

**KBCS: Atenor:(BUY, € 37 TP): Feedback analyst meeting: positive sentiment confirmed**

**COMPANY:** Atenor

**Recommendation:** BUY

**Current Price:** € 32.3

**Target Price:** € 37.0

Detailed comments:

**Sentiment was clearly positive at the analyst meeting.** Management observed a significant positive change in the market, reflected on its portfolio, over the past six months. This is in steep contrast with the poor guidance, provided in March, stating that FY13 would become a new transition year.

UPsite contributed € 6.1m to the result. This contribution was mainly driven by the sales of the Tour apartments (already 60% of total), representing € 2.4m, while the Terrace apartments and B2 office building contributed € 1.9m and € 1.8m respectively. Furthermore, the strong interest for apartments in this project is still enhancing with a record of 150 visits in June and July, resulting in 30 sales. Mgmt expects this positive progression to maintain, supported by a new model apartment at the 25<sup>th</sup> floor (Jan FY14e).

The largest contributions came from the Trebel project, for which Atenor received its permit in April, unlocking a € 35m interim payment of the European Parliament, but also enabling the company to book a strong positive value creation of 35% corresponding to € 15.2m. Furthermore, the investments enabled the adjustment of the DTA for an amount of € 2.8m. Going forward, mgmt expects an exponential evolution in value by FY16.

Other projects contributed only limitedly to the result. Of these projects, we especially would like to draw attention to the project in Namur: Port du Bon Dieu. Phase I of this project was launched resulting in the first 34% of sales. However, an acceleration of the result is expected as sales progress. For the same reasons, we also expect only small contributions of the project les Brasseries de Neudorf in Luxemburg in FY13.

Mgmt provided also its positive stance on the projects in Budapest and Bucharest. In Hungary, the economic situation seems to recover and Atenor is the only constructor active in the market. Hence, phase I (17k m<sup>2</sup>) of Vaci Greens has reached 60% of occupancy, mostly 6-year contracts. As of 80% the sales process could be launched. But more importantly, as attracting the first tenants is the most difficult, acceleration can be expected. After full occupancy of this first phase, Atenor expects to find more easily tenants for the other phases. The same situation applies to Hermes Business Park, with that difference that this latter project is in a more premature phase.

**Conclusion:**

For the remainder of FY13, management expects meagre results. Hence, we lower our FY13 expectations from € 11.1m to € 10.4m, mainly as a result of lower expectations for the Brasseries de Neudorf project. However, we reiterate our positive stance on the company. The portfolio is clearly attaining a more mature stage after some years of uncertainty. Furthermore, the shift in 1H13 signals more positive progression in 2H13, while FY14 will be coloured by contributions of the projects: UPsite, Trebel, Port Du Bon Dieu, Brasseries de Neudorf, Mons, Ath and the newly acquired project Air in Luxemburg (former ING site). After attending this meeting, we feel strong support for our BUY rating and € 37 target price. Going forward, we feel that the company's strong expected performance could trigger cautious growth in the DPS in addition to the positive expected market return.

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