

## PRESS RELEASE

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### Consolidated results as of 31 December 2016

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- Sales of €162.6 million (mainly Marché St-Germain and Alma Court)
  - EBIT of €59.4 million
  - Write offs for €42.4 million
  - Net current result of €34.4 millions
  - Net loss of €15.4 million
  - Urbanove: receivables fully written off
  - Strong decrease in net financial debt down to €135 million, and LTV of 49.5%
  - Adjusted Net Asset Value<sup>1</sup> at €7.3 per share
  - Existing portfolio of 155,000 sq. m and land reserve allowing the development of up to 290,000 sq. m
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#### 1. SALE AND RENTAL ACTIVITIES

The overall occupation rate for the portfolio decreased, going from 78.1% on 31 December 2015 to 70.4% on 31 December 2016, because of sales completed during the financial year of the Alma Court and Marché Saint-Germain buildings, which were fully rented out. The only significant vacancies in the portfolio as of the end of 2016 were for the North Plaza (14,000 sq. m) and Diamond (5,300 sq. m out of a total of 14,300 sq. m) buildings. There was no significant rental in Belgium or in France over the course of the year.

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

##### a. Development activities

At the Marché Saint-Germain site (4,600 sq. m), renovations were completed at the end of the year and the opening was in December. As a reminder, 100% of commercial space has been rented. This asset was sold at the end of the year (see 2c. *Divestments*).

At the Verpantin site (4,700 sq. m), Banimmo has gone forward with exchanging certain commercial spaces with co-owner Leclerc. This exchange was a pre-requisite for starting renovation of the site, which began at the end of 2016. This will include technical work and work on the facade, as well as in communal areas of the gallery. This work will take place with the current renters remaining in situ.

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<sup>1</sup> see definition § 6

For the Athena Business Center site in Vilvoorde, Belgium, Banimmo began the procedure for changing the zoning in June 2016. The buildings on this 5-hectares site are currently used as warehouse and office space. With this procedure that Banimmo has started, the company would like this site zoned as residential, to include 250 housing units (apartments, single-family homes, etc.). This new development is called 'Groenloo'. The City of Vilvoorde confirmed the community planning project (RUP) in January 2017 and it is expected to be completed in the second half of 2017. Development work may begin mid 2018.

b. Acquisitions

On 23 September 2016, Banimmo took delivery of a business complex located in Anglet (in France's Pyrénées-Atlantiques department). This newly built property complex is part of a mixed-use project with around 5,100 sq. m of shops on the ground floor of residential buildings in this renowned seaside resort town with a population of 40,000 in the Bayonne-Biarritz region. The complex was acquired as an off-plan sale signed in 2015. The purchase price was €17.4 million, mainly financed through a loan from Banque Palatine (BPCE Group). Banimmo launched the pre-marketing in early 2016, and 57% of the space has already been rented so far, including 1,100 sq. m by a Leclerc supermarket.

c. Divestments

For the situation of the Urbanove joint venture, of which Banimmo holds 44% alongside the SRIW and other public investors (NamurlInvest, Meusinvest, and Invest Services), Besix, and the bank Degroof Petercam, we have the following comments:

- Following the legal reorganisation procedure (Belgian PRJ) of Urbanove Group, on 22 December 2016 the Brussels Commercial Court approved the PRJ plans. These plans provide for Besix Red (the real estate development division of Besix) to purchase the 'Le Côté Verre' project in Namur and for the company City Mall to purchase the 'Au fil de l'Eau' project in Verviers.
- In December 2016, Banimmo confirmed that it had written off all of its receivables, including interest, in the amount of €27.7 million.

Several sales were initiated in the first half of 2016 and were completed in the second half of 2016.

- On 30 September 2016, Banimmo finalised the sale of 100% of shares of the company Alma Court Invest to an institutional investor. This company owns an office building developed by Banimmo, located in Zaventem (just outside of Brussels). This building includes 16,000 sq. m spread across 7 above-ground floors, as well as 280 parking spots below ground. The building is entirely rented out to different tenants. The net seller price is based on an asset value around €30 million. In accordance with the transaction, Banimmo will have to provide a rent guarantee to cover the possible departure of certain tenants. This provision was set by the company at €1.5 million.
- On 25 November 2016, the company Paris Marché Saint-Germain signed the sale contract for the Marché Saint-Germain building for a net seller price of nearly €130 million. As a reminder, this building was acquired in 2009 and went through a major renovation that began at the start of 2015.
- At the end of 2016, Banimmo sold its 50% stake in the Cauchy B project in Namur to its partner, Thomas et Piron Bâtiments. Banimmo is keeping its 50% stakes in the Cauchy A and Cauchy C projects.

These sales bring the volume of sales to €162 million.

In addition to these completed sales, the sale process for the Halle Secrétan in Paris is coming along nicely, with a sale agreement signed by an institutional investor in October 2016. This sale should be complete by mid-2017.

Lastly, the sale of the company Tervueren Invest NV, which owns the Desguin building, was completed in February 2017 (see 7. *Post-closing items*)

These sales are part of the sales plan for €190 million, which is an aspect of the strategy proposed by CEO Patrick Mertens and approved by the Banimmo Board of Directors. This strategy has allowed the company to shed a large share of its debts, with the overall debt ratio (defined as net financial debt/balance sheet total) went from 71.1% on 30 June 2016 to 49.5% on 31 December 2016.

### **3. BANK FINANCING**

Banimmo and the banks participating in the €120 million syndicated credit facility implemented in September 2011 (ING and KBC) reached a new one-year financing agreement that replaced the syndicated credit facility that expired on 5 September 2016.

This new credit facility stipulates that the current outstanding balance of €77 million will be progressively paid off by 31 October 2017, mostly through three asset sales: the Marché St-Germain and the Halle Secrétan in Paris, and the Alma Court building in Brussels.

Sales completed in 2016 brought the outstanding balance down to €46.9 million by the end of 2016. Following the sale of Tervueren Invest in February 2017 (see 7. *Post-closing events*), this total came down to €40.5 million.

New sales and refinancing will be arranged by October 2017 to ensure complete repayment within the set timeframe.

In the future, bilateral loans will finance the group's operations.

### **4. CHANGES AND APPOINTMENTS TO THE BANIMMO BOARD OF DIRECTORS AND MANAGEMENT**

At the 7 December 2016 board meeting, two independent directors were appointed:

- Catherine Sabouret, a former partner at PWC and current director at Chargeurs
- Didier Malherbe<sup>2</sup>, a senior executive in the pharmaceutical industry and also a director for the Belgian Foreign Trade Agency, the Union Wallonne des Entreprises (UWE), and the Université Catholique de Louvain (UCL)

After approval of the severe restructuring measures proposed by CEO Patrick Mertens, the Board of Directors wished to give Banimmo a new boost to help the company grow and achieve its long-term strategy.

Important decisions were taken to start this transition:

- Damien Darche joined the Executive Committee on 2 January 2017 as Chief Operating Officer. He has a civil engineering degree from UCL and has been working at Banimmo since 2001. He replaced Filip De Poorter, who left the company on 31 January 2017.
- Philippe Opsomer<sup>3</sup> also joined the Executive Committee on 2 January 2017 as Chief Financial Officer. In the recent past, he was CFO at Immoel for 8 years. He holds a

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<sup>2</sup> Permanent representative of the company Access & Partners sprl

<sup>3</sup> Permanent representative of the company Asap Consulting sprl

Master in Business Engineering from the Solvay Business School at ULB. He replaced Cedric De Laet, who left on 17 February 2017.

They will join Patrick Mertens de Wilmars<sup>4</sup>, CEO of Banimmo, Olivier Durand, Chairman of Banimmo France, and André Bosmans<sup>5</sup>, Secretary General, in implementing the new strategy for the company.

The strategy approved by the Banimmo Board of Directors focuses on consolidating the company's portfolio, the further decrease of fixed costs, adding new equity, and returning to Banimmo's core business: retail redevelopment in city centres in France and office (re)development in Belgium. Banimmo will do this by utilising its major real estate reserves for built-to-suit projects.

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<sup>4</sup> Permanent representative of the company Wimer Consult scs

<sup>5</sup> Permanent representative of the company Andre Bosmans Management sprl

## 5. CONSOLIDATED FIGURES <sup>6</sup>

CONSOLIDATED RESULTS		
	K €	K €
	31/12/2015	31/12/2016
<b>Turnover</b>	<b>51.922</b>	<b>142.897</b>
of which Net rental income from investment buildings	8.119	8.196
Gross rental income	11.402	11.640
Rental costs	-3.283	-3.444
of which Income from sales of inventories	18.731	132.716
of which Income from sales of orders in progress	23.093	0
of which Management fees and commissions	1.092	548
of which Share in the result of companies accounted by the equity method	887	1.437
<b>Recurring costs</b>	<b>-35.490</b>	<b>-72.092</b>
of which Costs from sold inventories	-17.988	-72.092
of which Costs from sold work in progress	-17.502	0
<b>Other operational costs on buildings</b>	<b>-16</b>	<b>-424</b>
<b>Operational and administrative costs</b>	<b>-9.077</b>	<b>-9.684</b>
<b>Recurring operating result (EBIT)</b>	<b>7.339</b>	<b>60.697</b>
<b>Net result of transfers on real estate operations</b>	<b>-3.925</b>	<b>-1.269</b>
<b>Net result of transfers on participations of companies accounted by the equity method</b>	<b>1.038</b>	<b>-1</b>
<b>Operating result (EBIT)</b>	<b>4.452</b>	<b>59.427</b>
Net financial costs	-9.200	-9.421
Dividends	67	0
Result of other financial assets	-109	90
<b>Result before taxes</b>	<b>-4.790</b>	<b>50.096</b>
Taxes	922	-15.665
<b>Net current result</b>	<b>-3.868</b>	<b>34.431</b>
Variations of fair value on investment buildings (IAS 40)	-575	-386
Variations of fair value on hedging instruments (IAS 39)	982	330
Variations of fair value in the result of companies accounted by the equity method	-2.922	-2.559
Profit/loss of value on asset held in stocks (IAS 2)	-4.000	-14.713
Value reduction on receivables on companies accounted by the equity method	-22.382	-27.713
Profit/loss of value on companies accounted by the equity method	-	449
Result of the reclassification of the participations in companies accounted by the equity method and depreciation on those companies	-	-
Deferred taxes	-469	-5.249
<b>Result of the financial year - continued activities</b>	<b>-33.234</b>	<b>-15.410</b>
Result of the financial year - activities abandoned	-	-
<b>Result of the financial year</b>	<b>-33.234</b>	<b>-15.410</b>
Minority interests	0	0
<b>Result of the financial year-group share</b>	<b>-33.234</b>	<b>-15.410</b>
Attributable to:		
- Company shareholders	-33.227	-15.410
- Minority interests	-7	0

<sup>6</sup> Revenues include the following items:

- 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 removed from their financial income.

FIGURES PER SHARE		31/12/2015	31/12/2016
Average number of shares		11.356.544	11.356.544
Basis result diluted per share (in € per share)		-2,93	-1,36
BALANCE SHEET		31/12/2015	31/12/2016
<u>Total Balance Sheet</u>		350.589	272.617
<b>Assets</b>			
Investment buildings		65.948	37.879
Fixed assets		493	335
Investments in companies accounted by equity method		7.520	6.403
Long-term financial assets		45.862	24.422
<i>of which Urbanove</i>		24.511	0
<i>of which Conferinvest</i>		17.885	18.061
<i>of which Bureau Cauchy C</i>		0	2.761
<i>of which Others</i>		3.466	3.600
Inventories		192.387	138.613
Work in progress		2.281	2.569
Cash		3.551	37.157
<b>Equity Capital (before allocation)</b>		<b>73.090</b>	<b>57.743</b>
<b>Liabilities</b>			
Long-term financial debts		159.570	108.213
Short-term financial debts		86.976	63.950

**Net rental income** stood at €8.2 million in 2016 compared to €8.1 million in 2015. This slight increase comes particularly from the revenue from the Halle Secrétan (opened in Autumn 2015), contributing for an entire year, and from the rental revenue related to the acquisition of Anglet, counterbalanced by a lack of revenue in the 4<sup>th</sup> quarter from the Alma Court building following its sale on 30 September 2016. The Alma Court sale will also negatively affect rental revenue in 2017, as will the sale of the Desguin building in February 2017.

In 2016, the company had **sale revenues** of €132.7 million from inventory buildings, compared with €17.6 million in sale revenues on 31 December 2015. These sale revenues are broken down as follows:

- €129.4 million from the sale of the Marché Saint-Germain
- €1.8 million from the sale of the Cauchy B building
- €1.5 million from the sale of parcels at the Verpantin site.

**Management fees and commissions** were worth €0.5 million.

The cash and non-cash contribution from **companies in which Banimmo owns equity-accounted shareholdings** registered a loss of €1.1 million versus a loss of €2.0 million in 2015.

- Conferinvest, which owns the two hotels Dolce La Hulpe and Dolce Chantilly, made an overall even contribution. However, its operational contribution was positive, at €1.7 million. In spite of the events of March 2016 in Brussels, EBITDA from Dolce La Hulpe held steady compared to the previous year (€5 million). At the Dolce Chantilly, EBITDA grew 15%, reaching €2.5 million.

- Grondbank The Loop and Bureau Cauchy had a slightly negative recurring contribution, representing structural costs.

**Fees and charges on the sales of assets** in inventory came to €72.1 million, representing the purchase price of the buildings sold during the year. On the earnings from the sale of these assets (see *above*), Banimmo made a profit of €60.6 million. This total does not include the slight loss on the sale of investment properties (Alma Court) for €1.3 million.

**Operating costs** (administrative and operational charges) stood at €9.7 million, versus €9.1 million in the previous year. This increase is related to costs from departures (worth €0.55 million) and from recruitment during the financial year. Indeed, the strategy put in place in 2016 provides for a major reduction in costs to support the consolidation of the portfolio and a reduction in base costs (going from 24 to 17 people in Belgium) while ensuring that necessary talent is maintained for developing the pipeline of projects in Belgium and France.

For 2016, net financial charges stood at €9.4 million compared to €9.2 million on 31 December 2015.

The average cost of debt before the impact of hedging instruments stood at 3.78%, and after impact at 4.74%. With the expiration in July 2016 of certain hedging instruments, the negative impact of these instruments became less significant compared to previous financial years.

The ratio of net financial debt to total assets was 49.5% on 31/12/2016 compared to 69.3% on 31/12/2015. This decrease is the result of the major sales plan completed in the second half of 2016.

The **net operating revenue** posted a profit of €35.1 million, compared to a loss of €33.2 million in 2015.

In regards to Urbanove, and given the previously described change, the Banimmo Board of Directors decided to formalise a plan to pay off the entire outstanding balance of Banimmo's debt on Urbanove, a sum of €27.7 million.

Investment properties (IAS40) experienced a downward adjustment in value of €0.4 million. Assets in inventory also underwent a significant value reduction of €14.7 million. This reduction was mainly on the North Plaza building.

For this building, the company decided to open up its range of possibilities, after having worked commercially for a long time with a single-occupant approach with a long-term lease which did not succeed. The company has decided to now come to the market with a multi-occupant offering and 6/9 leases, with even a potential dividing of the asset to offer 5,000 sq. m and 9,000 sq. m instead of 14,000 sq. m for a single tenant.

The tax burden was €15.7 million, versus a refund of €1.0 million in 2015. This burden was related to the sale of the Marché Saint-Germain building for €17.3 million, slightly compensated for with a refund on operational taxes for €1.7 million following the horizontal fiscal integration in France, which the company was able to apply to previous years.

A reversal of deferred tax assets for €5.3 million was also ordered.

**Consolidated net income (IFRS)** for 2016 showed a loss of €15.4 million compared to a loss of €33.2 million as of 31 December 2015.



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

In accordance with market practices, the company has its entire portfolio assessed by real estate appraisers to calculate the adjusted net asset value<sup>7</sup>. This figure therefore takes into account the market values of the assets in inventory and assets held through shareholdings (Dolce and Grondbank The Loop).

As of 31 December 2016, the adjusted net asset value was €82.7 million, or €7.30 per share, compared to €11.1 on 30 June 2016.

This decrease with €3.8 per share is associated mainly with 3 operations: Urbanove write off for €2.4 per share, North Plaza value adjustment for €1.1 per share and the reversal of deferred tax assets for €0.4 per share.

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

On 14 February 2017, Banimmo finalised the sale of 100% of shares of the company Tervueren Invest NV to a leading real estate entity.

The company Tervueren Invest NV is the owner of the 14,000-sq. m Desguinlei office building on Antwerp's inner ring motor way, acquired in 2014. The building is currently 100% rented for a few years to the Province of Antwerp.

The sale price of the shares is based on a building valuation of €13.25 million, in line with the latest external valuation.

The net profit from the sale contributed to paying down the company's debt and supported financial resources allocated to the development of new projects.

This sale was part of the sale plan decided upon in 2016 as part of the Banimmo Strategic Plan to sell mature projects and focus on built-to-suit projects as well as those where the company can create value in the short and medium term.

## **8. PERSPECTIVES**

Over the fiscal year the Banimmo teams made significant effort to open the way for a recovery of the company's business. Banimmo divested Urbanove, significantly reduced its bank debts, and re-adjusted its asset portfolio, optimising the sales for assets that have matured and should be helping quickly improve Banimmo's net income.

A recent example was the sale of the Marché Saint-Germain in Paris for a net seller price of nearly €130 million. Banimmo made a significant profit on this sale. This project is emblematic of Banimmo's expertise: producing or transforming a real estate asset offering high-quality prestations, with optimal financing conditions for real estate investors. Additionally, the cash generated by this sale helped accelerate the paying off the company's debts and helped free up financial resources for projects in progress.

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<sup>7</sup> This value is determined using consolidated shareholders' equity on 31 December 2016, and adding:

- for assets in inventories (IAS 2), the difference between the appraisal value and the balance sheet value, net of tax
- for financial assets and investments accounted for with the equity method, the difference between the appraisal value and the balance sheet value.



Based on the net sales proceeds, the company plans to invest €13.5 million in projects development in 2017.

One part will finance the recently won projects in France, being Paris La Défense and Montpellier.

For Belgium, priority will be given to the Built-to-suit projects to be developed on the wide land reserves the company owns in Ghent, Ans and Brussels.

The Board of Directors is aware of the major milestones to be achieved in 2017 and 2018, and is confident that this will be realized.

Beyond these banks and bonds maturities, the company works on the strengthening of its equities, both at Banimmo and Banimmo France levels.

## **9. DIVIDEND**

Given the negative net income for the financial year, the Board will recommend to the General Shareholders' Meeting that no dividend be distributed.

## **10. FINANCIAL CALENDAR**

Ordinary General Shareholders' Meeting

9 May 2017

**For more information, please contact:**

**Banimmo**

Lenneke Marelaan 8  
1932 Zaventem  
Tel. : +32 2 710 53 11  
[www.banimmo.be](http://www.banimmo.be)

**Patrick Mertens**

CEO  
[patrick.mertens@banimmo.be](mailto:patrick.mertens@banimmo.be)

**Philippe Opsomer**

CFO  
[philippe.opsomer@banimmo.be](mailto:philippe.opsomer@banimmo.be)

**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 25 employees. The total value of the real-estate portfolio was €237.5 million as of the end of 2016. Belgium constitutes the predominant market, with 66% of the portfolio in terms of market value. France represents 34% of Banimmo's portfolio. The portfolio is continually evolving as a result of ongoing repositioning and the high rotation of the assets. The French real estate company Affine owns 49.5% of the company.*