# Atenor

Belgium/ Real Estate

Post results note

**Investment Research**

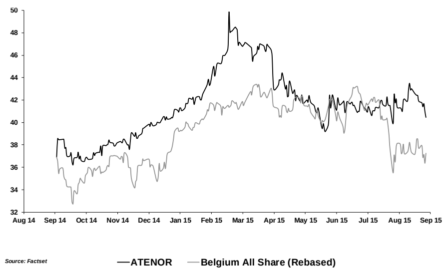
*28 September 2015*

| | |
|---|---|
| **Buy** | |
| *from Accumulate* | |
| **Share price: EUR** | **40.46** |
| *closing price as of 25/09/2015* | |
| **Target price: EUR** | **49.00** |
| *from Target Price: EUR* | **47.00** |
| Reuters/Bloomberg | ATEO.BR/ATEB BB |

| | |
|---|---|
| Daily avg. no. trad. sh. 12 mth | 4,449 |
| Daily avg. trad. vol. 12 mth (m) | 182.54 |
| Price high 12 mth (EUR) | 49.85 |
| Price low 12 mth (EUR) | 36.21 |
| Abs. perf. 1 mth | -4.8% |
| Abs. perf. 3 mth | -3.2% |
| Abs. perf. 12 mth | 9.6% |

| | |
|---|---|
| Market capitalisation (EURm) | 228 |
| Current N° of shares (m) | 6 |
| Free float | 49% |

| Key financials (EUR) | 12/14 | 12/15e | 12/16e |
|---|---|---|---|
| Gross Rental Income (m) | 4 | 5 | 7 |
| EBITDA (m) | 27 | 7 | 19 |
| *EBITDA margin* | *665.6%* | *129.9%* | *256.9%* |
| Portfolio Result (m) | 4 | 27 | 28 |
| *Net Financial Result* | *(7)* | *(9)* | *(9)* |
| Net Profit (adj.)(m) | 15 | 17 | 30 |
| Funds From Operations | 15.33 | 16.62 | 30.29 |
| EPS (adj.) | 2.81 | 2.95 | 5.38 |
| DPS | 2.00 | 2.05 | 2.10 |
| IFRS NAVPS | 20.69 | 22.57 | 25.85 |
| *EPRA NAVPS* | *21.38* | *23.24* | *26.53* |
| Premium/(Discount) | 93.3% | 79.3% | 56.5% |
| *Earnings adj. yield* | *6.9%* | *7.3%* | *13.3%* |
| *Dividend yield* | *4.9%* | *5.1%* | *5.2%* |
| *EV/EBITDA* | *15.7* | *64.0* | *20.2* |
| *P/E (adj.)* | *14.2* | *13.7* | *7.5* |
| *Int. cover(EBITDA/Fin.int)* | *3.9* | *0.7* | *2.1* |
| *Net debt/(cash) (m)* | *200* | *212* | *160* |




*Shareholders:* Tris 12%; Sofinim 11%; Luxempart 11%; Alva 10%; St.Sonneville 4%;

For company description please see summary table footnote

## Diversification with more projects regulates a higher growth

**1H figures published earlier this month were better than expected so that the company raised somewhat its guidance for FY2015 (at least equal to FY2014 from comparable) opening the door for an increase of the dividend. The analyst meeting confirmed that FY2015 and in particular FY2016 would become a good vintage, with progress in all projects of which a sharp jump from the projects in Budapest and Bucharest, making possible the distribution of an exceptional super-dividend. An optional dividend is no longer planned.**

**At least one new project is expected to be disclosed in the coming months and one or two other afterwards. In other words the number of projects in portfolio will remain at peak levels (14 currently but probably not more than 15). This increasing number over the last few years is also made of a larger diversity of projects in diverse cities in Belgium, Luxembourg, Budapest and Bucharest. The increasing diversity is characterised by an increasing share of residential (Belgium and Luxembourg, 45%) with a quicker rotation (and with high capital gains for some projects) that offset the longer ones of some large office projects, in Brussels in particular.**

**All in all, the larger and more diversified of projects will maintain a good pace of results. We have adjusted our target price from EUR 47 to EUR 49 and raise the rating from accumulate to buy.**

1H 2015 net profit emerged at EUR 5.2m (EUR 0.92 per share) coming from EUR 3.0m during previous 1H which benefited from the sales of the last office building (B1) of the UP-Site project. This progression was made possible mainly thanks to the pre-sold projects, both in offices and residential, on top of lease revenues from Budapest (Vaci Greens) and Bucharest (Hermes Business Campus). As anticipated Trebel was the strongest contributor to the 1H results (47% of the gross EUR 14.7m coming from the developments) and will remain so for financial year 2015 as a whole. It was helped by Brasseries de Neudorf (17%), Port du Bon Dieu (8%) and Central Europe (12%).

The bottom line benefited also from a lower cost of debt of 3.2%, from 4.7% a year ago largely thanks to the maturity of a 5 year expensive bond but with a larger debt ratio of 65% (57% at the end of December 2014) considering works in progress. .

The net financial debt increased sizeably from EUR 199.6m at the end of 2014 to EUR 268m mainly due to the continuation of works.

During the analyst meeting, we received the confirmation that FY 2016 could become an excellent vintage so that the company will be inclined to increase the dividend, but only at a modest pace since it aims at progressing its dividend gradually, while it may consider to attribute an exceptional super-dividend.

The update on the various projects showed highlighted well the success of the strategy followed by Atenor since a decade. The large timeframe necessary for developing several large office buildings in Brussels is made of revisions conducting to giving a share to residential units, is to some extent absorbed by the success in more residential developments coming on top of a sharp revival from Central Europe. In the meantime, Luxembourg again delivers solid margins.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## Update on projects under construction or not totally finalised:

• **Trebel (Brussels, 30k sqm, offices):** Structural works are completed. Provisional acceptance postponed by nearly three months to June 2016 due to proposed fit-out works.

As a reminder, Atenor had concluded a preliminary sales agreement with the European Parliament. This project was the first main contributor to the 2013 results and it will by far again be the case during this financial year 2015 as it already was during 1H.

• **City Docks (Brussels, up to 160k sqm, mixed):** The building permit was granted on 10 August for the first phase of the project (39,500sqm) which consist in four residential units made of housing, a nursing home and an assisted-living facilities. Studies are ongoing for the second phase of this project, also basically residential, for which Atenor has been chosen by Citydev (public institution who provides subsidies) for the construction of 17,000sqm of housing. Atenor anticipates now that this mixed project (also offices, commercial spaces, …..) may reach 160,000sqm which is at the upper end of initial range (at least 125,000sqm to 160,000sqm).

• **Port du Bon Dieu lot 1 (Namur, 18k sqm, residential):** The building works will end with the delivery of the third block during the last quarter of 2015. 75% of the units of the first two blocks have been sold and the buildings had a first delivery in June and September while it will be in December for the last one with 33% sold for the time being.

Since the project started, it has progressed above expectations probably thanks to its good location.

• **Au fil des Grands Prés (Mons, 75k sqm, residential&mixed):** This project totals 20,000sqm of residential units (phase 1) and 55,000sqm of mixed ones (2d phase).

In July 2014, Atenor concluded an agreement with brokers about the sale of the 134 apartments in 4 buildings on a total of 6 ones (68 additional apartments meaning 202 globally). The brokers committed to buy the unsold apartments6 months after the start of their commercialisation, at a fixed price. By doing this, in addition to building gradually, Atenor aims at securing the profit generation until around 2020.

A first building is entirely pre-sold and the second one has purchase options for nearly 50%. The 4$^{th}$ building is expected to be delivered in 2018.

• **La Sucrerie (Ath, 20k sqm, largely residential):** It is about the development of a complex of 183 apartments in six buildings and a day-nursery that will be constructed successively.

The construction and the sale (50% sold) of phase 1 (= building C2 and C3) is ongoing with delivery is expected for July 2016. The second phase is expected to be launched shortly. This market is smaller than the previous one in Mons. This plain vanilla development will also contribute to capital gain levels below Atenor traditional standards.

• **Les Brasseries de Neudorf (Luxembourg, 11.4k sqm, mainly residential):** Atenor is developing a complex of residential units (87 apartments) and 12 shops.

All of the apartments have now been sold or reserved coming from 80% at the end of 1Q, meaning that the success of this project has gone faster than anticipated. Delivery is scheduled for 4Q 2016.

• **AIR (Luxembourg, 11k sqm, offices):** Works are progressing well so that the delivery is expected for March/April 2016.

As a reminder, the sale has been presold in 2014 to three institutional investors (Ethias, Foyer, l’Intégrale) on the back of a 12 year lease by BDO Luxembourg.

• **Hermes Business Campus (Bucharest; 78k sqm, offices):** The plot of land was bought just before the crisis of 2008 in order to construct three building. Atenor waited until the end of 2012 to start the construction of the first buildings, which was followed by signs of economic recovery that have emphasized since then in order to surpass sizeably the figures of Western Europe.

One lease of 10 years for 22,000sqm was signed in March with Genpact for the building 3 so that it is prelet at 80%. And in July, a rental contract was signed for the building 2 bringing its pre-lease rate at 55%. As a reminder, the building 1 was already delivered and fully let to diverse tenants of excellent quality.

Considering the better occupancy rate and the good and improving economic environment that has made possible a yield compression of 75bps to 7.5% over the last 18 months, Atenor stands in a good position to sell those assets at the best moment.

Besides, taking this into account and the experience and contacts made in the city, Atenor is looking for new projects in the capital of Romania.

• **Vaci Greens (Budapest, 87k sqm, offices):** Two office buildings (A,16k and C, 20k sqm) are fully let of which the second one to General Electric since 15 June and the first one let at 67% to General Electric. The construction of a third building (B, 24k to 27k sqm) is ongoing and 60% is already prelet with completion expected by the end of 2015.

• **The One (Brussels, close to 40k sqm, mixed):** It is about 29k sqm of offices in addition to some 8 to 10k sqm for 84 - 97 apartments.

The construction of this mixed project is ongoing while the commercialization of the apartments has been launched. The name of the projects is linked to the extreme good location in the very heart of the Brussels European district. With a heavy potential of new office areas from the European public bodies, this building stands in a pole position.

• **Port du Bon Dieu "offices" (Namur, 76k sqm):** In November 2014, Atenor bought the adjacent land (Lot 2) to the residential one (Lot 1) which was resold to CBC bank in view of the construction of an office building and with a termination clause. The purchase/sale of the land contributed to the 2014 results. Contacts are ongoing with CBC while the permit is expected at the end of the year.

• **UP-Site (Brussels, 80k sqm, mixed):** this project is coming to an end. The sale of the remaining apartments in the tower is running very gradually. Putting aside the summer season, Atenor that disclosed that around one apartment per week is sold. At the issue of 1H, 54 apartments on the existing 251 ones in the tower remained to be sold. In the classical building with apartments (Les Terrasses), 97% of the 106 ones were sold.

## Update on the other projects:

- **Victor (Brussels, up to 100k sqm, mixed):** The Government of the Brussels-Capital Region approved the draft master plan at the first reading on 30 April.

In other words, this project (50% owned and the balance for CFE) born in 2007 is finally showing some progression. Contacts with the public authorities are ongoing so that Atenor anticipated to introduce another permit application in 2018 – 2020. Considering the lasting of this project reflecting complex urbanization plans, Atenor can only be patient and adapt at best to the public authorities initiatives. Having in mind the proximity of the International South station and the thin vacancy rate in this area, we may anticipate that this project will be finalized.

- **Palatium (Brussels, 154 apartments):** The environmental permit has been issued and the planning permit is expected shortly.

Atenor bought the existing building of 14,000sqm from INASTI (who bought one of the four office buildings in UP-Site) in the center of Brussels (Quartier Louise). Atenor was hoping that there would be some interest from the Police but will finally go for the alternative of reconverting this building into its original residential vocation. Obviously the residential achievement is an easier one meaning capital gains at the lower end of Atenor targets.

- **Les Berges de l'Argentine (Brussels periphery, largely residential):** This is the most recent project of Atenor. It was bought in January of this year. Atenor purchased a property of more than 2 hectares in the suburbs of Brussels (La Hulpe, previously from SWIFT) consisting of 8 buildings totalling 16,653sqm and 338 outside parking spaces nestled in a beautiful park. It very recently bought an adjacent plot of land so that the initial plan to develop some 200 apartment will probably be close to 230 units coming on top of 4,000sqm of offices. Selling prices will emerge at upper ends (EUR 3,800/sqm to EUR 4,000/sqm).

## Atenor: Summary tables

| PROFIT & LOSS (EURm) | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| **Gross Rental Income** | **0.7** | **0.5** | **0.1** | **4.0** | **5.3** | **7.5** |
| Other Operating Income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating Costs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net Rental Income** | **0.7** | **0.5** | **0.1** | **4.0** | **5.3** | **7.5** |
| General Expenses | -6.3 | -3.0 | -1.7 | -2.0 | -2.1 | -2.1 |
| Net Other Income/(Costs) | 12.4 | 9.9 | 25.2 | 24.7 | 3.7 | 13.9 |
| **EBITDA** | **6.9** | **7.4** | **23.6** | **26.6** | **6.9** | **19.2** |
| **Portfolio Result** | **6.6** | **1.4** | **0.2** | **3.7** | **26.5** | **27.7** |
| *o/w Revaluation of Fair Value of Investment Properties* | *-0.7* | *0.4* | *-0.2* | *-2.0* | *-0.2* | *-0.3* |
| *o/w Gain/Losses on Disposal of Investment Properties* | *7.3* | *0.9* | *0.4* | *5.7* | *26.7* | *28.0* |
| **Net Operating Profit before Finance Cost** | **13.5** | **8.8** | **23.8** | **30.3** | **33.4** | **46.9** |
| **Net Financial Result** | **-3.9** | **-3.7** | **-5.5** | **-7.1** | **-9.4** | **-9.0** |
| *o/w Share of the profit of associates & dividend income* | *-0.8* | *-0.6* | *-0.3* | *-0.3* | *0.0* | *0.0* |
| *o/w Revaluation of Financial Instruments* | *0.0* | *0.0* | *0.0* | *0.0* | *0.0* | *0.0* |
| *o/w Net Financial Costs* | *-3.1* | *-3.1* | *-5.2* | *-6.9* | *-9.4* | *-9.0* |
| **EBT** | **9.6** | **5.1** | **18.3** | **23.2** | **24.0** | **37.9** |
| Tax | 1.6 | 4.4 | -6.3 | -7.9 | -7.3 | -7.6 |
| *o/w Deferred Taxes* | *0.0* | *0.0* | *0.0* | *0.0* | *0.0* | *0.0* |
| *o/w Real Taxes* | *1.6* | *4.4* | *-6.3* | *-7.9* | *-7.3* | *-7.6* |
| *Tax rate* | *-16.5%* | *-87.3%* | *34.3%* | *33.9%* | *30.6%* | *20.0%* |
| **Net Result (reported)** | **11.2** | **9.5** | **12.0** | **15.3** | **16.6** | **30.3** |
| *o/w Minorities* | *-0.1* | *0.0* | *0.0* | *0.0* | *0.0* | *0.0* |
| *o/w Group Share* | *11.3* | *9.5* | *12.0* | *15.3* | *16.6* | *30.3* |
| **Earnings adj.** | **11.3** | **9.5** | **12.0** | **15.3** | **16.6** | **30.3** |
| Funds From Operations | 11.3 | 9.5 | 12.0 | 15.3 | 16.6 | 30.3 |

| CASH FLOW (EURm) | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| **Cash Flow from Operations after change in NWC** | **5.5** | **60.2** | **46.9** | **-3.4** | **7.0** | **19.0** |
| Interest Costs | 4.6 | 81.3 | 27.2 | 46.0 | -2.5 | -11.8 |
| Capex | -23.2 | 8.6 | 8.0 | -5.6 | -8.1 | -8.1 |
| **Free Cash Flow** | **-13.1** | **150.1** | **82.2** | **37.0** | **-3.6** | **-0.9** |
| Dividends | -9.7 | -9.9 | -11.5 | -6.6 | -2.2 | -11.5 |
| Other (incl. Capital Increase + change in cons. & share buy l | -0.1 | 0.0 | -0.3 | 0.3 | -6.4 | 64.6 |
| **Change in Net Debt** | **-22.8** | **140.2** | **70.4** | **30.7** | **-12.2** | **52.1** |
| NOPLAT | 8.0 | 13.8 | 15.5 | 17.6 | 4.8 | 15.3 |

| BALANCE SHEET & OTHER ITEMS (EURm) | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| Investment Properties | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Development Properties | 5.8 | 5.3 | 4.9 | 4.5 | 5.5 | 6.4 |
| Deferred Tax Assets | 8.6 | 13.4 | 10.3 | 5.5 | 5.5 | 5.5 |
| Other Non Current Assets | 27.6 | 28.3 | 27.9 | 78.2 | 30.2 | 30.2 |
| Cash & Cash equivalents | 2.5 | 2.0 | 1.5 | 6.1 | 28.0 | 53.9 |
| Other current assets | 233.9 | 345.8 | 332.1 | 355.0 | 516.9 | 482.6 |
| **Total Assets** | **278.4** | **394.8** | **376.6** | **449.2** | **586.1** | **578.6** |
| Shareholders Equity | 98.1 | 98.6 | 104.8 | 112.9 | 127.1 | 145.6 |
| Minorities Equity | -0.6 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non Current Financial Debt | 92.2 | 164.3 | 164.1 | 136.0 | 170.1 | 143.9 |
| Deferred Tax Liabilities | 8.9 | 8.8 | 10.2 | 9.3 | 9.3 | 9.3 |
| Other Non Current Liabilities | 12.1 | 27.1 | 10.4 | 6.0 | 94.8 | 94.7 |
| Current Financial Debt | 32.4 | 66.3 | 49.7 | 130.8 | 130.8 | 130.8 |
| Other Current Liabilities | 35.2 | 29.6 | 37.5 | 54.2 | 54.1 | 54.3 |
| **Total Equity & Liabilities** | **278.4** | **394.8** | **376.6** | **449.2** | **586.1** | **578.6** |

| GROWTH & MARGINS | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| *Rental Income Growth* | *266.7%* | *-33.4%* | *-72.3%* | *2843.4%* | *32.1%* | *41.3%* |
| *EBITDA growth* | *n.m.* | *7.4%* | *220.1%* | *12.7%* | *-74.2%* | *179.4%* |
| *Net Result Group Share Growth* | *n.m.* | *-15.8%* | *26.8%* | *27.5%* | *8.4%* | *82.3%* |
| *Earnings adj. growth* | *n.m.* | *-15.8%* | *26.8%* | *27.5%* | *8.4%* | *82.3%* |
| *EPS growth* | *n.m.* | *-15.1%* | *21.6%* | *22.7%* | *5.0%* | *82.3%* |
| *EPS adj. growth* | *n.m.* | *-15.8%* | *21.6%* | *22.7%* | *5.0%* | *82.3%* |
| *DPS adj. growth* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *2.5%* | *2.4%* |
| *Operating Margin* | *932.7%* | *1504.3%* | *17381.6%* | *665.6%* | *129.9%* | *256.9%* |

## Atenor: Summary tables

| RATIOS | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| Net Debt/Equity | 1.0 | 1.3 | 1.7 | 1.8 | 1.7 | 1.1 |
| Net Debt/EBITDA | 13.6 | 17.9 | 7.4 | 7.5 | 30.8 | 8.3 |
| Interest cover (EBITDA/Fin.interest) | 2.2 | 2.4 | 4.5 | 3.9 | 0.7 | 2.1 |
| Total Debt/Total Assets | 65.0% | 75.0% | 72.2% | 74.9% | 78.3% | 74.8% |
| LTV | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Cash Flow from Operations/Capex | 0.2 | -7.0 | -5.9 | -0.6 | 0.9 | 2.3 |
| ROE | 11.6% | 9.6% | 11.5% | 13.6% | 13.1% | 20.8% |
| ROCE | 5.8% | 3.0% | 7.0% | 8.3% | 7.9% | 10.5% |
| WACC | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% |
| ROCE/WACC | 0.9 | 0.5 | 1.1 | 1.3 | 1.3 | 1.7 |
| Payout ratio | 90.1% | 106.2% | 87.3% | 71.2% | 69.5% | 39.0% |

| PER SHARE DATA (EUR)** | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| Average diluted number of shares | 5.0 | 5.0 | 5.3 | 5.5 | 5.6 | 5.6 |
| Diluted Number of shares end of period | 5.0 | 5.0 | 5.3 | 5.5 | 5.6 | 5.6 |
| EPS (reported) | 2.22 | 1.88 | 2.29 | 2.81 | 2.95 | 5.38 |
| EPS (adj.) | 2.24 | 1.88 | 2.29 | 2.81 | 2.95 | 5.38 |
| DPS | 2.00 | 2.00 | 2.00 | 2.00 | 2.05 | 2.10 |
| IFRS NAV | 19.47 | 19.57 | 19.95 | 20.69 | 22.57 | 25.85 |
| EPRA NAV | 19.66 | 18.69 | 19.94 | 21.38 | 23.24 | 26.53 |
| EPRA NNNAV | 19.50 | 19.11 | 19.94 | 21.04 | 22.90 | 26.19 |

| PORTFOLIO KEY FIGURES | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| Occupancy Rate | | | | | | |
| Portfolio Yield | | | | | | |
| Portfolio Yield on Full Occupancy | | | | | | |
| Average length of leases (end of contract) | | | | | | |
| Average length of leases (first break) | | | | | | |

| VALUATION | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| Premium/(discount) to NAV | 24.3% | 63.8% | 71.7% | 93.3% | 79.3% | 56.5% |
| Premium/(discount) to EPRA NAV | 23.2% | 71.5% | 71.7% | 87.1% | 74.1% | 52.5% |
| P/E (adj.) | 10.8 | 17.0 | 15.0 | 14.2 | 13.7 | 7.5 |
| EV/Earnings adj. | 19.1 | 30.9 | 29.5 | 27.3 | 26.5 | 12.8 |
| EV/EBITDA | 31.3 | 39.7 | 15.0 | 15.7 | 64.0 | 20.2 |

| EV AND MKT CAP (EURm) | 12/2011 | 12/2012 | 12/2013 | 12/2014 | 12/2015e | 12/2016e |
|---|---|---|---|---|---|---|
| Price* (EUR) | 24.2 | 32.1 | 34.3 | 40.0 | 40.5 | 40.5 |
| Outstanding number of shares for main stock | 5.0 | 5.0 | 5.3 | 5.5 | 5.6 | 5.6 |
| **Total Market Cap** | **122.0** | **161.5** | **179.9** | **218.3** | **227.8** | **227.8** |
| Net Debt | 93.6 | 131.8 | 174.9 | 199.6 | 211.8 | 159.7 |
| *o/w Cash & Marketable Securities* | *-31.1* | *-98.7* | *-38.9* | *-67.2* | *-89.1* | *-115.0* |
| *o/w Gross Debt (+)* | *124.7* | *230.6* | *213.8* | *266.8* | *300.9* | *274.7* |
| Other EV components | -0.6 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Enterprise Value (EV adj.)** | **214.9** | **293.5** | **354.8** | **417.9** | **439.6** | **387.6** |

**Source: Company, Bank Degroof estimates.**

Notes

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

***EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.*

Sector: Real Estate/Real estate

Company Description: Atenor is a developer of large scale real estate projects in Brussels and Luxembourg in addition to Romania and Hungary. It focuses on prime locations, mainly offices but also more and more within more complex urban revitalisation developments and opportunistic residential developments

# ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

| SELL | REDUCE | NEUTRAL | ACCUMULATE | BUY |
|---|---|---|---|---|
| | -15% | -5% / 5% | 15% | |

The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

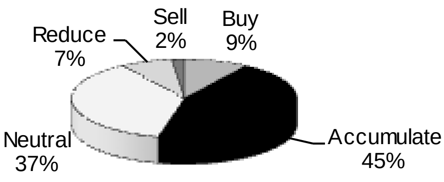
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

**Meaning of each recommendation or rating:**

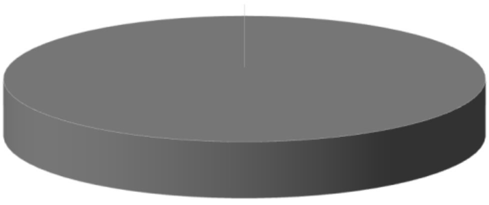
- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell**: the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended**: the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, …) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated**: there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

**Bank Degroof Ratings Breakdown**




**Bank Degroof Ratings Breakdown for companies with conflicts of interest**




**History of ESN Recommendation System**

**Since 1 April 2015,** the ESN Rec. System has been amended as follows:

- The term “Hold” has been replaced by the term “Neutral”
- Recommendations Total Return Range changed as showed in the picture at the start of the page

**Since 4 August 2008 until 30 March 2015**, the previous ESN Rec. System was amended as follow.

- Time horizon changed to 12 months (previously it was 6 months)
- Recommendations Total Return Range changed (see below):

| SELL | REDUCE | HOLD | ACCUMULATE | BUY |
|---|---|---|---|---|
| | -10% | 0% / 10% | 20% | |

**Since 18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

| SELL | REDUCE | HOLD | ACCUMULATE | BUY |
|---|---|---|---|---|
| | -15% | 0% / 5% | 15% | |

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| Laurent Goethals | +32 2 287 91 85 |
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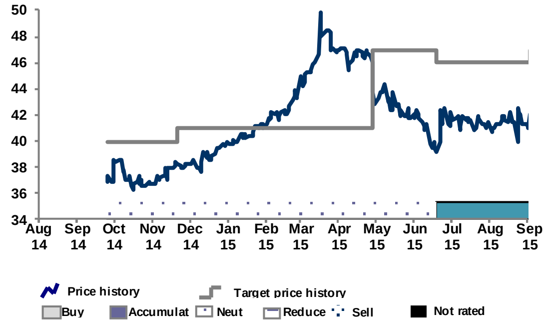
**Recommendation history for ATENOR**

| Date | Recommendation | Target price | Price at change date |
|---|---|---|---|
| 28-Sep-15 | Buy | 49.00 | 40.46 |
| 03-Sep-15 | Accumulate | 47.00 | 42.00 |
| 19-Jun-15 | Accumulate | 46.00 | 39.20 |
| 29-Apr-15 | Neutral | 47.00 | 43.70 |
| 21-Nov-14 | Neutral | 41.00 | 38.22 |
| 13-May-14 | Neutral | 40.00 | 39.00 |
| 04-Mar-14 | Neutral | 39.00 | 36.79 |
| 04-Oct-13 | Neutral | 37.00 | 32.95 |
| 28-Aug-13 | Accumulate | 36.00 | 31.50 |
| 18-Apr-13 | Neutral | 36.00 | 32.50 |

*Source: Factset & ESN, price data adjusted for stock splits.*
*This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Jean-Marie Caucheteux (since 22/01/2009)*

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