Atenor

Belgium/ Real Estate

Company report

Investment Research

22 January 2009

Accumulate

vs Buy

Share price: EUR	37.40
closing price as of 21/01/2009	
Target price: EUR	45.00
vs Target Price: EUR	57.00
Reuters/Bloomberg	ATEO.BR/ATEB BB

Daily avg. no. trad. sh. 12 mth	2,587
Daily avg. trad. vol. 12 mth (m)	0.11
Price high 12 mth (EUR)	54.49
Price low 12 mth (EUR)	34.75
Abs. perf. 1 mth	-1.6%
Abs. perf. 3 mth	-6.5%
Abs. perf. 12 mth	4.9%

Market capitalisation (EURm)	188
Current N° of shares (m)	5
Free float	47%

Key financials (EUR)	12/07	12/08e	12/09e
Sales (m)	72	87	62
EBITDA (m)	33	37	26
EBITDA margin	*46.2%*	*42.6%*	*41.8%*
EBIT (m)	31	36	24
EBIT margin	*43.3%*	*41.1%*	*38.1%*
Net Profit (adj.)(m)	35	37	22
ROCE	53.6%	26.1%	14.8%
Net debt/(cash) (m)	(43)	18	33
Net Debt Equity	*-0.4*	*0.1*	*0.2*
Net Debt/EBITDA	-1.3	0.5	1.3
Int. cover(EBITDA/Fin.int)	(21.4)	108.1	12.9
EV/Sales	2.1	2.2	3.2
EV/EBITDA	4.5	5.1	7.7
EV/EBITDA (adj.)	4.5	5.1	7.7
EV/EBIT	4.8	5.2	8.5
P/E (adj.)	5.9	5.1	8.6
P/BV	2.0	1.5	1.4
OpFCF yield	*-9.8%*	*-1.3%*	*-2.0%*
Dividend yield	*7.0%*	*7.6%*	*8.3%*

Shareholders: Sofinim 12%; Tris 12%; Luxempart 10%; Alva 10%; Stéphan Sonneville SA 5%; Management 3%;

Company Description

Atenor is a developer of large scale real estate in Belgium, Luxemburg and morerecently Romania and Hungary. It focuses on prime locations and aims at further enlarging the number of projects under development

Develop while the market is down

Atenor is active in real estate development since many years and has decided with success to become a pure player in this field since 2005. The projects, 9 currently for a total of about 385,000sqm predominantly and historically in Belgium and in offices. The most recent ones are about offices in Hungary and Romania in addition to several mixed buildings (offices & residential) in Brussels. The risk reward ratio as such is increasing, though it is to some extent alleviated by the number of projects currently in portfolio on top of the aim to increase that number further.

- ✓ **2008 should show record profit figures**, a rather unique performance nowadays, as well among equities as among real estate stocks. **2009**, if not **2010**, should prove to become a difficult year for most companies but only a so-called **transitional year for Atenor** in view of the stage of development of several projects in course. For 2009, the last phase of achievement of the President building in Luxemburg around April will continue, like in 2008, to be the main driver of the earnings while 2010 is expected to bear the first fruits of several projects currently under development. On an average for both years, annual capital gains will be rather close to the company's target of EUR25m, somewhat higher in 2008 and somewhat lower in 2010.
- ✓ **After the doubling of the dividend in 2007**, reflecting the successful transformation of Atenor in a pure developer and in view of the **transitional 2009 year**, the management aims in our view at **at least maintaining the dividend**. Putting this assumption in front of the close to 10% long term growth, we banked on 8% for 2008, meaning an attractive yield of 7.6% estimated for 2008 and further annual increases of between 5 to 10% during the following years.
- ✓ **With 9 projects now in development**, for a total approaching 400.000sqm in various stages of progress and in diverse locations in Belgium, Luxembourg, Hungary and Romania, Atenor is close to a **critical mass** synonymous of improved risk diversification and of a good employment of its own teams.
- ✓ **Financial structure has remained solid**, with a **net cash** position at the end of 1H, and thanks to successful developments, enhanced by the abandonment of the private equity activity, which clearly offers some comfort nowadays. We do not anticipate dramatic changes in this field as it seems to remain a strong driver of management business practices.
- ✓ **Risks**: Size of projects in combination with the search of rather conceptual new developments (mixed towers) and expansion in Hungary and Romania may prove to become growth drivers. However, it also incorporates increasing risks, especially now that economic environment is sharply weakening. One will retain that prime locations, "state of the art" construction and developments in stages of which pre-letting should to some extent tackles these hurdles.
- ✓ **Valuation** : the target price of EUR 45 per share results from a blended valuation built on a DCF calculation, backed by a SOTP and a DDM.

Analyst(s): Jean-Marie Caucheteux **+32 2 287 99 20** **jeanmarie.caucheteux@degroof.be**
Preben Bruggeman **+32 2 287 95 71** **preben.bruggeman@degroof.be**

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Investment Case

▪ *Close to critical mass but further growth*

Now a pure player in real estate development

By contrast with most SICAFIs who benefit from recurrent and inflation linked rents, earnings profile of real estate developers is less regular and as such also less predictable: Profit generation depends from the completion of a mix of various projects while the underlying costs and benefits are made public mostly after their achievement. Annual figures are themselves closely related to some stages of achievements of projects, which according to their specificities, in terms of size, classification, location or geographical market, do not follow the same pattern. Even more, one may not exclude, though management looks at reducing risks, in some cases to face losses.

Tackle cyclicality

Atenor has, with some success since some years now, tried to tackle this problem by increasing the number of projects under development while pre-letting has to some extent an impact on the completion of the building as well as on the final price.

With 9 projects now in development, in various stages of progress and in diverse locations in Belgium, Luxemburg, Hungary and Romania, Atenor is approaching a critical mass synonymous of improved risk diversification, close to a full employment of its own forces.

Current projects, at different stages of completion, will all be completed in 2013, which provides a rather good visibility. Obviously, the business model implies that new projects would come on stream, but it's unclear for the time being, considering unstable economic and financial environment, to what extent the current situation will impact the implementation stages of these projects.

Over the last few years, the company was moving towards bigger and more innovative projects. This means in particular mixed projects, made of offices and dwellings in much larger buildings on the back of innovative developments (in terms of geographical areas, locations, size, …)

Atenor targets capital gains of at least EUR500/sqm on an average for the existing development portfolio. Track record is well above this figure, including but also excluding the major President project.

▪ *1H results*

Without surprise down by 28%

Net results were unsurprisingly down by 28% to EUR 15.9m, or EUR 3.16 per share, and were built largely on the continuing construction of the President project (EUR 17.8m net contribution to the operating income) in addition to the rents received on the I.D.M. site (Media Garden Project) and the turnover of the Crowne Plaza Hotel.

Good progress for the major President project boosts 2008 and secures 2009

At the release of the results, the company indicated that negotiations were under way with several candidates for some two thirds of the premises (30.000sqm in total). On this basis, the company was able to raise its expectations for Financial Year 2008. Management expects 2008 results to emerge well above the 2007 level. These predictions have been concretised since the release of 1H results by two pre-lettings: the lease of 8,800sqm (profit contribution EUR 8m) in the President building in Luxembourg to the European Parliament on, in our view, somewhat dumped conditions, followed in the course of October by the rent of a more modest 1,500sqm profit contribution EUR 3m) to UBI Banca at rather normal market conditions. This latter transaction, finalised during the last week of October, occurred despite a “more difficult market environment”! The pre-letting grade has an impact on the additional profit coming on top of the secured EUR 80m for the project.

Small net cash at the end of 1H08

Net financial debt was rather inexistent, EUR 0.24m, coming however from a net cash position of EUR 42.7m at the end of last year that was used to purchase Hungarian companies (VACI UT project) and to pay dividends.

9M trading update

Trading update for the first nine months reiterates that 2008 will be a record year. Completion of the President project reached 67.6% at the end of September.

▪ *Recent news and Outlook*

Big achievements in 2008 and 2009 ….

Current pipe line of projects in development is expected to generate a rather stable flow of capital gains with a peak in 2009, and more precisely during the first half of that year as a result of the delivery of the President. (March/April).

For 2008 and the first half of 2009 (end March), we anticipate strong and secure earnings considering the achievement of the President building of which already some pre-lettings.

…. will help to prepare smoothly a larger series of other developments

In other words, the downturn of the economies that is certain for 2009 is not dramatic for Atenor since it has only two major projects running: the completion of the President in March 2009 and the start of the Hermes Business Campus (Romania/ Bucharest) in phases. According to the company, but also on the basis of current observations, Bucharest remains preserved from the international crisis and demand for large buildings with better standards is largely beyond current and projected supply.

From 2010 onwards, risk diversification should further improve since earnings will be built on 6 other important projects of which one in Hungary (Budapest). Details on those developments can be read in the following section.

Company Profile & Market Environment

Company profile

Atenor has become a pure player in real estate development with a good track record

The company was founded in 1910. Historical roots of Atenor are widely spread over several activities, of which real estate development was only one of them, in Belgium and Africa. Since more than 10 years now, the Belgian group, under leading of the current CEO has refocused on its Belgian domestic market within real estate development and private equity. The latter was a loss making activity, leaving the group with a potential of carry forward losses, that has been left gradually and totally out of scope since 2007.

As such, Atenor has become over the last few years a pure player in real estate development of major projects, mainly offices and probably more mixed ones in a near future.

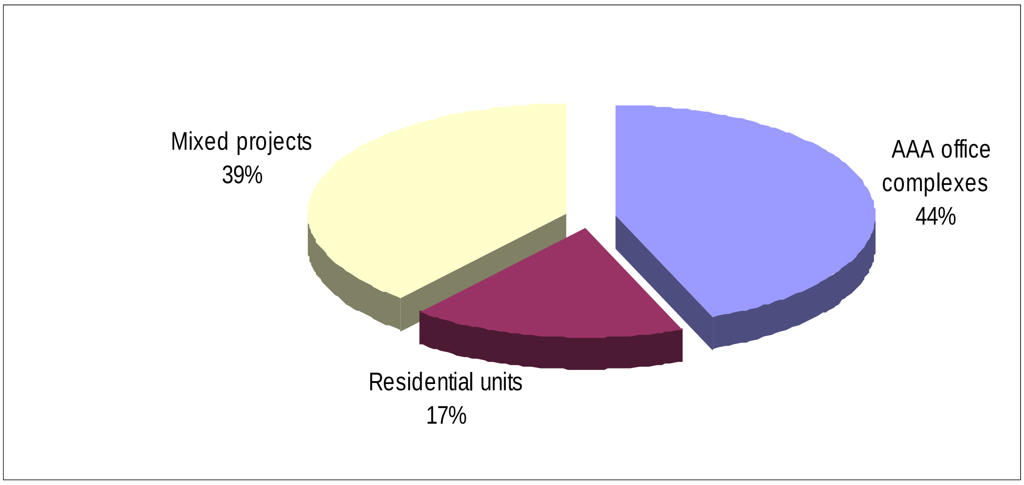
Activities typically consist in investing in real estate projects, setting up the architectural design and the construction, and selling the buildings at completion or as a work-in-progress via SPVs in view of realising capital gains.

From core domestic market in Belgium and Luxemburg to Hungary and Romania

As of 2004/05 the group has diversified with success in Luxembourg. As of 2007, Atenor became active in Hungary and Romania in search for growth opportunities, but also in order to diversify sufficiently the number and locations of projects. With 10 projects in portfolio moving towards 400,00sqm, the group has reached its first development target and will try to pursue this strategy retaining in each case top locations and first class developments.

Portfolio

The current project pipeline includes three types of real estate developments



Source : company data

Projects	Type	Location	Beginning of works	Completion date	Lettable area (sqm)	Atenor share (%)	100% Equity Investment
Président	Offices	Luxembourg	April 2007	39904	29890	100	36000
Hermes Business Campus	Offices	Bucharest	End 2008	Begin 2011	69000	90	20000
Vue sur Hain	Residential	Braine-le-Château	Begin 2008	Sold in August 2008	9365	100	3000
Namur Water Front	Residential	Namur	2009	2012	25000	90	5000
Media Gardens (I.D.M.)	Residential	Brussels	End 2008 - Begin 2009	2013	27000	100	3000
Premium	Mixed	Brussels	Begin 2008	2013	80000	100	17000
Vaci Ut	Offices	Budapest	2009	2012	70000	90	24000
Brussels Europa	Mixed	Brussels	2010	2013	30000	100	20000
Victor	Offices	Brussels	2010	2013	17000	90	6800
South City	0	Brussels	End 2007	October 2010	39700	40	18000
TOTAL					396955		

Source: company data, Bank Degroof estimates

Projects	Lettable area (sqm)	Atenor share (%)	100% Equity Investment	Purchase price (sqm)	Estimated capital gains (EUR m) 2008	2009	2010	2011	2012	2013	Total Capital gain (EURm)	Capital gain (EUR/sqm)
Président	29,890	100	36,000	1,204	40.2	21.9					62.1	3044
Hermes Business Campus	69,000	90	20,000	290		6.1	12.3	6.1			24.5	395
Vue sur Hain	9,365	100	3,000	320	0.6						0.6	64
Namur Water Front	25,000	90	5,000	200			2.5	5.0	2.5		9.9	440
Media Gardens (I.D.M.)	27,000	100	3,000	111			2.7	2.7	2.7	2.7	10.8	400
Premium	80,000	100	17,000	213			6.7	13.3	13.3	6.7	40.0	500
Vaci Ut	70,000	90	24,000	343				10.1	10.1		20.2	320
Brussels Europa	30,000	100	20,000	667					11.3	11.3	22.5	750
Victor	17,000	90	6,800	400						7.7	7.7	500
											198.2	n.m.
TOTAL	364,597				40.8	28.0	24.1	37.2	39.8	28.3	198.2	n.m.
AVERAGE	36,460	96	14,380	497								713

Source: company data, Bank Degroof estimates

Projects	Lettable area (sqm)	Total Capital gain (EURm)	Capital gain (EUR/sqm)	Total costs (EUR/sqm)	yield	rent (EUR/sqm/y)	Sale price cap gain (EURm)	Sale price yield (EURm)
Président	29,890	62.1	3044	2650	5.8%	397	206	206
Hermes Business Campus	69,000	24.5	395	1600	7.0%	160	158	158
Vue sur Hain	9,365	0.6	64	1350	7.5%	130	16	16
Namur Water Front	25,000	9.9	440	1250	6.8%	127	47	47
Media Gardens (I.D.M.)	27,000	10.8	400	1200	6.3%	107	46	46
Premium	80,000	40.0	500	1800	6.3%	157	201	201
Vaci Ut	70,000	20.2	320	1550	7.0%	155	155	155
Brussels Europa	30,000	22.5	750	2045	6.3%	216	104	104
Victor	17,000	7.7	500	2000	6.5%	188.5	49	49
TOTAL	364,597	198.2	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
AVERAGE	36,460	n.m.	713	1716	6.6%	182	109	109

Source: company data, Bank Degroof estimates

Luxembourg

Still one project

A major one whose development ends in April 2009

the President

Since the Pixel project has been completed in 2007, Atenor has for the time being only one, but major, project in Luxembourg, called President, which is currently also by far the main driver of Atenor earnings for 2008 and 2009.

The President is located on the Kirchberg, which is the European and financial district of the Grand Duchy of Luxembourg and therefore an area with a great concentration of prime office buildings, characterised by an extremely low vacancy ratio.

Originally, Atenor bought the 15,000sqm site from Le Foyer, an insurance company for a high price estimated at EUR 35m. After the demolition of the former building, the new real estate complex will be made of 3 office buildings with a total surface of 29,890 sqm including some retail areas. The construction works started in April 2007 and is expected to be completed in April 2009.

In March 2007, the project has been sold to the German open fund CGI (Commerz Grundbesitz Group). Further payments from CGI to Atenor are based on completion and pre-letting grade of the building.

Minimum capital gain : EUR 80 m

Atenor has already announced that the total capital gain on this transaction will reach at least EUR 80m, spread over the construction period of which EUR 28.55m have already been booked in 2007, and EUR 17.82m up to now in 2008. On top of that, Atenor will be allowed to generate an additional profit, estimated between EUR10m and EUR15m, based upon the rental situation of the buildings at completion. From this point of view, it's noteworthy that Atenor has already pre-let 8,800sqm and 1,555sqm of the 29,890sqm under construction, the first tenant being the European Parliament while the second one is UBI Banca.

Belgium

Brussels

Premium

Big
High
Mixed
Innovative

The Premium

Premium is located on the docks alongside the Brussels-Charleroi channel, the only sizeable water way crossing Brussels, in the front of the famous Tour&Taxis site, which is probably promised to long term new developments of various nature. While it appears that public authorities aim at revitalize this part of Brussels that has been heavily affected by abandoned industrial activities, several hurdles have to be overcome before the approval of the regional authorities expected for **March 2009**, followed, in the affirmative, by the demand for building permits in the following 400 days

The building is planned to become a 140m high tower, by far the highest tower in residentials in Brussels, with a height close to the highest tower of Brussels (Midi tower) in addition to office buildings around the tower itself. Total area will be about **70,000sqm** made for two thirds by residentials (this majority contrasts with previous mixed developments) and the balance by office spaces and shops. Offices will be relatively small ones designed for small & mid enterprises in order to meet a growing demand in Brussels in this field.

First profits 2010
Last profits 2011

If approved, this development will start to contribute to the profit from **2010** onwards and is expected to be sold in **2011**.

Did you say risks ?

Though the building permit has not yet be delivered, SMALS a non-profit organization supporting and supervising the e-government program of both social and health care sectors, has signed a 27-year firm lease agreement.

Structural risks?

This project is obviously an audacious and big one as the company recognizes itself. Indeed, having a big mixed (residential & offices) building in Brussels is unique but not necessarily without risks since mixity has to be created from nil, especially in this part of Brussels close to a major railway station but also to rather obsolete residential areas. This being said, the company is well aware of the risks involved and will not start the project without having received sufficient confort about pre-lettings. Management also believes that topclass apartments will be rather immune to these arguments.

Or cyclical ones?

A second risk comes from the office market himself considering a more difficult 2009 year also in the traditionally rather stable Brussels market.

Media Gardens (Immobilière des Deux Maisons)

This is a full residential project in a semi-industrial area of Brussels (chaussée de Louvain) where the vacation risk is rather high. The residential focus is justified by the vacation risk for offices in this area as well as the proximity of the Meiser square, one of the main access points of Brussels. The 1.25 hectare site is currently rented to Matermaco, a private equity participation of Atenor sold in 2005.

Atenor will develop about **27,000sqm** (280 apartments in five sets).

The construction is expected to start in the first months of **2009**, i.e. after the departure of Matermaco, and should be completed in the course of **2010.** A first phase (75 apartments, 72 parking spaces, 4 commercial spaces and one commercial space) has already been sold to Aedifica, a Belgian Sicafi dedicated to residential real estate.

Brussels Europa

In the European district

Several issues

already a modest positive contribution

Brussels Europa is the current location of the Crowne Plaza hotel in the very heart of the Brussels' European district. Atenor acquired the operations of the hotel, the property and the land. No precise development plan has been communicated yet. However, the development of a new tower in this strategic location has already been discussed, and will depend on the politic willingness. A public invitation to tender has been launched for the construction of new offices for the European Commission and the site could therefore be taken into account. Decisions could also be made in the near future depending on the outcome of discussions on the broader European district. For the time being, the group is operating the hotel which positively contributes to the consolidated operational result. Atenor could develop on this site a real estate complex of minimum 30,000 sqm (up to 50,000 sqm). The construction phase could start in **2010** and the completion may be expected in **2013**.

Victor

Next to the international South train station (Eurostar, Thalys)

This project is located next to the Brussels major international Midi train station. The land acquired in November 2007 allows the development of at least 17,000sqm of office spaces on a land of 2,300sqm. In August of this year, the group reached an agreement with Breevast and CFE to develop together a bigger building by merging their respective adjacent properties. With a global land of 7,500sqm, it makes sense to believe that the share of Atenor in the bigger project may reach 25,000sqm.

South City

Another one in the same area

Like Victor, this project is also located next to the Brussel's Midi train station. The land has been acquired in 2005 in partnership with BPI (Batipont Immobilier, subsidiary of CFE), which took a 30% stake at acquisition. Currently the stake of Atenor in this project amounts to 40%. The other 60% are held by CFE, Soficom, Besix and Immobel. The construction works started in the first half of this year and is expected to be completed early in 2010. SMALS concluded a rental contract in August 2008 that covers more than a third of the surface area, namely 12,200sqm, of the project for a fixed period of 27 years. As a reminder, SMALS at the same period also concluded a 27 year contract within the Premium building.

Besides, Atenor is also actively talking to several hotel chains to take profit of the good location of South City.

Namur

Residential
Not in Brussels
A test case ?

Namur Water Front (or Port du Bon Dieu) consists of a minimum of 25,000sqm of residential premises located in Namur, alongside the river Meuse in an industrial zone at a short walk to the railway station, to the city centre and to all facilities. Atenor has committed itself to develop energy efficient buildings, and this project should as a result be seen as a test case. An application for urban renewal has been introduced. We expect this project to be completed in different phases in **2010, 2011 and 2012**. Sales in block are possible according to the company.

Romania

Start in 2009 as planned ?

Hermes Business Campus in Bucharest is a 1 hectare plot of land that will allow the development of 65,000sqm in the Pipera business district in the North of Bucharest, with good access by car and public transport, close to a metro station. Since works had been expected to start early in **2009**, it will be an interesting exercice, within the current environment, to scrutinize this planning. Completion of the project is expected in **2011** but Atenor management banks on pre-letting and sales old already in 2009 considering that Bucharest is too a large extent preserved from an architectural point of view while several multinational companies if not headquarters of local banks are said to feed sufficient demand for new offices.

Hungary

More mature and depressed ?

Váci Ut is a 10,000sqm plot of land that will allow the development of 25,000sqm of office spaces in partnership with a local actor that holds a 10% stake in the project, the typical way for Atenor to set up such projects. It is ideally located alongside the Váci Ut, the main commercial and office axis in the North of the city. This being said, the Budapest market is more mature than the Bucharest one and, despite the fact that economic growth has already corrected sizeably, no rebound may be anticipated at this stage.

Market environment

Brussels

Stable, Defensive
The place to be
The home market

Brussels, which is the third largest office market in Europe, has the reputation of being relatively more stable for real estate than several other European cities such as London, Paris, Munich, Amsterdam or Madrid. This is partly due to the strong presence but also the good equilibrium between the public and the private sector, both national and international, accompanied by non profit organisations and representation offices from all over Europe.

As such it is less dependent from the economic environment. On top of this, the occupiers market is to a large extent focused in the service sector on top of a rather rigid labour market. All in all, the changes in the real economy are translated with a delay between 6 to 18 months into the private real estate sector.

But 2009 will be more difficult

Last year, demand remained robust despite the economic downturn so that the vacancy rate remained stable at 9.5% (coming from 13% in 2005 and largely representative of a higher vacancy rate in the decentralised part of Brussels). Take-up emerged at about 500.000sqm, below the average of 600,000sqm since 2000. 2009 from this point of view will clearly be less rosy. The impact of the credit crisis affects the real economy and limits the access to credit. Prime yields have started to rise in Q3, from 5.40% to 5.75% in the CBD and even by higher steps in the other areas. On top of this, 6 % additional capacities will come into the market over the period 2009-10 of which two thirds are currently not pre-let.

Luxembourg

A jewel, however largely built around the financial sector

Despite its proximity, this market is different from the Brussels office market. In Luxembourg, the vacancy ratio has continued to decrease to 2% and is expected to remain relatively unchanged in 2009 since the additional deliveries are to a large extent pre-let.
Over the last few months the record prime rent level of EUR 480 per sqm is seen as a peak. It is noteworthy that the dependence to the financial sector, in a restricted definition tough, reaches 22%, about twice the similar figure than for Brussels. Besides, considering the lack of major new supply, stabilisation seems to become the issue.

Hungary

Look beyond 2009

Hungary is an export driven economy with weak domestic demand. Despite strong economic growth rates historically, the economy has heavily suffered last year from the weakening of the demand from Western Europe that was translated into a fall of the industrial output. The local currency (HUF) meanwhile fell dramatically leading interest rates to levels that restrict borrowing and further reduction in government spending.

With significant volumes of speculative space due for completion in 2009 and 2010, the vacancy rate will continue on its upward path.

Romania

Better resistance up to now

Economic activity resisted well in 2008, buoyed by a strong domestic demand fuelled by surging annual wage growth of around 20% and a continuation of the construction boom. However, the outlook is for a reduction of spending growth as interest rates are expected to remain high on the back of a still weakening of the Romanian currency accompanying a poor state of public finances.

All this being said, demand for offices has remained strong in Bucharest. However, supply remains tight, and a large proportion of take-up is accounted for by pre-lets with project delivery scheduled for 2008 and 2010. The vacancy rate has fallen to 1.75%, one of the lowest in Europe, helped by the fact that there were no completions in Q3. However, with a number of significant projects in the pipeline, stock will increase and vacancy rate is expected to rise however not dramatically.

Swot Analysis

STRENGTHS	WEAKNESSES
▪ Know-how in property development of major office buildings ▪ Major actor in the Belgian and to a lesser extent Luxemburg market	▪ Low visibility of results compared to Belgian ▪ Before 2007, mixed track record of the private equity portfolio that has been totally divested
OPPORTUNITIES	**THREATS**
▪ Reinvestment of proceeds of the sale of private equity stakes ▪ Diversification in other geographical areas and in residential opportunities	▪ High exposure to the Brussels office market, though more stable than the European average

Shareholding structure

Management involved

According to a transparency declaration of September 1, 2008, shareholders together retain 49.43% of Atenor. However, this transparency declaration is made of the shareholders who signed a shareholder agreement, which is not the case for the management, putting aside the Stephan Sonneville s.a. which is a company controlled by the CEO of Atenor.

It's noteworthy that Luxempart who made a first step in Atenor in 2007, modifying as such the stable financing structure that was in place since 1997, has slightly reduced its stake by about 1% to the current level. Luxempart is a Luxemburg based financial holding company, managing a portfolio of both quoted and non-quoted companies that it actively follows. As such, it anchors Atenor's position in Luxembourg. Luxempart is listed on the Luxembourg stock market.

Shareholders	in %
TRIS n.v.	12.01
SOFINIM n.v.	12.01
LUXEMPART s.a.	10.39
ALVA s.a.	10.02
Stephan SONNEVILLE s.a.	5.01
Management	3.17
Public	47.39

Source : company data

Financials

P&L

Accounting Year	2005	2006	2007	2008E	2009E	2010E	2011E	2012E	2013E
PROFIT & LOSS (EUR m)									
Revenue	82.0	82.0	34.4	44.8	32.8	45.3	61.9	46.3	28.0
Other operating income	21.8	23.1	37.3	42.6	29.5	25.4	38.4	39.8	28.3
SALES	103.8	105.1	71.7	87.4	62.3	70.6	100.4	86.1	56.2
Cost of Sales & Operating Costs (excl. Personnel Expen	-76.1	-67.4	-32.1	-43.4	-29.0	-40.5	-62.0	-44.5	-25.6
Personnel Expenses	-15.9	-18.5	-6.5	-6.9	-7.2	-7.6	-7.9	-8.3	-5.3
Non Recurrent Expenses (Income)	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0
EBITDA (reported)	11.8	19.2	33.1	37.2	26.1	22.6	31.5	35.3	28.4
Depreciation	-3.5	-3.3	-0.7	-1.3	-2.4	-2.1	-1.9	-1.7	-1.6
Amortisations & Write Downs	4.1	-6.6	-1.4	0.0	0.0	0.0	0.0	0.0	0.0
GW Amortisation	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0
EBIT (reported)	12.4	9.2	31.0	35.9	23.7	20.5	30.5	35.6	29.8
Interests received	1.8	1.2	3.2	2.2	0.7	0.2	-0.3	-0.2	0.3
Interests paid	-4.8	-4.1	-1.7	-2.6	-2.7	-2.3	-2.3	-2.3	-2.3
Foreign Exchange Gain / (Loss)	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0
Income / (Loss) from Associates	0.0	0.0	0.0	0.2	0.2	5.3	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0
EBT	9.5	6.3	32.6	35.8	21.9	23.6	29.9	37.0	33.8
Tax	0.0	7.3	2.2	1.5	0.0	0.0	0.0	0.0	0.0
Tax rate	*0%*	*-117%*	*-7%*	*-4%*	*0%*	*0%*	*0%*	*0%*	*0%*
Normative tax rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*100%*	*200%*	*300%*
Discontinued Operations	1.6	-0.7	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.7	0.8	-1.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net Profit (reported)	11.7	13.6	35.4	37.2	21.8	23.5	29.8	36.9	33.7
Net Profit (adj.)	11.7	13.6	35.4	37.2	21.8	23.5	29.8	36.9	33.7

Source : Company data, Degroof estimates

<u>Turnover</u>

Not a turnover story ...

The business model implies that the sole reading of the turnover is rather meaningless when it aims at measuring the contribution to the bottom line of the year in course. As such, the bulk of the turnover figure is offset by the corresponding costs representing to some extent the level of completion of projects under development.

<u>Capital gains</u> (see Other operating income in the table)

…. But a capital gain one

Obviously, the ultimate goal of Atenor development activities is reflected in the capital gains that the company is able to generate. These capital gains are not recorded as a whole by the final completion of the development (that lasts in general between three and five years), but spread over the development period, though with the smallest capital gains in the first stages of completion. This evolution contrasts with the related operational and financial costs running in parallel with the concretisation of the development.

The projects typically are financed with a high leverage (around 85%), made of a payment in cash for the ground and for the development through leverage in SPV's where Atenor typically retains the bulk of the stake.

Visibility versus portfolio size

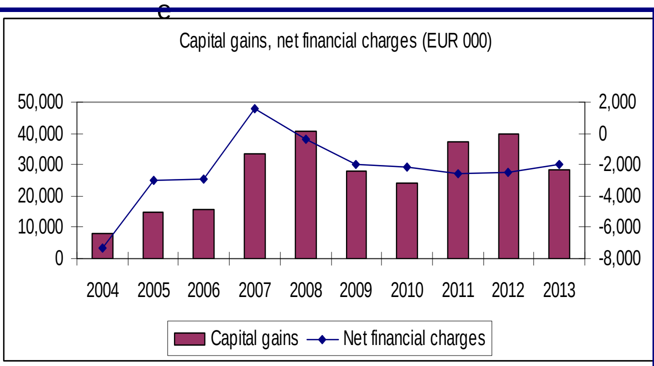
With 9 projects in development identified until 2013, the visibility is rather good. Two remarks hereabout, First, this does not mean obviously that things will happen as planned, depending for instance from economic and financial environment that may impact the speed of development and the risks taken, even if top locations or buildings might be to some extent immune to those adverse items. Secondly, the core business of Atenor implies that new projects will be initiated in the coming years. Under our assumptions, we considered that the company will be able to initiate 2 to 3 projects per year on an average.

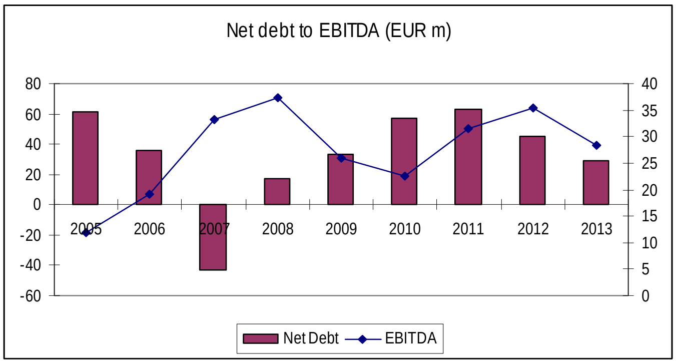
As already mentioned, **2008** and still **2009** figures are expected to be driven mainly by the President building while, and this will prove to be a test case, Hermes Business Campus also is expected to contribute for the first time in the second part of the year.

From **2010** onwards, half of the expected capital gain of EUR 23.9m should be originated by the major Hermes Business Campus in Bucharest in addition to three projects in Belgium (Premium, Namur Water Front and Media Garden). For sure, the developments in Hungary and Romania, because of their location but also their size, will attract the attention of the investors.

As can be seen from the table below, and this is not very astonishing, we observe a not too bad parallelism between capital gains and net financial charges, something to which the management is attentive too.

B





Source: company data, Degroof estimates

Taxes

We assumed tax charges to remain close to zero considering the potential of losses carried forward, inherited from the loss making private equity activities that have been sold totally in 2007 on top of the structure of the projects (high leverage of the development through SPV vs modest fixed corporate charges).

Net result

By cruising speed:

15 projects or EUR25-30m profit

A first look at the evolution of the net result shows that the bottom line posted a sharp improvement between 2005 and 2007 or 2008 (on an expected basis) followed by figures emerging in between over the following years. The decrease from the spectacular figures recorded for 2007 and probably 2008 (it follows also to a large extent management views) may be misleading as negative conclusions should not be drawn from it. 2007 and 2008 should be seen as exceptional years bearing the fruits of the investment in the President building, while 2009 if not 2010 should be seen as transitional years, at least in the assumptions taken into account in this report. In 2012, our figure is expected to exceed the EUR25-30m that the company targets.

Cash flow

Cash flows (in EUR m)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cash Flow (Net Operating Cash Flow)	-3.73	-6.06	-1.37	-2.42	-3.97	-3.66	-7.34	-5.06	1.09
Change in Net Working Capital	-23.79	-35.43	-19.02	-0.12	0.14	-0.15	-0.20	0.19	0.22
o/w Maintenance Capex	-2.07	-3.49	-0.65	-24.50	-0.05	-0.05	-0.05	-0.05	-0.05
Acquisitions, financial investments	-37.43	-0.02	-0.75	-45.00	-25.00	-30.00	-25.00	-25.00	-25.00
Disposals, financial divestments	28.35	36.07	64.16	25.00	28.01	25.36	43.45	64.84	58.27
Free Cash Flow (FCF)	-38.66	-8.94	42.37	-47.04	-0.88	-8.51	10.86	34.92	34.52

Source : Degroof Research

The cornerstone

The cash flow statement is a key driver for the business activity of a developer like Atenor, since it manages the overlaps of capital expenditures and divestments.

As can be read from the table above, the high free cash flow of 2007 results from a combination of a relatively poor year in terms of acquisitions while disposals posted record figures reflecting the strong progress made in the development of the President building.

By contrast, 2008 has seen several sizeable acquisitions in Belgium, Hungary and Romania, which led to a change from a sharp reduction of the net cash position that will be be transformed in a net financial debt (under our assumptions). Taking it into consideration as well as the credit crisis and the poor economic environment, we decided to include, under current financial structure, a less ambitious investment program for 2008.

Capital & Credit

More concerns about net cash than about debt

Atenor's balance sheet has been strong over the last few years, and management target aims at remaining in this situation in the future.

At the end of 2007, Atenor had a net cash treasury of EUR42.7m (41% of total equity) made possible to a large extent by the sale of shares in the President project but also by the completion of the Pixel works.

The gross debt of EUR 51.7m was made of medium term notes for EUR 38.7m (75%) and the balance of EUR 13m as bank credits in the SPVs for Premium and Brussels Europa. 86% of the debt was at fixed rates. Several of these medium term notes have already reached maturity, and we retained from the company that renegotiation in other medium term notes, but also in commercial paper has been achieved successfully at the end of 1H2008, without affecting sizeably the net financial lasts. Average financial charge for 2007 was 4.81% and we assumed 5.0% for 2008 with an average duration of 2.5 years.

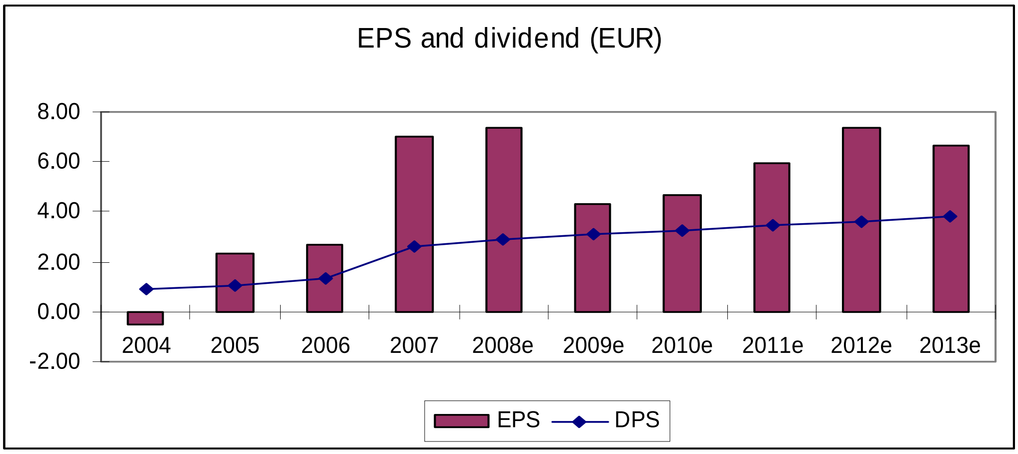
At the issue of 1H2008 this net debt was close to zero as a result of the investments in Vaci UT in Romania (EUR 22.5m our estimate), the payment of dividends (EUR13.1m), advances to projects in development (South city) in addition to current charges.

At the end of 2008, taking into consideration several major investments (totalling under our assumptions EUR 69.5m investments of which in Hungary and Romania on top of the Victor project in Brussels), but also revenues coming from the good progress made by the

President project and dividend payments, we anticipate net financial debt to amount to EUR 17m, or 14% of total equity.

For 2009, we took into account a much lower level of capital expenditures. On the longer run we assumed that the company will invest on average in two to three projects per year (under our assumptions between EUR 25m and EUR 30m). In other words, we anticipate the company to show net financial indebtedness, however remaining in a rather comfortable limit of around 30% on an average. Obviously, our estimates will be impacted by the progress, delays and postponing of projects but also on the negotiation and renegotiation of the bulk of the medium term notes in 2011.

Dividend policy



Source: company data, Bank Degroof estimates

Historical average increase of 10% of the dividend

With weak results in the period 2002-2004, Atenor dividend has remained stable. The strong improvement of the bottom line in the years 2005, 2006 and 2007 has led to increases of the dividend of respectively 10.4%, 26.2% and finally a doubling, so that on a 10 year period basis, CAGR of the dividend increase was close to 10%.

We bank on an average increase between 5 to 10% until 2013

Atenor aims at keeping this 10% growth rate on an average with at least stable dividends in more difficult years or during years of lower capital gains level. We have been more cautious in our assumptions, at least beyond 2009 since we retained a dividend growth of 10% in 2008, 8% in 2009 and falling between 5 to 6% in the subsequent years until 2013 in order to maintain the pay-out to 81%.

Valuation

The assumptions beyond the figures taken into account for the valuation exercise are driven by the ultimate global minimal average targets fixed by the company, as well as by the key drivers of the building industry.

This means:

- The targets of the company are expressed in capital gain per sqm. The goal consist in achieving at least EUR 500sqm on an average for all the projects. An increasing number of projects would obviously better distribute the capital gains profile and as such alleviate jumps in annual realised capital gains.
- Having these targets in mind, we built our assumptions on the basis of the most recent available information in terms of total cost of building, prime rents and yields.
- Shifts in start dates as well as on completion of projects may impact the valuation. However, taking into account the time required to achieve a project on the back of the financial structure, there is also no hurry to accelerate the business development when the required conditions in terms of expected profitability with sufficient guaranties of success are not met. For sure, the increase of the number of projects (9 currently, but moving gradually to 15 according to management aims) as well as the geographical diversification may alleviate the risks involved by the business.

We followed several typical ways to isolate a fair value of Atenor.

1. Firstly, we followed a **DCF** approach, of which two key assumptions are the capital gains for the 2008-2013 period and capital expenditures that increase progressively in order to enlarge the projects under development. Though the most recent rent yields observed could have less validity than several months ago because of the rarefaction of transactions in the market, we however have tried to reconciliate our assumptions on these yields with our assumptions on the capital gains having in mind the average capital gain target of EUR 500/sqm of the management. Last but not least, timely difference may have a limited impact on these figures.
2. In addition to a DCF applied for the company as a whole, we also tested a **sum of the parts** approach. We made a valuation of the current pipeline of projects in development in addition to the goodwill of the firm for the generation of new projects with added value.
3. Considering the rather explicit dividend policy, we also crosschecked our previous valuations with a **DDM** approach.
4. We made a peer group comparison in order to identify discrepancies among peers. This was not included in the calculation of the price target (ex portfolio and financial structure) could make comparisons inappropriate.

DCF valuation

Our DCF valuation is built on a detailed projection of annual cash flows until 2013 followed by a classical terminal value. We used the following assumptions for the first period of the cash flow projections :

- After three strong years in terms of EBITDA margin, we expect the average margin to decrease somewhat in 20010 and 2011, before showing a sizeable jump in 2012 and 2013 as a result of the achievement of the bulk of the projects already identified.
- Capex has remained comparable to capital gains
- Taxes remained close to zero levels reflecting the potentialities of losses carried forward

DCF valuation

	12/2008	12/2009	12/2010	12/2011	12/2012	12/2013	12/2014	12/2015	12/2016	12/2017
Years	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
CASH FLOW (EUR m)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	87.4	62.3	70.6	100.4	86.1	56.2	59.3	60.9	62.5	63.1
% change		*-28.8%*	*13.4%*	*42.1%*	*-14.2%*	*-34.7%*	*3.4%*	*3.4%*	*3.4%*	*3.4%*
EBITDA	37.2	26.1	22.6	32.5	37.3	31.4	26.1	27.0	27.9	27.8
% margin	*42.6%*	*41.8%*	*32.0%*	*32.3%*	*43.3%*	*55.8%*	*43.9%*	*44.3%*	*44.6%*	*44.1%*
% change		*-30.0%*	*-13.3%*	*43.6%*	*14.9%*	*-15.9%*	*-16.9%*	*3.5%*	*3.4%*	*-0.3%*
Depreciation & other provisions	1.3	2.4	2.1	1.9	1.7	1.6	1.4	1.3	1.2	1.1
% sales	*1.5%*	*3.8%*	*3.0%*	*1.9%*	*2.0%*	*2.8%*	*2.4%*	*2.1%*	*1.9%*	*1.7%*
EBITA	35.9	23.7	20.5	30.5	35.6	29.8	24.6	25.7	26.7	26.7
% margin	*41.1%*	*38.1%*	*29.0%*	*30.4%*	*41.3%*	*53.0%*	*41.5%*	*42.2%*	*42.7%*	*42.4%*
% change		*-34.0%*	*-13.7%*	*49.2%*	*16.4%*	*-16.2%*	*-17.3%*	*4.3%*	*4.0%*	*0.1%*
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Normative tax rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
NOPLAT	35.9	23.7	20.5	30.5	35.6	29.8	24.6	25.7	26.7	26.7
Depreciation & other provisions	1.3	2.4	2.1	1.9	1.7	1.6	1.4	1.3	1.2	1.1
% sales	*1.5%*	*3.8%*	*3.0%*	*1.9%*	*2.0%*	*2.8%*	*2.4%*	*2.1%*	*1.9%*	*1.7%*
Gross Operating Cash Flow	37.2	26.1	22.6	32.5	37.3	31.4	26.1	27.0	27.9	27.8
Capex	-60.8	-25.0	-30.0	-20.0	0.0	5.0	0.0	0.0	0.0	0.0
% sales	*69.5%*	*40.1%*	*42.5%*	*19.9%*	*0.0%*	*7.5%*	*7.3%*	*7.2%*	*7.2%*	*7.2%*
Change in Net Working Capital (-=increase;+=decr	-0.1	0.1	-0.2	-0.2	0.2	0.2	0.0	0.0	0.0	0.0
Cash Flow to be discounted	-23.01	1.6	-7.1	12.5	37.5	36.66	26.12	27.05	27.97	27.89

WACC & DCF ANALYSIS

Free Risk Rate (FRR)	4.5%	Cumulated DCF	113.9	- Net Financial Debt	(33.0)
Company Risk Factor or Beta (CRF)	1.10			- Minorities (estimated value)	(0.5)
Mkt Risk Premium (MRP)	4.0%	Perpetual Growth Rate (g)	0.0%	+ Associates	0.0
Cost of Equity (Ke or COE)	8.90%	Normalised Annual CF	27.9	- Pension underfunding	0.0
Cost of Debt (gross)	4.5%	Terminal Value @ 12/2017	313.3	- Off-balance sheet commitments	0.0
Debt tax rate	0%	Disc. Rate of Terminal Value	0.47		
Cost of Debt net (Kd or COD)	4.50%	Discounted Terminal Value	146.1	Equity Market Value (EUR m)	227.3
Target gearing (D/E) or % Kd	0.0%			Number of shares (m)	5.0
% Ke	100.0%	Financial assets	0.8	Fair Value per share (EUR)	45.12
Normative Tax Rate	0%	Enterprise Value (EUR m)	260.8		
WACC	8.90%				

Source: Bank Degroof estimates

Sum of the parts valuation

In the table below, we have calculated the net present value of the already planned projects in development.

In addition to the valuation of the existing projects, we also assess the value of the new projects that will come on stream, or said in other words the capacity of the management to generate them.

With an estimation of 2 additional projects per year of 12,500sqm each (in the middle of the 10,000 – 15,000sqm guidance of the company), and a capital gain of EUR 500/sqm, we obtain an additional present value of EUR73.7 per share.

Goodwill	
Surface built per year (sqm)	25,000
Long term capital gain (EUR/sqm)	500
Long term capital gain (EUR m/year)	12.5
Cost of equity	8.90%
Discount factor	0.66
Terminal value in FY13 (EUR m)	112.4
Discounted terminal value (EUR m)	*73.7*

Source: Bank Degroof estimates

SOTP (EUR m)	
NPV of portfolio	224.6
NPV of goodwill for new projects	73.7
NPV of management costs	-38.6
Net debt	-33.0
SOTP	226.7
per share (EUR)	*45.0*

Source: Bank Degroof estimates

DDM

Though Atenor is a pure real estate developer, we made a valuation on the basis of a dividend discount model considering the quite transparent dividend policy.

.

For example, the aim of enlarging the portfolio to 15 projects is not only motivated by growth ambitions but is seen by the company as a way to make possible a rather stable dividend growth. .

DDM Valuation

Date of calculation	22-Jan-09
Date of dividend payement	30-Apr-09
	Gross
Risk Free	4.50%
Market risk premium	4.00%
Beta	1.10
Required rate of return (Ke)	8.90%

Year	EPS (EUR)	POR	Gross dividend (EUR)	time	Actualisation gross (EUR)
2007	7.03	37%	2.60	0.27	2.54
2008	7.39	39%	2.86	1.27	2.57
2009	4.33	71%	3.09	2.27	2.55
2010	4.66	70%	3.24	3.27	2.45
2011	5.52	62%	3.44	4.27	2.39
2012	6.54	55%	3.61	5.27	2.30
2013	5.49	69%	3.79	6.27	2.22
2014	4.33	88%	3.80	7.27	2.04
2015	4.55	88%	3.99	8.27	1.97
2016	4.78	88%	4.19	9.27	1.90
2017	4.80	65%	3.12	10.27	1.30
Gordon-Shapiro			3.23	10.27	24.00

	gross
DDM valuation (EUR per share)	45.70

Peers comparison

Below we show a table with some key valuation multiples for European developers to some extent comparable to Atenor. This table has not be included in the calculation of the price targets. It is provided here as an illustration of a relative good price convergence between these peers.

	P/E 08	*P/E 09*	*Net Div Yield 08*	*Net Div Yield 09*	*Return on Average Equity 08*	*Return on Average Equity 09*
AFI Development Plc	7.0 x	3.9 x	20.76%	0.00%	3.93%	7.32%
Babis Vovos Int	6.4 x	4.0 x	0.00%	7.38%	5.72%	8.18%
Banimmo SA	15.0 x	10.5 x	5.99%	6.32%	6.73%	10.33%
DIC Asset AG	5.5 x	11.3 x	27.13%	24.33%	3.66%	2.00%
Fonciere des Murs	5.8 x	5.9 x	13.20%	9.88%	7.53%	11.66%
Fonciere des Regions	5.6 x	7.8 x	13.65%	14.23%	7.48%	6.92%
Immofinanz AG	5.6 x	6.6 x	0.00%	0.00%	1.82%	1.84%
Klemurs Sa	7.1 x	6.4 x	8.65%	9.44%	7.55%	8.45%
Lamda Development SA	4.8 x	7.5 x	2.77%	2.77%	9.14%	5.14%
Norwegian Property AS	4.3 x	3.5 x	10.68%	18.02%	3.15%	5.90%
Orascom Development Holding AG	7.1 x	5.9 x			14.15%	13.24%
Patrizia Immobilien AG	7.6 x	11.4 x	0.00%	0.00%	2.70%	1.85%
Vastned Offices Industrial	4.5 x	6.4 x	22.41%	18.99%	6.67%	5.55%
Vastned Retail	8.8 x	8.6 x	11.45%	11.57%	5.52%	6.45%
Veris Plc	1.7 x	1.9 x	0.00%	0.00%		
VGP N.V	8.9 x	6.3 x	0.00%	0.00%	24.11%	26.58%
Vib Vermoegen Ag	5.5 x	6.3 x	6.58%	7.89%	6.05%	5.34%
AVERAGE	**6.6 x**	**6.7 x**	**8.95%**	**8.18%**	**7.24%**	**7.92%**
Atenor Group	**5.3 x**	**5.7 x**	**7.59%**	**8.36%**	**31.12%**	**23.49%**

Upcoming Corporate Events Calendar

Date	Event Type	Descriptio	Period
March 05	Annual results		
April 24	AGM		
August 31	1H results		

Source: AMI

Atenor: Summary tables

PROFIT & LOSS (EURm)	2005	2006	2007	2008e	2009e	2010e
Sales	**103.8**	**105.1**	**71.7**	**87.4**	**62.3**	**70.6**
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-76.1	-67.4	-32.1	-43.4	-29.0	-40.5
Personnel Expenses	-15.9	-18.5	-6.5	-6.9	-7.2	-7.6
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**11.8**	**19.2**	**33.1**	**37.2**	**26.1**	**22.6**
EBITDA (adj.)*	**11.8**	**19.2**	**33.1**	**37.2**	**26.1**	**22.6**
D & A	0.6	-9.9	-2.1	-1.3	-2.4	-2.1
EBIT	**12.4**	**9.2**	**31.0**	**35.9**	**23.7**	**20.5**
EBIT (adj.)*	**12.4**	**9.2**	**31.0**	**35.9**	**23.7**	**20.5**
Net Financial Interest	-3.0	-2.9	1.6	-0.3	-2.0	-2.2
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.2	0.2	5.3
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**9.5**	**6.3**	**32.6**	**35.8**	**21.9**	**23.6**
Tax	0.0	7.3	2.2	1.5	0.0	0.0
Tax rate	*nm*	*nm*	*nm*	*nm*	*0.0%*	*0.0%*
Discontinued Operations	1.6	-0.7	1.6	0.0	0.0	0.0
Minorities	0.7	0.8	-1.1	-0.1	-0.1	-0.1
Net Profit (reported)	**11.7**	**13.6**	**35.4**	**37.2**	**21.8**	**23.5**
Net Profit (adj.)	**11.7**	**13.6**	**35.4**	**37.2**	**21.8**	**23.5**

CASH FLOW (EURm)	2005	2006	2007	2008e	2009e	2010e
Cash Flow from Operations before change in NWC	-3.7	-6.1	-1.4	-2.4	-4.0	-3.7
Change in Net Working Capital	-23.8	-35.4	-19.0	-0.1	0.1	-0.2
Cash Flow from Operations	**-27.5**	**-41.5**	**-20.4**	**-2.5**	**-3.8**	**-3.8**
Capex	-2.1	-3.5	-0.6	-24.5	-0.1	-0.1
Net Financial Investments	-9.1	36.0	63.4	-20.0	3.0	-4.6
Free Cash Flow	**-38.7**	**-8.9**	**42.4**	**-47.0**	**-0.9**	**-8.5**
Dividends	-4.6	-5.1	-6.0	-13.1	-14.4	-15.6
Other (incl. Capital Increase & share buy backs)	36.8	39.6	42.5	-0.2	-0.2	-0.2
Change in Net Debt	**-6.4**	**25.6**	**78.9**	**-60.3**	**-15.4**	**-24.2**
NOPLAT	12.4	9.2	31.0	35.9	23.7	20.5

BALANCE SHEET & OTHER ITEMS (EURm)	2005	2006	2007	2008e	2009e	2010e
Net Tangible Assets	43.7	4.8	4.8	28.0	25.7	22.3
Net Intangible Assets (incl.Goodwill)	30.7	0.0	0.3	0.3	0.3	0.3
Net Financial Assets & Other	2.3	10.7	16.9	21.6	21.8	27.1
Total Fixed Assets	**76.7**	**15.5**	**22.0**	**49.9**	**47.8**	**49.7**
Net Working Capital	65.9	95.6	52.8	109.3	134.2	164.3
Shareholders Equity	**62.5**	**75.7**	**103.0**	**126.9**	**134.2**	**141.9**
Minorities Equity	1.3	0.2	0.1	0.2	0.3	0.4
Net Debt	**61.7**	**36.1**	**-42.7**	**17.6**	**33.0**	**57.2**
Provisions	20.3	15.1	14.5	14.5	14.5	14.4
Other Net Liabilities or Assets	-3.1	-15.9	0.0	0.0	0.0	0.0
Net Capital Employed/Invested	**142.6**	**111.1**	**74.8**	**159.2**	**181.9**	**214.0**

GROWTH & MARGINS	2005	2006	2007	2008e	2009e	2010e
Sales growth	*-16.2%*	*1.3%*	*-31.8%*	*21.9%*	*-28.8%*	*13.4%*
EBITDA growth	*-40.0%*	*61.9%*	*72.9%*	*12.4%*	*-30.0%*	*-13.3%*
EBITDA (adj.) growth*	*-40.0%*	*61.9%*	*72.9%*	*12.4%*	*-30.0%*	*-13.3%*
EBIT growth	*190.8%*	*-25.7%*	*236.1%*	*15.7%*	*-34.0%*	*-13.7%*
*EBIT (adj)*growth*	*190.8%*	*-25.7%*	*236.1%*	*15.7%*	*-34.0%*	*-13.7%*
Net Profit growth	*+chg*	*16.4%*	*159.9%*	*5.1%*	*-41.4%*	*7.7%*
EPS adj. growth	*+chg*	*15.6%*	*159.9%*	*5.1%*	*-41.4%*	*7.7%*
DPS adj. growth	*10.4%*	*26.2%*	*100.0%*	*10.0%*	*8.0%*	*5.0%*
EBITDA margin	*11.4%*	*18.2%*	*46.2%*	*42.6%*	*41.8%*	*32.0%*
EBITDA (adj) margin*	*11.4%*	*18.2%*	*46.2%*	*42.6%*	*41.8%*	*32.0%*
EBIT margin	*12.0%*	*8.8%*	*43.3%*	*41.1%*	*38.1%*	*29.0%*
EBIT (adj) margin*	*12.0%*	*8.8%*	*43.3%*	*41.1%*	*38.1%*	*29.0%*

Atenor: Summary tables

RATIOS	2005	2006	2007	2008e	2009e	2010e
Net Debt/Equity	1.0	0.5	-0.4	0.1	0.2	0.4
Net Debt/EBITDA	5.2	1.9	-1.3	0.5	1.3	2.5
Interest cover (EBITDA/Fin.interest)	4.0	6.6	nm	nm	12.9	10.5
Capex/D&A	-3.4	0.4	0.3	18.9	0.0	0.0
Capex/Sales	0.0	0.0	0.0	-0.3	0.0	0.0
NWC/Sales	0.6	0.9	0.7	1.2	2.2	2.3
ROE (average)	0.2	0.2	0.4	0.3	0.2	0.2
ROCE (adj.)	8.9%	9.2%	53.6%	26.1%	14.8%	11.0%
WACC	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
ROCE (adj.)/WACC	1.0	1.0	6.0	2.9	1.7	1.2

PER SHARE DATA (EUR)	2005	2006	2007	2008e	2009e	2010e
EPS (reported)	2.3	2.7	7.0	7.4	4.3	4.7
EPS (adj.)	2.3	2.7	7.0	7.4	4.3	4.7
BVPS	12.5	15.0	20.4	25.2	26.6	28.2
DPS	1.0	1.3	2.6	2.9	3.1	3.2

VALUATION	2005	2006	2007	2008e	2009e	2010e
EV/Sales	2.0	1.9	2.1	2.2	3.2	3.1
EV/EBITDA	17.5	10.2	4.5	5.1	7.7	9.7
EV/EBITDA (adj.)*	**17.5**	**10.2**	**4.5**	**5.1**	**7.7**	**9.7**
EV/EBIT	16.6	21.2	4.8	5.2	8.5	10.7
EV/EBIT (adj.)*	**16.6**	**21.2**	**4.8**	**5.2**	**8.5**	**10.7**
P/E (adj.)	**12.3**	**12.4**	**5.9**	**5.1**	**8.6**	**8.0**
P/BV	2.3	2.2	2.0	1.5	1.4	1.3
Total Yield Ratio	3.2%	3.0%	2.9%	6.8%	7.6%	8.3%
EV/CE	1.5	1.9	2.6	1.4	1.3	1.2
OpFCF yield	-19.1%	-24.5%	-9.8%	-1.3%	-2.0%	-2.0%
OpFCF/EV	-13.3%	-21.2%	-13.7%	-1.4%	-1.9%	-1.7%
Payout ratio	44.0%	48.1%	37.0%	38.7%	71.4%	69.5%
Dividend yield (gross)	4.8%	4.3%	7.0%	7.6%	8.3%	8.7%

EV AND MKT CAP (EURm)	2005	2006	2007	2008e	2009e	2010e
Price** (EUR)	28.77	33.55	41.30	38.00	37.40	37.40
Outstanding number of shares for main stock	5.0	5.0	5.0	5.0	5.0	5.0
Total Market Cap	**143.9**	**169.0**	**208.1**	**191.5**	**188.4**	**188.4**
Net Debt	**61.7**	**36.1**	**-42.7**	**17.6**	**33.0**	**57.2**
o/w Cash & Marketable Securities	-29.1	-38.0	-94.4	-34.2	-18.7	5.5
o/w Short Term Debt	60.0	30.2	24.7	29.7	29.7	29.7
o/w Long Term Debt	30.8	43.9	27.0	22.0	22.0	22.0
Other EV components	**5.4**	**11.9**	**17.7**	**22.5**	**22.8**	**28.2**
Enterprise Value (EV adj.)	**206.4**	**195.7**	**149.2**	**188.3**	**200.6**	**219.6**

Source: Company, Bank Degroof estimates.

Notes

** Where EBITDA (adj.) or EBIT (adj.)= EBITDA (or EBIT) +/- Non Recurrent Expenses/Income*

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

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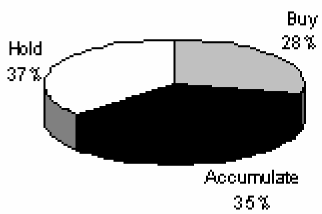
Bank Degroof Ratings Breakdown



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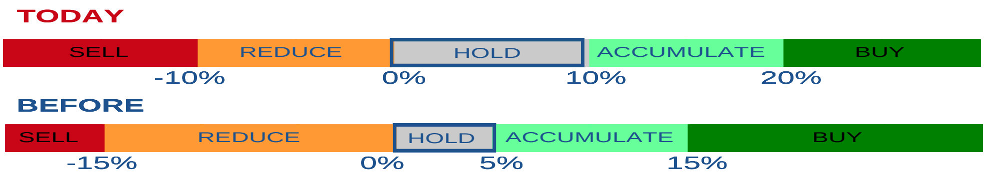

Institutional equity sales team

Damien Crispiels	+32 2 287 96 97
Armand Branquart*	+32 2 287 94 95
Bart Beullens	+32 2 287 91 80
Philippe Costermans*	+32 2 287 94 96
Laurent Goethals	+32 2 287 91 85
Pascal Magis	+32 2 287 97 81
Peter Rysselaere	+32 2 287 97 46
Stéphane Van Nimmen*	+32 2 287 97 72

Real Estate coordinator

Jean-Baptiste Van Ex	+32 2 287 91 27

Institutional Bond Sales Team

Peter Deknopper	+32 2 287 91 22
Fabrice Faccenda	+32 2 287 91 81
Charles Feiner*	+32 2 287 91 83

Structured products

Jeroen De Keer	+32 2 287 93 54
Gaëtan De Vliegher	+32 2 287 91 88
Sebastian Fraboni	+32 2 287 92 56
Edouard Nouvellon	+32 2 287 93 23

Fund Services

Oliver Gigounon	+32 2 287 91 84
Thomas Palmblad	+32 2 287 93 27

** authorised agent*

Equity brokerage

John Paladino	+32 2 287 96 40
Laurent Delante	+32 2 287 91 90
Tanguy del Marmol	+32 2 287 96 13
Frederic Lebrun	+32 2 287 97 62
Robin Podevyn	+32 2 287 91 82
Christian Saint-Jean	+32 2 287 97 80

Derivatives brokerage

Mohamed Abalhossain	+32 2 287 95 10
Christophe Gérard	+32 2 287 93 81
Olivier-Pierre Morrot	+32 2 287 96 18

Equity research

Etienne de Callataÿ	+32 2 287 91 09
Preben Bruggeman	+32 2 287 95 71
Jean-Marie Caucheteux	+32 2 287 99 20
Christophe Dessain	+32 2 287 96 88
Hans D'Haese	+32 2 287 92 23
Bernard Hanssens	+32 2 287 96 89
Siddy Jobe	+32 2 287 92 79
Ivan Lathouders, CFA	+32 2 287 91 76
Marc Leemans, CFA	+32 2 287 93 61
Thibaud Rutsaert, CFA	+32 2 287 94 28

Mail: firstname.lastname@degroof.be

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Members of ESN (European Securities Network LLP)

Banca Akros S.p.A.
Viale Eginardo, 29
20149 Milano
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302

Danske Markets Equities
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Phone: +45 45 12 00 00
Fax: +45 45 14 91 87

Bank Degroof
Rue de l'Industrie 44
1040 Brussels
Belgium
Phone: +32 2 287 91 16
Fax: +32 2 231 09 04

Equinet AG
Gräfstraße 97
60487 Frankfurt am Main
Germany
Phone:+49 69 – 58997 – 410
Fax:+49 69 – 58997 – 299

Caixa-Banco de Investimento
Rua Barata Salgueiro, 33-5
1269-050 Lisboa
Portugal
Phone: +351 21 389 68 00
Fax: +351 21 389 68 98

Investment Bank of Greece
24B, Kifisias Avenue
151 25 Marousi
Greece
Phone: +30 210 81 73 000
Fax: +30 210 68 96 325

Caja Madrid Bolsa S.V.B.
Serrano, 39
28001 Madrid
Spain
Phone: +34 91 436 7813
Fax: +34 91 577 3770

NCB Stockbrokers Ltd.
3 George Dock,
Dublin 1
Ireland
Phone: +353 1 611 5611
Fax: +353 1 611 5781

CM - CIC Securities
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 4016 2692
Fax: +33 1 4596 7788

SNS Securities N.V.
Nieuwezijds Voorburgwal 162
P.O.Box 235
1000 AE Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064

European Securities Network LLP
Registered office c/o Withers LLP
16 Old Bailey - London EC4M 7EG