

PRESS RELEASE

Regulated information
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Consolidated earnings at 31 December 2014

Operational objectives achieved:

- New leases and lease renewals concluded for 12,000 sq. m, resulting in a significant increase in the portfolio's overall occupancy rate (82.1%).
- Gradual rebalancing of the portfolio towards retail assets and 'built-to-suit' projects with long-term leases in the offices segment.
- Total proceeds from disposals at €75 million.
- Signing during the year of a new "built-to-suit" development and acquisition of land to build up a high-quality land bank for new developments.
- Expected decrease of net rental income due largely to asset disposals.

Operating result stands at €10.5 million compared with €7.2 million in 2013.

Net current result are positive again, rising to €3.2 million compared with a loss of €4.2 million in 2013.

Significant negative accounting adjustments of €12.5 million, including €8.4 million in relation to the stake in Urbanove (formerly City Mall) result in a net loss of €9.3 million.

Net intrinsic value¹ stands at €10.66.

1. COMMERCIAL AND RENTAL ACTIVITIES

Net rental income stands at €9.0 million compared with €9.9 million in 2013.

This decrease is mainly due to asset disposals in 2013 (Rouen, Fontenay, Eragny and Prins B.5). In 2013, these four assets generated net rental income of €1.8 million. This fall was largely offset by rental income of €1.5 million generated by the acquisition of an office building (Antwerp) at the start of 2014 and new leases.

On a like-for-like basis, rental income fell by €0.5 million, mainly due to the Marché Saint-Germain whose ongoing restructuring has meant establishing eviction protocols with the various existing retail brands at lower rental conditions.

¹ Intrinsic value: see definition page 8

In terms of new leases, Banimmo enjoyed a particularly successful year: the total for new leases stands at 12,400 sq. m, essentially achieved in the offices sector in Belgium.

The H5 building, for instance, was entirely let (3,785 sq. m) on a long-term basis to Electrabel. Similarly, the Alma Court building now has an occupancy rate of 94% following the leasing of an additional 3,916 sq. m. The La Hulpe office building also saw its situation improve, with the leasing of 1,350 sq. m.

France meanwhile recorded almost 1,000 sq. m of new lettings.

The portfolio's overall occupancy rate consequently increased from 78.8% in 2013 to 82.1% at the end of 2014. In the same way, the occupancy rate of the offices segment increased significantly: from 74.3% at the end of 2013 to 80.8% in 2014. In this segment, only the North Plaza (10,000 sq. m available), Diamond (4,000 sq. m available) and, to a lesser extent, Arts 27 (1,100 sq. m available) buildings still have significant unoccupied surface areas. We should note that the North Plaza building has been short-listed by the European Commission as one of three applicants following a call for tenders. A decision is due in the coming weeks.

2. DEVELOPMENT ACTIVITIES, ACQUISITIONS AND DISPOSALS

a. Development activities

Assets under development in **Belgium** have seen significant progress.

- In Belgium, and particularly in Ghent, construction work on the 7,500 sq. m building in Tetris Business Park Ghent, due to house the regional head office of Deloitte, is on schedule. Delivery is expected this autumn. The agreement between Deloitte in Belgium and Banimmo for the construction of the international audit and consultancy group's regional head office in Ghent was concluded at the end of 2013. The building will be let based on a 15-year lease.
- In Brussels, construction work continues on the future head office of the international company Marsh & McLennan (Veridis Building - 6,500 sq. m), with provisional delivery scheduled in March 2015 (see also *2.c Disposals*).
- Banimmo has begun construction of the new regional head office of BNP Paribas Fortis in Charleroi. Banimmo has teamed up with the IRET group to develop this project in an equal partnership. The building, on the Boulevard Tirou in Charleroi, will have a total surface area of 8,000 sq. m. Construction began at the end of the first half of 2014, with delivery scheduled for the end of 2015. The tenant will move into its new regional head office based on a 15-year lease.
- Construction work on a first office building (3,000 sq. m) was launched in Namur (Cauchy development) for a public authority (see also *2.3. Acquisitions* and *5. Post-closing items*).

In **France**, development concerned four assets:

- The Galerie Bagatelle development in Suresnes, near Paris, was completed at the start of 2014 and its inauguration took place on 11 March 2014. This shopping centre, which was entirely renovated by Banimmo, occupies a total surface area of 5,300 sq. m (including 4,700 sq. m of rental surface area) and generates annual rental income of €1.6 million. It is based around a Monoprix supermarket, which alone occupies 2,400 sq. m, with a total of around 10 retail outlets. In October 2014, having completed its

repositioning of the shopping centre, Banimmo sold it to an institutional investor (see also *2.c Disposals*).

- Renovation of the Halle Secrétan (Paris 19th) is progressing normally in the framework of a VEFA (off-plan sale) with delivery of the new shopping centre in April 2015. We note that the building is already 92% pre-let.
- The Marché Saint-Germain (Paris 6th) underwent several significant changes. Firstly, the permits were obtained and discharged of third-party appeals from October 2014. The redevelopment phase will begin in the first half of 2015. Secondly, the pre-letting rate currently stands at 67% and includes three leading international retail brands. Discussions are currently under way for the pre-letting of the remaining surface areas. Letters of intention have been signed in this respect, making it possible to move on to the lease conclusion phase. The completed shopping centre is due to be delivered at the end of 2016.
- Building on its rental success, at the end of 2014 Banimmo decided to launch the second phase of works on the Vaugirard shopping centre (Paris 14th). This is due to be completed at the end of the first half of 2015.

In terms of **joint ventures**, the following comment can be made regarding participation in Urbanove:

- Last November, Immobilière Huon and Banimmo ended their 2010 partnership. At the end of this agreement, Banimmo held 49% of the joint venture along with Besix, Banque Degroof and the public authorities (Namurinvest and Meusinvest) grouped around SRIW. These shareholders are represented on Urbanove's board of directors, to which Banimmo contributes its real-estate expertise. The agreement also enabled refinancing of Urbanove to continue its projects.

b. Acquisitions

In order to build up a high-quality land bank allowing it to develop future "built-to-suit" projects, Banimmo acquired various plots of land in **Belgium** over the course of 2014:

- In April, Banimmo bought 50% of a company which owns 52 ares in Namur on which it will build a 15,000 sq. m office development in collaboration with the Thomas & Piron group. The plot is located on Boulevard Cauchy, immediately adjacent to the Namur rail and bus stations. It will allow the construction of three office buildings (7,000 sq. m, 5,000 sq. m and 3,000 sq. m) with a communal car park for 150 cars and 50 bicycles. The permits have already been obtained. In relation to the 3,000 sq. m building, the long-term lease with a regional public authority has been signed.
- In May, Banimmo bought a company owning the emphyteutic rights to a 7 ha plot in Charleroi from City Mall for €7 million. Banimmo is in discussions with the City of Charleroi for the study of a mixed development based around the City's planned renovation of the Palais des Expositions.

In **France**, Banimmo signed an irrevocable undertaking to purchase a shopping centre in Pantin (Seine-Saint-Denis), a municipality on the edge of Paris with a range of public transport links including the Paris metro and RER. This shopping centre is part of a real-estate complex located in the heart of Pantin town centre, and comprises around 40 shops, with a total surface area of 9,500 sq. m. The acquisition relates to 4,710 sq. m. The remaining surface area is

occupied by the Leclerc supermarket, which jointly owns the shopping centre. The notarised deed was signed in January 2015.

c. Disposals

Banimmo completed two disposals:

- In June 2014, Banimmo sold 100% of its shares in Luso Invest. This company owns a 6,500 sq. m building in Auderghem (Brussels) at the junction of Avenue Herrmann-Debroux and Boulevard du Souverain, developed by Banimmo. The building will be occupied under a 15-year leasing contract by subsidiaries of the international insurance brokerage group Marsh & McLennan in Belgium. The shares' sale price is based on a transaction value for the building of €23.2 million. A capital gain of €2.5 million was posted in the accounts at 31 December 2014 according to the completion of the works.
- In October 2014, Banimmo sold all of the Galerie Bagatelle shopping centre in Suresnes to a French institutional investor (see 2.a *Development Activities*) for a net sales price of € 27 million. The gross capital gain before tax stands at €6.5 million.

These two disposals were carried out for a combined amount of more than €50 million.

Furthermore, in November Banimmo also sold its entire stake in Montea (9.2%) to various institutional purchasers. Total proceeds from this sale amounted to €25 million. This disposal did not generate any capital gain in 2014 since Banimmo had already booked a profit of € 10.5 million after having deconsolidated the company in 2013.

3. COMMENTS ON EARNINGS

Table of key figures

| ANALYSIS OF THE CONSOLIDATED RESULTS | K € | K € |
|--|----------------|---------------|
| | 31/12/2013 | 31/12/2014 |
| Recurrent income | 10.441 | 9.901 |
| of which net rental income from investment buildings | 9.884 | 8.998 |
| <i>Gross rental income</i> | 12.407 | 12.953 |
| <i>Rental costs</i> | -2.523 | -3.955 |
| of which management fees and commissions | 874 | 978 |
| of which share in the result of companies accounted by the equity method | -317 | -75 |
| | | - |
| Other operational costs on buildings | -314 | -58 |
| Operational and administrative costs | -7.572 | -8.352 |
| Other income | 0 | - |
| Recurring operating result (REBIT) | 2.556 | 1.491 |
| Net result of transfers on real estate operations | 4.379 | 9.052 |
| Net result of transfers on participations of companies accounted by the equity method | 249 | - |
| Operating result (EBIT) | 7.184 | 10.543 |
| Net financial costs | -7.144 | -7.349 |
| Dividends | 1.725 | 2.533 |
| Result of the other financial assets | -109 | -29 |
| Result before taxes | 1.656 | 5.698 |
| Taxes | -5.877 | -2.535 |
| Net current result | -4.221 | 3.163 |
| Variations of fair value on investment buildings (IAS 40) | -6.549 | -3.930 |
| Variations of fair value on hedging instruments (IAS 39) | 2.807 | -760 |
| Variations of fair value in the result of companies accounted by the equity method | -172 | 185 |
| Profit/loss of value on asset held in stocks (IAS 2) | -5.800 | -400 |
| Value reduction on receivables on companies accounted by the equity method | 0 | -325 |
| Profit/loss of value on companies accounted by the equity method | -11.293 | -3.979 |
| 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 | -4.001 |
| Deferred taxes | 3.954 | 725 |
| Result of the financial year - continued activities | -13.928 | -9.322 |
| Result of the financial year - activities abandoned | 0 | - |
| Result of the financial year | -13.928 | -9.322 |
| Minority interests | 0 | 0 |
| Result of the financial year-group share | -13.928 | -9.322 |
| Attributable to: | | |
| - company shareholders | -13.928 | -9.320 |
| - minority interests | 0 | -2 |
| Weighted average number of shares | 11.356.544 | 11.356.544 |

| KEY FIGURES | 31/12/2013 | 31/12/2014 |
|---|------------|------------|
| Coverage ratio of recurrent income to operational costs | 1,32 | 1,18 |
| <u>Figures per share</u> | | |
| Average number of A shares | 10.318.172 | 10.625.838 |
| Average number of B shares | 1.038.372 | 730.706 |
| <u>basis result diluted per share (in €)</u> | | |
| A Shares | -1,23 | -0,82 |
| B Shares | -1,23 | -0,82 |
| BALANCE SHEET | 31/12/2013 | 31/12/2014 |
| | 356.784 | 339.744 |
| investment buildings | 83.168 | 82.283 |
| fixed assets | 1.825 | 1.892 |
| investments in companies accounted by equity method | 10.760 | 10.179 |
| long-term financial assets | 83.590 | 67.901 |
| Of which Urbanove | 36.446 | 44.923 |
| Of which Conferinvest | 17.640 | 17.881 |
| Of which Montea | 26.394 | - |
| Of which Others | 3.110 | 5.097 |
| Inventory | 152.060 | 148.009 |
| cash | 4.066 | 4.631 |
| <u>Equity Capital (before allocation)</u> | 115.651 | 106.862 |
| Long-term financial debts | 193.028 | 179.014 |
| Short-term financial debts | 6.083 | 19.786 |

As a reminder, Banimmo's recurring income comes from three main sources:

- Net rental income
- Management fees and commissions in the framework of partnerships
- Share of earnings from associated companies. These companies' non-cash items are extracted from their economic result.

Net rental income stands at €9.0 million compared with €9.9 million at 31 December 2013. This change is commented on in the section "1. Commercial and rental Activities".

Management fees and commissions remained relatively stable at €1.0 million compared with €0.9 million at the end of 2013. This item essentially corresponds to management of "Dolce" assets on behalf of Conferinvest.

Earnings from associated companies recorded a loss of €8.2 million compared with a loss of €4.4 million in 2013. This negative result is mainly attributable to the stake in Urbanove.

- Urbanove's negative contribution amounts to €8.4 million and results from further value corrections to Banimmo's stake in the company and the value of projects.
- Conferinvest, representing the two hotels Dolce La Hulpe and Dolce Chantilly made a positive contribution of €0.2 million, compared with a loss of €0.1 million in 2013. This contribution comes from the La Hulpe site, where the agreement signed in 2013 with the Deloitte University, covering the Deloitte training programmes for the EMEA region at the Dolce La Hulpe site, led to an increase in turnover. At the Chantilly site, activity remains

hampered by compliance works on the hotel complex and the generally economic climate in France. Dolce Chantilly's results are recovering however.

- Grondbank The Loop made a positive (recurring) contribution of €0.1 million, higher than in previous years. The sale to Banimmo of the plot on which the Deloitte building is being developed allowed Grondbank The Loop to generate its first capital gain. Further capital gains are set to follow as the pace of development picks up.
- Other associated companies, i.e. Cauchy and Charleroi Tirou Promotion are progressing as expected and made a minor contribution to earnings (loss of €0.2 million).

The share in the economic result of equity-accounted companies recorded a loss of €0.1 million compared with a loss of €0.3 million in 2013.

Operating costs (administrative and operational charges) stood at €8.3 million at the end of 2014 compared with €7.6 million at the end of 2013. This increase mainly results from fees particularly linked to the change in the Urbanove shareholding.

Capital gains on disposals rose sharply to €9.1 million, compared with €4.4 million over the same period the previous year. This represents capital gains from:

- the disposal of Luso Invest (owner of the Veridis building) for €2.5 million; a further residual capital gains will be posted in 2015 following completion of works in March 2015.
- the sale of the Galerie Bagatelle shopping centre in October 2015 for €6.5 million.

Net financial charges remained relatively stable at -€7.3 million in 2014 compared with -€7.1 million in 2013.

Dividends received, coming mainly from Montea shares, rose to €2.5 million in 2014 compared with €1.7 million in 2013. In 2014, Banimmo posted not only the normal dividend distributed by the company in June 2014 for the financial year 2013 (€1.7 million), but also the estimated interim dividend for the first six months of 2014, represented by coupon number 13 detached at the time of the capital increase carried out by Montea in June 2014.

The company posted a loss in value (non-cash) of €0.8 million on hedging instruments due to the fall in long-term interest rates in 2014. In 2013, the company posted a gain in value (non-cash) of €2.8 million on these hedging instruments due to the rise in long-term interest rates which proved short-lived.

The average cost of debt before the impact of hedging instruments was 3.38% compared with 3.24% in 2013. Considering the hedging instruments in place, this average cost stands at 4.61% compared with 4.52% in 2013.

A large number of hedging contracts are maturing in mid-2016, which will reduce their financial burden they incur.

The ratio of net financial debt on total assets is 57.2% compared with 54.7% in 2013.

Net current result is positive again, rising to €3.2 million compared with a loss of €4.2 million in 2013.

Investment buildings (IAS40) experienced a downward adjustment in value of €3.9 million. This reduction mainly affected the Diamond building (68% leased) in Belgium and Les Corvettes building (87% leased) in France. The adjustment on Diamond follows the conclusion of lease renegotiations and work carried out to accommodate new occupants. The Corvettes correction

is mainly due to a less favourable market situation for office buildings located on the outskirts of Paris.

Tax charges (cash) stand at €2.5 million compared with €5.9 million in 2013. This charge is the result of capital gains on the disposal of the Galerie Bagatelle in France, since this related directly to the property and not to the real-estate company responsible for the project. The positive deferred tax of €0.7 million includes a number of changes (derivatives, investment buildings, etc.).

Consolidated net result for the year posted a loss of €9.3 million compared with a loss of €13.9 million in 2013. The entire loss recorded this year is attributable to non-cash elements, mainly adjustments linked to a value reduction on the Urbanove stake and financial interest on the receivable on Urbanove. The second reason relates to changes in fair value on investment buildings and derivatives.

4. INTRINSIC VALUE PER SHARE

The intrinsic value² per share stands at €10.66 compared with stock market price of €7.01 at 31 December 2014 (€ 8,56 on the eve of publication of this press release). This value was €12.31 at 31 December 2013. The fall between the two financial years is attributable to the sharp fall in the appraisal value of Dolce Chantilly (€0.6 per share), the reduction in the value of investment buildings (€0.35 per share) and the reduction in value of the stake in Urbanove (€0.5 per share). This intrinsic value does not incorporate the projected profits on assets under inventories.

5. POST-CLOSING ITEMS

In Ghent, at the future Outlet Center site (52,800 sq. m), the first phase of development was launched by Grondbank The Loop. The first permit to build the car park, the base on which the Outlet Center will be developed, was granted in January. Permit applications for the construction are due to be submitted during the course of 2015.

At the Rocquencourt site (near Versailles in western Paris) formerly occupied by Mercedes Benz France and vacated on 31 July, Banimmo signed an agreement with one of the largest global hotel chains and its franchise to convert the site into a 4 or 5 star 267-room hotel. The permit application will be submitted early March.

At the end of February Banimmo has signed an emphyteutic lease for 27 years with a Walloon regional entity in view of the occupancy of building C (3,000 sq. m) located on Boulevard Cauchy (see also *2.a. Development Activities* and *2.b. Acquisitions*).

In February, Banimmo successfully launched a private bond issue for a total amount of €44 million. The 5 year bonds will mature on 19 February 2020 and generate a fixed annual gross yield of 4.25%. The net proceeds of the issue will be allocated to reimbursing the balance of the

² This value is determined by counting on the asset side:

- investment buildings (IAS 40) at fair value
- assets in inventories (IAS 2) at the lower of either their historic acquisition value or their realisable value
- Financial assets and equity-accounted shareholdings, depending on their type, either at the appraisal value or the lower of i) their historic acquisition value or ii) their realisable value if this is less than the historic acquisition cost.

From these assets is then deducted the net financial debt at its nominal value. Finally, this result is divided by the number of shares to obtain the intrinsic value per share.

2010 bond issue which matures in June 2015 (5.15% coupon) as well as financing ongoing projects. This issue allows Banimmo to diversify its financing sources and increase the average duration of its total debt. Further to the recent renegotiating of a bilateral credit line, all financing expiring in 2015 has now been refinanced.

6. OUTLOOK

Banimmo plans to finalise several lettings of vacant premises in the offices portfolio during the financial year. Following the recovery in the investment market, investors have expressed interest in several office assets in Belgium.

In 2015, Banimmo has a sales target of between €100 and €120 million.

In 2015, Urbanove will focus on overcoming the remaining obstacles to complete its two shopping centre developments in Namur and Verviers:

- Concerning the shopping centre in Namur, at the end of 2014 the company received an enforceable PCA-R (revised municipal development plan) allowing it to move on to the permit application phase.
After the public consultation in February which did not result in a favourable decision regarding the project approved by the city, a further consultation will be required to reconcile viewpoints, which risks delaying the permit application submission schedule. Changes to the basic project nevertheless remain possible and will be carefully discussed with the city;
- In relation to the Verviers project, Urbanove has taken on a complicated project. The evolution of this file requires consultation with the local authorities, to this effect a meeting with the municipality is scheduled early March.

In general, different transactions representing over 100,000 sq. m are expected in 2015:

- Delivery of the Halle Secrétan (Paris 19th);
- Launch of the project to renovate the Marché Saint-Germain (Paris 6th);
- Submission of the permit application for the conversion of the Rocquencourt site (near Versailles) into a hotel;
- Delivery of the office building let to Deloitte in Ghent;
- Submission of permit applications for the Outlet Center in Ghent;
- Delivery of the office building let to BNPParibasFortis in Charleroi;
- Construction of a 3,000 sq. m office building (Cauchy) in Namur.

The company expects these elements to contribute to reviving earnings in 2015 which should restore the dividend.

7. DIVIDEND

In light of the negative result for the financial year, the Board will recommend to the General Meeting that no dividend is distributed.

8. FINANCIAL CALENDAR

| | |
|--|-------------|
| Interim declaration for the first quarter of 2015: | 18 May 2015 |
| Ordinary General Shareholders' Meeting | 19 May 2015 |

9. STATUTORY AUDITOR'S STATEMENT

The statutory auditor has confirmed that the audit procedures, which have been substantially completed, have not revealed any significant inaccuracy in the draft consolidated balance sheet and income statement, and that the accounting information contained in the annual press release concurs in all major respects with the draft accounts from which it is taken.

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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 €335.1 million as of the end of December 2014. Belgium constitutes the predominant market, with 77% of the portfolio in terms of market value. France represents a little more than 23% 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.