



# Annual results 2011

February 17<sup>th</sup> , 2012



# AGENDA

- ❑ Important events of the year 2011 at a glance
- ❑ Portfolio description
- ❑ Analysis of the results
- ❑ Forecasts and goals for 2012
- ❑ Financial calendar

# IMPORTANT EVENTS OF THE YEAR 2011 AT A GLANCE

## ▪ Portfolio evolution

- 4 successful sales (Clamart, Antwerp Expo, Lozana and Saran I) and 1 acquisition (Secrétan)
- Built to suit developments evolving positively:
  - Electrolux 8,242 m<sup>2</sup> delivered end June 2011 (as foreseen)
  - VMM 7,200 m<sup>2</sup> under Project Management fee of €1.5 mio
  - New partnership for development of office building in Charleroi
  - Active pipeline to generate new transactions/projects
- Change in portfolio value (€-3.0 mio) mainly due to 1 asset in France (Corvettes)

## ▪ Annual year results

- Unchanged net rental income (€14.3 mio)
- Important increase in capital gains (€4.2 mio vs 0.3 mio last year)
- Operational result (EBIT) increasing with 50%

## ▪ Financial management

- Successful refinancing of syndicated loan, for a period of 5 years and an amount of € 120 mio
- Reinforced hedging for years 2014-2016

# DYNAMIC PORTFOLIO EVOLUTION

## Investments

- Secrétan (*April 2011 – 3,800 m<sup>2</sup>*)
  - Paris city-center retail development through emphyteotic lease and real estate development contract (CPI) for a contractual amount of €12.0 mio.
  - Delivery scheduled in 2013. Preletting of +/- 96% achieved.



## Divestments

- Clamart (*May 2011 – 8,000 m<sup>2</sup>*)
  - Net sales price of € 19.6 mio (yield of 7%)
  - IRR of 37% during holding period
- Antwerp Expo (*July 2011 – 22,635 m<sup>2</sup>*)
  - Sale of an exposition hall to Artexis
  - Sales price of € 17.1 mio (yield of 9.2%)
  - IRR of 13% during holding period



# DYNAMIC PORTFOLIO EVOLUTION

## ▪ Divestments (continued)

### ▪ Lozana (Dec 2011- 7,000 m<sup>2</sup>)

- Extension with 5 years of initial leasing contract with existing tenant
- Sales price of € 15.45 mio
- IRR of 16% during holding period



### ▪ Saran I (Dec 2011 – 2,300 m<sup>2</sup>)

- Sale of part of retail unit in Orléans
- Sales price of € 2.58 mio
- IRR of 9% during holding period
- Second part of retail unit in Orléans put up for sale



4 sales realized in 2011 for total net amount of €52 mio (asset value)

# DYNAMIC PORTFOLIO EVOLUTION

## ▪ Built to suit and renovations

### Completed (or close to)

- Electrolux 8,242 m<sup>2</sup> delivered end June 2011 (as foreseen)  
Start of leasing as of 01/07/2011
- VMM 7,200 m<sup>2</sup> under PM fee of €1.5 mio  
Delivery scheduled Q1-Q2 2012

### Under way

- Charleroi New partnership to construct built to suit office building in Charleroi
- Secrétan Paris city-center retail development of 2,800 m<sup>2</sup>  
Delivery scheduled in 2013  
Preletting of +/- 96% achieved.
- Vaugirard Renovation ( 2,083 m<sup>2</sup>) under way. Modification and extension of initial capex program
- Eragny Redevelopment planned for end 2014 after extension of lease with Castorama for an additional 3 years at current rent of 1.476 k€



# CITY MALL

- Participation of 38.25% in the development of the 3 projects of City Mall in the city-centers of Verviers, Namur & Charleroi for a total investment of € 54.15 mio

- **Verviers**

- Catchment area: 350,000 consumers & 53,000 habitants
- Covered shopping mall of 29,700 m<sup>2</sup> GLA with 1,180 parking spaces
- Timing
  - Building permit: Q3 2011 - positive decision of Region
  - Building permit: Q1 2012 - Suspension of positive decision of Region by Council of State. Next step is Region will relaunch a permit
  - Meanwhile construction delayed

- **Namur**

- In the city center, next to the central railway station (at the beginning of Rue de Fer)
- Catchment area: 350,000 consumers & 108,000 habitants
- Shopping mall of 22,500 m<sup>2</sup> GLA with 1,030 parking spaces
- Timing:
  - Submission building planning permit :H2 2012
  - Obtaining building permit: March 2013 (earliest)
  - Start construction: June-Sept 2013 (earliest)
  - End construction: 2016 (earliest)

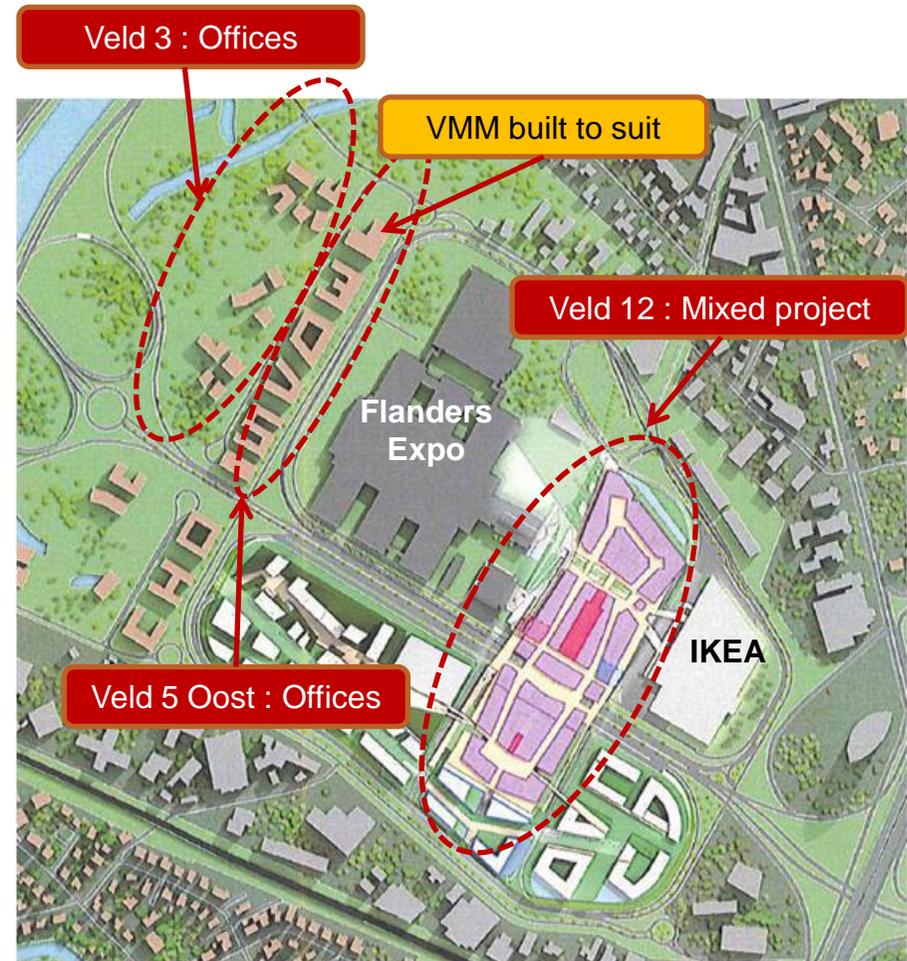
- **Charleroi**

- Acquisition of nearly 7 hectares located on the “Charleroi Expo” site
- Catchment area: 650,000 consumers & 200,000 habitants
- Multifunctional project with a shopping mall/offices/residential being prepared
- Downside risk limited in view of low acquisition price for 7 hectares



# THE LOOP

- Banimmo has a participation of 25% in Grondbank The Loop, owner of the land
- Development of offices on Veld 5
  - Constructible area of +/- 45,000 m<sup>2</sup>
  - First development ongoing with development of VMM
  - Ambition to move forward with other corporates
- Development of a mixed project on Veld 12 anchored by a retail complex (Design Outlet Factory)
  - Constructible area of +/- 100,000 m<sup>2</sup> made of a.o.
    - Retail (+/-35,000 m<sup>2</sup>)
    - Offices (+/-20,000 m<sup>2</sup>)
    - Leisure (+/-15-30.000 m<sup>2</sup>)
  - Pre-development phase under way with a specialised operator in view of a joint offer in order to acquire the land
- Development of offices on Veld 3
  - Constructible area of +/- 40,000 m<sup>2</sup> made of
    - Residential(+/-20,000 m<sup>2</sup>)
    - Offices (+/-20,000 m<sup>2</sup>): Only this part would interest Banimmo

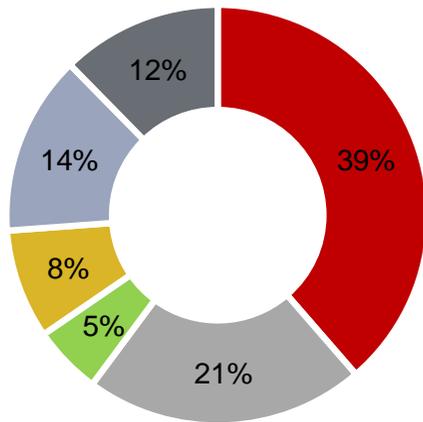


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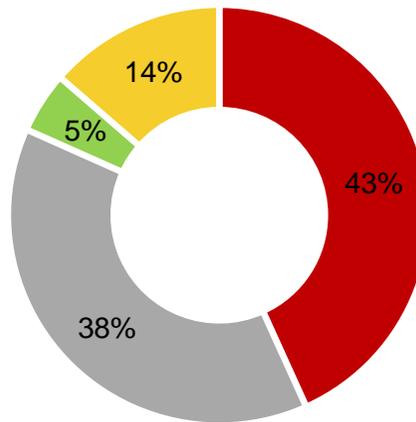
# BANIMMO'S PORTFOLIO DISTRIBUTION

## By investment type



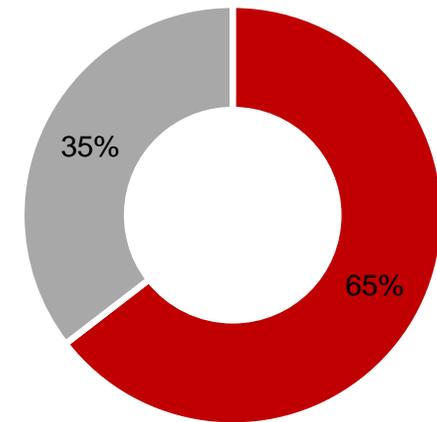
- Stocks
- Investments
- Montea + Atlantic Cert.
- The Loop + JDQ
- City Mall
- Dolce conference centers

## By asset type



- Offices
- Retail (incl. City Mall)
- Warehouse (Montea)
- Conference centers

## By country



- Belgium
- France

New investment of Secrétan (Halle Baltard) realized in April 2011 will have a future impact as it is an engagement with future capital expenditures: will increase share of retail segment and of French portfolio

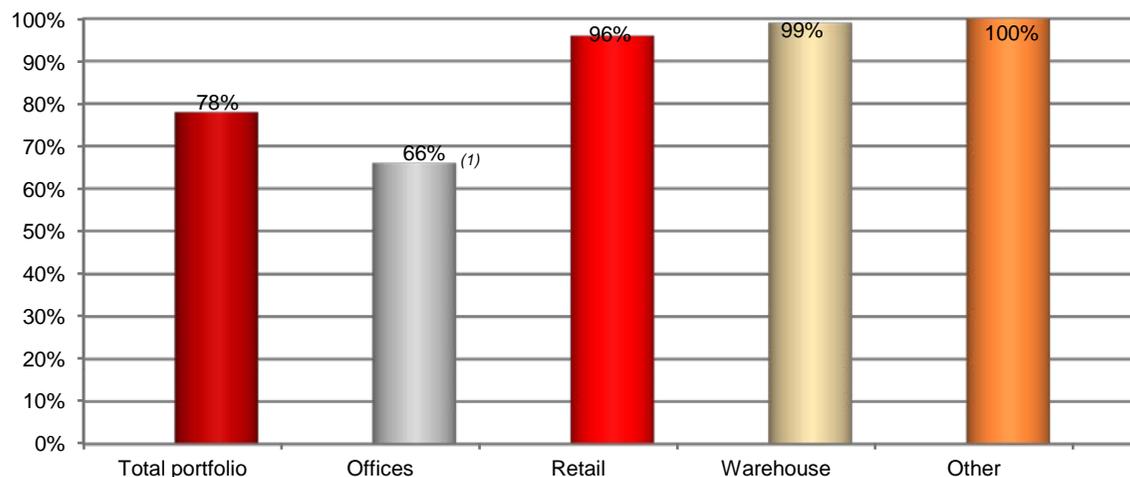
# BANIMMO'S PORTFOLIO INDICATORS

**Total surface of real estate portfolio (IAS 2 & IAS 40) (in m<sup>2</sup>)** **132,000**

<i>Of which</i>	<i>Offices</i>	80,700
	<i>Retail</i>	23,600
	<i>Warehouse</i>	25,000
	<i>Other</i>	2,700

**Portfolio value (in € mio)** **392**

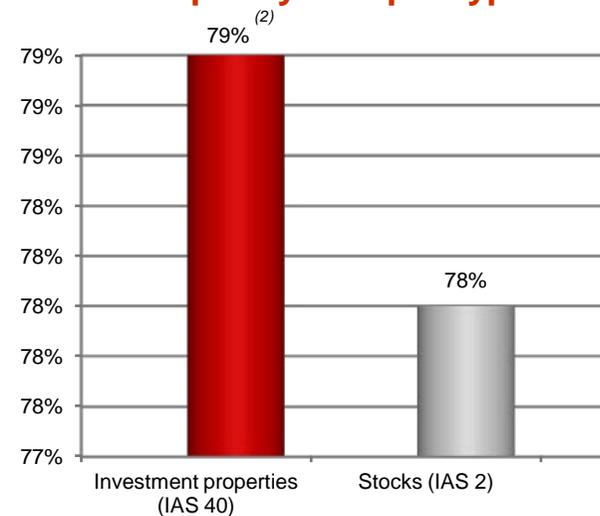
## Occupancy rate global portfolio



(1) Impact leave of tenant on Alma Court (as of June 30<sup>th</sup> 2011 )

(2) Occupancy rate negatively impacted by the office buildings Diamond and Alma Court with respective vacancy of 34% and 32%

## Occupancy rate per type



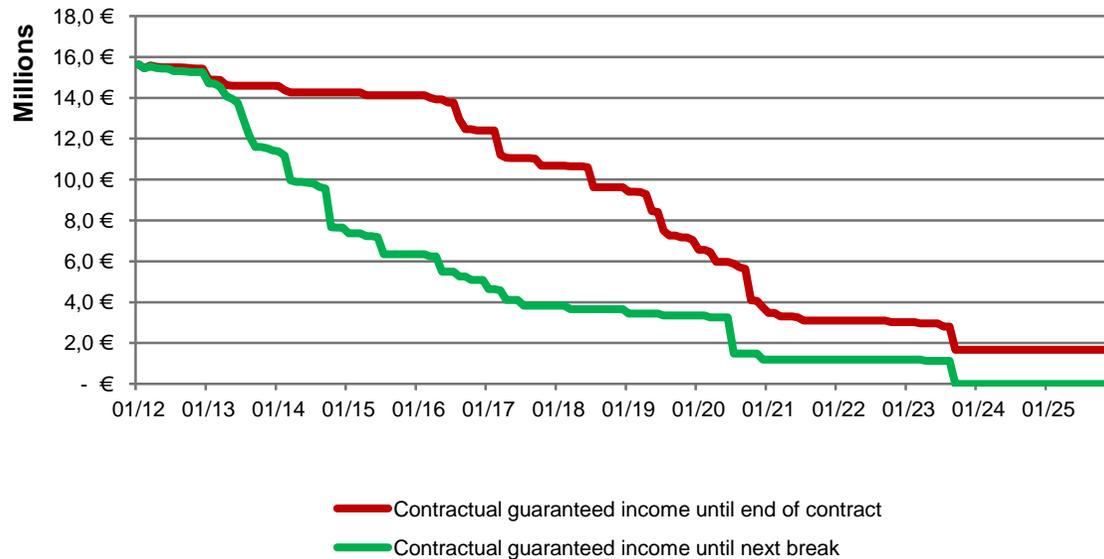
# BANIMMO'S PORTFOLIO INDICATORS

## Average lease maturity (IAS 2 & IAS 40)

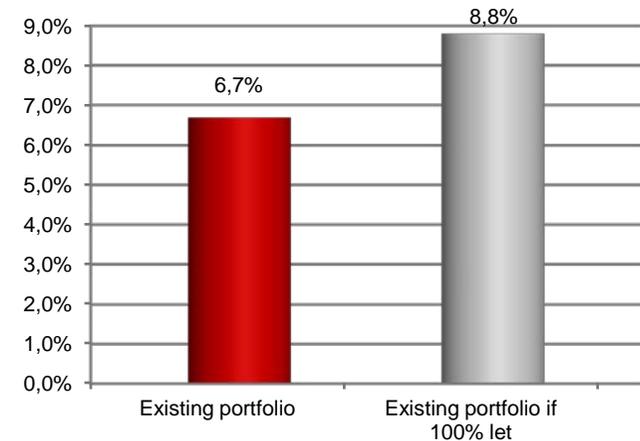
Until next break	4.2 years
Until lease end	7.5 years

Current rent (in € mio)	15.9
Rent if fully let (in € mio)	20.7

## Evolution of guaranteed rental income

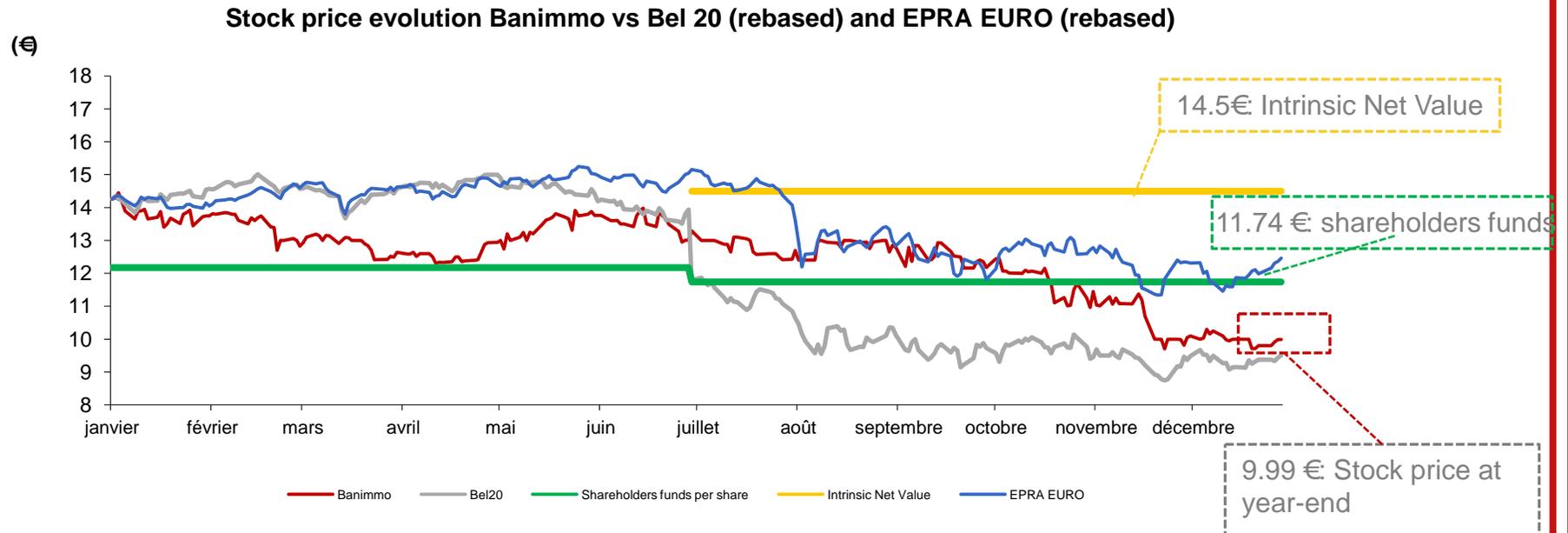


## Gross rental return <sup>(1)</sup>



(1) Based on Gross rent divided by value of properties (IAS 40 - investment properties and IAS 2 -stocks)

# BANIMMO'S STOCK PRICE STANDS WELL BELOW NIV



- When adjusting different assets in order to take into account market values, the Intrinsic Net Value of Banimmo amounts to €14.5 per share. Stock price at year-end of €9.99 represents a discount of 31% in comparison to this Intrinsic Net Value
- This Intrinsic Net Value is the sum of:
  - Investment properties, valued at their net market value according to experts (IAS 40), valued by de Crombrughe & Partners
  - Buildings in stocks (IAS 2), valued at their historical cost
  - Listed financial participations valued at their stock price
  - For the Joint-Ventures, City Mall is valued at its historical acquisition cost; Les Jardins des Quais valued at market value by de Crombrughe & Partners; The Loop valued at market value by de Crombrughe & Partners and the Dolce hotels valued at market value by CBRE Hotels London
  - **Less** the net financial debt of the company

## REALIZED IRR AND MARGIN ON DISPOSALS

Name building	Type of building	Size	Disposal date	Number of years of detention	IRR	Capital gain (margin)/m <sup>2</sup> *	Renovated
Lozana	Offices	7,000 m <sup>2</sup>	Dec. 2011	11 years	16%	352 €/m <sup>2</sup>	Yes
Saran I	Retail	2,300 m <sup>2</sup>	Dec. 2011	4,5 years	9%	-81 €/m <sup>2</sup>	No
Antwerp Expo	Exhibition hall	22,635 m <sup>2</sup>	Jul. 2011	4,25 years	13%	-54 €/m <sup>2</sup>	No
Clamart	Retail	8,000 m <sup>2</sup>	May 2011	4 years	37%	475 €/m <sup>2</sup>	Yes
Kruger Park	Retail	12,700 m <sup>2</sup>	Dec. 2009	10 years	34%	468 €/m <sup>2</sup>	Yes
Sirius (Mobistar)	Offices	29,500 m <sup>2</sup>	Nov. 2009	8,5 years	45%	528 €/m <sup>2</sup>	Yes
Brouckère Tower	Offices	32,700 m <sup>2</sup>	2006/2007	7 years	29%	534 €/m <sup>2</sup>	Yes

\* Rental income stream not included and excluding brokerage costs

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# INCOME STATEMENT

€ '000	2010	2011
Net rental income	14,260	14,308
Other income (commissions on JV)	1,274	2,065
Share in the result of companies accounted by the equity method	2,169	2,581
Recurrent income	17,703	18,954
SG&A	(7,072)	(7,919)
Other costs	(826)	(167)
(Recurring current result) REBIT	9,805	10,868
Net result of sale on real estate operations & companies accounted EM	254	4,195
(Current result) EBIT	10,059	15,063
Net financial costs	(7,176)	(7,892)
EBT	2,883	7,171
Taxes	(283)	(198)
Net current result	2,600	6,972
Deferred taxes	590	(112)
Variations of fair value on investment buildings (IAS 40)	(2,978)	(2,869)
Variations of fair value of companies accounted by the equity method	2,589	(1,301)
Value loss/gain on stocks (IAS 2)	400	-
Variations of fair value on hedging instruments (IAS39)	(2,745)	(1,530)
Net Result	456	1,161
Net result (part of the group)	456	1,163

# KEY ELEMENTS OF THE INCOME STATEMENT

- **Unchanged net rental income: €14,308 K vs. €14,260 K on 31/12/2010**
  - “Loss” of rental income of sold assets (Antwerp Expo, Clamart) compensated by rental income from assets acquired during 2010 (Rouen & Eragny) and new lease contract with Electrolux
  - New important lettings completed in December 2011: Alma Court (1,040 m<sup>2</sup>) and Corvettes (3,791 m<sup>2</sup>)
- **Other income: Increase to €2,065 K mainly linked to fees for VMM and Electrolux projects**
- **Contributing companies accounted by the equity method: €1,280 K vs. €4,758 K on 31/12/2010**
  - Montea: €429 K for 14.8% versus € 1,690 K for 23.26% in 2010
    - When excluding non-cash items (IAS39-IAS40), result amounts to 1,811 k€
    - Sale of 8.5% of Montea shares generating capital gain of €747 K
    - Better operational efficiency – decrease of vacancy of Montea – Increase of 29% of net current result
    - Important negative fair value adjustments on investments and hedging instruments (-€9.3 mio)
  - The Loop -€251 K versus € 299 K in 2010
    - Overall development plan defined by Grondbank The Loop (25% Banimmo)
    - Site divided into various fields and Banimmo interested to develop V12 (Retail+Leisure) and V5&V3 (Offices)
    - First office development for VMM (7,200 m<sup>2</sup>)– Project Management fee granted to Banimmo
    - Partnership agreement with specialized operator for Design Outlet Center on V12

# KEY ELEMENTS OF THE INCOME STATEMENT

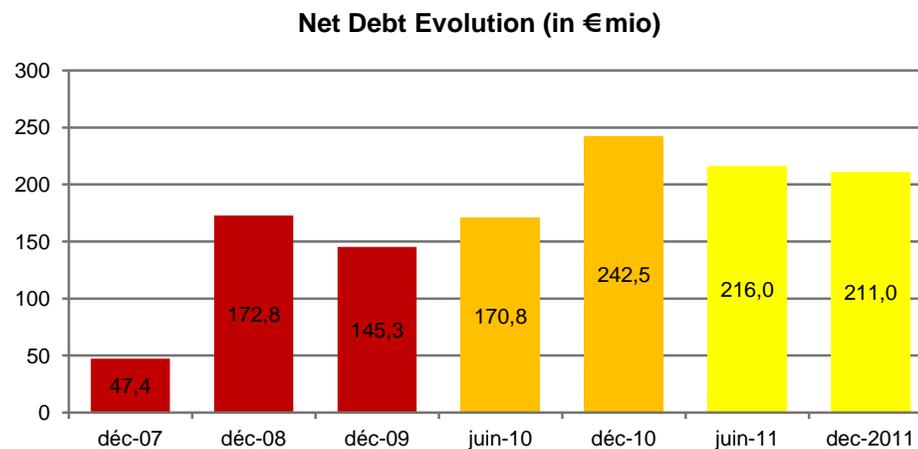
- Dolce La Hulpe and Dolce Chantilly: €773 K versus €824 K in 2010
  - Hotel sector bottoming out, trends 2011 positive
  - Expiry of expensive historical hedging instruments have positive impact on fin. charges
  - Important increase in overall EBITDA: 24.6%
  - Net bank debt of €45.5 mio. Yearly reimbursement of €2.5 to €3 mio

In '000 €	La Hulpe 31/12/2010	La Hulpe 31/12/2011	Chantilly 31/12/2010	Chantilly 31/12/2011	Consolidated 31/12/2011
Turnover	21,021	21,422	14,756	15,711	37,133
EBITDA (excl. except.)	3,914	4,488	2,516	3,526	8,014

- Bordeaux JDQ
  - Increase of rents and outlook positive for renting up of fifth and last building
  - Decrease of contribution (€632 K vs €2,169 K) linked to lower fair value increase
  - When excluding non-cash items (IAS39-IAS40), result amounts to 112 k€
- City Mall
  - Participation generates structural loss of €304 K due to development costs that cannot be activated
  - Participation generates also normalized annual fin. income of €2.800 K on mezzanine financing (8% on mezzanine financing of €35 mio)

# KEY ELEMENTS OF THE INCOME STATEMENT

- Capital gains of €4,195 K linked to sale of 4 buildings (Clamart, Antwerp Expo, Lozana & Saran)
- Slight decrease of net financial charges of €9,422 K versus €9,921 K in 2010



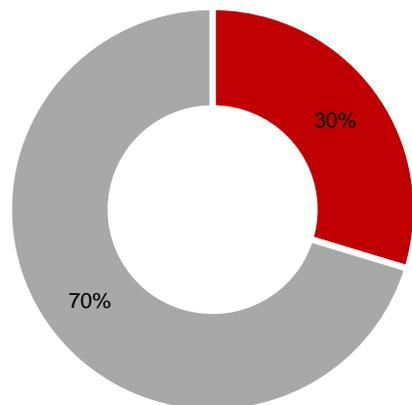
- Quasi-stability of net financial charges is the result of:
  - Higher average indebtedness in 2011 (€229.8 mio) compared to 2010 (€188.2 mio)
  - Higher average interest rate in 2011: full year impact of bond issue @ 5.15%
  - Offset in 2011 by full year impact of financial income on mezzanine financing
- Net Current result: €6,972 K vs. €2,600 K on 31/12/2010
- Proposed Gross ordinary Dividend: 0.27€ compared to 0.35€ per share for the exercise 2010

# FINANCIAL MANAGEMENT

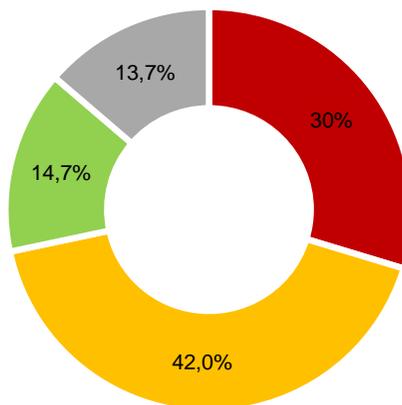
Key ratios	31/12/2010	30/06/2011	31/12/2011
Net debt (€ mio)	242.5	216.0	211.0
Net debt/shareholders equity	1.77	1.56	1.58
Fin debt/Total assets	60.0%	56.7%	57.5%

We wanted and obtained a well diversified and hedged funding structure

Financing base before hedging    Financing base after hedging\*



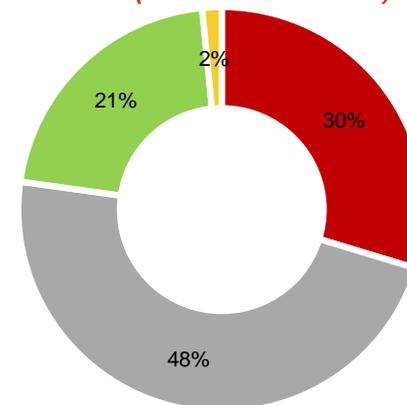
■ Fixed (Bond)    ■ Floating



■ Fixed    ■ Hedging    ■ Swaps    ■ Floating

More than 85% of debt is now hedged or based on fixed rate

Funding source diversification  
(Total of €252.5 mio)



■ Bond  
■ Syndicated loan  
■ Bilateral credits (Asset based)  
■ Finance lease

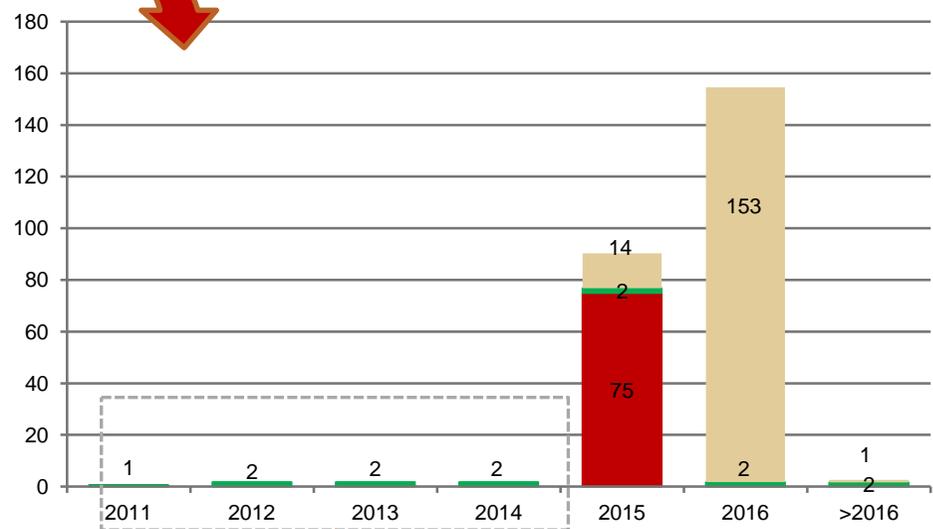
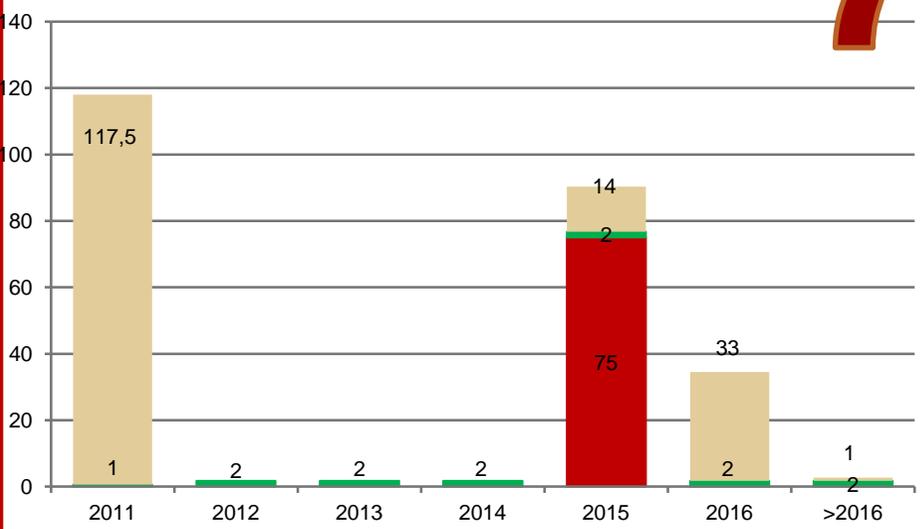
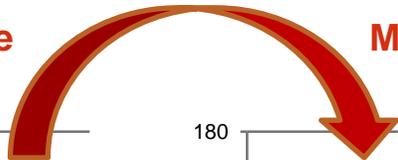
Well-diversified financing sources: Dependence from syndicated credit has progressively been decreased through signing of bilateral loans and bond issuance

(\*) Percentage as of Q2 2012 till Q3 2014

# NEW CLUB DEAL AVOIDS REFINANCING RISK BEFORE 2015

Maturity profile of financial debt before refinancing syndicated loan

Maturity profile of financial debt after refinancing syndicated loan



■ Contractual loan amortisation    
 ■ Final maturity    
 ■ Capital markets

No important refinancing before 2015

- Exit of existing syndicated loan (4 banks) into a club deal with two banks (ING-KBC):
  - Duration of 5 years (till 09/2016)
  - Nominal amount of € 120 mio
  - Revolving type with LTV ratio of 65%
- Average cost of debt 2011:
  - 5.01% (hedging instruments included) versus 4.5% in 2010 (still important impact of Floor of €50 mio @ 4.35% till Q1 2012)

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# FORECASTS AND GOALS FOR 2012

- **Accelerate disposals of assets acquired before 2007 (before asset value deflation) to position Banimmo on new acquisition opportunities at present (lower) market prices**
- Total sale objective of up to €80 mio
- Montea
  - Sale of shares realized in H1 2011 has allowed Banimmo to go back to its initial holding level
  - Remains important participation and no further share sales is planned in the near term
- Pipeline of “built to suit” products in discussion
- Increasing opportunities to reposition aging assets and conversion into “sustainable” assets
- Positive outlook for improvement of existing vacancy for Alma Court and Diamond buildings: occupancy of IAS 40 portfolio could increase to 86% instead of 79%, representing additional rental income of 600 K€
- Focus on retail will persist:
  - Less vacancy on Retail compared to Offices and attractive investment segment currently sought by investors
  - The Loop: breakthrough on this retail development opportunity after signing of partnership agreement (+/- 35,000 m<sup>2</sup> retail)
  - Important pipeline of Banimmo France: Due diligence for retail acquisition of 5.200 m<sup>2</sup> ongoing

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## FINANCIAL CALENDAR

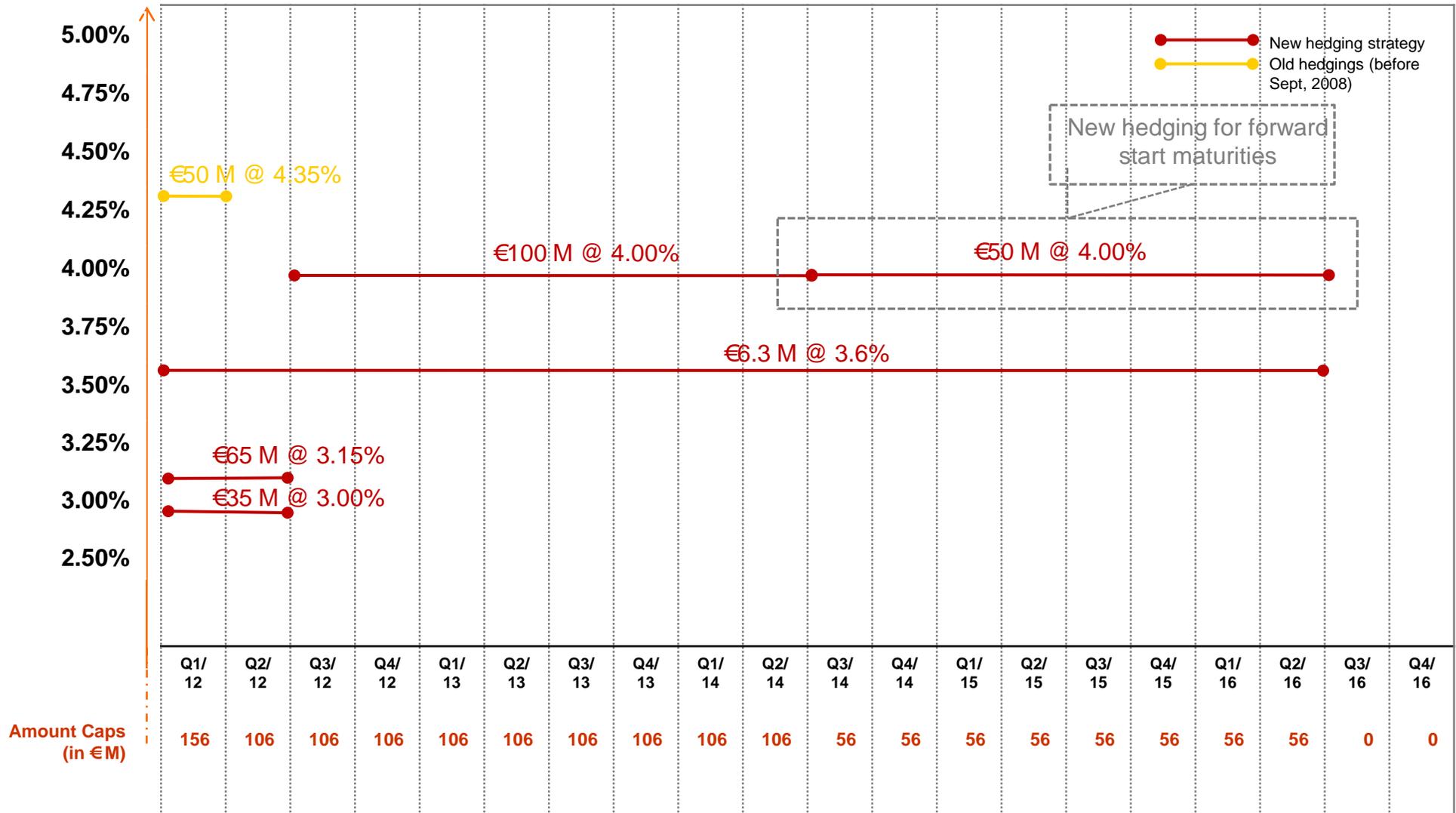
- Trading update Q1/2012 May , 2012
- Ordinary General Assembly May 15<sup>th</sup>, 2012
- Dividend payment May 25<sup>th</sup>, 2012
- Communication half-year results 2012 End of August, 2012
- Trading update Q3/2012 November, 2012
- Communication annual results 2012 February, 2013

# AGENDA

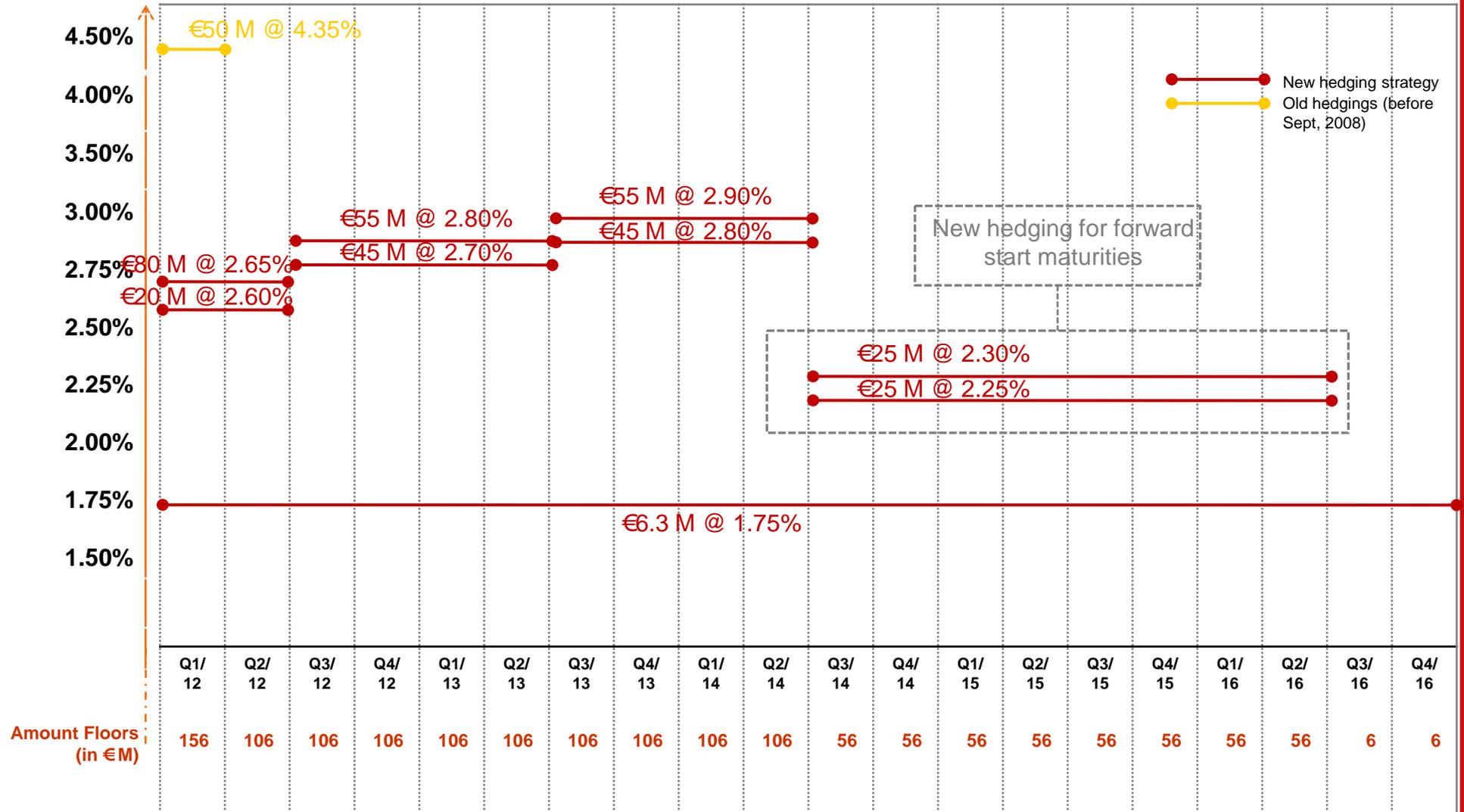
## Appendix: overview of hedging instruments



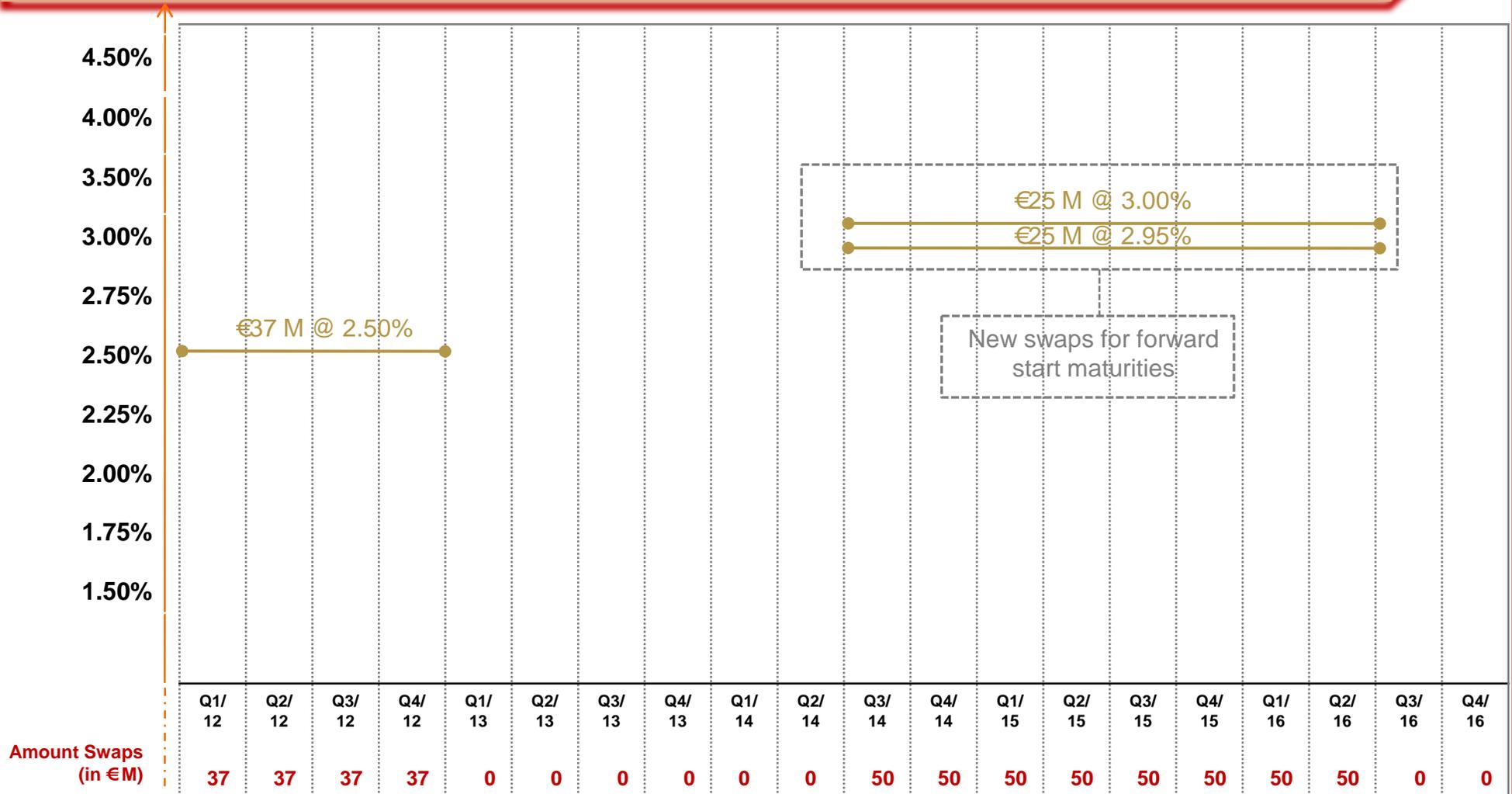
# Hedging strategy: overview of caps



# Hedging strategy: overview of floors



# Hedging strategy: overview of step-up swaps





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