Opening scheduled by year end.

Urbanove Shopping Development in Judicial Reorganization Procedure until 30 November 2016.

Sales process engaged for approximately € 200 million.

Adjusted net asset value<sup>1</sup> stands at €11.06 per share.

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#### 1. COMMERCIAL AND RENTAL ACTIVITIES

The portfolio's overall occupancy rate improved slightly from 78.1% at 31 December 2015 to 78.4% at 30 June 2016. The only major vacancies related to North Plaza (14,000 sq.m) and Diamond (4,700 sq.m out of a total of 14,300 sq.m). No significant leasing took place in Belgium and France during the first half of the year.

#### 2. DEVELOPMENT ACTIVITIES, ACQUISITIONS AND DISPOSALS

##### a. Development activities

At the Athena Business Center site (Vilvoorde), Banimmo initiated the site use change procedure in June 2016. The buildings on the 5-hectare site are currently being used as warehouse and office space. With the procedure started, Banimmo wants to turn this site into a new residential space, including 250 dwellings (apartments, single-family homes, etc.). This new development is named "Groenloo" and was the subject of a presentation by the city of Vilvoorde and Banimmo in mid-June. The initial work is scheduled for the end of 2017.

At the Marché Saint-Germain site (4,600 sq.m), the renovation work are nearly finished. In May, the retail spaces were delivered to the tenants to allow them to perform their preparatory work. The gallery is scheduled to open at the end of this year. As a reminder, 100% of the retail space has been leased. This gallery's net annual rental income will exceed €4 million.

At the Verpantin site (4,700 sq.m), Banimmo exchanged some retail spaces with the co-owner Leclerc. This exchange was a prerequisite for the launch of the site renovations that will begin

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<sup>1</sup> see definition on page 5

shortly. These renovations will include work on the gallery's façade, technical facilities, and common areas, while keeping the tenants in place.

The situation of the joint venture Urbanove, in which Banimmo holds a 44% interest alongside SRIW and other public investors (NamurInvest, Meusinvest, and Invest Services), Besix, and Banque Degroof Petercam, calls for the following comments:

- On 30 March, Urbanove Shopping Development and its subsidiaries filed an application to open a Judicial Reorganization Procedure (JRP) with the Brussels Commercial Court. On 15 April 2016, the Brussels Commercial Court agreed to open this procedure. On 17 June 2016, the Brussels Commercial Court granted Urbanove Shopping Development and its subsidiaries an extension of the judicial reorganization procedure to 30 November 2016.
- On an operational point of view, during the JRP, Urbanove has made progress on the commercialization, the program definition and the acquisitions for the two projects.
- Urbanove's management thoroughly reworked the assumptions of the business plans (including costs and the market parameters - rent levels and capitalisation rates) with the assistance of third-party experts. This work led to the final sizing of the projects. Negotiations are ongoing with Urbanove's creditors and the public authorities as well as outside partners for recapitalisation of the two project companies Les Rives de Verviers and Le Côté Verre.

At 30 June 2016, Banimmo carried out an impairment test on the subordinated loans to Urbanove on the basis of those new business plans. This led Banimmo's board of directors to decide to maintain in the June 2016 financial statements the value of its Urbanove loan.

#### b. Acquisitions

There were no new acquisitions during the first half of 2016.

#### c. Divestments

Several sales were initiated during the first half of 2016 that should lead in 2016 and 2017 to a sales volume of around €200 million.

### **3. BANK FINANCING**

The company and banks participating in the syndicated credit facility came together to develop the modalities of a progressive amortization of the credit that has a maturity on 5 September 2016, depending on the sales programme. Those new modalities will be submitted to a board meeting of Banimmo in August 2016.

New projects will be financed through bilateral credits, as is the case since several years.

### **4. EVOLUTION OF THE GOVERNANCE**

Patrick Mertens de Wilmars, permanent representative of Wimer Consult SCS, has taken its function as new CEO as of May 10<sup>th</sup> 2016.

## 5. EARNINGS <sup>2</sup>

CONSOLIDATED RESULTS		
	K €	K €
	30/06/2016	30/06/2015
<b>Turnover</b>	<b>4,713</b>	<b>27,655</b>
of which Net rental income from investment buildings	4,218	3,917
Gross rental income	5,468	6,031
Rental costs	-1,250	-2,114
of which Income from sales of inventories	0	3,323
of which Income from sales of orders in progress	0	19,577
of which Management fees and commissions	543	558
of which Share in the result of companies accounted by the equity method	-48	280
<b>Recurring costs</b>	<b>0</b>	<b>-19,411</b>
of which Costs from sold inventories	0	-3,186
of which Costs from sold work in progress	0	-16,224
<b>Other operational costs on buildings</b>	<b>-59</b>	<b>-288</b>
<b>Operational and administrative costs</b>	<b>-4,721</b>	<b>-4,054</b>
<b>Recurring operating result (REBIT)</b>	<b>-67</b>	<b>3,903</b>
<b>Net result of transfers on real estate operations</b>	<b>-</b>	<b>-</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>-67</b>	<b>3,903</b>
Net financial costs	-4,713	-4,266
Dividends	0	67
Result of other financial assets	-19	-
<b>Result before taxes</b>	<b>-4,799</b>	<b>-296</b>
Taxes	1,368	977
<b>Net current result</b>	<b>-3,431</b>	<b>681</b>
Variations of fair value on investment buildings (IAS 40)	-868	-3,210
Variations of fair value on hedging instruments (IAS 39)	-1,659	1,542
Variations of fair value in the result of companies accounted by the equity method	0	76
Profit/loss of value on asset held in stocks (IAS 2)	-2,000	-
Value reduction on receivables on companies accounted by the equity method	-716	-678
Profit/loss of value on companies accounted by the equity method	-	-
Deferred taxes	318	139
<b>Result of the financial year</b>	<b>-8,356</b>	<b>-1,450</b>
Minority interests	0	-7
<b>Result of the financial year-group share</b>	<b>-8,356</b>	<b>-1,443</b>
Attributable to:		
- Company shareholders	-8,356	-1,443
- Minority interests	0	-7

<sup>2</sup> Banimmo's revenues incorporate proceeds from the sale of assets in inventory and orders in progress. Revenues incorporate the following elements:

- Net rental income
- Income from sales of assets in inventory and orders in progress
- Management fees and commissions as part of partnership agreements
- The share in the earnings of associated companies. These companies' non-cash items are extracted from their economic result.

However, this change in presentation has no impact on the net result for the financial year. The presentation of the 2015 accounts was restated for comparability with the accounts for the financial year.

FIGURES PER SHARE		30/06/2016	30/06/2015
Average number of shares		11,356,544	11,356,544
Basis result diluted per share (in € per share)		-0,74	-0,13

  

BALANCE SHEET		30/06/2016	31/12/2015
<u>Total Balance Sheet</u>		354,484	350,589
<b>Assets</b>			
Investment buildings		65,733	65,948
Fixed assets		413	493
Investments in companies accounted by equity method		7,472	7,520
Long-term financial assets		48,673	45,862
<i>of which Urbanove</i>		25,678	24,511
<i>of which Conferinvest</i>		18,061	17,885
<i>of which Others</i>		4,934	3,466
Inventories		198,599	192,387
Work in progress		2,552	2,281
Cash		4,000	3,551
<b>Equity Capital (before allocation)</b>		64,754	73,090
<b>Liabilities</b>			
Long-term financial debts		166,880	159,570
Short-term financial debts		89,227	86,976

**Net rental income** stood at €4.2 million compared with €3.9 million at 30 June 2015. The company generated a positive change in rental income of €0.3 million, despite the loss of rental income related to 2015 sales (Arts 27 and Corvettes). This increase comes mainly from Halle Secrétan (opened in fall 2015) and Galerie Vaugirard (positive change in the occupancy rate).

The company posted no **proceeds from disposal** of assets in inventory or orders in progress, compared with proceeds from disposal of €22.9 million at 30 June 2015.

**Management fees and commissions** remained stable at €0.5 million. This item essentially corresponds to management of the Dolce assets on behalf of Conferinvest.

The contribution (cash and non-cash) of **equity-accounted companies** was at breakeven compared with a gain of €0.4 million in the first half of 2015.

- The contribution of Conferinvest, which covers the two hotels Dolce La Hulpe and Dolce Chantilly, was balanced overall. However, the operating contribution was positive at €0.9 million compared with €0.6 million at 30 June 2015. Despite the events of March 2016 in Brussels, EBITDA remained constant compared with last year (€2.5 million). At Dolce Chantilly, EBITDA grew by more than 30% to €1.2 million.
- Grondbank The Loop and Bureau Cauchy have a slightly negative recurring contribution, representing structural costs.

Because of the lack of sales during the first half, **costs on the disposal of assets** in inventory and orders in progress were zero, compared with €19.4 million in the first half of 2015. As a reminder, this amount represents the cost of assets and orders sold during the year.

**Operating costs** (administrative and operational charges) stood at €4.7 million for the first half compared with €4.1 million during the first half of last year. This increase is related to expenses for departures and recruitment over the financial year.

The **net financial costs** stand at -€4.7 million compared with -€4.3 million in June 2015.

The average cost of debt before the impact of hedging instruments stood at 3.5% compared to 3.4% at 30 June 2015. Considering the hedging instruments in place, the average cost was 4.7% versus 4.5%. With the end of certain hedging instruments in July 2016, the negative impact of hedging instruments will be lower in the second half of the year.

The financial result was also impacted by a loss in value (non-cash) of €1.7 million on hedging instruments. During the first half of last year, the company posted a €1.5 million gain in value on hedging instruments, a difference of €3.2 million between the two financial years.

The ratio of net financial debt to total assets was 71.1% at 30/06/2016 compared with 69.3% at 31/12/2015. This increase is mainly explained by the company's investments in its projects and the absence of sales during the first half of the year.

The sales programme (see 8. *Outlook*) will bring the Loan to Value (LTV) ratio back to a level close to 50% at the end of the year.

The **net current result** was a loss of €3.4 million, compared with a profit of €0.7 million in the first half of 2015.

The value of investment property (IAS40) was adjusted downwards by €0.9 million. The value of assets in inventory were also reduced by €2 million. This reduction was taken solely on the North Plaza building, due to the difficult rental market where this building is located.

Tax income amounted to €1.7 million compared with €1.1 million in the first half of 2015 and mainly includes current tax income of €1.4 million following the horizontal tax consolidation in France, which was able to be applied to prior years.

The **consolidated net result (IFRS)** for the year was a loss of €8.4 million compared with a loss of €1.5 million at 30 June 2015.

## **6. ADJUSTED NET ASSET VALUE PER SHARE**

In accordance with market practices, the company appraises its entire portfolio by real estate specialists to calculate the Adjusted Net Asset Value<sup>3</sup>. This figure therefore also takes into account the market value of the assets in inventory and assets held through shareholdings (Dolce and Grondbank The Loop). At 30 June 2016, the Adjusted Net Asset Value was €125.6 million, meaning an Adjusted Net Asset Value per share of €11.06 compared with €11.2 at 31/12/2015.

## **7. POST-CLOSING ITEMS**

There are no post-closing items to report.

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<sup>3</sup> This value is determined using consolidated shareholders' equity at 30 June 2016, and adding:

- for assets in inventory (IAS 2), the difference between the appraisal value and the balance sheet value, net of tax.
- for financial assets and equity interests, the difference between the appraisal value and the balance sheet value.

## 8. OUTLOOK

- The current sales and the completion of negotiations with the banks of the syndicated credit facility will be two major events to strengthen the group's activity on the basis of a stronger financial structure. Contacts are ongoing with some investors interested to contribute to the capital of Banimmo.
- In France, in Anglet, Banimmo will take delivery of a 5,100 sq.m commercial complex within a few weeks. Banimmo will develop operations as part of the winning bids for the construction of a new restaurant centre in La Défense (4,700 sq.m) and a commercial complex in Montpellier (6,300 sq.m of retail).
- In Belgium, Banimmo will coordinate with the city of Vilvoorde in order to obtain a new RUP allowing to develop 250 dwellings for a total surface of 33,000 sq m.
- In Belgium (Brussels), Banimmo has obtained in June 2016 a new permit for the transformation of the North Plaza building into a new passive building for which commercialization will be launched.

## 9. FINANCIAL CALENDAR

Interim declaration for the third quarter of 2016:

Mid-November 2016

## 10. FINANCIAL REPORT ACCORDING TO IAS 34 STANDARD

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 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 (in which Banimmo is an historic player) and the retail segment or niche segments (hotels, nursing homes and so on).*

*The company has around 30 employees. The total value of the real-estate portfolio was €359 million as of the end of June 2016. Belgium constitutes the predominant market, with 63% of the portfolio in terms of market value. France represents a little more than 37% of Banimmo's portfolio. The portfolio is continually evolving as a result of ongoing repositioning and the high rotation of the assets. Currently this company is owned by Affine (49.51%) and the management (23.28%) which have concluded a shareholders' agreement. The remaining 27.21% is owned by the public.*