Annual results 2010

February 23th , 2011

AGENDA

- **Introduction**
- **Strategic issues**
- **Important events of the year 2010 at a glance**
- **Portfolio description**
- **Analysis of the results**
- **Forecasts and goals for 2011**
- **Financial calendar**

INTRODUCTION: CHANGE OF ACCOUNTING PRINCIPLES

- **Change of accounting principles through adoption of IAS 2 (stocks)**
- **IAS 2 comprehends:**
  - Assets/property acquired exclusively with a view to subsequent disposal in <u>near future</u> or for development and resale
  - Other assets remain classified as investment property even if a sale is possible
  - Near future must be compatible with ordinary course of business of each business sector
- **11 assets reclassified in IAS 2 :**
  - Belgium: Arts 27, H3 (Da Vinci Parc), H5 (Da Vinci Parc), North Plaza, Raket (Electrolux) and Prins B.5
  - France: Clamart, Eragny, Marché-Saint-Germain, Rouen and Vaugirard
- **Assets remaining in IAS 40 :**
  - Belgium: Alma Court, Antwerp Expo, Athena Business Center, Lozana and Diamond
  - France: Corvettes (Paris), Saran (Orléans), Fontenay-sous-Bois (Paris) and Les Jardins des Quais

  No changes for Dolce Conference Centers
- **Impairment test on a yearly basis for assets under IAS 2 against Net realisable value (looking forward approach) :**
  - Net realisable value ≠ Market Value (IAS 40)

INTRODUCTION: CHANGE OF ACCOUNTING PRINCIPLES

Accounts restated over last 3 years

- See corporate website
- Main changes 2009 (comparative accounts):

€ '000 Balance Sheet 2009		IAS 40 (total)	IAS 2 /IAS 40	Difference
Investment assets		233,401	115,899	*(117,502)*
Stocks		894	125,020	*124,126*
Corresponding changes in differed taxes on asset/liability side				
Net worth		142,899	149,236	*6,337* *(+4.4%)*

€ '000 P&L 2009		IAS 40 (total)	IAS 2 /IAS 40	Difference
Recurrent income		16,159	16,159	-
Net result of sales		18,011	18,011	-
Variation of fair value		(11,648)	(5,099)	*6,549*
Operational result		15,401	21,950	*6,549*
Financial result		(9,197)	(9,197)	-
Taxes /Deferred taxes		7,243	6,552	*(691)*
Net result		11,006	16,864	*5,858*

INTRODUCTION: CHANGE OF ACCOUNTING PRINCIPLES

Objectives

- Better transparency and understanding of the performance of the company
- Avoid short term fluctuations in the results not compatible with (re)development cycle
- Fair value concept not most appropriate for developments
- Capital gains
  - = Sales price minus acquisition + redevelopment costs => easy to understand
  - ≠ Sales price minus a variable (over time) market price

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STRATEGIC ISSUES

Banimmo maintains its primary focus on repositioning existing assets but redirects its activity on 2 specific axis

- Retail real estate segment, more resilient
  - Retail assets versus offices assets equally split
  - All 2010 investments focussed on retail
  - French portfolio almost exclusively retail
  - New presence in development (City Mall – The Loop)

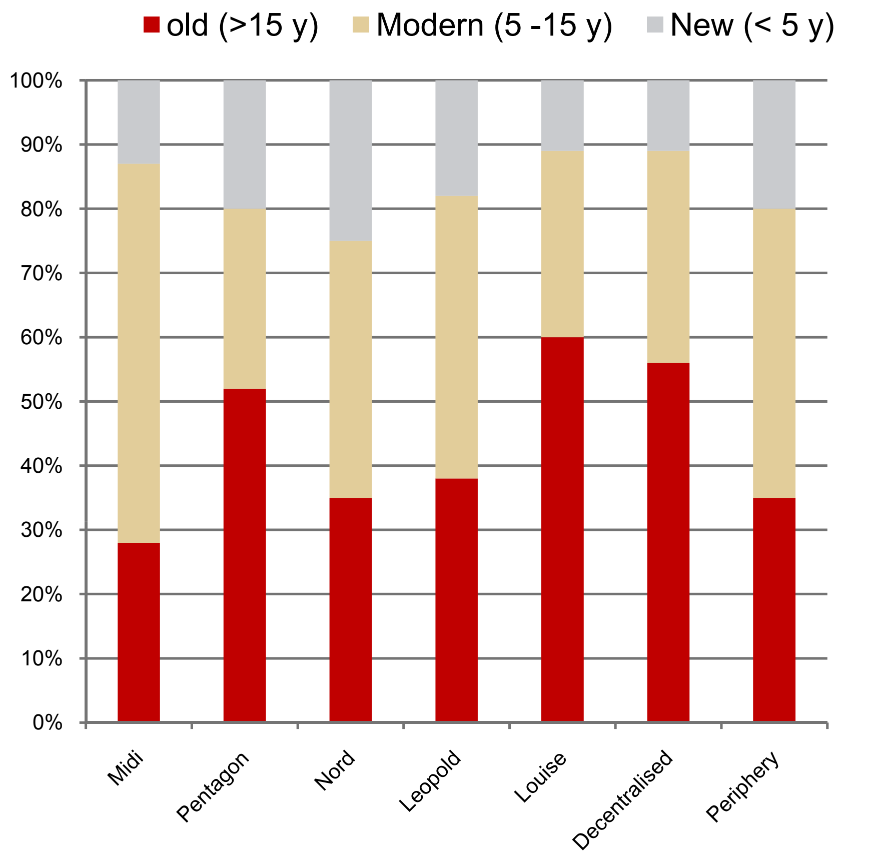
- “Built to suit” schemes:
  - Development on demand for corporates
  - Second project in execution (Electrolux)
  - Third in project management (VMM)
  - More under negotiation

➢ **New demand for office space emerging**

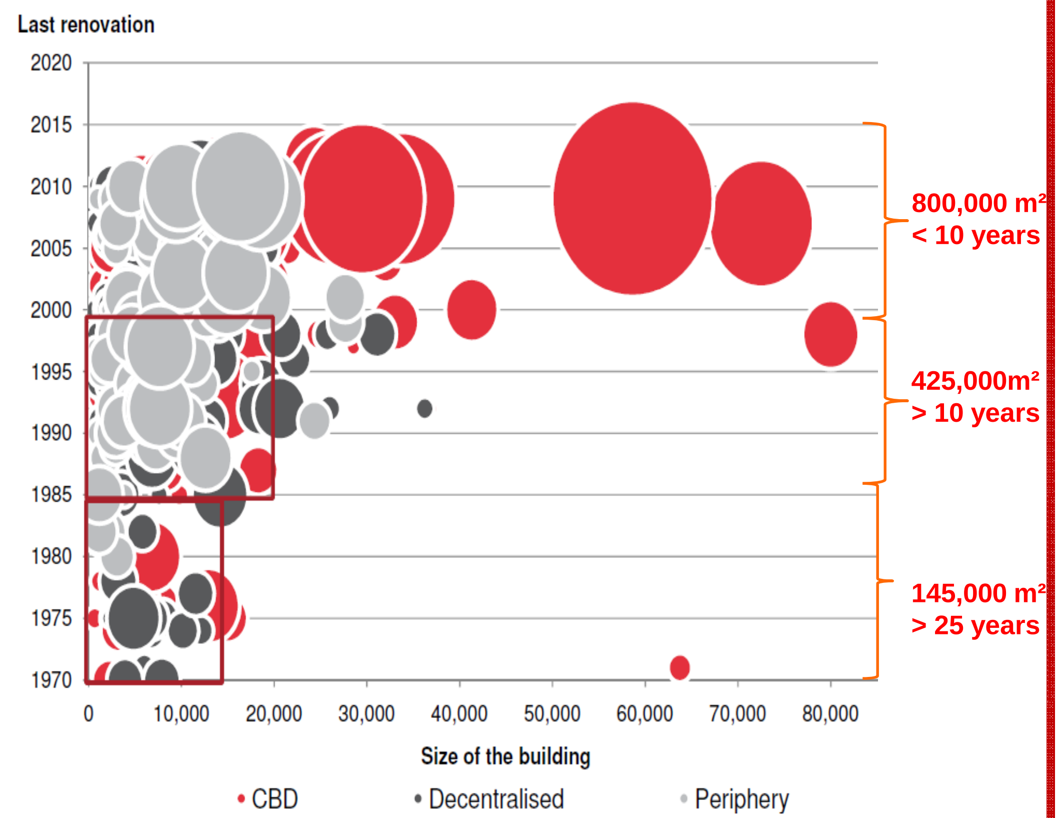
WHY?

Why? Misfit between offer and demand

Distribution of stock by age *(31/12/2010 Source: Jones Lang Lasalle)*



Availability by size and age of the building *(Source: DTZ Research)*



- More than 80% of office buildings in Brussels are older than 5 years (i.e. built before focus on sustainable buildings)
- Vacant stock includes many buildings that are over the end of their life cycle and with low energy efficiency & environmental levels (E and BREAM-norm)

WHY? IMPACT OF NEW REGULATION ON BUILDING EFFICIENCY

Current and future maximum E-levels for NEW office buildings in Belgium

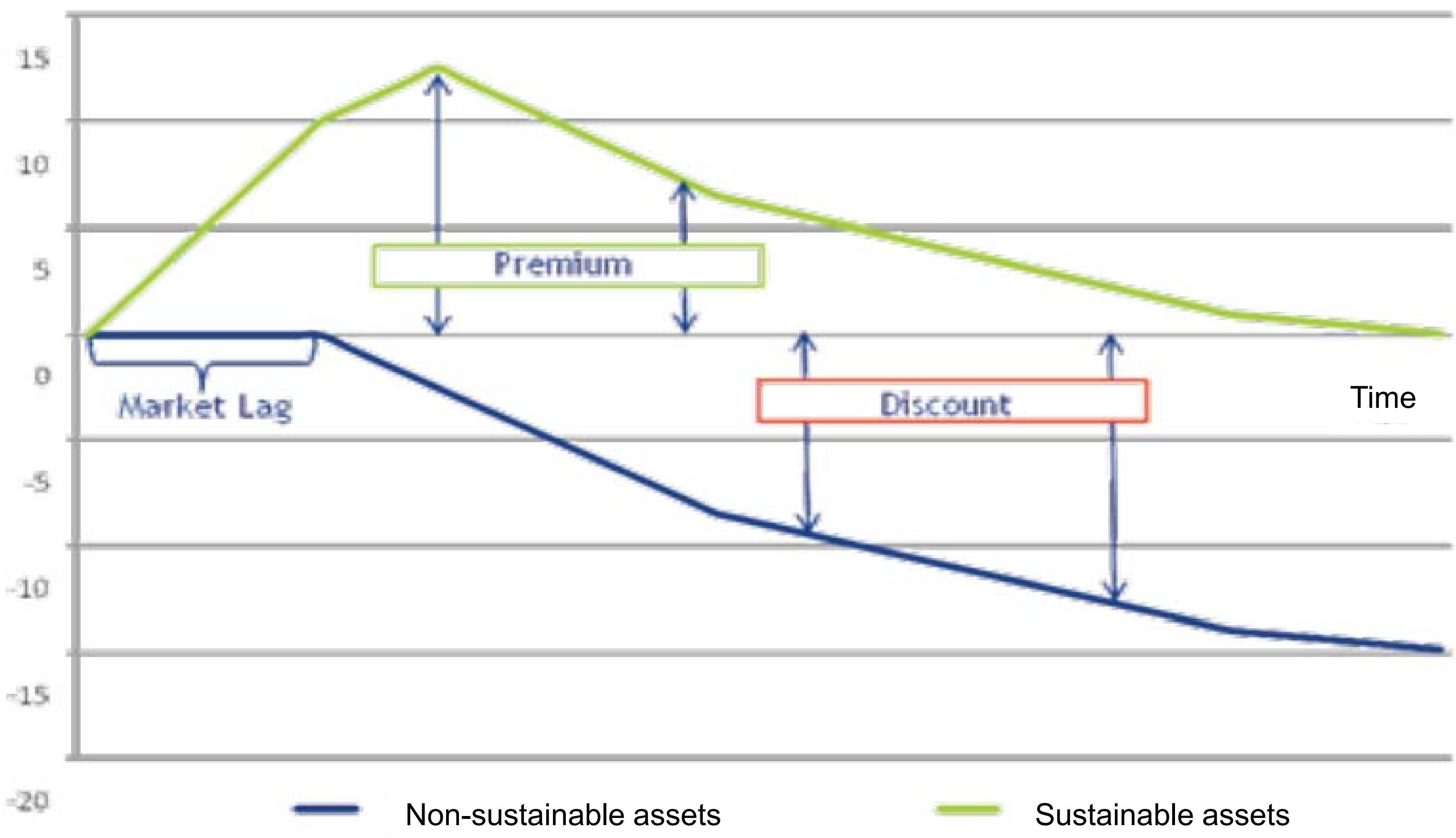
	Current	07/2011	09/2011	2012	2014	Future
Brussels	**E90**	**E75**				
Flanders	**E80**			**E70**	**E60**	
Wallonia	**E100**		**E80**			

A.In the investment market

- Outdated buildings that are not compliant with new environmental standards will be more difficult to let
- Renovation works will be increasingly subject to environmental compliance. Few investors should be willing or be able to meet those challenges at a competitive cost
- Growing pressure to upgrade existing buildings will increase stock of obsolete buildings
- Increasing number of institutional investors are becoming aware of environmental issues and are adapting their demand to new regulations
- **Increasing stock of obsolete assets will represent a huge opportunity for Banimmo**

WHY? TWO TIER INVESTMENT MARKET IS EMERGING

Possible evolution of rental premium/discount (*Source: Joël Gorselé, Petercam - Sven De Bondt, Bopro)*



B. In the tenant market

- Stricter regulations on the energy efficiency of buildings (introduction of performance certificates) drives up the demand for sustainable buildings for corporate and public sector occupiers
- Additionally, energy efficiency and corporate image are gradually becoming a major concern for tenants
- Not only the amount of rent, but also the amount of charges has become important in the decision process

Difference of energy cost for same building with different E-norm (*Source: Banimmo, based on building of +/- 10,000m²*)

Primary energy	Building A (E135)	Building A (E65)
E value (Brussels)	**135**	**65**
Heating	118 kWh gas / m² / yr	31 kWh gas / m² / yr
Cooling	16 kWh elec / m² / yr	7 kWh elec / m² / yr
Auxiliaries	14 kWh elec / m² / yr	7 kWh elec / m² / yr
Lighting	26 kWh elec / m² / yr	9 kWh elec / m² / yr
Office / IT use + kitchen	28 kWh elec / m² / yr	28 kWh elec / m² / yr
Common energy costs (heating, cooling, auxiliaries)	8,87 € / m² / yr	3,11 € / m² / yr
Private energy costs (lighting, office use)	6,46 € / m² / yr	4,47 € / m² / yr
Total energy costs	**15,3 € / m² / yr**	**7,6 € / m² / yr**

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IMPORTANT EVENTS OF YEAR 2010 AT A GLANCE

Milestones

- Commercial: 16,263 m² rented up
- Investments
  - Rouen: 2,848 m², acquisition price of €12.0 Mio, investment yield of 7.1% - Commercial restructuring
  - Eragny: 12,000 m², acquisition price of €12.6 Mio, investment yield of 11.5% - Restructuring in 2014 - Rent of 160 €/m²
  - City Mall: Equity stake of 38.25% in 3 shopping centers

    Verviers: 29,700 m² - Horizon 2014

    Namur: 18,500 m² - Horizon 2015

    Charleroi: project being redefined
- Built to suit deals
  - Electrolux: 8,242 m² delivery in Q2 2011
  - VMM: 7,200 m² under Project Management fee of €1.5 Mio

City Mall projects

Verviers- Au fil de l'Eau

- Development of a shopping center in the city-center of Verviers
- Very good location
  - In the city center, in the heart of the pedestrian retail area, along the river Vesdre
  - Very good accessibility with car
  - Catchment area: 350,000 consumers & 53,000 habitants
- Retail offer
  - 90 stores
  - Shopping mall will host a dominant number of fashion retailers
  - Main brands are currently absent in Verviers: Zara, Guess, Fnac, Mediamarkt ,etc.
- Covered shopping mall of 29,700 m² GLA with 1,180 parking spaces
- Pre-letting on 31/12/2010 *(surface wise):*
  - 21% signed
  - 39% in various stages of negotiation
  - On target with financial objectives
- Timing:
  - Building permit submitted: July 2010
  - Building permit obtained: November 2010
  - Start construction: Second half year 2011 based on pre-letting
  - End construction: Mid-year 2014

CITY MALL PROJECTS

Namur – Le Côté Verre

- Development of a shopping center in the city center of Namur
- Very good location
  - In the city center, next to the central railway station (at the beginning of Rue de Fer)
  - Streets of Namur have the highest rents in Wallonia
  - Important student community and many administrations & public organizations
  - Very good accessibility with car and train
  - Catchment area: 350,000 consumers & 108,000 habitants
- Retail offer:
  - Main brands are currently absent in Namur: Mediamarkt, Guess, Gap, etc.
- Shopping mall of 18,500 m² GLA with 1,030 parking spaces
- Timing:
  - Submission building planning permit :September 2011
  - Obtaining building permit: March 2012
  - Start construction: June-Sept 2012
  - End construction: 2015

CITY MALL PROJECTS

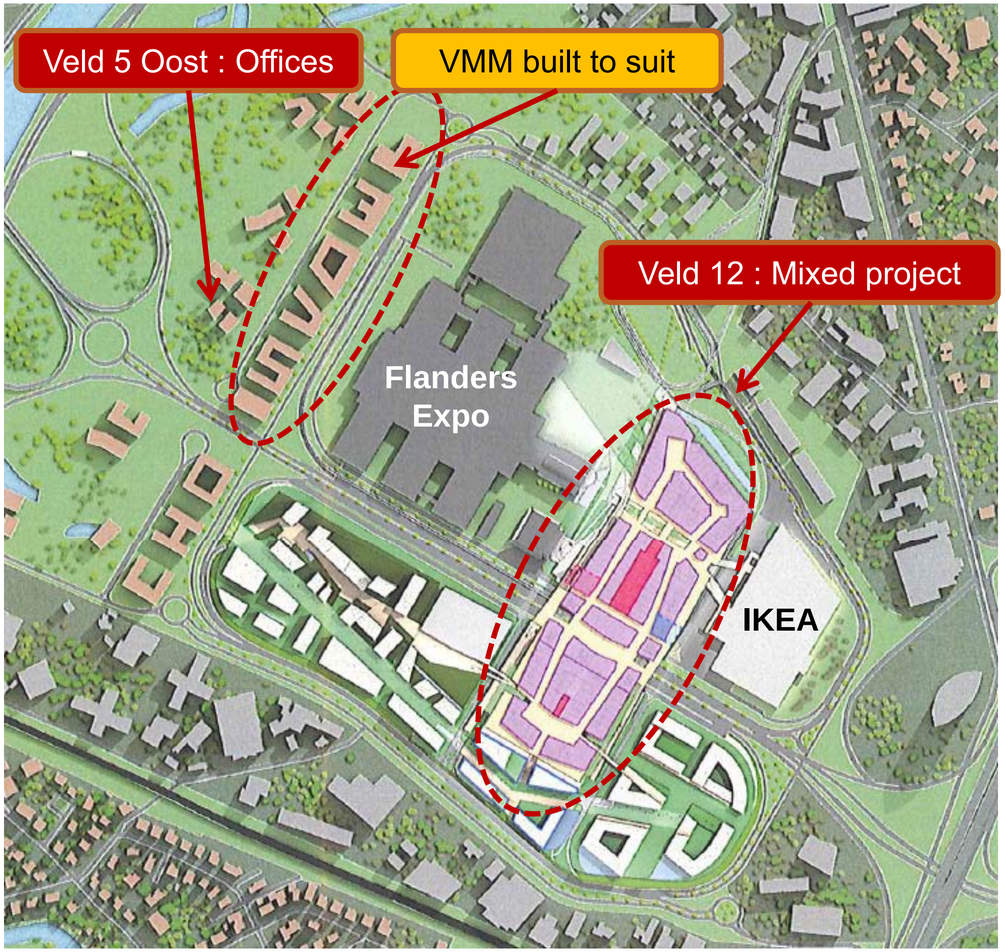
Charleroi

- Very good location
  - Acquisition of nearly 7 hectares located on the "Charleroi Expo" site, only 50m away from Town Hall
  - Charleroi is the first city of the Walloon Region
  - Catchment area: 650,000 consumers & 200,000 habitants
  - Direct access via subway and highway
  - Actual retail offer is dispersed and of mediocre quality
  - Missing a large shopping centre
- Scope of shopping mall still to be defined & timing depending on strategic decision of the City of Charleroi
- Downside risk limited in view of low acquisition price for 7 hectares

BUILT TO SUIT DEVELOPMENTS

The Loop Veld 12

- Banimmo has 25% in Grondbank The Loop, owner of the land
- Veld 12= Site between Flanders Expo and Ikea
- Development of a mixed project on Veld 12 anchored by a retail complex
  - Constructible area of +/- 100,000 sqm made of a.o
    - Retail (+/-35,000 sqm)
    - Offices (+/-20,000 sqm)
    - Leisure (+/-15-30.000 sqm)
  - Pre-development phase under way



BUILT TO SUIT DEVELOPMENTS

The Loop Veld 5 Oost

Expected (after development)

- Location
  - Site “The Loop” in Ghent, Veld 5 Oost
  - Site between Flanders Expo buildings and the R4
- Specifications
  - New mixed building, offices and laboratories, of 7,200 m²
  - Development will meet highest environmental standards
- Tenant
  - VMM (100%)
- Development
  - Total investment of € 22 Mio
  - Banimmo acts as contracting party (remuneration of € 1.5 Mio)
  - Development started in January 2011
  - Expected delivery: Q4 2011-Q1 2012
  - **First office development on Veld 5 Oost- Other built to suit opportunities being studied (total development potential of +/- 45,000 m²)**

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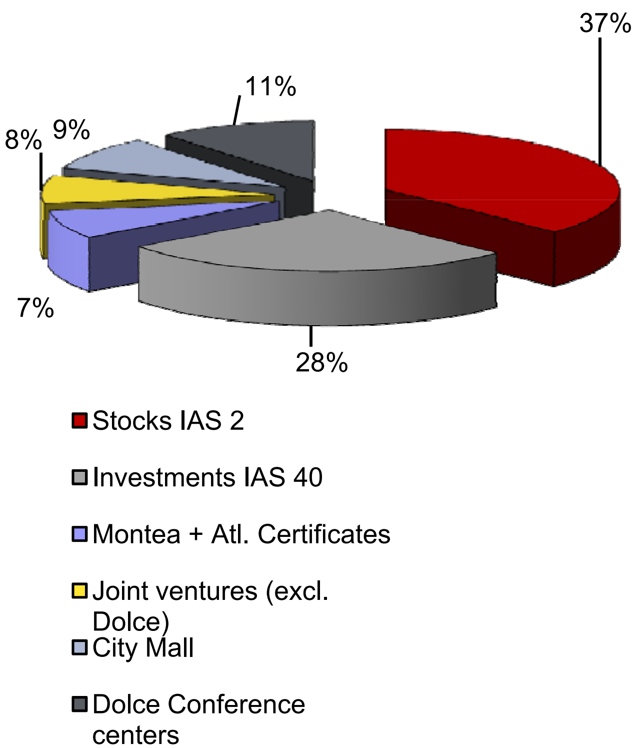
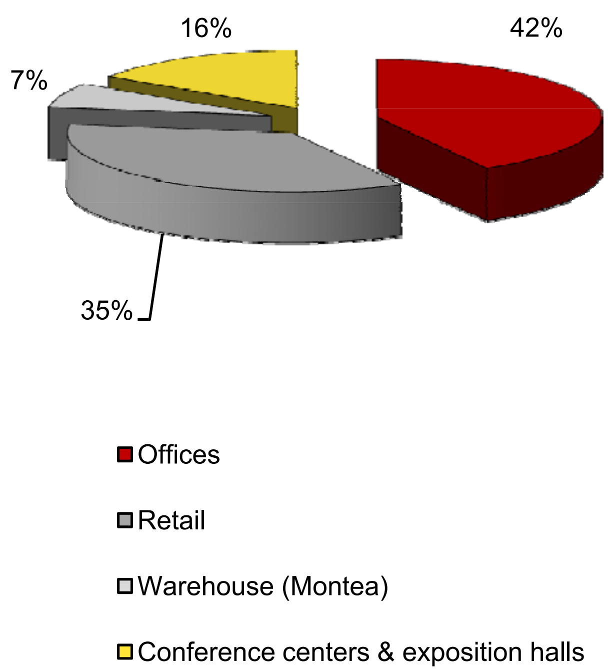
PORTFOLIO DISTRIBUTION

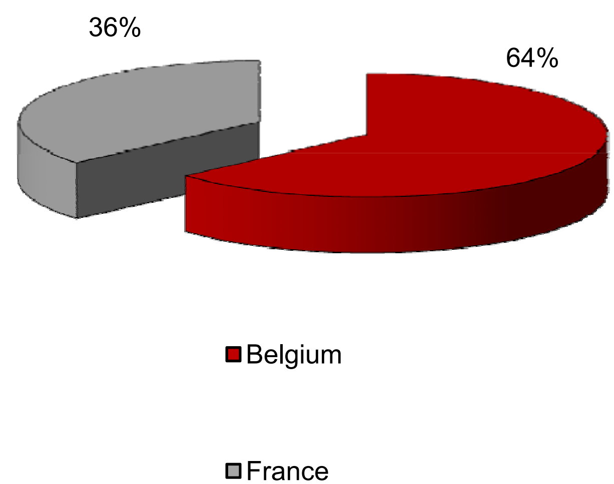
Distribution by investment type



Distribution by type of asset



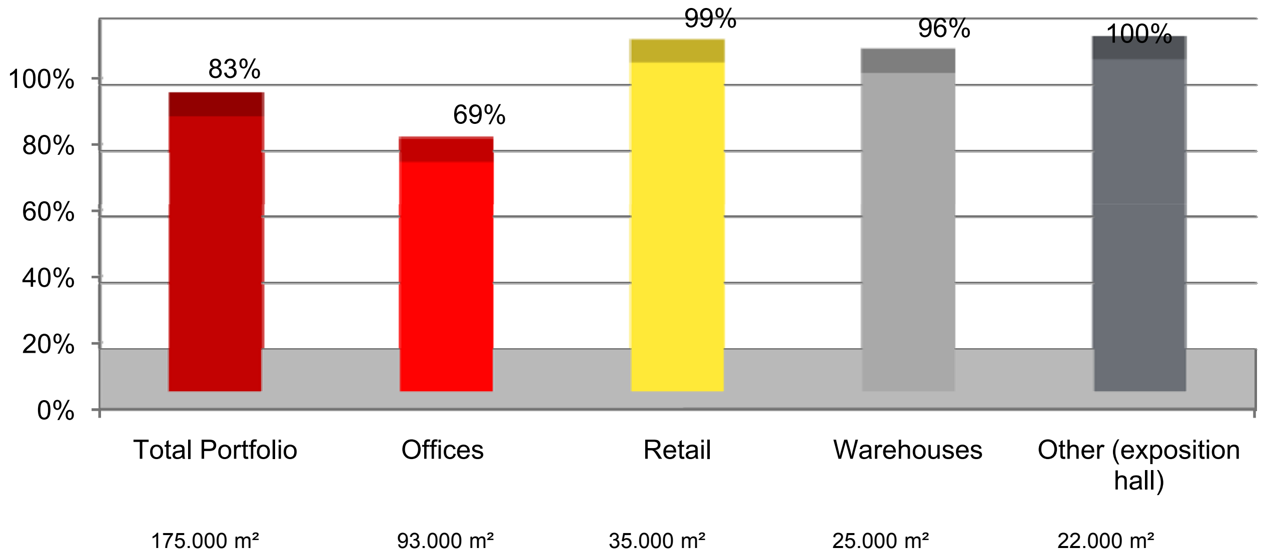
Geographical distribution



Since the acquisition of City Mall, portfolio is getting closer to our objective of 1/3 offices, 1/3 retail and 1/3 Others (conference centers and Montea)

OCCUPANCY RATE

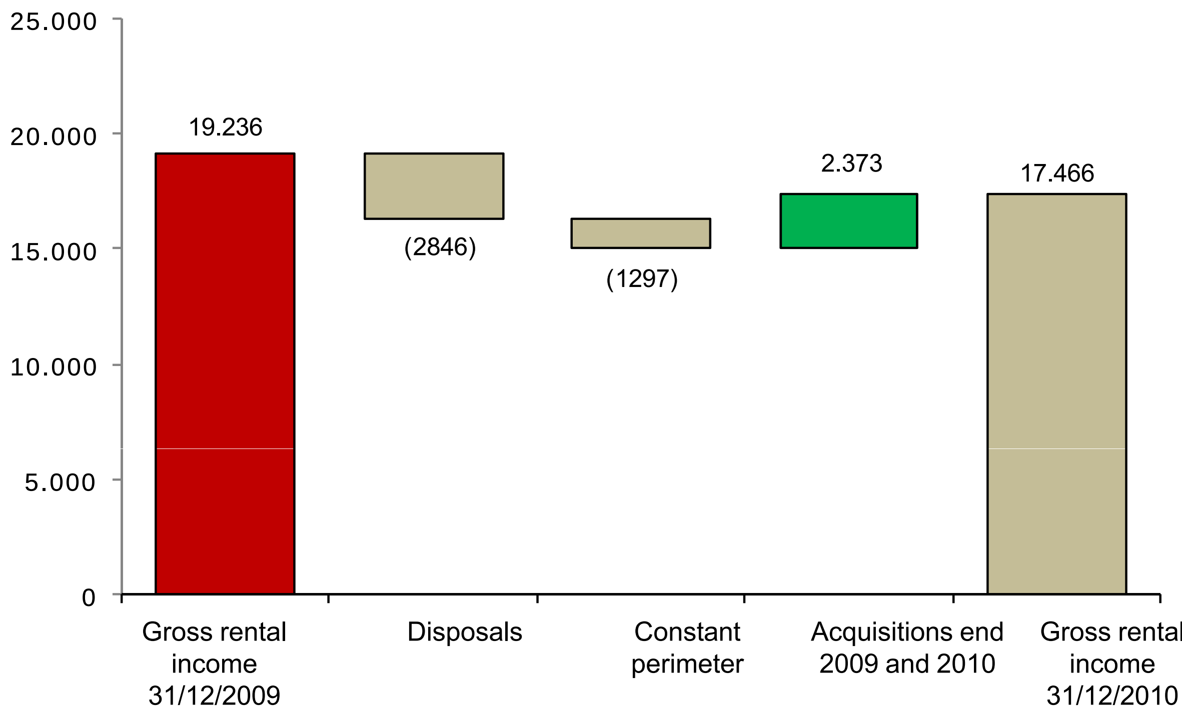
Occupancy rate of portfolio per segment (31/12/2010)



(1) Based on leased areas compared to available area

EVOLUTION OF GROSS RENTAL INCOME

Evolution of gross rental income between 31/12/2009 and 31/12/2010 *(in 000'€)*



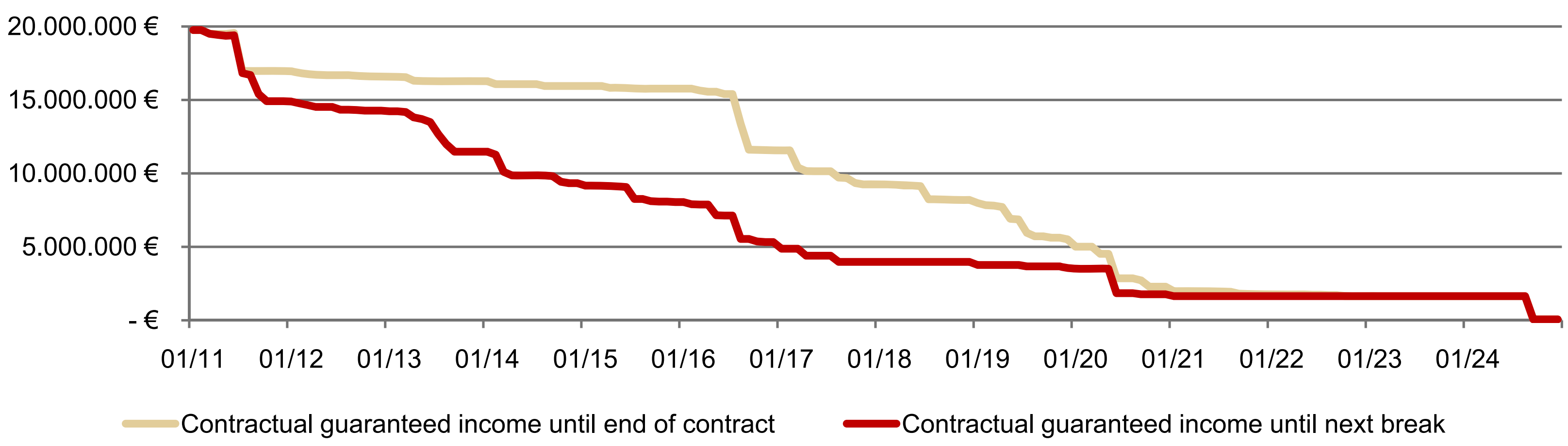
Variation of rental income in perimeter mainly attributable to

- Departure of tenants in North Plaza in order to renovate building

RENTAL INCOME

- Gross rental yield of 7.4% on accounting values (IAS 2 & IAS 40)
- ERV(1) of €26.3 M for properties (IAS 2 & IAS 40) implying gross yield of 9.3%
- The average residual duration of all leases in force at 31/12/2010 is 4.3 years (until next break) and 6.3 years (until contractual end of leases).
- The shorter duration compared to REIT's is in line with Banimmo's business model: acquire class B assets whose rents are reversionary, renovate and reposition them with new leases and eventually sell them

Contractual guaranteed rental income (31/12/2010) ***(in €)***



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(1) *Estimated Rental Value*

OFFICE PORTFOLIO'S OBSOLESCENCE LEVEL

Name building *	Age (Jones Lang LaSalle classification)	E-level
Athena Business Center	Old	E302
Alma Court	Modern *(10 years)*	E135**
Arts 27	New *(refurbished in 2009)*	E79
Diamond	Modern *(10-15 years)*	From E139 to E195 **
Raket (Electrolux)	New	E60
H4	New	E74
H5	New *(Refurbished in 2010)*	E91
North Plaza	New *(refurbishment in progress)*	E90
Prins B. 5	New *(refurbishment in progress)*	E101
Corvettes	Old	E161

* *For other office buildings of the portfolio, analysis is being performed*

** Asset plan to improve energy efficiency

Our portfolio is for the major part meeting current investors' demand

Reconciliation between portfolio value and balance sheet

Asset value: €436 M versus Balance sheet amounts

	In %	Value (in €M)	Valuation Method	Balance sheet amount (in €M)	Comment
Assets IAS 40	37%	121	Recycling of marketvalue delivered to the banking syndicate	113	Difference linked to fiscal impact deducted from fair-value
Assets IAS 2	28%	163	Acquisition cost	163	
Montea + Atl. Certif	7%	32	Pro-rata participation Banimmo in shareholders funds Montea and value of real estate certificates	32	
The Loop	2%	5	Pro-rata participation Banimmo in shareholders funds The Loop	5	Project The Loop is accounted in "Participations in companies held by the equity method"
Les Jardins des Quais	6%	24	Fair-value by ext. valuer (share Banimmo)	19	The project Les Jardins des Quais is partially accounted in "LT financial assets" and in "Participations in companies held by the equity method".
City Mall	9%	40	Value of equity participation and mezzanine financing	40	Value of equity participation and mezzanine financing
Conference centers +Building 14 on DLH site	11%	51	Acquisition cost (+capex) (share Banimmo 49%)	17	Part of the conference centers is being accounted as "LT receivable", for an amount of €16 Mio and for a small part in "Participations in companies held by the equity method".
Total	*100%*	*436*		*390*	

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INCOME STATEMENT

€ '000	2009	2010
Net rental income	16,159	14,259
Other income (commissions on JV)	1,300	1,274
Share in the result of companies accounted by the equity method	(2,442)	4,578
Recurrent income	*15,017*	*20,290*
SG&A	(7,970)	(7,072)
Other costs	(451)	(826)
(Recurring current result) REBIT	*6,597*	*12,393*
Net result of sale on real estate operations & companies accounted EM	18,011	254
(Current result) EBIT	*24,608*	*12,647*
Net financial costs	(7,063)	(7,176)
EBT	*17,545*	*5,472*
Taxes	571	(282)
Net current result	*18,117*	*5,189*
Deferred taxes	5,980	590
Variations of fair value on investment buildings (IAS 40)	(5,099)	(2,978)
Value loss/gain on stocks (IAS 2)	-	400
Variations of fair value on hedging instruments	(2,134)	(2,745)
Net Result	*16,864*	*456*

CASH FLOW STATEMENT

€ '000	*2009*	*2010*
Cash Flow (excluding cost of debt and taxes)	**8,599**	**6.888**
Change in working capital	**(17,532)**	**(2,348)**
Taxes	**(865)**	**(1,414)**
OPERATING CASH FLOW	*(9,798)*	*3,126*
Acquisitions (and capex)	**(60,318)**	**(89,343)**
Disposals	**115,826**	**9,257**
Miscellaneous	**1,962**	**2,882**
INVESTMENT CASH FLOW	*57,470*	*(77,205)*
New loans	**33,135**	**33,957**
New bond	**-**	**74,150**
Loan repayments	**(73,163)**	**(10,051)**
Interest	**(8,677)**	**(7,171)**
Dividend payments	**(12,857)**	**(13,682)**
FINANCING CASH FLOW	*(61,562)*	*77,204*
Increase (decrease) in cash	*(13,890)*	*3,125*

KEY ELEMENTS OF THE INCOME STATEMENT

- Strong variation from the companies accounted by the equity method
  - Montea: €1,689 for 14.8% versus loss of € 2,495 for 23.26% in 2009
    - Consolidated IFRS result: € 8,226 k versus loss of €10,681 k in 2009
    - Turnaround in market values especially in France
    - Better operational efficiency – decrease of vacancy
    - Capital increase of € 40 Mio successfully managed
    - Banimmo acquired 476,532 new shares at 19.5€ (stock quote 25€)
  - Dolce La Hulpe and Dolce Chantilly: €824 k versus loss of €392 k in 2009 + interest of € 353 on shareholders loan → total of € 1,216 k
    - Hotel sector bottoming out
    - Average EBITDA increase: 40%
    - Trends 2011 positive
    - Outstanding consolidated LT net bank debt 31/12/2010: € 48.8 Mio

In '000 €	La Hulpe 31/12/2009	La Hulpe 31/12/2010	Chantilly 31/12/2009	Chantilly 31/12/2010	Consolidated 31/12/2010
Turnover	17,929	21,020	13,308	14,776	35,796
EBITDA	3,079	4,430	2,037	2,828	7,258
RevPar	73.6	75.8	79.9	80.50	

KEY ELEMENTS OF THE INCOME STATEMENT

- The Loop: €298 k
  - Overall development plan defined by Grondbank The Loop (25% Banimmo)
  - Site divided into various fields
  - Banimmo interested to develop V12 (Retail) and V5 (Offices)
  - First office development for VMM (7,200 m²)– Project Management fee granted to Banimmo

- Les Jardins des Quais (25,334m²) : €2,196 k
  - Office part: 9,691 m² totally let
  - Retail part: 15,643m², occupancy rate of 76%
  - Increased attractiveness: Evolution of turnover/m²: 2008: 2,127 €/m² - 2009: 2,420 €/m² - 2010: 2,656 €/m²
  - Asset Fair value: €48.3 Mio versus € 44 Mio
  - Claim introduced against builder & seller Eiffage for watertightness issues

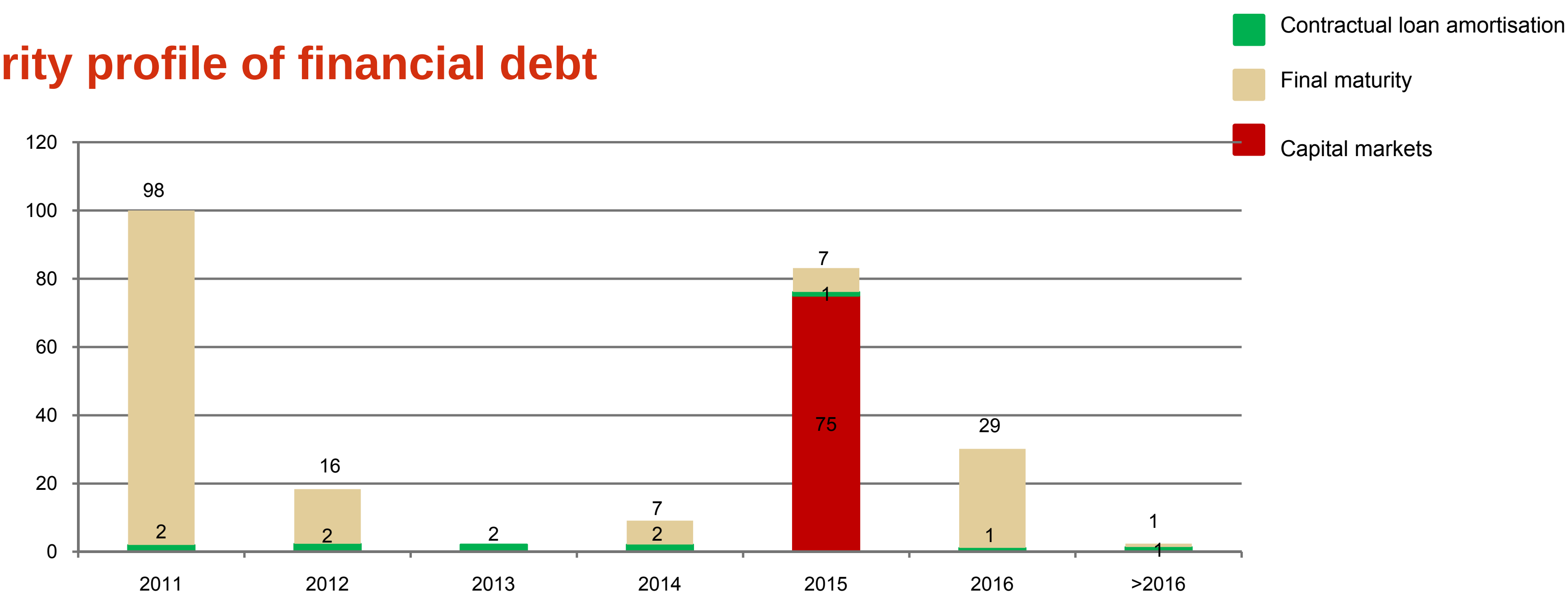
Financial debt

Key figures

Key ratios	31/12/2008	31/12/2009	31/12/2010
Net debt (€ M)	172.8	145.3	242.5
Net debt / shareholders equity	1.20	1.02	1.77
Fin. debt / Total assets	51.3%	46.3%	60.0%

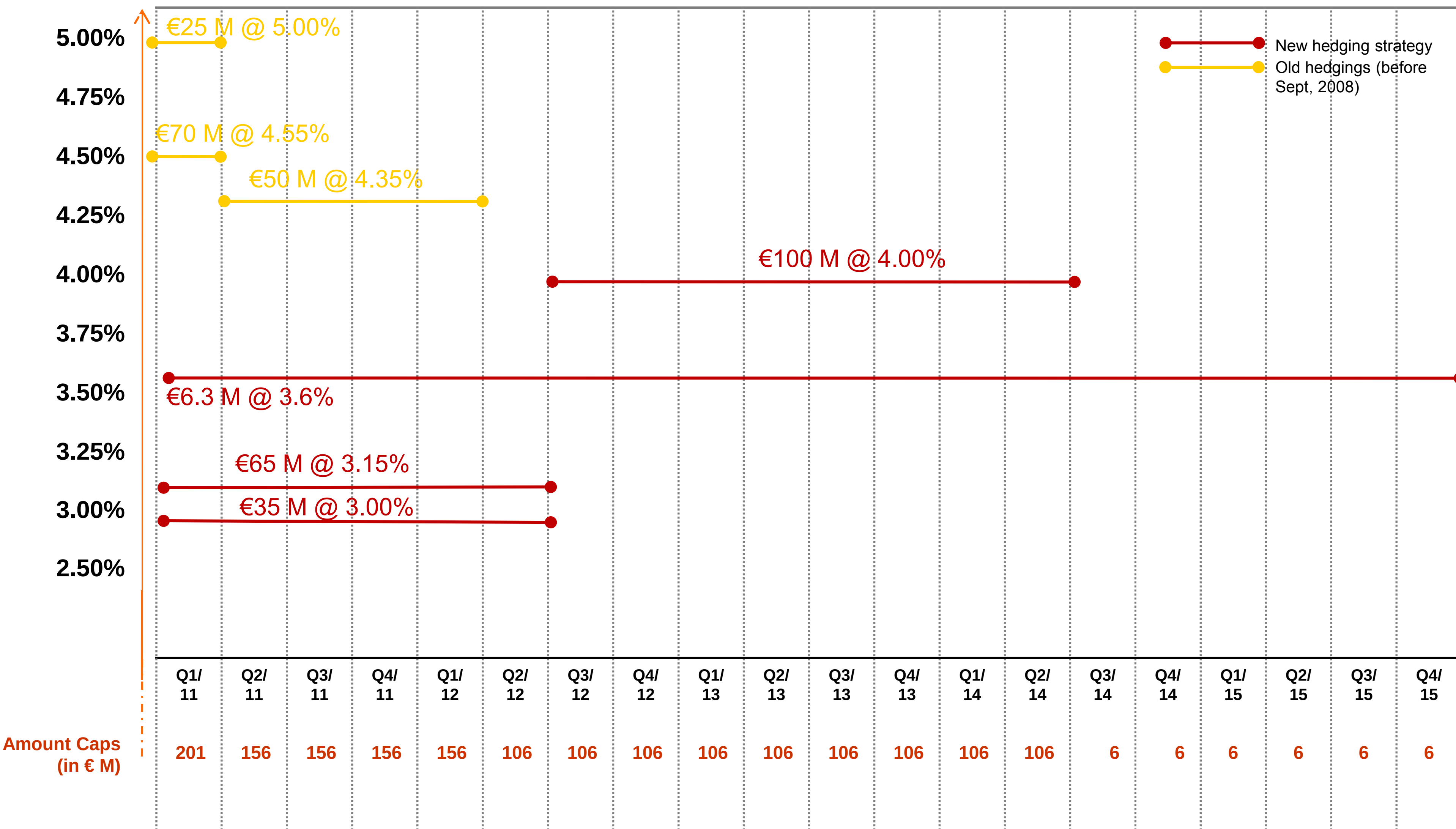
- Funding source diversification:
  - Bond issue: € 75 Mio
  - New loans (2009 & 2010): € 68 Mio (outstanding)
  - Dependence from syndicated credit substantially decreased from € 190 Mio to € 117 Mio. Current outstanding as of today: € 98 Mio

Maturity profile of financial debt

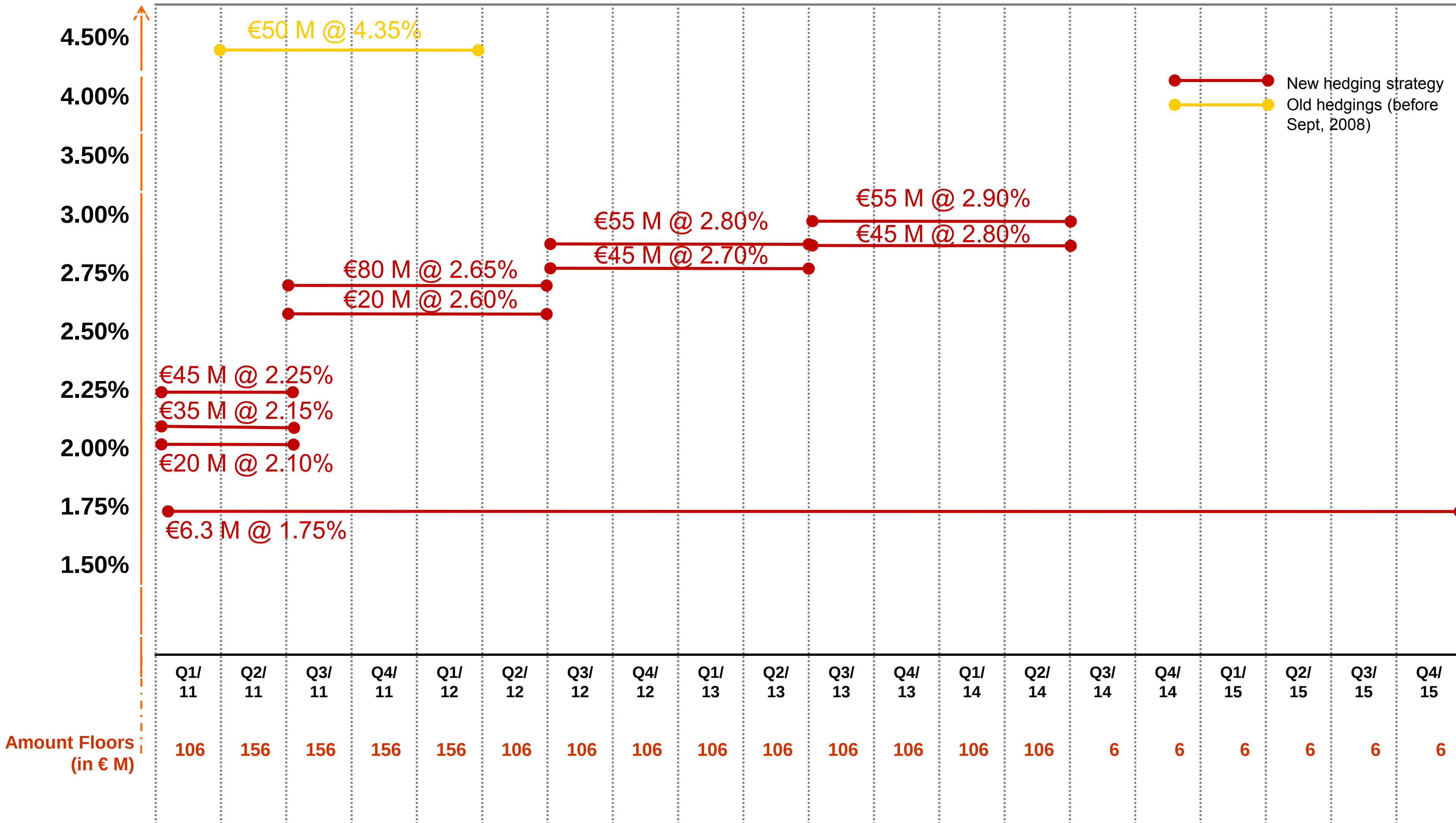


- In case of sale of an asset, the dedicated bank debt is reimbursed
- Average cost of debt in 2010:
  - 4.5% (hedging instruments included) versus 4.4% in 2009
  - 3.4% (without hedging instruments) versus 3.7% in 2009

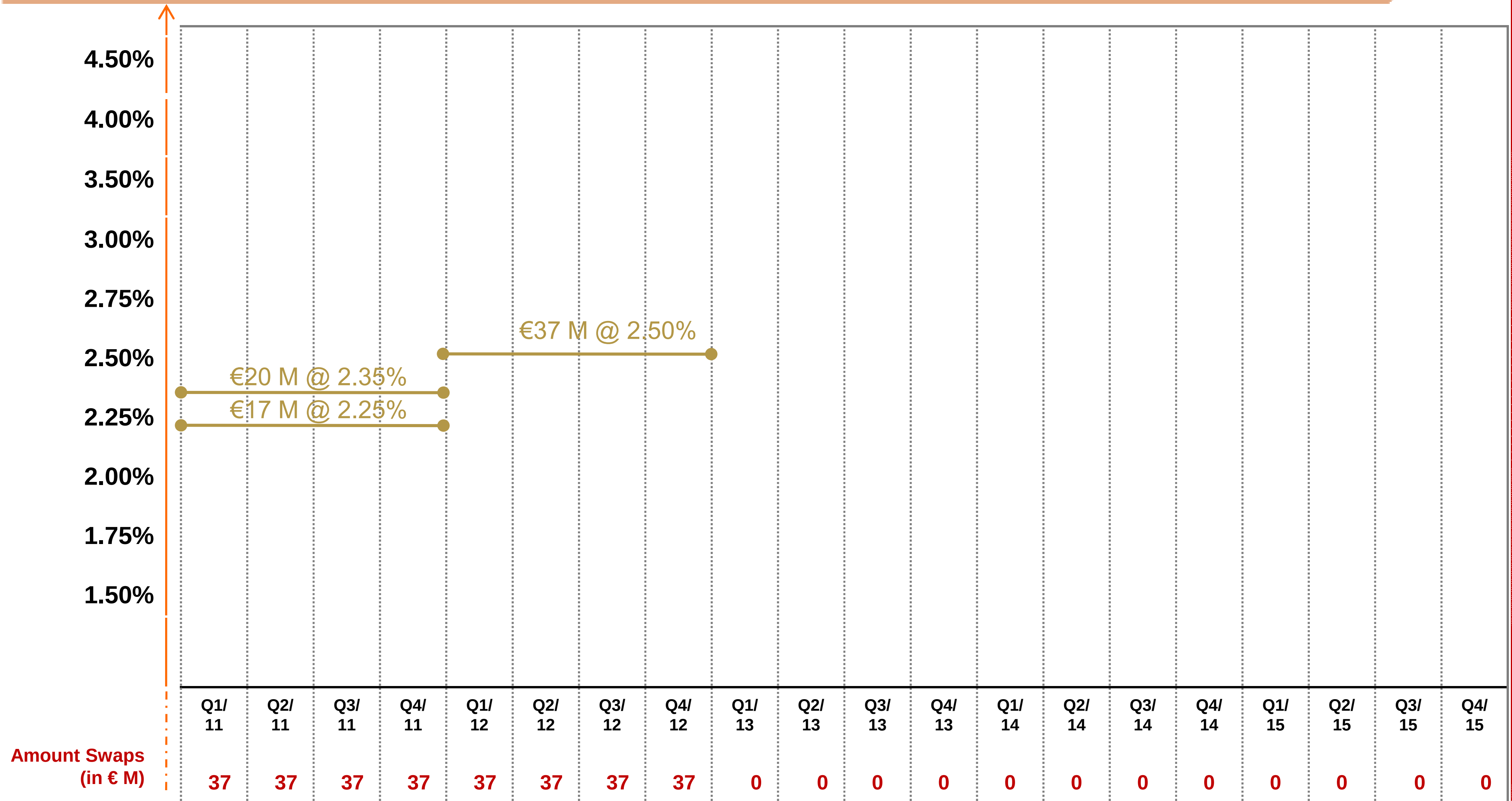
Hedging strategy: overview of caps



Hedging strategy: overview of floors



Hedging strategy: overview of step-up swaps



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FORECASTS AND GOALS FOR 2011

- Total sale objective ranging from € 60 Mio to € 100 Mio
  - Many assets ready for sale but issue is to negotiate the right price
  - Several transactions in process
- Pipeline of “built to suit” products in discussion (3 assets)
- Increasing opportunities to reposition aging assets and conversion into “sustainable” assets
- Focus on retail will persist:
  - City Mall: Progress of pre-lettings for Verviers, secure permits for Namur and define scope & timing for Charleroi
  - The Loop: breakthrough on this retail development opportunity

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FINANCIAL CALENDAR

➢ Trading update Q1/2011	May 17th, 2011
➢ Ordinary General Assembly	May 17th, 2011
➢ Dividend payment	May 27th, 2011
➢ Communication half-year results 2011	End of August, 2011
➢ Trading update Q3/2011	November, 2011
➢ Communication annual results 2011	February, 2012

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Turning obsolescence into sustainable excellence

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