

2 October 2012

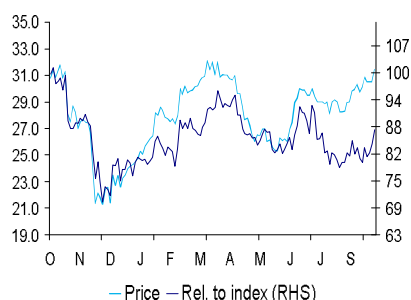
ATENOR

Shifting up to top gear

REAL ESTATE INVESTMENT & SERVICES
BELGIUM

CURRENT PRICE €31.45
TARGET PRICE €35.00

ACCUMULATE
RATING UPGRADED



Source: Thomson Reuters Datastream

Bloomberg	ATEB.BB
Reuters	ATEO.BR
www.atenor.be	
Market Cap	€158.5m
Shares outst.	5.0m
Volume (daily)	€57,018
Free float	50.7%

Next corporate event

Results 3Q12: 15 November 2012

(€ m)	2011	2012E	2013E
Current Result			
Portf. Result			
Net Profit	11.3	10.2	14.9
Adj. EPS (€)	2.25	2.03	2.96
NAV (€)	19.5	19.5	20.4
P/E (x)	14.0	15.5	10.6
DPS (€)	2.00	2.00	2.10
Dividend yield	6.4%	6.4%	6.7%

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Today, we will publish a company note on Atenor. After overhauling our model, we have upgraded our rating from Hold to Accumulate and increased our target price to €35 from €34.

Following a transition period, Atenor is back on track with a development pipeline that has never been fuller, including 12 projects representing a total surface of 630k m². We expect these projects to generate €218m of capital gains over the coming years. Hence, we estimate that the dividend will increase by 25% to €2.52 p.s. by 2014. Accumulate rating.

Development pipeline at its peak:

After the previous cycle ending in 2008 and a transition period from 2009-2011, Atenor has built up a development pipeline of more than 600k m² including some highly profitable projects. We expect the company to reap a rich harvest in 2014-2015 with an estimated total capital gain of €218m, which corresponds to an average gain of €374 per m². This is slightly below the historical range (€400-€500 per m²), but results from the incorporated discount related to the uncertainty in Hungary and Romania.

Urban strategy:

Historically, the company was focused on offices, but it has lately also been developing residential properties and mixed urban development sites such as City Docks and the project in Mons.

Boom years ahead:

After refuelling in the 2009-2011 period, Atenor is gaining momentum in 2012 and 2013 and should reach top gear by 2014. The success of the UP-site project is therefore significant, while we expect Atenor's results in the coming years to be further coloured by lucrative projects like Trebel and les Brasseries de Neudorf. We therefore expect the company to increase its dividend by 25% to €2.52 p.s. by 2014.

Valuation:

We have upgraded our rating from Hold to Accumulate and increased our target price to €35 from €34. Based on the metrics (€38 theoretical fair value, flawless track record, solid relationships with authorities and promising development portfolio), Atenor would normally deserve a Buy, but we feel that the legal case regarding the liquidity companies justifies a more cautious Accumulate rating. However, we see additional TP potential in earlier-than-expected project disposals, clarity on the company's financing in the development phase and a positive outcome in the liquidity companies case.