# Atenor

Belgium/ Real Estate

Company update

Investment Research

*15 September 2011*

## Accumulate

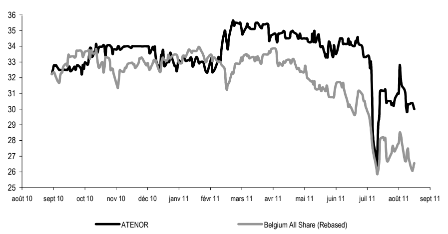
*from Hold*

| | |
|---|---|
| **Share price: EUR** | **29,99** |
| *closing price as of 14/09/2011* | |
| **Target price: EUR** | **37,00** |
| *Target Price unchanged* | |

| | |
|---|---|
| Reuters/Bloomberg | ATEO.BR/ATEB BB |
| Daily avg. no. trad. sh. 12 mth | 1.602 |
| Daily avg. trad. vol. 12 mth (m) | 0,05 |
| Price high 12 mth (EUR) | 35,65 |
| Price low 12 mth (EUR) | 26,42 |
| Abs. perf. 1 mth | -3,7% |
| Abs. perf. 3 mth | -12,6% |
| Abs. perf. 12 mth | -5,5% |
| Market capitalisation (EURm) | 151 |
| Current N° of shares (m) | 5 |
| Free float | 50% |

| Key financials (EUR) | 12/10 | 12/11e | 12/12e |
|---|---|---|---|
| Gross Rental Income (m) | 0 | 1 | 0 |
| EBITDA (m) | (9) | 6 | 4 |
| *EBITDA margin* | *-4693,0%* | *397,7%* | *1097,7%* |
| Portfolio Result (m) | 13 | 11 | 24 |
| *Net Financial Result* | *(5)* | *(3)* | *(4)* |
| Net Profit (adj.)(m) | (2) | 9 | 23 |
| Funds From Operations | (1,60) | 9,24 | 23,15 |
| EPS (adj.) | (0,32) | 1,83 | 4,59 |
| DPS | 2,00 | 2,00 | 2,10 |
| IFRS NAVPS | 20,06 | 19,86 | 22,42 |
| *EPRA NAVPS* | *20,81* | *20,45* | *22,85* |
| Premium/(Discount) | 67,2% | 51,0% | 33,8% |
| *Earnings adj. yield* | *nm* | *6,1%* | *15,3%* |
| *Dividend yield* | *6,7%* | *6,7%* | *7,0%* |
| *EV/EBITDA* | *-22,8* | *39,2* | *63,0* |
| *P/E (adj.)* | *nm* | *16,4* | *6,5* |
| *Int. cover(EBITDA/Fin.int)* | *(2,1)* | *1,8* | *0,9* |
| *Net debt/(cash) (m)* | *47* | *76* | *78* |

*N.B. EV/EBITDA n.m. because EBITDA does not include capital gains which are the core of Atenor activity*




*Shareholders:* Sofinim 12%; Tris 12%; Luxempart 10%; Alva 10%; Management 5%;

For company description please see summary table footnote

## He who travels a lot becomes wise; he who is wise stays home (Chinese proverb)

**After the fantastic 2008 year, which showed a dramatic over-performance of the share price, 2010 and 2009 have been transitional years. Though 2011 will show again positive figures, we expect the bulk of the improvements to materialise not before 2013. The construction of several major projects (e.g. building of Premium renamed Up-site) has recently started while no major delivery is expected in 2011 and probably also 2012. Today Atenor has a pretty solid financial structure however ahead of several major projects in Belgium but also in Hungary and Romania. This is not atypical considering the anti-cyclical activity of Atenor and the rather limited number of projects in portfolio, eight (9 since today), a number that the company workforces can manage and why it is still looking for expansion. In the meantime, Atenor will tackle risks linked to a smooth revival of economic environment by sorting projects in stages.**

- ✓ **Atenor is active in** real estate development since 1991 and has decided to become a pure player in this field since 2005. The bulk of the development projects is about offices, with a major exception being the "Up Site" project made of a residential tower and 4 office buildings. The projects, 8 currently for a total of 495k sqm, are predominantly and historically in Belgium while among the most recent ones are about offices in Hungary and Romania.

- ✓ **Atenor is fixing a more gradual dividend distribution policy.** Atenor dividend has remained stable even in more difficult years (2002-04). The strong improvement of the bottom line between 2005 and 2007 has led to gradual increases ending in a doubling in 2007. The weak economic environment since 2008 has led to a revision of the dividend to EUR 2.00 in 2010 (from EUR 2.60). , Atenor aims now at keeping a more smooth progress of its dividend. Though the dividend yield is not typically the reason for buying shares of developers, it emerges still at 6.6% on the basis of our dividend estimate of EUR 2 per share, in line with the average yield offered by Belgian REITs.

- ✓ **Financial structure** remains solid. Though the company is entering an investment phase, we do not anticipate dramatic changes considering that the management will limit the speculative part of developments, typically by phasing the major projects, and trying to sell them on a pre-delivery basis.

- ✓ **Risks:** Size of projects in combination with the search of rather conceptual new developments (ex. residential tower) and expansion in Hungary and Romania may prove to become results drivers but may also incorporate increasing risks. owever, one will retain that prime locations, "state of the art" construction, developments in stages of which pre-letting should to some extent tackle these hurdles.

- ✓ **Valuation:** DCF and SOTP point to fair values of EUR 42 per share. However these valuations are built on a full success of projects in portfolio so that we kept unchanged our Target price of EUR 37, which is similar to a probability of success of 75% while current share price only assumes a probability of 45%. For valuation reasons, considering that 2011 and to some extent 2012 will probably unlock the potential capital gain, we move already to an accumulate rating.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# Investment Case

N.B. Last minute call: Atenor has announced that it has acquired a plot of land of 7,600sqm in Luxembourg city. The works are expected to start at the end of 2012. This news is not totally surprising: this neighbouring country to Belgium is well known by Atenor, having in mind previous (succesful) developments (President, Pixel, IEK) and recent announcements by the management.

With this transaction, Atenor has since today 9 projects in portfolio of which the achievements are expected to gain momentum from 2012/13 onwards.

- **In search of further diversification for smoothing earnings profile**

By contrast with most REITs who benefit from recurrent and inflation linked rents, the earnings profile of pure real estate developers like Atenor is less regular and as such also less predictable. Profit generation depends on the completion of a mix of various projects typically in development, while the underlying costs and benefits are made public mostly after their achievement. The earnings figures are also related to the stages of achievements of projects, which according to their specificities in terms of size, classification, location or geographical market, do not each follow the same pattern.

Atenor has a track record of about 20 years in real estate developments. Although the productivity of the workforce has increased dramatically over the years (from some 7,500sqm per employee to 13,800 nowadays), it still has room of manoeuvre&expertise to add some new projects to its current pipeline of 8. The adverse economic environment since 2008 has probably prevented to enlarge the portfolio.

Over the last few years, the company was moving towards bigger and more innovative or audacious projects. The UpSite project (residential tower and office buildings, cf more detailed description below) is probably the best example in current portfolio.

Atenor targets capital gains of EUR 500/sqm on an average for its total portfolio. The adverse economic environment of the last few years may have brought some doubts about the achievement of this target, which explains our more cautious assumptions. However we believe that the company has to a large extent kept its former ambitions.

Today, Atenor has 8 projects under development at diverse locations in Belgium, of which one in Budapest (Hungary) and one in Bucharest (Romania). The company has sufficient expertise and workforce to address a larger number of projects. Considering its anticyclical investment profile, we may reasonably expect that some other projects will be add in the coming 12 months. Management disclosed that a new investment would probably be announced in Luxembourg before the end of the year. We anticipate one investment in Luxembourg before the end of the year.

As far as the pipeline of the existing projects is concerned, only some of them are starting there construction phase while the others are in preliminary phases. More precisely, the first steps of the construction of the projects in Hungary and Romania have been set as well as part of the UP site (the residential tower and the 4 office buildings). At the opposite, 4 building permits have not been introduced. The permit on Victor (Brussels) has been introduced.

This means that the profits will only gain momentum from 2013 onwards.

Current projects, at different stages of completion, account for some 494,654 sqm. We assume that the bulk of them will be achieved in 2015 which provides a rather good visibility. Obviously, the business model implies that new projects would come on stream.

## Past results

After having recorded fantastic profit numbers between 2005 and 2008 thanks to the delivery of some major projects, the figures for 2009 and 2010 were much lower and should be seen as transitional years before returning gradually to new highs from FY 2013 onwards, according to our estimates, thanks to the delivery of projects currently in portfolio.

More precisely, for FY 2010 bottom line fell slightly in the red at EUR -1.6m, coming from EUR 7.3 m in 2009. EBIT was positive thanks to the sale of two office buildings (Fonsny 13,200 sqm, Broodthaers 17,700 sqm) of the South City project in Brussels (close to the international railway station Midi) in which Atenor had a 40% stake.

During 2010, the balance sheet of Atenor could benefit from the receipt of the balance of the price for the President leading to a sharp decrease of the financial debt and a lengthening of the debt structure mainly thanks to the very succesfull sale of a EUR 75m bond (accrual rate 5.56%, 5 years).

## 2011 results

After having been in the red for FY 2010, 2011 was expected to become a gradual come back to a more normal and profitable year. This is also what is happening up to now and is also anticipated for 2H considering the guidance of the company. During 1H 2011, Atenor posted a net profit of EUR 8.48m (EUR 1.68 per share) versus a loss of EUR -1.7m for 1H 2010.

This figure was mainly built on the sale of the last phase (6,940sqm) of the Media Gardens project (apartments in Brussels) to Aedifica, which contributed to EUR 3.60m to the bottom line in addition to the first contribution (EUR 3.17m) linked to the sale of one (B4, 7,000sqm) of the offices buildings of the UP-site project (ex-Premium in Brussels, residential tower and four office buildings) to Ethias (and leased to Smals).

Both transactions have delivered and will deliver capital gains exceeding the target of EUR 500/sqm: EUR 520/sqm for Media Gardens (which could reach EUR 570 with incentives linked to the success of the commercialisatio of the last block sold in April to Aedifica) and EUR 1590/sqm for the office building B4 in UP-site.

By the release of 1H figures, the company has guided for a profit for FY 2011 as a whole that would be comparable to the 1H figures.

This guidance assumes a further contribution from the offices in UP-site: it will be about a second contribution for B4 (and a last one in 1H 2012) in addition to the closing of the sale of the B3 building (6,288sqm) to Unizo offset partly by the costs linked to the closure of the Crowne Plaza hotel. As a reminder, the UP-site has still two other office buildings (10,000sqm and 6,000sqm) that should find purchasers.

Net financial debt emerged at EUR 76.8m (EUR 47m at the end of FY 2010) meaning a net debt to equity of 76% and to total assets of 27%.

## Dividend policy

Over the longer run, one may consider that the dividends distributed by Atenor have remained pretty stable. This was the case also during more difficult periods like in 2002-2004 whne the dividend was unchanged. And as a result of the strong improvement of the bottom line in the years 2005, 2006 and 2007, the dividend has been increased by respectively 10.4%, 26.2% and finally a doubling.

However with again an adverse economic environment since 2008, the company has reduced the dividend for FY 2010 to EUR 2.0 per share, from EUR 2.6 in 2009 and aims in the coming years at keeping a more smooth (+/- 5% ?) progress of its dividend.

This is a wise decision in our view having in mind that the dividend is not the main argument to invest in a developer while the use of its cash flow may be better directed towards new developments.

| STRENGTHS | WEAKNESSES |
|---|---|
| ▪ Extensive know-how in property development particularly in large office complexes<br>▪ Major actor in the Belgian and Luxembourg market<br>▪ Modest taxation level thanks to tax losses carry forwards | ▪ Annual recurrence of results reflecting its development activity smoothed by the diversification & enlargement of the portfolio<br>▪ Timing of results |
| **OPPORTUNITIES** | **THREATS** |
| ▪ Anticyclical investment enhanced by weak economic environment<br>▪ Move towards sustainable investments in real estate<br>▪ Diversification in other geographic areas and in residential property | ▪ Lasting of weak economic environment<br>▪ Delays of permit delivery and construction |

# Company profile

Atenor has been active in real estate development since more than 20 years and has decided with success under the direction of the current CEO to become a pure player in this field since 2005.

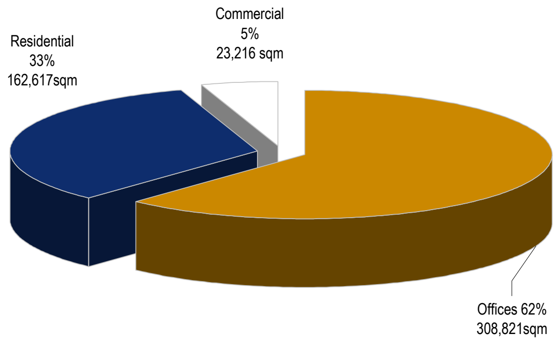
As such, the company has gradually focused of major projects, mainly offices but also residential in Belgium and Luxembourg and over the last few years in Hungary (one project) and Romania (one project).

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.

The projects, 8 currently for a total close to 500,000sqm are historically focused on Belgium and offices. The share of offices has decreased over the years but still reaches 62% nowadays on top of 33% in residential and 5% in retail as part of the projects. Projects today are made of 53% of mixed projects, 40% of large (AAA) office buildings and 7% of residential.

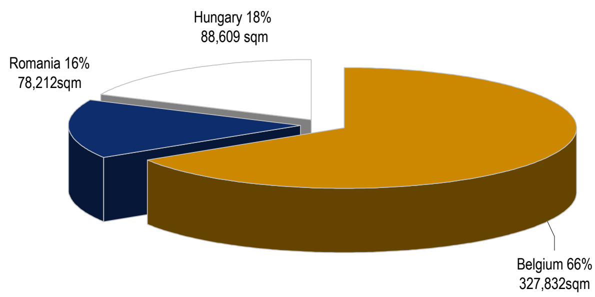
With current workforce, the company has the capacity to manage the development of 10 projects. It's noteworthy that the productivity, measure in sqm per Atenor employee has pretty doubled, coming from some 7,500sqm per employee to 13,800 nowadays.

**Portfolio breakdown per business segment**




*Source: Company data*

**Geographical breakdown of portfolio**




*Source: Company data*

## Existing portfolio: estimation of obtaining permit dates

| | | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|
| Hermes | Romania | | | | 01/10 | | | | |
| UP-Site | Brussels | | | | 06/10 | | | | |
| Vaci Greens | Hungary | | | | 06/10 | | | | |
| Port du Bon Dieu | Namur | | | | | 12/11 | | | |
| Europa | Brussels | | | | | | 12/12 | | |
| Victor | Brussels | | | | | | 06/12 | | |
| Trebel | Brussels | | | | | | 12/12 | | |
| City Docks | Brussels | | | | | | | | 2014 |

*Source: Company data, Bank Degroof estimates*

## Description of projects

| | | | Lettable area (sqm) | Atenor share (%) | 100% Equity Investment (EUR k) |
|---|---|---|---|---|---|
| Hermes | Romania | Offices | 78212 | 90 | 35200 |
| UP-Site | Brussels | Residential&offices | 80022 | 100 | 17000 |
| Vaci Greens | Hungary | Offices | 88609 | 90 | 19800 |
| Port du Bon Dieu | Namur | Residential&offices | 10000 | 90 | 10000 |
| Europa | Brussels | Offices and shops | 30000 | 100 | 26000 |
| Victor | Brussels | Offices and shops | 110000 | 50 | 24000 |
| Trebel | Brussels | Offices | 17700 | 100 | 20000 |
| City Dock's | Brussels | | n.m. | 100 | 25650 |

*Source: Company data, Bank Degroof estimates*

| Projects | Capital gains | | | | | | Total Capital gain (EURm) | Capital gain (EUR/sqm) | Tot est cap gain per share (EUR) |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | | |
| Hermes Business Campus | 0,0 | 0,0 | 0,6 | 1,2 | 1,6 | 1,4 | 4,9 | 70 | 1,0 |
| Port du Bon Dieu (Namur Wa | 0,0 | 1,8 | 5,5 | 0,0 | 0,0 | 0,0 | 7,4 | 820 | 1,5 |
| Media Gardens (I.D.M.) | 3,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 12,6 | 520 | 2,5 |
| UP-Site | 5,2 | 6,9 | 13,1 | 32,7 | 0,0 | 0,0 | 57,9 | 572 | 9,1 |
| Vaci Greens | 0,0 | 0,0 | 5,7 | 17,1 | 0,0 | 0,0 | 22,8 | 450 | 4,5 |
| Europa | 0,0 | 0,0 | 0,0 | 4,8 | 6,4 | 8,0 | 19,2 | 640 | 3,8 |
| Victor | 0,0 | 9,4 | 11,7 | 15,6 | 10,1 | 0,0 | 48,9 | 850 | 9,3 |
| Trebel | 0,0 | 0,0 | 0,0 | 7,7 | 7,7 | 0,0 | 15,4 | 905 | 3,1 |
| City Dock's | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0 | 0,0 |
| TOTAL | 8,8 | 18,1 | 36,6 | 79,1 | 25,9 | 9,4 | 189,1 | n.m. | 34,7 |
| AVERAGE | | | | | | | | 504 | |

*Source: Bank Degroof estmates*

# Projects in Belgium

## In Brussels

Big
High
Mixed
Innovative

### UP-Site

UP-Site (ex-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.

The building is planned to become a 140m residential high tower, by far the highest tower in residentials in Belgium, with a height close to the highest tower of Brussels (Midi tower) in addition to four office buildings around the tower itself. Total area will be about 80,000sqm made by the residential tower for two thirds of the area (this majority share of residential contrasts with previous mixed developments) and the balance by the four office buildings and some shops. Offices will have a relatively small available area designed for small & mid companies.

The building permit has been delivered in June 2010 and first steps of construction have started in the following weeks. Completion is expected in 2014.

Two of the four office buildings were pre-let since 2008 and have found buyers, while the active commercialization of the residential tower will only start after the tower will be visible above ground, or around 2Q of 2012.

The first office building of 6,288sqm (+ 400sqm archives and 63 parkings) had already been pre-sold in 2008 to UNIZO and SVMB.

The other building of 6,300sqm and 1,460sqm for IT rooms has been sold at the end of 1H 2011 to Ethias. The building was pre-rented under a 27-year lease agreement to SMALS, a non-profit organization supporting and supervising the e-government program of both social and health care sectors.

This project is obviously an audacious and big one as the company admits itself. Indeed, having a big mixed (residential & offices) building in Brussels is unique but not necessarily without risks.

First, mixity (of office and residential) has to be created from nil, especially in this part of Brussels close to a major railway station, underground and other public transportation facilities but also to rather obsolete and insecure residential areas. Atenor has being active in vitalizing urbanization plans in close contact with public authorities so that today this project is part of a larger urbanization plan.

Development in phases

Atenor develops the project in phases. Two of the four office buildings have already been pre-let. As far as the apartments in the tower are concerned, a dozen of them have already been pre-sold, probably attracted by the unique character of the project.

A second risk comes from the office market itself considering the high vacancy rate on the Brussels office market (11.4%). Nevertheless, top locations linked to mobility and high performance energy building may enhance a two speed market where location close to major railway stations and green sustainability will become winning games.

## Europa

In the European district

Europa is the current location of the Crowne Plaza hotel in the very heart of the Brussels' European district.

Several issues

In 2005, Atenor purchased NV Brussels Europa which owns the property and also operated it. Discussions with the public authorities have taken time and delayed. Several ideas have been examined. Finally, Atenor will soon introduce a demand of building permit for a real estate complex (offices and shops) of 30,000sqm and expects to obtain it by the end of 2012. The construction of this complex implies the demolition of the hotel (in 2013).

Up to now, the hotel was still operated and contributed, tough modestly, to Atenor operational result. However considering the opening in a near future of another large hotel at proximity, it has been decided some months ago to close the hotel. Social procedures are in course.

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.

Already a modest positive contribution

Atenor could develop on this site a real estate complex of 30,000 sqm. The construction phase could start at best in 1H **2013** and the completion may not be expected before **2015/16.**

The extreme good location is the main asset of this project though its achievement would last longer than many others.

## Victor

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

This project is located next to the Brussels major international Midi railway station (Victor Horta place).

At the start in November 2007, Atenor had acquired a 2,300 sqm plot of land to finally run a total land area of 9,500sqm on a 50/50 basis with CFE. It is planned to build a building of 110,000sqm made of 103,000sqm of offices in addition to residential and retail.

We were initially expecting the introduction of the permit in 4Q10 for delivery in 4Q11 but, considering that this project conditional to a larger urban redeployment, it was finally introduced during 1H11 in order to be obtained probably in June 2012.

Taking into account that Atenor hopes to lease the building before the end of 2012, we took into account a final delivery in block in 2013.

## Trebel

In November 2010, Atenor announced that is had signed an agreement for the acquisition of a building of 17,000 sqm (in rue de Trêves), built on a plot of more than 40 ares, which earlier were the headquarters of the formerly financial institution BACOB (bought by Dexia).

The main if not the only trump of this building is his location close to the European districts. It dates from the seventies and needed to be refurbished deeply. Atenor intends to demolish totally the building and to plans to introduce a building permit at the end of 2011, in order to be obtained at the end of 2012.

## City Dock's

In March, Atenor bought industrial buildings on a 5.4ha plot of land in Anderlecht, adjacent to the water way Willebroek. No price has been disclosed.

The buildings are rented out until 2Q 2013.

The plot falls within the area covered by a proposed land-use designation plan (PPAS) that the municipality of Anderlecht intends to analyse in the near future.

Atenor aims at cleaning up the area and redevelop it into a new urbanistic area.

## In Namur

## Port du Bon Dieu

**Residential**
**Not in Brussels**
**A test case**

This is a 30,000sqm project 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 (location named port du Bon Dieu).

Atenor has committed itself to develop energy efficient buildings.

The project has been delayed by some two years now but has in the end received the final approval for redeveloping (SAR - site à réaménager) in July of this year.

Since the building permit will only be introduced in 3Q2011, we only anticipate contribution to earnings in 2013.

# Project in Bucharest

**Start in phases**

*Hermes Business Campus* in Bucharest (Romania) is a 1 hectare plot of land which will allow the development of 78,212sqm in the new Pipera business district in the North of Bucharest, with good access by car, close to a metro station and to the airport.

Bucharest is too a large extent preserved from an architectural point of view while several multinational companies, if not headquarters of local banks are in normal economic circumstances expected to be in search of offices closer to international standards of quality.

A building permit has been given early in 2010 but we believe that as a result of the economic crisis, Atenor has slowed somewhat the development of this project whose completion initially was planned for 2011.

Construction is expected to start by phases (15,000 sqm has been mentioned) taking into consideration the economic health and the accompanying demand for real estate. The construction of the infrastructure has started.

The land had been acquired at rather high prices while rents have not yet recovered. As a result, we have only include cautious assumptions in our valuation, which may however improve considering the better take-ups observed this year We have assumed that the total project, initially planned for completion in 2011, will be spread between 2011 and 2014 when several leases for local major contracts will end.

## Project in Budapest

More mature and depressed ?

*Váci Greens* is a 10,000sqm plot of land in Budapest (Hungary) that will allow the development of 56,209sqm of three office spaces. A second investment still under negotiation, would give this project an additional area of 30,000sqm. Atenor hopes to conclude in the coming months and to introduce a building permit soon after the conclusion of the transaction.

*Vaci Greens* is ideally located alongside the Váci Ut, the main commercial and office axis in the North of the city.

The building permit has been granted in July 2010 and the construction of the infrastructure has started.

## Recently ended or ending projects

### In Brussels

### Media Gardens (Immobilière des Deux Maisons)

This is a full residential project in a semi-industrial area of Brussels (Schaerbeek) 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.

Atenor develops **26,689 sqm** (mainly 281 apartments in five sets with some commercial spaces).

The contribution came to in two phases.

The first one (206 apartments, some 20,000sqm), also the largest one, was recorded during 2009 (cash in of EUR 13.7m in 2010). The second one of 6,947sqm (75 apartments) had already been pre-sold in 2008 to a Belgian REIT, Aedifica on the basis of an exit yield of 5.5% (capital gain of EUR 518/sqm) which was completed in April 2011.

Atenor still has an incentive on the commercialization of the renting of these apartments which may reach EUR 80/sqm and is linked to the inflation and the commercialization level, which today is about 50%.

### South City

Another one in the same area

Like Victor, this project is also located next to the Brussel's Midi train station. It has an area of 40,000 sqm of which a hotel of 7,260sqm (140 rooms) that has been opened in March of this year and the balance in offices with some retail areas.

Excepting the hotel, the two office buildings (Fonsny and Broodthaers) have been sold in two steps during 2010 at attractive yields. The Fonsny building (13.200sqm) pre-let for 27 years was sold in June for EUR49m, leading to an exit yield of 5.23% and a capital gain of EUR 405/sqm and the Broodthaers building (17,700sqm) with an exit yield of 5.40% implying a capital gain of EUR 871/sqm. Alltogether the average capital gain emerged at EUR 673/sqm. The good prices can be explained by the proximity of the international railway "Midi"station in an area that, paradoxically, is not close to CBD, and where scarcity of large and modern office building translates in a vacancy rate of less than 2%.

Atenor only anticipates to record a modest capital gain on the sale of the hotel, but a cash in of some EUR 5m. Atenor has already signed a management contract of 20 years with the REZIDOR Group for the hotel under construction with the Park Inn logo.

## In Luxembourg

This project (President) brought about exceptional capital gains mainly materialised in 2008. However we may still expect some final contributions, linked to delays in the delivery, estimated to at least EUR 1m.

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.

# Market environment

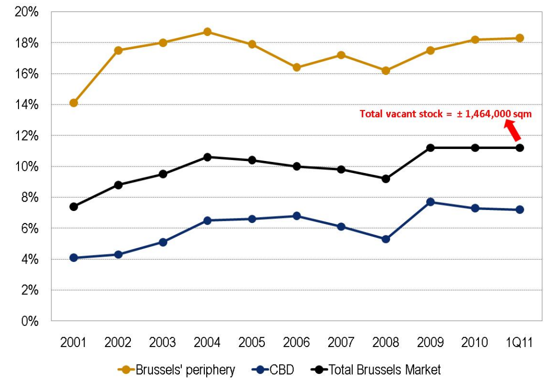
## Brussels

**Stable, Defensive 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 of the public sector 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 in addition to a rather rigid labour market.

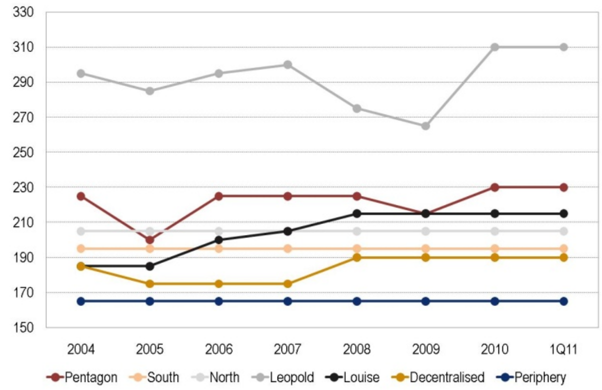
Vacancy in the Brussels' office market remains high at 11.2%. In the northern periphery of Brussels, where a significant number of the offices of Intervest Offices & Warehouses are situated, market vacancy even amounts to around 20%. However, the latter number is distorted by office buildings of bad quality, which the REIT does not possess.

**Vacancy rate**




*Source: JLL*

**Prime office face rents (in EUR/sqm/yr)**

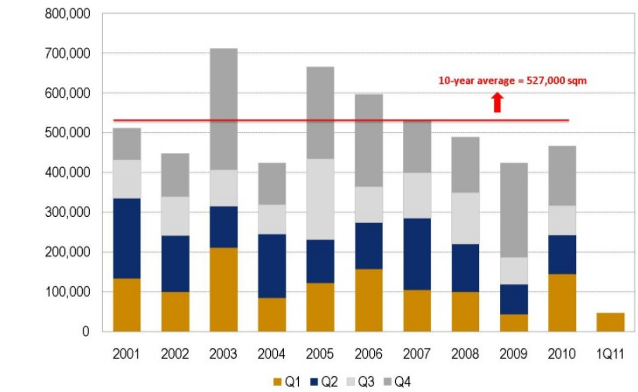



*Source:JLL*

**Vacancy at 11%**

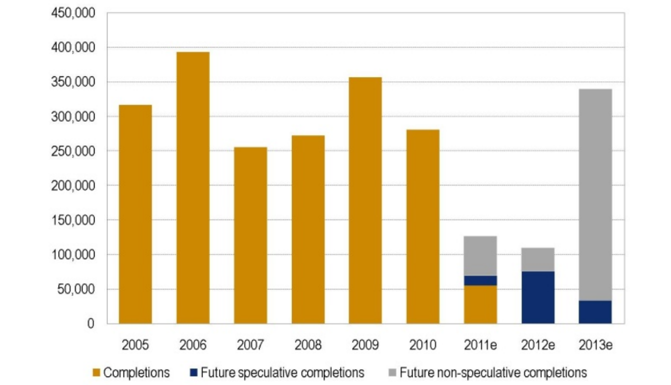
Obviously, such a high vacancy rate puts downward pressure on effective rents. Important gratuities of up to 2 months per year of lease were indeed granted in 2010. As a general rule of thumb, when availability is 6 to 8 %, one could speak of a balanced market with constant rental prices, while availability below 6 % would facilitate rental prices' growth, and availability above 8 % would raise the probability of decreasing rental prices. Currently, we are clearly in the latter scenario.

**Take-up in the Brussels' office market (in sqm)**




*Source: JLL*

**Completions and developments in the Brussels' office market (in sqm)**




*Source: JLL*

In 1Q11, take-up in the Brussels' office market amounted to only 58,000 sqm. In its interim statement on 1Q11, management of Intervest Offices & Warehouses confirmed the market circumstances for new lettings in the office market remain difficult. For 1H11, take-up in the Brussels' office market was at a 10-year low.

Development pipeline is dry

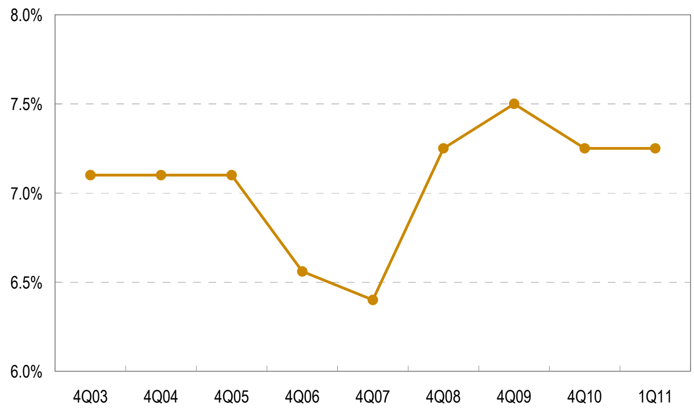
Because of the high vacancy rate the development pipeline has completely dried up: in 2011 and 2012 respectively 20,000 and 50,000 sqm of office developments will be realised, which is significantly less than the historical average of 330,000 sqm p.a.

Gradual reduction of vacancy rate over 2011-2013

As a result of these developments, we expect the vacancy rate in the Brussels' office market to come down gradually over the period 2011-2013.

Prime office rents are anticipated to remain stable or increase slightly this year. In 1Q11, prime office rents in the periphery of Brussels remained roughly flat at EUR 160/sqm/year in 1Q11. These rents have been stable since 2004.

**Prime office yields (6/9 year leases) in the periphery of Brussels**




*Source:*

Prime office yields decreased slightly in 2010. In 1Q11, they remained stable. For offices in the periphery of Brussels and rented on a 6/9 basis, prime yields now stand at about 7.25%. Belgian offices' yields are expected to decrease slightly in the short term, but to increase slightly later in the year, as a result of rising interest rates.

## Luxembourg

This market is only about 200kms from Brussels and well known by Belgian real estate players. The office market is smaller than the Brussels one and shows traditionally smaller vacancy rates and rents are much higher.

The vacancy rate has decreased from 7.0% in 1Q 2011 to 6.6% in 2Q while prime yields and prime rents remained stable during 2Q respectively at 6% and EUR 38/sqm/month (38x12=456).
And the development pipeline for 2011 and 2012 is very low amounting respectively to 75,400sqm and 43,400sqm. The foreseen pipeline for 2013 is higher (169,000sqm) but includes only 30% of speculative projects.
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

Hungary is an export driven economy with weak domestic demand. Despite historically strong economic growth rates, the economy has heavily suffered 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.

Take up in Budapest is expected to reach some 325,000sqm, or about 10% of the total market. Despite the fact that the economic environment was pretty healthy, no strong rebound may be anticipated at short term, considering in particular the high vacancy rate: from 21% nowadays it is expected to come down to 16% by year-end according to King Sturge.

## Romania

Domestic economy posted among the most impressive growth rates since Romania joined the European economic union. Romania 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. The Bucharest market is smaller and less mature than the Budapest one.

Vacancy is of 17%. Over the medium term DTZ expects to see a further decrease of the vacancy rate based on a constant level of net take-up coupled with limited new supply. Therefore they project a vacancy rate of 13% by the end of 2011.

Recent government austerity measures on top of an already unhealthy economy make the outlook for the Romanian office market not so bright.

Property fundamentals, while still weak, are improving. Take-up of some 165,000sqm in 1H 2011 represents some 13% of the total market size. However vacancy rates remain high with 16% on an average according to CBRE Richard Ellis.

# Financials

### Turnover

The business model implies that the 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 a large extent the level of completion of projects under development.

### Capital gains

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 typically 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 an equity investment (typically for the plot of land) and for the development through leverage in SPV's.

### 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

A first look at the evolution of the net result shows that the bottom line posted a sharp improvement between 2005 and 2008. The decrease from the spectacular figures recorded for 2007 and 2008 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, 2010 could be seen as transitional years. Since no major delivery is expected for 2011 and 2012, we anticipate that these financial years will only post rather modest profit figures, preceding better years in 2013 and 2014.

### Balance sheet

Atenor launched in the first days of 2010 a five year EUR 75m bond (accrual rate 5.56%) which comes on top of back-up credit lines and a commercial paper program. At the issue of 1H2011, net debt to equity emerged at 76%, coming from 47% at the end of 2010.

# 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 500/sqm 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 but also on comparisons with recent deals (cf Brussels). We wanted to remain cautious with the assumptions in Hungary and Romania. Conditions could differ by the completion of those projects

• 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 (8 currently, but with ambition to move to at least 10 projects) as well as the geographical diversification may alleviate the risks involved by the business.

We followed two ways to isolate a fair value of Atenor.

1. Firstly, we followed 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 team for the generation of new projects with added value. Last but not least, timely difference may also have an impact on these figures.
2. In addition to a SOTP, we also tested a DCF approach applied for the company as a whole of which two key assumptions are the capital gains for the 2011-2016 period corresponding to the development planning of existing projects and capital expenditures.

## DCF valuation

| CASH FLOW (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **26,2** | **30,6** | **46,6** | **68,7** | **97,7** | **45,1** | **52,4** | **53,0** | **53,5** | **54,1** |
| *% change* | | *16,6%* | *52,4%* | *47,3%* | *42,4%* | *-53,9%* | *16,3%* | *1,0%* | *1,1%* | *1,1%* |
| **EBITDA** | **5,5** | **12,6** | **29,0** | **52,3** | **75,8** | **22,5** | **29,2** | **29,1** | **29,0** | **28,9** |
| *% margin* | *21,1%* | *41,2%* | *62,2%* | *76,2%* | *77,5%* | *49,9%* | *55,7%* | *54,9%* | *54,2%* | *53,4%* |
| *% change* | | *128,0%* | *130,1%* | *80,4%* | *44,9%* | *-70,3%* | *29,9%* | *-0,4%* | *-0,4%* | *-0,4%* |
| **Depreciation & other provisions** | **2,0** | **1,9** | **1,7** | **1,5** | **1,4** | **1,3** | **1,2** | **1,1** | **1,0** | **0,9** |
| *% sales* | *7,8%* | *6,1%* | *3,6%* | *2,2%* | *1,4%* | *2,8%* | *2,2%* | *2,0%* | *1,8%* | *1,6%* |
| **EBITA** | **3,5** | **10,7** | **27,3** | **50,8** | **74,4** | **21,2** | **28,1** | **28,1** | **28,0** | **28,0** |
| *% margin* | *13,3%* | *35,1%* | *58,6%* | *73,9%* | *76,1%* | *47,1%* | *53,5%* | *53,0%* | *52,4%* | *51,8%* |
| *% change* | | *208,4%* | *154,4%* | *85,9%* | *46,5%* | *-71,5%* | *32,2%* | *0,0%* | *0,0%* | *-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** | **3,5** | **10,7** | **27,3** | **50,8** | **74,4** | **21,2** | **28,1** | **28,1** | **28,0** | **28,0** |
| Depreciation & other provisions | 2,0 | 1,9 | 1,7 | 1,5 | 1,4 | 1,3 | 1,2 | 1,1 | 1,0 | 0,9 |
| *% sales* | *7,8%* | *6,1%* | *3,6%* | *2,2%* | *1,4%* | *2,8%* | *2,2%* | *2,0%* | *1,8%* | *1,6%* |
| **Gross Operating Cash Flow** | **5,5** | **12,6** | **29,0** | **52,3** | **75,8** | **22,5** | **29,2** | **29,1** | **29,0** | **28,9** |
| Capex | **6,6** | **-30,0** | **-15,0** | **-12,0** | **-13,0** | **-15,0** | **-10,0** | **-10,0** | **-10,0** | **-10,0** |
| *% sales* | *-25,1%* | *98,0%* | *32,2%* | *7,5%* | *7,3%* | *7,2%* | *7,2%* | *7,2%* | *7,2%* | *7,2%* |
| Change in Net Working Capital (-=increase;+=decrease) | 6,6 | -0,8 | -1,6 | -1,0 | -0,3 | -0,1 | -0,1 | -0,1 | -0,1 | -0,1 |
| **Cash Flow to be discounted** | **18,5** | **-17,2** | **12,7** | **39,41** | **62,57** | **7,44** | **19,16** | **19,05** | **18,94** | **18,83** |

| DCF EVALUATION (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| WACC | | 9,89% | 9,89% | 9,89% | 9,89% | 9,89% | 9,89% | 9,89% | 9,89% | 9,89% |
| Discount Rate factor | | 0,97 | 0,88 | 0,81 | 0,73 | 0,67 | 0,61 | 0,55 | 0,50 | 0,46 |
| Discounted Cash Flow | | -16,7 | 11,3 | 31,7 | 45,9 | 5,0 | 11,6 | 10,5 | 9,5 | 8,6 |
| **Cumulated DCF** | | **-16,7** | **-5,5** | **26,3** | **72,1** | **77,1** | **88,7** | **99,2** | **108,8** | **117,4** |

**WACC & DCF ANALYSIS**

| | | | | | |
|---|---|---|---|---|---|
| **Cost of Equity (Ke or COE)** | **11,11%** | **Cumulated DCF** | **117,4** | **- Net Financial Debt** | **(47,0)** |
| Cost of Debt (gross) | 5,0% | | | - Minorities (estimated value) | 1,1 |
| Debt tax rate | 0% | **Perpetual Growth Rate (g)** | **2,0%** | + Associates | 9,1 |
| **Cost of Debt net (Kd or COD)** | **5,00%** | Normalised Annual CF | 22,3 | - Pension underfunding | 0,0 |
| Target gearing (D/E) or % Kd | 20,0% | Terminal Value @ 12/yyyy | 283,4 | - Off-balance sheet commitments | 0,0 |
| % Ke | 80,0% | Disc. Rate of Terminal Value | 0,46 | | |
| **Normative Tax Rate** | **0%** | **Discounted Terminal Value** | **129,6** | **Equity Market Value (EUR m)** | **210,2** |
| | | | | Number of shares (m) | 5,0 |
| **WACC** | **9,89%** | Financial assets | - | **Fair Value per share (EUR)** | **41,72** |
| | | **Enterprise Value (EUR m)** | **247,0** | | |

*Source: ESN estimates*

## Sum of the parts valuation

In the table below, our sum of the parts is limited to the addition of the NPV of the value of the good achievement of the projects in portfolio, of which implicitly their financing, in addition to the current equity.

| Discount rate | 20% | |
|---|---|---|
| SOTP (EUR m) | | **per share** |
| NPV of portfolio | 111,8 | 22,2 |
| Equity | 101 | 20,1 |
| SOTP | 212,9 | **42,2** |
| | | |
| NPV of goodwill for new projects | 50,5 | 10,0 |
| SOTP (incl.goodwill) | 263,3 | 52,3 |

*Source: Degroof estimates*

The valuation of Atenor share is depending in particular from the timing of delivery of projects in portfolio and obviously to the associated level of capital gains.

Below we made two simulations about the sensitivity to those two variables.

| **Discount rate** | **10%** | **15%** | **20%** | **25%** |
|---|---|---|---|---|
| SOTP per share | 48,3 | 40,3 | **42,2** | 26,9 |

*Source: Degroof estimates*

| **Capital gain** | **342** | **454** | **504** | **554** |
|---|---|---|---|---|
| SOTP per share | 37,8 | 40,1 | **42,2** | 44,5 |

*Source: Degroof estimates*

## Upcoming Events Calendar

| Date | Event Type | Description | Period |
|---|---|---|---|
| 18/11/11 | Results | Q3 2011 Results | 2011Q3 |

*Source: AMI*

## Atenor: Summary tables

| PROFIT & LOSS (EURm) | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| **Gross Rental Income** | **0,5** | **0,8** | **0,8** | **0,2** | **1,5** | **0,3** |
| 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** | **0,5** | **0,8** | **0,8** | **0,2** | **1,5** | **0,3** |
| General Expenses | -6,5 | -6,7 | -6,0 | -5,9 | -6,0 | -6,1 |
| Net Other Income/(Costs) | 7,6 | -3,2 | 6,7 | -3,8 | 10,3 | 9,4 |
| **EBITDA** | **1,6** | **-9,1** | **1,5** | **-9,4** | **5,8** | **3,6** |
| **Portfolio Result** | **29,4** | **48,8** | **11,0** | **12,9** | **10,6** | **23,7** |
| *o/w Revaluation of Fair Value of Investment Properties* | *-3,9* | *-4,0* | *-1,3* | *-1,2* | *-1,9* | *-1,7* |
| *o/w Gain/Losses on Disposal of Investment Properties* | *33,3* | *52,8* | *12,3* | *14,1* | *12,5* | *25,4* |
| **Net Operating Profit before Finance Cost** | **31,0** | **39,7** | **12,6** | **3,5** | **16,4** | **27,3** |
| **Net Financial Result** | **3,2** | **-0,3** | **-1,6** | **-4,9** | **-3,2** | **-4,3** |
| *o/w Share of the profit of associates & dividend income* | *1,6* | *0,0* | *0,1* | *-0,4* | *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* | *1,6* | *-0,4* | *-1,7* | *-4,4* | *-3,2* | *-4,3* |
| **EBT** | **34,2** | **39,3** | **11,0** | **-1,4** | **13,3** | **23,1** |
| Tax | 2,2 | 1,8 | -3,7 | -0,3 | -1,6 | 0,0 |
| *o/w Deferred Taxes* | *0,0* | *0,0* | *0,0* | *0,0* | *0,0* | *0,0* |
| *o/w Real Taxes* | *2,2* | *1,8* | *-3,7* | *-0,3* | *-1,6* | *0,0* |
| *Tax rate* | *-6,5%* | *-4,6%* | *34,2%* | *-19,9%* | *12,1%* | *0,0%* |
| **Net Result (reported)** | **36,5** | **41,1** | **7,2** | **-1,7** | **11,7** | **23,1** |
| *o/w Minorities* | *1,1* | *-0,1* | *-0,1* | *-0,1* | *-0,1* | *-0,1* |
| *o/w Group Share* | *35,4* | *41,3* | *7,3* | *-1,6* | *9,2* | *23,1* |
| **Earnings adj.** | **35,4** | **41,3** | **7,3** | **-1,6** | **9,2** | **23,1** |
| Funds From Operations | 35,4 | 41,3 | 7,3 | -1,6 | 9,2 | 23,1 |

| CASH FLOW (EURm) | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| **Cash Flow from Operations after change in NWC** | **-20,4** | **-31,4** | **7,8** | **-7,2** | **-2,3** | **-2,2** |
| Interest Costs | -6,8 | -18,0 | 9,2 | 54,0 | -10,3 | -10,3 |
| Capex | 59,0 | -21,6 | -6,9 | 49,7 | -16,3 | 10,3 |
| **Free Cash Flow** | **31,8** | **-71,0** | **10,1** | **96,5** | **-28,8** | **-2,1** |
| Dividends | -6,0 | -12,9 | -12,8 | -13,3 | -10,1 | -10,1 |
| Other (incl. Capital Increase + change in cons. & share buy | 0,9 | 0,0 | 0,0 | -1,1 | 0,0 | 0,0 |
| **Change in Net Debt** | **26,6** | **-83,9** | **-2,7** | **82,1** | **-38,9** | **-12,2** |
| NOPLAT | 1,7 | -9,6 | 1,0 | -11,3 | 5,1 | 3,6 |

| BALANCE SHEET & OTHER ITEMS (EURm) | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| Investment Properties | 3,9 | 3,2 | 1,7 | 1,6 | 0,4 | 0,4 |
| Development Properties | 1,2 | 25,5 | 27,1 | 27,5 | 23,9 | 22,2 |
| Deferred Tax Assets | 8,6 | 10,5 | 10,5 | 10,5 | 8,1 | 5,6 |
| Other Non Current Assets | 42,4 | 7,2 | 22,1 | 23,9 | 25,3 | 25,3 |
| Cash & Cash equivalents | 75,5 | 37,3 | 2,5 | 2,7 | 46,2 | 44,0 |
| Other current assets | 107 | 155 | 176 | 204 | 189 | 205 |
| **Total Assets** | **239** | **239** | **240** | **270** | **292** | **303** |
| Shareholders Equity | 103 | 126 | 118 | 101 | 100 | 113 |
| Minorities Equity | 0,1 | -0,4 | -0,6 | -0,6 | -0,6 | -0,7 |
| Non Current Financial Debt | 27,0 | 8,9 | 31,0 | 99,7 | 99,7 | 99,7 |
| Deferred Tax Liabilities | 9,7 | 12,6 | 12,8 | 13,0 | 9,7 | 6,5 |
| Other Non Current Liabilities | 2,5 | 3,2 | 2,7 | 1,4 | 43,7 | 44,5 |
| Current Financial Debt | 24,7 | 58,1 | 56,1 | 22,8 | 22,8 | 22,8 |
| Other Current Liabilities | 72,0 | 30,4 | 19,8 | 32,7 | 17,0 | 17,1 |
| **Total Equity & Liabilities** | **239,0** | **238,7** | **239,6** | **270,1** | **292,4** | **302,8** |

| GROWTH & MARGINS | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| *Rental Income Growth* | *-83,8%* | *51,1%* | *0,9%* | *-74,9%* | *622,1%* | *-77,3%* |
| *EBITDA growth* | *14,0%* | *-chg* | *+chg* | *-chg* | *+chg* | *-37,2%* |
| *Net Result Group Share Growth* | *159,9%* | *16,6%* | *-82,3%* | *-chg* | *+chg* | *150,5%* |
| *Earnings adj. growth* | *159,9%* | *16,6%* | *-82,3%* | *-chg* | *+chg* | *150,5%* |
| *EPS growth* | *183,5%* | *12,8%* | *-82,5%* | *-chg* | *+chg* | *97,9%* |
| *EPS adj. growth* | *159,9%* | *16,6%* | *-82,3%* | *-chg* | *+chg* | *150,5%* |
| *DPS adj. growth* | *100,0%* | *0,0%* | *0,0%* | *-23,1%* | *0,0%* | *5,0%* |
| *Operating Margin* | *306,5%* | *-1150,1%* | *187,9%* | *-4693,0%* | *397,7%* | *1097,7%* |

## Atenor: Summary tables

| RATIOS | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| Net Debt/Equity | -0,4 | 0,2 | 0,6 | 0,5 | 0,8 | 0,7 |
| Net Debt/EBITDA | -26,5 | -3,1 | 47,4 | -5,0 | 13,1 | 21,5 |
| Interest cover (EBITDA/Fin.interest) | -1,0 | -25,7 | 0,9 | -2,1 | 1,8 | 0,9 |
| Total Debt/Total Assets | 56,9% | 47,4% | 51,1% | 62,8% | 66,0% | 62,9% |
| LTV | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Cash Flow from Operations/Capex | 0,3 | -1,5 | 1,1 | 0,1 | -0,1 | 0,2 |
| ROE | 34,4% | 32,9% | 6,2% | -1,6% | 9,3% | 20,6% |
| ROCE | 20,4% | 22,9% | 6,3% | 1,6% | 6,2% | 12,0% |
| WACC | 9,9% | 9,9% | 9,9% | 9,9% | 9,9% | 9,9% |
| ROCE/WACC | 2,1 | 2,3 | 0,6 | 0,2 | 0,6 | 1,2 |
| Payout ratio | 35,9% | 31,8% | 181,9% | nm | 86,5% | 45,9% |

| PER SHARE DATA (EUR)** | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| Average diluted number of shares | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 |
| Diluted Number of shares end of period | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 |
| EPS (reported) | 7,2 | 8,2 | 1,4 | -0,3 | 2,3 | 4,6 |
| EPS (adj.) | 7,0 | 8,2 | 1,5 | -0,3 | 1,8 | 4,6 |
| DPS | 2,6 | 2,6 | 2,6 | 2,0 | 2,0 | 2,1 |
| IFRS NAV | 20,4 | 25,0 | 23,4 | 20,1 | 19,9 | 22,4 |
| EPRA NAV | 20,7 | 25,7 | 24,2 | 20,8 | 20,4 | 22,8 |
| EPRA NNNAV | 20,5 | 25,2 | 23,6 | 20,3 | 20,0 | 22,5 |

| PORTFOLIO KEY FIGURES | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| Occupancy Rate | | | | | | |
| Portfolio Yield | | | | | | |
| Portfolio Yield on Full Occupancy | | | | | | |
| Average length of leases (end of contract) | | | | | | |
| Average length of leases (first break) | | | | | | |

| VALUATION | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| Premium/(discount) to NAV | 102,1% | 52,1% | 51,4% | 67,2% | 51,0% | 33,8% |
| Premium/(discount) to EPRA NAV | 99,4% | 47,8% | 46,1% | 61,2% | 46,7% | 31,3% |
| P/E (adj.) | 5,9 | 4,6 | 24,4 | nm | 16,4 | 6,5 |
| EV/Earnings adj. | 4,7 | 5,3 | 34,1 | -135 | 24,5 | 9,9 |
| EV/EBITDA | 103 | -24,0 | 165 | -22,8 | 39,2 | 63,0 |

| EV AND MKT CAP (EURm) | 12/2007 | 12/2008 | 12/2009 | 12/2010 | 12/2011e | 12/2012e |
|---|---|---|---|---|---|---|
| Price* (EUR) | 41,3 | 38,0 | 35,4 | 33,5 | 30,0 | 30,0 |
| Outstanding number of shares for main stock | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 |
| **Total Market Cap** | **208** | **191** | **178** | **169** | **151** | **151** |
| Net Debt | -42,7 | 28,2 | 71,5 | 47,0 | 75,8 | 78,0 |
| *o/w Cash & Marketable Securities* | *-94,4* | *-38,8* | *-15,6* | *-75,5* | *-46,7* | *-44,5* |
| *o/w Gross Debt (+)* | *51,7* | *67,0* | *87,2* | *122,5* | *122,5* | *122,5* |
| Other EV components | 0,1 | -0,4 | -0,6 | -0,6 | -0,6 | -0,7 |
| **Enterprise Value (EV adj.)** | **165,4** | **219,2** | **249,2** | **215,4** | **226,3** | **228,3** |

**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 and more recently in Romania and Hungary. It focuses on prime locations and aims at further enlarging the number of projects under developemnt, 10 nowadays.

# 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**.

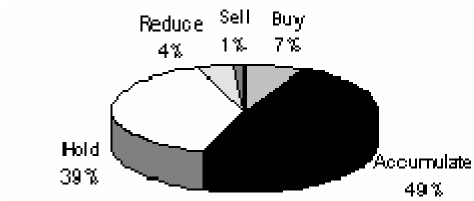
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold**: the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce**: the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell**: the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended**: the rating is suspended due to 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 or to a change of analyst covering the stock
- **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

**Bank Degroof Ratings Breakdown**

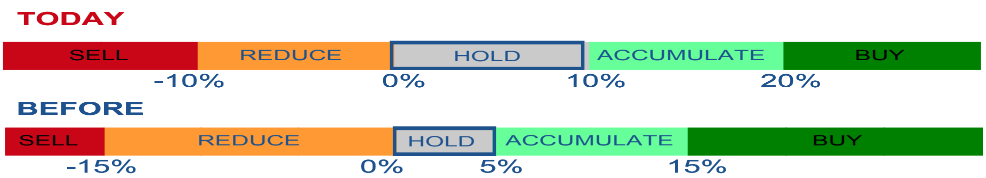



**History of ESN Recommendation System**

**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.

**Since 4 August 2008**, the ESN Rec. System has been amended as follow.

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



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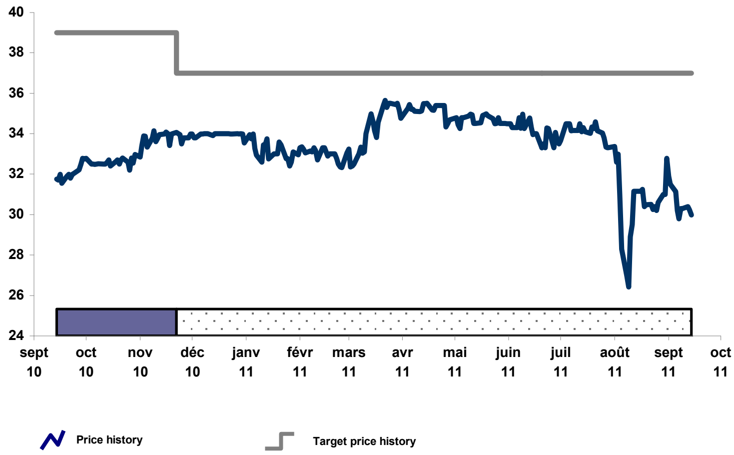
** authorised agent*

**Mail: firstname.lastname@degroof.be**

**Recommendation history for ATENOR**

| Date | Recommendation | Target price | Price at change date |
|---|---|---|---|
| 15-sept-11 | Accumulate | 37,00 | 29,99 |
| 22-nov-10 | Hold | 37,00 | 34,07 |
| 1-sept-10 | Accumulate | 39,00 | 32,62 |
| 1-juil-10 | Accumulate | 40,00 | 33,40 |
| 30-juin-10 | Hold | 40,00 | 33,01 |
| 1-sept-09 | Hold | 42,00 | 37,51 |
| 27-août-09 | Accumulate | 43,00 | 37,70 |
| 23-janv-09 | Accumulate | 45,00 | 37,74 |

*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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**Bank Degroof holds a significant stake in:**
Fountain and Proximedia.

**Bois Sauvage holds a significant stake in Bank Degroof**

**Bank Degroof board members and employees hold mandates in the following listed companies:**
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