



## Hold

Recommendation unchanged

**Share price: EUR 39.75**

closing price as of 12/05/2014

**Target price: EUR 40.00**

from Target Price: EUR **39.00**

Reuters/Bloomberg

ATEO.BR/ATEB.BB

Daily avg. no. trad. sh. 12 mth	1,735
Daily avg. trad. vol. 12 mth (m)	68.68
Price high 12 mth (EUR)	41.16
Price low 12 mth (EUR)	30.11
Abs. perf. 1 mth	0.8%
Abs. perf. 3 mth	12.6%
Abs. perf. 12 mth	24.3%

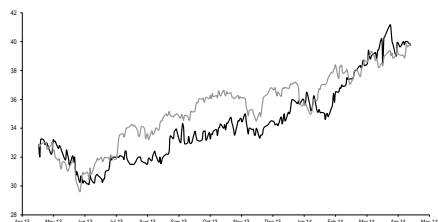
Market capitalisation (EURm)	202
Current N° of shares (m)	5
Free float	48%

Key financials (EUR)	12/13	12/14e	12/15e
Gross Rental Income (m)	0	0	0
EBITDA (m)	24	5	1
EBITDA margin	17381.6%	nm	nm
Portfolio Result (m)	0	16	35
Net Financial Result	(6)	(5)	(5)
Net Profit (adj.)(m)	12	13	28
Funds From Operations	12.03	13.03	28.06
EPS (adj.)	2.36	2.56	5.51
DPS	2.00	2.06	2.12
IFRS NAVPS	20.57	21.08	24.48
EPRA NAVPS	20.56	19.08	22.48
Premium/(Discount)	66.5%	88.6%	62.4%
Earnings adj. yield	5.9%	6.4%	13.9%
Dividend yield	5.0%	5.2%	5.3%
EV/EBITDA	14.8	77.8	372.2
P/E (adj.)	14.5	15.5	7.2
Int. cover(EBITDA/Fin.int)	4.5	0.9	0.2
Net debt/(cash) (m)	175	175	172

## Diver(c)ity and peak of projects

The FY 2013 results were encouraging and in the continuation of the good surprises disclosed by the release of the 1H figures. 1Q2014 trading update confirmed the tendency. Atenor underlined the good visibility on its earnings estimates for 2014 and beyond. This good visibility is supported for 2014 by the sale in April of the latest of the four office buildings of the UP-site project on top of progress in the marketing of both office and residential projects. Atenor anticipates that 2014 results will be close to the figures achieved in 2013.

- ✓ The current good visibility of earnings is made of a peak a diversified number of projects in portfolio. Despite a more challenging economic environment since 2008, the business model of Atenor has not been deeply affected. Moreover the company has made good progress in some ambitious developments (ex. UP-site residential tower) while it also entered in some opportunistic developments (e.g. in residential in peripheral countries like Mons and Ath) that contributed to smoothen the earnings generation.
  - ✓ Atenor has targeted three sales for FY14e: in the UP-site (residential part: additional sales on top of the 70% booked in the tower and the 80% booked in the Terrasses offices: the last of the four buildings has been sold in April), the AIR building in Luxembourg (pre-let, waiting for permit) and one building in Hungary (100% let).
  - ✓ Atenor has been active in real estate development since 1991 and decided to become a pure player in this field since 2005. The first projects were offices in Belgium, but gradually it has moved towards residential and more recently to larger mixed projects, not only made of offices and residential, but also with several other segments (retail, nurseries and other utilities) that fit with new urbanisation plans. This is the case in Belgium and also to some extent in Luxembourg where the group has been active since 2000. Its geographical expansion, that is expected to remain limited to Bucharest and Budapest, only consist of two office area with in total 8 buildings. The 12 projects in portfolio total some 615,000sqm.
- Atenor pursues a cautious dividend policy in order to tackle the economic cycles and the development profile of projects of different nature, location or timing. Since FY 2013, it also has given the opportunity to receive new shares in exchange of dividend rights. The current 5.2% dividend yield is attractive.
- ✓ **Valuation:** On the basis of a Net Asset Value and Discounted Free Cash Flow computation, we adjust upwards our target price from EUR 39 to EUR 40 per share.



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

For company description please see summary table footnote

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## Investment Case

Due to the life cycle of project developments, the earnings profile of **pure real estate developers** like Atenor can offer some ups and downs. 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. To some extent one may argue that the number and the length of the projects under development may alleviate this issue.

Atenor has a strong **track record** of more than 20 years in real estate developments. With a productivity of the workforce (today 43 people) of 14,000sqm per employee, the company is largely focused on the management of the current projects in portfolio, with the ultimate aim to find buyers and obviously to generate profits, while preparing the future by being in search of additional projects.

Over the last few years, the company has been moving towards some bigger and more innovative or audacious projects without putting aside typical and opportunistic developments in Belgium bolstered by the local anchorage. As examples: The Up-Site project (residential tower and four buildings (=“Terrasses”) and office buildings, cf more detailed description below) or City Docks in Brussels.

**Atenor targets** IRR's of at least 15% for its projects on the back of capital gains of at least EUR350 to 450/sqm on an average, of which the residential segment is typically at the lower side.

Atenor has now **12 projects** under development totalling somewhat more than 615,000sqm of which 8 at diverse locations in Belgium in Brussels, 2 in Luxembourg, 1 in Budapest (Hungary) and 1 in Bucharest (Romania). Most of these projects are in an early stage of development, which means that the profile of profit generation will be higher from 2016 onwards. It is noteworthy that the development in course only represent a limited risk while the developments may be implemented in stages, in order to reduce those risks. For example, a project may be made of several buildings of which the timing for development will depend on several factors of which we retain the relative scarcity or the potential demand in the market.

Considering the lasting timeframe for making large office developments (ex Victor and Europa that have moved very gradually to more mixed ones), Atenor will not neglect more easily manageable projects, making possible higher rotation rates even at the expense of lower potential capital gains, but without affecting deeply the IRRs.(e.g. the residential projects in Ath and Mons). The more complex projects like Europa may last over longer periods but also their higher potential capital gains are linked to purchases that are made early enough on strategic locations and areas offering high potential for developments. For example, the Europa project which will probably means a development of some 38,000sqm, was made possible on the basis of an acquisition of 17,000sqm.

### Past results

After strong 2007 and 2008 years, bolstered up by the impact of some major projects (e.g. President in Luxembourg), of which profit could not been spread over the following years, 2009 and 2010 as a result appeared weaker. 2011 and the following should be seen as transitional years before returning gradually to new highs from FY 2016 onwards thanks to the delivery of projects currently in portfolio.

More precisely, with for EUR 36.5m and EUR 41.1m profit for respectively FY 2007 and 2008, the bottom line emerged fell slightly in the red at EUR -1.6m, coming from a positive figures of EUR 7.3 m in 2009.

For FY 2011, net consolidated profit emerged at EUR 11.3m mainly thanks to the sale of Media Gardens to Aedifica in addition to the sale of one of the offices buildings (B4, 6,300sqm) of the UP-site to Ethias. Both transactions had delivered capital gains exceeding the target of EUR 500/sqm, respectively EUR 520/sqm (to about EUR 570/sqm considering incentives) for Media Gardens and EUR 1,111/sqm for the office building B4 in Up Site.

For FY 2012, net profit emerged at EUR 9.5m (EPS EUR 1.88) in line with market expectations while for FY 2013, it was EUR 12.0m, ahead of guidance and expectations.

**FY 2013 figures were ahead of expectations.** Net profit emerged at EUR 12.03m. Trebel and Up-site just behind were the two main contributors to these earnings. Both project had surpassed expectations already by the release of 1H figures. While it had been guided that their contribution during 2H would be lower, it was however higher than anticipated. The release of the figures contained also encouraging news for Port du Bon-Dieu in Namur, as well as from Budapest and Bucharest.

The release of these figures on March 3 explains the continuation of the rally of the stock (EUR 36.50 at the release of the FY2013 earnings) coming from a deep hovering at EUR 31 in Mid 2013, when good and encouraging 1H2013 figures had been released. These latter ones were built on a contribution earlier than anticipated of the Trebel building (contribution to EBIT EUR 15.2m) on top of signs that the risks about the UP-site residential tower project were reducing heavily. Indeed, the presale rates (mainly closed sales included) recorded in the apartments buildings of the UP-site project: for the 140m tower was 60% and for the more classical "Terraces" buildings it was 55%.

In a nutshell:

- Trebel: Works in progress made possible a contribution of EUR 16.4m.
- UP-site: the delivery of the B2 offices to PMV (leased to GO) took place in August 2013. Over 70% of the 357 apartments in the tower have been sold or reserved compared to 60% at the end of 1H.
- Port du Bon-Dieu: presales reach 40% compared to 14% of reservations at the end of 1H.
- Budapest: the first building of 17,362sqm is totally leased to strong international names of which GE and the start of the second of the five buildings has started on the back of similar interests.
- Bucharest: 35% pre-let.

**1Q2014 trading update** released on April 25 **confirmed** the positive news released over the last few months and by the release of the FY2013 figures.

Atenor underlined the good visibility on its earnings estimates for 2014 and beyond. This good visibility is supported for 2014 by the recent sale of the latest of the four office buildings of the UP-site project on top of progress in the marketing of both office and residential projects.

Atenor anticipates that 2014 results will be close to the figures achieved in 2013.

As expected, an optional dividend has been proposed on the basis of an Atenor reference share price of EUR 31.5, well below current levels, achieved after a strong rally of the share price. As a reminder, we earlier estimated that this rally was justified by the peak number of projects in portfolio (12+ an hotel to be sold) offering good, if not to say, better progress than anticipated in the past, while being largely diversified from a geographical and segmentation breakdown.

As new issue, we only isolated that Atenor has already obtained a permit for a second building in Mons (Au Fil des Grands Prés).

Lastly, Atenor reminded the three pending litigations in course regarding the "liquidity companies" and reiterated its confidence of having its good faith recognized in all the cases.

In our opinion a positive issue in an almost similar litigation regarding another Belgian REIT supports this view.

## Outlook

It is not very surprising that Atenor, as a pure developer, remained cautious about its guidance for FY 2014.

Already earlier in 2013, Atenor had kept this view considering the **diversity of its earnings sources**, in terms of specificities and timing of several projects. In order to capture the value creation and the valuation of Atenor share, it is crucial to assume a profile of capital gains generation, taking into account that the precise materialisation project by project may differ somewhat. This explains to some extent the rather cautious dividend policy of the company made of gradual increases and/or stabilization.

Atenor has set three targets for Financial year 2014:

- Sale of the remaining assets in the UP-site project: for the residential part: additional sales on top of the 70% booked in the tower and the 75% booked in the Terrasses. For the offices: the last of the fourth buildings has been sold in April
- Sale of the AIR building in Luxembourg (pre-let, waiting for permit)
- Sale of a building in Hungary (100% let)

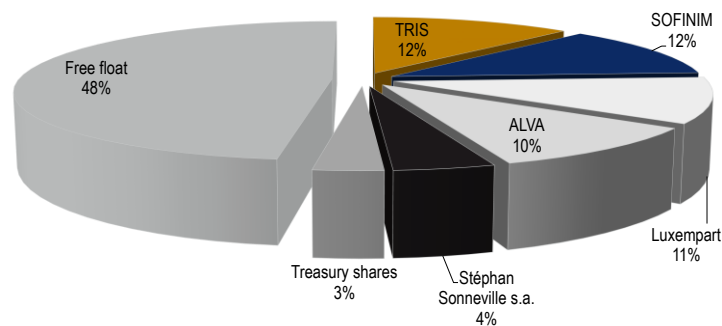
Considering the progress of the projects, we may anticipate **some announcements** of new projects in 2015 while not excluding some announcements already during 2014.

Besides, having in mind that the bulk of the financial debt is made of two bonds both with a maturity of 5 years totalling EUR 135m of which one (EUR 75m) is maturing in January 2015 while the other one (EUR 60m) is maturing in October 2017, it would make sense to consider substitutes at least for the first bond. On top of the approaching maturity, the current low interest rate environment coming on top of a peak number of projects in portfolio creates a favourable climate.

## SWOT

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>▪ Extensive know-how in real estate development particularly in large office complexes</li> <li>▪ Major actor in the Belgian and Luxembourg market</li> <li>▪ Modest taxation level thanks to tax losses carry forwards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Timing of results</li> <li>▪ Limited scope of increase of the current number of projects in the pipeline</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>▪ Anti-cyclical investment enhanced by weak economic environment</li> <li>▪ Move towards sustainable investments in real estate</li> <li>▪ Diversification in other geographic areas and in residential real estate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lasting of weak economic environment</li> <li>▪ Delays of permit delivery and construction</li> <li>▪ Creation of added value from the project in Bucharest and the other one in Budapest.</li> </ul>

## Shareholding structure



Source: company data

In 2011, the shareholders of which the Stéphan Sonneville s.a. (represented by the CEO) have renewed for 5 years the agreement that started in 2006.



## Company profile

Atenor is **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 in 2005.

The company has gradually focused on bigger, more innovative or audacious projects, mainly offices but also residential in Belgium, offices in Luxembourg, one project in Budapest (Hungary) and one project in Bucharest (Romania), all this putting aside typical and opportunistic developments in Belgium bolstered by the local anchorage. Considering the economic crisis, Atenor has taken its time to develop these projects but remains confident in their achievement because of encouraging take-up signs.

We believe that office development will remain the common denominator of Atenor future projects, in contrast with pure residential developments.

**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. In particular in the centre of towns like Brussels, part of the creation of added value is linked to the higher density of the projects compared to the initial assets purchased.

The **projects, 12** (+ an hotel close to the Midi station in Brussels being the balance of the sold South City project) for a total of 615,000 sqm are historically focused on Brussels and offices. Atenor has an opportunistic approach which explains that the business and geographical segmentation has varied over the years. Nowadays, the share of offices reaches 52% on top of 41% in residential and 7% in retail.

With the current workforce, the company has the capacity to manage the development of 12 to 15 projects. It's noteworthy that the productivity, measured in sqm per Atenor employee has more than doubled over a decade to reach 14,300 nowadays.

## Portfolio in Belgium

### The home market

Brussels, which is the third largest office market in Europe, has the reputation of being relatively more stable for real estate prices 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, including the European Union 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 on 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 11.1%, although it has declined somewhat over the last year. In the periphery of Brussels, market vacancy even amounts to around 20%. However, the latter number is distorted by office buildings of bad quality who will probably not receive a second life in offices and at best benefit from reconversion.

## Brussels

### UP-site

Big  
High  
Mixed  
Innovative

UP-site (80,000sqm) is located into the North Space 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 project consist of a 140m residential high tower and classical apartment buildings (= "Les Terrasses") both representing 48,435 sqm in addition to four office buildings (29,615sqm) on top of some retail (1,650sqm).

The residential tower is by far the highest residential tower in Brussels.

This project was obviously an audacious and big one considering the residential tower, the first one in Brussels, and the setting up of offices in an area which are not in the CBD but however close to the Brussels North railway station, underground and large bus station.

The attractiveness of this geographical area (transport, future town park, ...) will be improved thanks to public investments. However it's noteworthy that this development was a challenge considering that mixity (of office residential and retail) has to be created from nihil, especially in this part of Brussels. However the site is close to a major railway station, underground and other public transportation facilities, and coming on top of obsolete and insecure residential areas.

70% of the apartments in the tower are booked (=prelet and reservation) while it is 80% for "Les Terrasses". The latest of the four office buildings has been sold in the course of April, however under a due diligence that will end in July.

The building permit has been delivered in June 2010 and first steps of construction have started at that time. Completion of the tower is expected in June of this year.

As far as the office buildings are concerned, the four office buildings have already found buyers. More precisely:

- In 2008 already, one building (B3) of 6,288sqm (+ 400sqm archives and 63 parkings) had been pre-sold to UNIZO and SVMB, which as a pioneer in a difficult market explains the lower but still satisfying profit of EUR 2.56m, meaning a capital gain of EUR 408/sqm.



- At the end of 2011, a second building (B4) of 6,300sqm (+1,460sqm for IT rooms) has been sold to Ethias delivering a profit of EUR 7.9m, of which a final part of EUR2.7m in 1H 2012, or EUR 1,111 per sqm. 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.
- At the end of June 2013, a third building (B2, 6,189sqm) was sold to PMV (Participatie Maatschappij Vlaanderen NV).
- In April of this year, Atenor announced the sale of the B1 building (10,000sqm of offices, 645sqm of archives and 50 parking areas). For an undisclosed amount considering due diligence in course until July.

## Europa

In the European district

Europa will be developed on the location of the former Crowne Plaza hotel (17,000sqm) in the very heart of the Brussels' European district. The construction of the new development implies the demolition of the hotel (still to take place). The Crowne Plaza had already been closed taking into consideration the opening of a new large hotel at proximity.

Several issues

In 2005, Atenor purchased NV Brussels Europa which owned the property and also operated the hotel. It was expected that this project would take long time considering that asbestos had to be removed while discussions with the public authorities have led to different options of which in any case an outcome made of a larger number of sqm to be developed than initially bought, which is a typical example of creation of added value. Taking into consideration the RRUZ (= Regional Zoned Planned Regulation), the size of the project has been revised downwards (29,000sqm of offices) in addition to a larger number of residential units (to be determined, we assume some 10,000sqm).

All in all, the value creation is made on a pretty doubling of the number of sqm to be developed.

The construction may at best start in the second half of **2014** (preceded by the demolition of the hotel for which a permit application has already been filed) so that the contribution to profit is expected to be spread over **2015 - 17**.

The extreme good location is the main trump of this project whose process has lasted much more than anticipated.

## 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).

In November 2007, Atenor had acquired a 2,300 sqm plot of land, which in several steps was extended to a total land area of 9,500sqm shared, on a 50/50 basis with CFE.

We were initially expecting the introduction of the permit application in 4Q10 for delivery in 4Q11 but, considering that this project is conditional to a larger urban redeployment, it was finally introduced during 1H11 and is still not obtained. The permitting procedure was put on hold awaiting the completion of the "Midi" district master plan. An incidence study has been done and we expect the conclusions in the near future. We bank on a somewhat smaller project (about 100,000sqm versus 110,000sqm) with higher proportion of residential versus initial plans. We may expect some clarification after the Belgian legislative votes at the end of May.

above expectations

## Trebel

In November 2010, Atenor announced that it had signed an agreement for the acquisition of a building of 17,000 sqm (in rue de Trèves), built on a plot of more than 4,000sqm, which earlier were the headquarters of the formerly financial institution BACOB (bought by Dexia) and was built in the seventies.

The only trump of this building was its location in the European district. The existing building of 17,000 sqm has been demolished and the construction of a new building of 29,766sqm is ongoing.

Atenor has concluded a preliminary sales agreement with the European Parliament. The new building is sold to the European Parliament. We anticipate a capital gain exceeding by far the average targets. Besides the financing was facilitated as the payment for the purchase of the ground only occurred in steps, while the European Parliament already paid an advance.

Atenor disclosed that the bulk of the cash will only be received upon the delivery of the building expected at the end of 2016, which following IFRS rules differs from the accounting of the results that are recorded as construction proceeds. This project was the first main contributor to the 2013 results.

## City Docks

In March 2011, Atenor bought industrial building on 5.4ha plot of land in Brussels (Anderlecht municipality), adjacent to the Willebroek canal.

The plot had to be cleaned up by the previous occupier. Considering the large size of this plot of land Atenor aims at redeveloping it into a new urbanistic area which may exceed 125,000sqm. It carried out a general discussion in order to create real social and urban cohesion within a multifunctional block (residences, commercial spaces, workshops, school, day care centre, integrated business services, rest home, polyclinic, sports facilities, hotel, restaurant, catering establishment, etc.),

Taking into consideration that a new Regional Land Assignment Plan (PRAS) has been approved recently, of which an area for enterprises in an urban environment (Zemu), Atenor will submit an initial permit in the near future for the construction of residential units, "middle class" offices (having identified demands) and a nursery home.



## Namur

### Residential

This is a 18,225 sqm project of residential premises located in Namur, the only one alongside the river Meuse in a previous 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 six years because of changing positions of local public representatives.

The commercialisation of 46 apartments (on 142 units, first phase on three) started in April 2013 so that the presales rate now reaches 50%.

## Mons

### Residential

Atenor won a tender concerning the development of about 20,000sqm of residential units on two plots of land totalling 7.2ha in Mons.

The plots are located near public facilities, commercial and cultural functions (of which the shopping gallery “Les Grands Prés” and a future Ikea) and the new railway station (designed by Calatrava). The project is named “**Au Fil des Grands Prés**”

Atenor has obtained a permit for the construction of a block of 78 apartments (7,500sqm), which is the first phase on a total project of 70,000sqm and during 1Q 2014 another one for 4 other blocks totalling 134 dwellings.

A reviewed Municipal Town Planning (Plan Communal d’Aménagement) is under discussion on the basis of which, continued development may be based.

This project is considered as an opportunistic one, reflecting a higher rotation rate between the start and the delivery of the different phases of the project. It implies that Atenor will succeed to achieve IRRs of at least 15% but also we anticipate capital gains below Atenor traditional standards of at least EUR 350 to 450 per sqm. We expect this project to contribute to Atenor’s earnings over the period 2015 – 2020.

This project and the following one are part of the rotation capital projects belonging to the ongoing portfolio of development.

## Ath

### Recent Residential again

The company has won a tender to acquire a 19,711sqm plot of land in the small city of Ath. The aim is to develop a residential project, named “**La Sucrerie**” in order to manage the consequences of the strong demographic growth seen in Belgium of which in Brussels in particular since a decade now.

Atenor will develop a complex of 19,578sqm with 178 apartments.

It is located next to the train station in a serene area. We expect this more plain vanilla development to contribute to earnings in the period 2015/19 on the back of capital gain levels below Atenor traditional standards. Besides, the contribution to Atenor earnings is now spread over a longer period than originally anticipated, reflecting a weakening of the Belgian residential activity.



## Luxembourg city

### Les Brasseries de Neudorf

After the huge capital gain achieved on the office building President (Kirchberg), Atenor acquired in September 2011 an industrial site (former Brewery Henri Funck) with a ground area of 7,600sqm in Luxembourg city. The subsidiary of Atenor will develop a complex of residential units (87 apartments) and some commercial spaces totalling 11,400sqm.

The site is rather close to the modern Kirchberg office area. It is well served by public transport and is part of an urban revitalization in this area of the city (Neudorf).

The works were expected to start in 2H 2013 but because of a delay with a Special Planning Permission (PAP), which is now expected to be granted before the end of June, the construction is now expected to start during 2H2014.

The pre-sales reaches already 60%. We expect the contribution to results to be spread over 2014/15/16.

### Air

The company acquired the building "Cloche d'Or" of ING Luxembourg in the middle of 2013. This building of 1992 on a plot of 6,772sqm, currently has 6,500sqm of offices and four car park levels in the basement. The building will be deeply renovated, with works starting during 1H2014, and expanded to around 10,000sqm, in accordance with local regulations. Atenor has already found a new tenant, which is BDO Luxembourg, one of the largest accounting, auditing and consulting firms in Luxembourg.

We anticipate a contribution to earnings spread over 2014 to mid 2016.

## Central Europe

Because of the economic crisis that started shortly after the landmark acquisitions in Central Europe, the two projects of Atenor in this geographical area (Bucharest and Budapest) have shown delays. The projects in course are developed in phases, while the contribution to earnings is expected to emerge at long term and well below Atenor's standards.

### Bucharest

The project "**Hermes Business Campus**" is a 1 hectare plot of land in Bucharest (Romania) which allows the development of 78,212sqm for three buildings 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. The land had been acquired at rather high prices just before the crisis of 2008 while rents have not yet recovered.

Bucharest is an attractive city, to a large extent preserved from an historical point of view, with several multinational companies and headquarters of local banks. These companies are in a process of looking for offices closer to international standards of quality.

A building permit has been given early in 2010 but as a result of the economic crisis, Atenor has developed in steps this project whose launch initially was planned for 2011.

Some encouraging signs have been observed recently in the local economy.

In accordance with its regular strategy on risks management, Atenor decided to start the building in phases, in order to tackle risks and to attract attention from potential tenants and investors. The construction of a first building of 18,000 sqm has started in September 2012 and the delivery is for the current time, with only three months of additional delay. The pre-leasing has reached 35% so that the sale of this first building is expected for 2015.

Discussions have started for setting up the adjacent building of some 20,000sqm.

We have assumed that the total project would contribute to profits spread between 2014 and 2018.

### Budapest

The Budapest (Hungary) market is bigger than in Bucharest (3.2m sqm versus 1.9m sqm) with a vacancy rate of 18.4%. The quality of the vacant building is mostly poor so that its impact should not be overestimated.

In 2008, Atenor acquired the control of a collection of ground in Budapest (Hungary) totalling 1.7 ha to build almost 87,354sqm of offices.

Vaci Greens is ideally located alongside the Váci Ut, the main commercial and office axis in the North of the city. For this reason, the project is named "**Vaci Greens**".

The building permit has been granted in July 2010 for the construction in three phases/buildings of a complex of 57,795 sqm. Atenor has obtained a modified permit allowing the construction of a first building of 17,362sqm (from 15,408sqm) which was delivered in 2013. It was the only available new building on the market so that it has been fully leased (of which General Electric with some 40%) on a short period.

The construction of a second office block of 22,559sqm has started and contacts are under way with a view for a pre-leasing.

Three other projects from other developers have started in another somewhat higher priced area.

## 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 cash costs running spread mostly also alongside the concretisation of the development, of which also the main cash revenues recorded at the delivery of the project.

The projects typically were financed with a high leverage (around 85%), made of a payment in cash for the field and for the development through leverage in SPV's. In 2010 and 2012, Atenor added the issues of corporate bonds to replace partially the difficult financing by the banking sector. The major Belgian and Luxembourg banks however remained active with the financing of Atenor.

### ■ Taxes

We assumed direct tax charges to remain low considering the potential of losses carried forward, inherited from the loss making private equity activities that have been totally sold in 2007 on top of the structure of the projects (high leverage of the development through SPV vs modest fixed corporate charges). However, the Trebel, UP-site and Ath projects are expected to absorb the latest available potential of losses carried forward.

### ■ Net result

After strong 2007 and 2008 years, bolstered up by the impact of some major projects (e.g. President in Luxembourg), of which profit could not been spread over the following years, 2009 and 2010 as a result appeared weaker.

Although 2011 has shown positive figures again, we expect the bulk of the improvements to materialise from FY 2016 onwards thanks to the delivery of projects currently in portfolio. The construction of several major projects is in course (Up-site, Trebel, Ath, Namur) or will start soon (e.g. Brasseries de Neudorf, Air ). This is typical considering the anti-cyclical pattern of Atenor developments.

### ■ Balance sheet

The Group has a programme of short, medium and long term commercial notes. In addition, Atenor launched in the first days of 2010 a five EUR 75m bond (accrual rate 5.56%) with a maturity in January 2015. And in October 2012, Atenor has launched another bond of EUR75m (accrual rate of 4.94%) with a maturity in October 2017.

The financing of the projects are based on short-term rates, from 1 to 12 month Euribor. When drawdowns are made for longer durations (from two to five years), the Group takes out advances at a fixed rate or at a floating rate accompanied by an interest rate swap.



## Valuation

Atenor aims at achieving projects with IRRs of at least 15%. Translated in capital gains per sqm, we estimate that the company would achieve capital gains of at least EUR 350 to 450/sqm.

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

1. Firstly, we applied a sum of the parts (SOTP) approach. We made a valuation of the current pipeline of projects in development. Timely difference may also have an impact on these figures. (cf sensitivity table below)
2. In addition to the sum of the part, we also tested a Discounted Free Cash Flow (DCF).

On the basis of a Net Asset Value and Discounted Free Cash Flow computation, we retain a target price of EUR 40 per share.

- **Net Asset Value**

	(EUR m)	per share
NPV of capital gains	94.2	18.5
Equity	105	20.6
SOTP	199.0	39.1

Source: ESN estimates

Discount rate	7%	9.5%	15%	20%
SOTP per share (EUR)	40.2	39.1	36.9	35.3

Source: ESN estimates

With the current projects in the portfolio we anticipate average capital gains of EUR 509 per sqm.

Capital gain per sqm (EUR)	559	509	459	409
SOTP per share (EUR)	39.9	39.1	36.5	34.7

Source: ESN estimates

The table below shows the impact of one year delay (yyyy+1) or in advance (yyyy-1) for the the achievement of the estimated capital gains, on the back of an unchanged discount rate (9.5% cost of equity) and an average capital gain of EUR 509 per share.

Capital gain	yyyy-1	yyyy	yyyy+1	yyyy+2
SOTP per share (EUR)	40.7	39.1	37.5	36.0

Source: ESN estimates

- Discounted Free Cash Flow

CASH FLOW (EUR m)	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Sales	93.7	167.5	147.0	131.4	70.2	79.9	87.2	121.1	121.1
% change	-16.9%	78.8%	-12.3%	-10.6%	-46.5%	13.8%	9.1%	38.9%	0.0%
EBITDA	20.5	35.6	23.9	22.5	22.1	24.3	26.0	33.9	33.9
% margin	21.8%	21.2%	16.3%	17.1%	31.5%	30.4%	29.8%	28.0%	28.0%
% change	-15.0%	74.0%	-32.7%	-6.0%	-1.9%	10.1%	6.8%	30.4%	-0.1%
Depreciation & other provisions	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
% sales	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
EBITA	20.4	35.5	23.9	22.4	22.0	24.2	25.9	33.8	33.7
% margin	21.8%	21.2%	16.2%	17.1%	31.3%	30.3%	29.7%	27.9%	27.9%
% change	-14.4%	74.1%	-32.8%	-6.1%	-1.9%	10.1%	6.8%	30.5%	-0.1%
Taxes	-0.2	-0.4	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3
Normative tax rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
NOPLAT	20.2	35.2	23.6	22.2	21.8	24.0	25.6	33.4	33.4
Depreciation & other provisions	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
% sales	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Gross Operating Cash Flow	20.3	35.2	23.7	22.3	21.9	24.1	25.7	33.6	33.5
Capex	-10.0	-12.5	-12.5	-12.5	-7.5	-7.5	-7.5	-12.5	-12.5
% sales	7.3%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
Change in Net Working Capital (=increase;+=decrease)	0.0	-1.9	0.6	0.4	1.7	-0.3	-0.2	-0.9	0.0
Cash Flow to be discounted	10.31	20.94	11.84	10.28	16.10	16.39	18.10	20.21	21.09
DCF EVALUATION (EUR m)	2014	2015	2016	2017	2018	2019	2020	2021	2022
WACC	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Discount Rate factor	0.96	0.89	0.83	0.78	0.72	0.67	0.63	0.59	0.55
Discounted Cash Flow	9.9	18.7	9.8	8.0	11.6	11.0	11.4	11.8	11.5
Cumulated DCF	9.9	28.5	38.4	46.3	58.0	69.0	80.4	92.2	103.8
WACC & DCF ANALYSIS									
Cost of Equity (Ke or COE)	9.49%	Cumulated DCF	103.8		- Net Financial Debt	(174.9)			
Cost of Debt (gross)	4.5%	Perpetual Growth Rate (g)	1.0%		- Minorities (estimated value)	1.2			
Debt tax rate	0%	Normalised Annual CF	28.8		+ Associates	10.4			
Cost of Debt net (Kd or COD)	4.50%	Terminal Value @ 12/2017	460.9		- Pension underfunding	0.0			
Target gearing (D/E) or % Kd	45.0%	Disc. Rate of Terminal Value	0.55		- Off-balance sheet commitments	0.0			
% Ke	55.0%	Discounted Terminal Value	251.8		Equity Market Value (EUR m)	209.7			
Normative Tax Rate	1%	Financial assets	17.5		Number of shares (m)	5.0			
WACC	7.25%	Enterprise Value (EUR m)	373.1		Fair Value per share (EUR)	41.62			

Source: ESN estimates





Projects	Type	Location	Lettable area (sqm)	Building permit introduced	Building permit obtained	Construction	Commercialisation
Hermes Business Campus	Offices	Bucharest (Romania)	78,212	x	x	x	x
Port du Bon Dieu	Residential	Namur	18,000	x	x	x	x
UP-Site	Mixed	Brussels	80,000	x	x	x	x
Vaci Greens	Offices	Budapest (Hungary)	87,354	x	x	x	x
Europa	Mixed	Brussels	39,000	x			
Victor	Offices	Brussels	100,000	x			
Trebel	Offices	Brussels	29,766	x	x	x	x
City Dock's	Mixed	Brussels	125,000	x			x
Les Brasseries de Neudorf	Residential	Luxembourg	11,400	x			x
Au Fil des Grands Prés	Residential	Mons	72,000	x	x		
La Sucrierie	Residential	Ath	20,368	x	x		
AIR	Offices	Luxembourg	11,000	x			x

## Projects

## Capital gains identified projects (EUR m)

	2014 e	2015 e	2016 e	2017 e	2018 e	2019 e	2020 e
Hermes Business Campus	0.0	1.5	1.5	1.5	0.0	0.0	0.0
Port du Bon Dieu	1.6	1.9	1.6	0.0	0.0	0.0	0.0
UP-Site	4.0	2.5	0.0	0.0	0.0	0.0	0.0
Vaci Greens	0.0	1.0	1.0	0.0	1.0	1.0	0.0
Europa	0.0	2.5	3.3	19.1	0.0	0.0	0.0
Victor	0.0	10.0	5.0	0.0	0.0	0.0	0.0
Trebel	3.6	3.6	7.0	0.0	0.0	0.0	0.0
City Dock's	0.0	1.0	2.0	3.0	4.0	5.0	0.0
Les Brasseries de Neudorf	2.7	5.4	2.7	0.0	0.0	0.0	0.0
Au Fil des Grands Prés	0.0	1.0	2.0	3.0	4.0	0.0	8.0
La Sucrierie	0.0	0.5	0.5	0.5	0.5	0.5	0.0
AIR	3.7	3.7	3.7	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>15.6</b>	<b>34.6</b>	<b>30.3</b>	<b>27.1</b>	<b>9.5</b>	<b>6.5</b>	<b>8.0</b>

Projects	Total since start (EURm)	Capital gain (EUR/sqm)	yield	rent (EUR/sqm/y)	Sale price from cap gain	Sale price from yield (EURm)
Hermes Business Campus	4.5	38	14.0%	115.2	64	64
Port du Bon Dieu	5.8	320	6.6%	155	42	42
UP-Site	40.5	507	5.8%	150.4	209	207
Vaci Greens	4.0	58	10.4%	102	91	86
Europa	10.0	640	7.0%	173	96	96
Victor	17.2	300	8.2%	146	179	178
Trebel	36.0	1465	5.0%	193	116	116
City Dock's	15.0	400	6.7%	128	314	314
Les Brasseries de Neudorf	10.8	947	5.8%	220	44	44
Au Fil des Grands Prés	18.0	250	6.7%	126	135	135
La Sucrierie	2.5	180	6.7%	120	37	37
AIR	11.0	1000	5.9%	216	40	40
<b>Average</b>	<b>n.m.</b>	<b>609</b>	<b>8.1%</b>	<b>148</b>	<b>n.m.</b>	<b>n.m.</b>

Source: Company data, Bank Degroof estimates



## Multiple comparison

The multiples in this table have not been included in the calculation of our price target.

### Peer Group Valuation

Name	Country	Bloomberg code	Mcap in Euro 14	P/E (adj.) 14	P/BV 14	Dividend Yield 14
ATENOR	Belgium	ATEB BB	209	15.5	1.12	5.2
BANIMMO	Belgium	BANI BB	85	16.7	0.68	0.0
IMMOBEL	Belgium	IMMO BB	171	5.1	0.78	9.7
KAUFMAN & BROAD	France	KOF FP	510	14.5	2.56	2.6
Les Nouveaux Constructeurs	France	LNC FP	196	16.9	0.81	1.4
SRV	Finland	SRV1V FH	146	9.3	0.60	3.2
YIT	Finland	YTY1V FH	955	8.4	1.29	6.0
<b>AVERAGE</b>			<b>324</b>	<b>12.3</b>	<b>1.12</b>	<b>4.0</b>

Source: Bloomberg, ESN estimates



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## Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
28/05/14	Dividend Payment	Full year 2013 Dividend payment date - proposed EUR : 2013	

Source: *Precise*



## Atenor: Summary tables

PROFIT & LOSS (EURm)	12/2010	12/2011	12/2012	12/2013	12/2014e	12/2015e
<b>Gross Rental Income</b>	<b>0.2</b>	<b>0.7</b>	<b>0.5</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
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
<b>Net Rental Income</b>	<b>0.2</b>	<b>0.7</b>	<b>0.5</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
General Expenses	-5.9	-6.3	-3.0	-1.7	-1.7	-1.8
Net Other Income/(Costs)	-3.8	12.4	9.9	25.2	6.6	2.8
<b>EBITDA</b>	<b>-9.4</b>	<b>6.9</b>	<b>7.4</b>	<b>23.6</b>	<b>4.8</b>	<b>1.0</b>
<b>Portfolio Result</b>	<b>12.9</b>	<b>6.6</b>	<b>1.4</b>	<b>0.2</b>	<b>15.6</b>	<b>34.5</b>
<i>o/w Revaluation of Fair Value of Investment Properties</i>	<i>-1.2</i>	<i>-0.7</i>	<i>0.4</i>	<i>-0.2</i>	<i>-0.1</i>	<i>-0.1</i>
<i>o/w Gain/Losses on Disposal of Investment Properties</i>	<i>14.1</i>	<i>7.3</i>	<i>0.9</i>	<i>0.4</i>	<i>15.6</i>	<i>34.6</i>
<b>Net Operating Profit before Finance Cost</b>	<b>3.5</b>	<b>13.5</b>	<b>8.8</b>	<b>23.8</b>	<b>20.4</b>	<b>35.5</b>
<b>Net Financial Result</b>	<b>-4.9</b>	<b>-3.9</b>	<b>-3.7</b>	<b>-5.5</b>	<b>-5.4</b>	<b>-5.4</b>
<i>o/w Share of the profit of associates &amp; dividend income</i>	<i>-0.4</i>	<i>-0.8</i>	<i>-0.6</i>	<i>-0.3</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Revaluation of Financial Instruments</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Net Financial Costs</i>	<i>-4.4</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-5.2</i>	<i>-5.4</i>	<i>-5.4</i>
<b>EBT</b>	<b>-1.4</b>	<b>9.6</b>	<b>5.1</b>	<b>18.3</b>	<b>15.0</b>	<b>30.1</b>
Tax	-0.3	1.6	4.4	-6.3	-2.0	-2.1
<i>o/w Deferred Taxes</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Real Taxes</i>	<i>-0.3</i>	<i>1.6</i>	<i>4.4</i>	<i>-6.3</i>	<i>-2.0</i>	<i>-2.1</i>
<i>Tax rate</i>	<i>-19.9%</i>	<i>-16.5%</i>	<i>-87.3%</i>	<i>34.3%</i>	<i>13.3%</i>	<i>6.8%</i>
<b>Net Result (reported)</b>	<b>-1.7</b>	<b>11.2</b>	<b>9.5</b>	<b>12.0</b>	<b>13.0</b>	<b>28.1</b>
<i>o/w Minorities</i>	<i>-0.1</i>	<i>-0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Group Share</i>	<i>-1.6</i>	<i>11.3</i>	<i>9.5</i>	<i>12.0</i>	<i>13.0</i>	<i>28.1</i>
<b>Earnings adj.</b>	<b>-1.6</b>	<b>11.3</b>	<b>9.5</b>	<b>12.0</b>	<b>13.0</b>	<b>28.1</b>
Funds From Operations	-1.6	11.3	9.5	12.0	13.0	28.1
<b>CASH FLOW (EURm)</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>
<b>Cash Flow from Operations after change in NWC</b>	<b>2.3</b>	<b>5.5</b>	<b>60.2</b>	<b>46.9</b>	<b>-2.5</b>	<b>-8.3</b>
Interest Costs	54.0	4.6	81.3	27.2	-10.4	-10.7
Capex	49.7	-23.2	-13.1	-10.0	-10.0	-12.5
<b>Free Cash Flow</b>	<b>106</b>	<b>-13.1</b>	<b>128</b>	<b>64.1</b>	<b>-23.0</b>	<b>-31.6</b>
Dividends	-13.3	-9.7	-9.9	-11.5	-10.2	-10.5
Other (incl. Capital Increase + change in cons. & share buy	-1.1	-0.1	0.0	-0.3	33.8	38.8
<b>Change in Net Debt</b>	<b>91.6</b>	<b>-22.8</b>	<b>118.5</b>	<b>52.4</b>	<b>0.6</b>	<b>-3.3</b>
NOPLAT	-11.3	8.0	13.8	15.5	4.2	0.9
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>
Investment Properties	1.6	0.0	0.0	0.0	0.0	0.0
Development Properties	27.5	5.8	5.3	4.9	4.9	5.0
Deferred Tax Assets	10.5	8.6	13.4	10.3	10.3	10.3
Other Non Current Assets	23.9	27.6	28.3	27.9	17.5	17.5
Cash & Cash equivalents	2.7	2.5	2.0	1.5	1.5	4.4
Other current assets	204	234	346	332	417	432
<b>Total Assets</b>	<b>270</b>	<b>278</b>	<b>395</b>	<b>377</b>	<b>452</b>	<b>470</b>
Shareholders Equity	101	98.1	98.6	105	107	125
Minorities Equity	-0.6	-0.6	0.1	0.0	0.0	0.0
Non Current Financial Debt	99.7	92.2	164.3	164.1	164.1	164.1
Deferred Tax Liabilities	13.0	8.9	8.8	10.2	0.0	0.0
Other Non Current Liabilities	1.4	12.1	27.1	10.4	93.3	93.3
Current Financial Debt	22.8	32.4	66.3	49.7	49.7	49.7
Other Current Liabilities	32.7	35.2	29.6	37.5	37.0	37.8
<b>Total Equity &amp; Liabilities</b>	<b>270.1</b>	<b>278.4</b>	<b>394.8</b>	<b>376.6</b>	<b>451.5</b>	<b>469.6</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>
<i>Rental Income Growth</i>	<i>-74.9%</i>	<i>266.7%</i>	<i>-33.4%</i>	<i>-72.3%</i>	<i>n.m.</i>	<i>n.m.</i>
<i>EBITDA growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>7.4%</i>	<i>220.1%</i>	<i>-79.5%</i>	<i>-79.2%</i>
<i>Net Result Group Share Growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>-15.8%</i>	<i>26.8%</i>	<i>8.4%</i>	<i>115.3%</i>
<i>Earnings adj. growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>-15.8%</i>	<i>26.8%</i>	<i>8.4%</i>	<i>115.3%</i>
<i>EPS growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>-15.1%</i>	<i>25.4%</i>	<i>8.4%</i>	<i>115.3%</i>
<i>EPS adj. growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>-15.8%</i>	<i>25.4%</i>	<i>8.4%</i>	<i>115.3%</i>
<i>DPS adj. growth</i>	<i>-23.1%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>3.0%</i>	<i>3.0%</i>
<i>Operating Margin</i>	<i>-4693.0%</i>	<i>932.7%</i>	<i>1504.3%</i>	<i>17381.6%</i>	<i>n.m.</i>	<i>n.m.</i>

## Atenor: Summary tables

RATIOS	12/2010	12/2011	12/2012	12/2013	12/2014e	12/2015e
Net Debt/Equity	0.5	1.0	1.3	1.7	1.6	1.4
Net Debt/EBITDA	-5.0	13.6	17.9	7.4	36.1	171.0
Interest cover (EBITDA/Fin.interest)	-2.1	2.2	2.4	4.5	0.9	0.2
Total Debt/Total Assets	62.8%	65.0%	75.0%	72.2%	76.2%	73.4%
LTV	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow from Operations/Capex	0.0	0.2	4.6	4.7	-0.3	-0.7
ROE	-1.6%	11.6%	9.6%	11.5%	12.1%	22.5%
ROCE	1.6%	6.0%	3.1%	7.3%	6.3%	10.7%
WACC	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
ROCE/WACC	0.2	0.8	0.4	1.0	0.9	1.5
Payout ratio	n.m.	90.1%	106.2%	84.7%	80.5%	38.5%

PER SHARE DATA (EUR)**	12/2010	12/2011	12/2012	12/2013	12/2014e	12/2015e
Average diluted number of shares	5.0	5.0	5.0	5.1	5.1	5.1
Diluted Number of shares end of period	5.0	5.0	5.0	5.1	5.1	5.1
EPS (reported)	-0.3	2.2	1.9	2.4	2.6	5.5
EPS (adj.)	-0.3	2.2	1.9	2.4	2.6	5.5
DPS	2.0	2.0	2.0	2.0	2.1	2.1
IFRS NAV	20.1	19.5	19.6	20.6	21.1	24.5
EPRA NAV	20.8	19.7	18.7	20.6	19.1	22.5
EPRA NNAV	20.3	19.5	19.1	20.6	20.1	23.5

PORTFOLIO KEY FIGURES	12/2010	12/2011	12/2012	12/2013	12/2014e	12/2015e
Occupancy Rate						
Portfolio Yield						
Portfolio Yield on Full Occupancy						
Average length of leases (end of contract)						
Average length of leases (first break)						

VALUATION	12/2010	12/2011	12/2012	12/2013	12/2014e	12/2015e
Premium/(discount) to NAV	67.2%	24.3%	63.8%	66.5%	88.6%	62.4%
Premium/(discount) to EPRA NAV	61.2%	23.2%	71.5%	66.6%	108.4%	76.9%
P/E (adj.)	n.m.	10.8	17.0	14.5	15.5	7.2
EV/Earnings adj.	-135	19.1	30.9	29.0	29.0	13.3
EV/EBITDA	-22.8	31.3	39.7	14.8	77.8	372

EV AND MKT CAP (EURm)	12/2010	12/2011	12/2012	12/2013	12/2014e	12/2015e
Price* (EUR)	33.5	24.2	32.1	34.3	39.8	39.8
Outstanding number of shares for main stock	5.0	5.0	5.0	5.1	5.1	5.1
<b>Total Market Cap</b>	<b>169</b>	<b>122</b>	<b>161</b>	<b>174</b>	<b>202</b>	<b>202</b>
Net Debt	47.0	93.6	132	175	175	172
<i>o/w Cash &amp; Marketable Securities</i>	<i>-75.5</i>	<i>-31.1</i>	<i>-98.7</i>	<i>-38.9</i>	<i>-38.9</i>	<i>-41.8</i>
<i>o/w Gross Debt (+)</i>	<i>122.5</i>	<i>124.7</i>	<i>230.6</i>	<i>213.8</i>	<i>213.8</i>	<i>213.8</i>
Other EV components	-0.6	-0.6	0.1	0.0	0.0	0.0
<b>Enterprise Value (EV adj.)</b>	<b>215.4</b>	<b>214.9</b>	<b>293.5</b>	<b>349.4</b>	<b>377.4</b>	<b>374.6</b>

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.

## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Banco Popular	BKF	Stora Enso	POH	Rexel	CIC	Olvi	POH
Airbus Group	CIC	Banco Sabadell	BKF	Surteco	EQB	Schneider Electric Sa	CIC	Parmalat	BAK
Aviation Latecoere	CIC	Banco Santander	BKF	Talvivaara Mining Co Plc	POH	Vacon	POH	Pernod-Ricard	CIC
Bae Systems Plc	CIC	Bank Of Cyprus	IBG	Thyssenkrupp	EQB	Vaisala	POH	Raisio	POH
Dassault Aviation	CIC	Bankinter	BKF	Tubacex	BKF	<b>Financial Services</b>	<b>Mem(*)</b>	Remy Cointreau	CIC
Finmeccanica	BAK	Bbva	BKF	Upm-Kymmene	POH	Ackermans & Van Haaren	BDG	Sipef	BDG
Lisi	CIC	Bcp	CBI	<b>Biotechnology</b>	<b>Mem(*)</b>	Azimut	BAK	Ter Beke	BDG
Mtu	EQB	Bes	CBI	4Sc	EQB	Banca Generali	BAK	Vidrala	BKF
Rheinmetall	EQB	Bnp Paribas	CIC	Bioalliance Pharma	CIC	Banca Ifis	BAK	Vilmorin	CIC
Rolls Royce	CIC	Boursorama	CIC	Epigenomics Ag	EQB	Bb Biotech	EQB	Viscofan	BKF
Safran	CIC	Bper	BAK	Metabolic Explorer	CIC	Bincbank	SNS	Vranken Pommery Monopole	CIC
Thales	CIC	Bpi	CBI	Neovacs	CIC	Bois Sauvage	BDG	<b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>
Zodiac	CIC	Commerzbank	EQB	Transgene	CIC	Bolsas Y Mercados Espanoles	BKF	Bim	IBG
<b>Airlines</b>	<b>Mem(*)</b>	Credem	BAK	Wifex	EQB	Capman	POH	Carrefour	CIC
Air France Klm	CIC	Credit Agricole Sa	CIC	Zeltia	BKF	Cir	BAK	Casino Guichard-Perrachon	CIC
Finnair	POH	Creval	BAK	<b>Chemicals</b>	<b>Mem(*)</b>	Comdirect	EQB	Colruyt	BDG
Lufthansa	EQB	Deutsche Bank	EQB	Air Liquide	CIC	Corp. Financiera Alba	BKF	Delhaize	BDG
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Efg Eurobank Ergasias	IBG	Akzo Nobel	SNS	Dab Bank	EQB	Dia	BKF
Autoliv	CIC	Garanti Bank	IBG	Basf	EQB	Deutsche Boerse	EQB	Jeronimo Martins	CBI
Bmw	EQB	Halkbank	IBG	Dsm	SNS	Deutsche Forfait	EQB	Kesko	POH
Brembo	BAK	Ing Group	SNS	Evonik	EQB	Financiere De Tubize	BDG	Marr	BAK
Continental	EQB	Intesa Sanpaolo	BAK	Fuchs Petrolub	EQB	Gbl	BDG	Metro	CIC
Daimler Ag	EQB	Kbc Group	BDG	Henkel	EQB	Gimv	BDG	Rallye	CIC
Eirringklinger	EQB	Mediobanca	BAK	Holland Colours	SNS	Grenkeleasing Ag	EQB	Sonae	CBI
Faurecia	CIC	National Bank Of Greece	IBG	K+S Ag	EQB	Hellenic Exchanges	IBG	<b>General Industrials</b>	<b>Mem(*)</b>
Fiat	BAK	Natixis	CIC	Kemira	POH	Kbc Ancora	BDG	2G Energy	EQB
Landi Renzo	BAK	Nordea	POH	Lanxess	EQB	Luxempart	BDG	Aalberts	SNS
Leoni	EQB	Piraeus Bank	IBG	Linde	EQB	Mlp	EQB	Accell Group	SNS
Michelin	CIC	Postbank	EQB	Nanogate Ag	EQB	Patrizia Ag	EQB	Ahlstrom	POH
Nokian Tyres	POH	Societe Generale	CIC	Recticel	BDG	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>	Analytik Jena	EQB
Piaggio	BAK	Ubi Banca	BAK	Solvay	BDG	Agrarius Ag	EQB	Arcadis	SNS
Pirelli & C.	BAK	Unicredit	BAK	Symrise Ag	EQB	Anheuser-Busch Inbev	BDG	Aspo	POH
Plastic Omnium	CIC	Yapi Kredi Bank	IBG	Tessenderlo	BDG	Atria	POH	Bekaert	BDG
Plastivaloire	CIC	<b>Basic Resources</b>	<b>Mem(*)</b>	Tikkurila	POH	Baywa	EQB	Evolis	CIC
Porsche	EQB	Acerinox	BKF	Umicore	BDG	Berentzen	EQB	Frigoglass	IBG
Psa Peugeot Citroen	CIC	Altri	CBI	Wacker Chemie	EQB	Bonduelle	CIC	Huhtamäki	POH
Renault	CIC	Arcelormittal	BKF	<b>Electronic &amp; Electrical Equi</b>	<b>Mem(*)</b>	Campari	BAK	Kendrion	SNS
Sogefi	BAK	Crown Van Gelder	SNS	Alstom	CIC	Coca Cola Hbc Ag	IBG	Mifa	EQB
Stern Groep	SNS	Ence	BKF	Areva	CIC	Danone	CIC	Nedap	SNS
Valeo	CIC	Europac	BKF	Barco	BDG	Ebro Foods	BKF	Neopost	CIC
Volkswagen	EQB	Inapa	CBI	Euromicron Ag	EQB	Enervit	BAK	Pöyry	POH
<b>Banks</b>	<b>Mem(*)</b>	Metka	IBG	Evs	BDG	Fleury Michon	CIC	Prelios	BAK
Aareal Bank	EQB	Metsä Board	POH	Gemalto	CIC	Greenyard Foods	BDG	Saf-Holland	EQB
Akbank	IBG	Mytilineos	IBG	Ingenico	CIC	Hkscan	POH	Saft	CIC
Aktia	POH	Nyrstar	BDG	Kontron	EQB	Ktg Agrar	EQB	Siegfried Holding Ag	EQB
Alpha Bank	IBG	Outokumpu	POH	Legrand	CIC	Lanson-Bcc	CIC	Skw Stahl	EQB
Banca Carige	BAK	Portucel	CBI	Mobotix Ag	EQB	Laurent Perrier	CIC	Tkh Group	SNS
Banca Etruria	BAK	Rautaruukki	POH	Neways Electronics	SNS	Ldc	CIC	Wendel	CIC
Banca Mps	BAK	Salzgitter	EQB	Nexans	CIC	Lotus Bakeries	BDG		
Banco Popolare	BAK	Semapa	CBI	Pkc Group	POH	Naturex	CIC		

<b>General Retailers</b>	<b>Mem(*)</b>	Opap	IBG	Ten Cate	SNS	Ferrovial	BKF	Publicis	CIC
D'leteren	BDG	Sonae Capital	CBI	Valmet	POH	Fraport	EQB	Rcs Mediagroup	BAK
Fielmann	EQB	Trigano	CIC	Vossloh	EQB	Gek Terna	IBG	Reed Elsevier N.V.	SNS
Folli Follie Group	IBG	Tui	EQB	Wärtsilä	POH	Grontmij	SNS	Sanoma	POH
Fourlis Holdings	IBG	Wdf	BAK	Zardoya Otis	BKF	Grupo San Jose	BKF	Solocal Group	CIC
Inditex	BKF	<b>Household Goods</b>	<b>Mem(*)</b>	<b>Industrial Transportation</b>	<b>Mem(*)</b>	Heijmans	SNS	Spir Communication	CIC
Jumbo	IBG	Bic	CIC	Bollore	CIC	Hochtief	EQB	Syzygy Ag	EQB
Rapala	POH	De Longhi	BAK	Bpost	BDG	Holcim Ltd	CIC	Talentum	POH
Stockmann	POH	Indesit	BAK	Caf	BKF	Imerys	CIC	Telegraaf Media Groep	SNS
<b>Healthcare</b>	<b>Mem(*)</b>	Seb Sa	CIC	Ctt	CBI	Italcementi	BAK	Teleperformance	CIC
Ab-Biotics	BKF	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Deutsche Post	EQB	Joyou Ag	EQB	Tf1	CIC
Almirall	BKF	Accsys Technologies	SNS	Hes Beheer	SNS	Lafarge	CIC	Ti Media	BAK
Amplifon	BAK	Aixtron	EQB	Hhla	EQB	Lemminkäinen	POH	Ubisoft	CIC
Bayer	EQB	Ansaldo Sts	BAK	Logwin	EQB	Maire Tecnimont	BAK	Vivendi	CIC
Biomerieux	CIC	Bauer Ag	EQB	Postnl	SNS	Mota Engil	CBI	Wolters Kluwer	SNS
Biotest	EQB	Biesse	BAK	Tnt Express	SNS	Obrascon Huarte Lain	BKF	<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>
Celesio	EQB	Cargotec Corp	POH	<b>Insurance</b>	<b>Mem(*)</b>	Ramirent	POH	Eni	BAK
Diasorin	BAK	Cnh Industrial	BAK	Aegon	SNS	Royal Bam Group	SNS	Galp Energia	CBI
Draegerwerk	EQB	Danieli	BAK	Ageas	BDG	Sacyr	BKF	Gas Plus	BAK
Faes Farma	BKF	Datalogic	BAK	Allianz	EQB	Saint Gobain	CIC	Hellenic Petroleum	IBG
Fresenius	EQB	Delclima	BAK	Axa	CIC	Salini Impregilo	BAK	Maurel Et Prom	CIC
Fresenius Medical Care	EQB	Deutz Ag	EQB	Delta Lloyd	SNS	Sias	BAK	Motor Oil	IBG
Gerresheimer Ag	EQB	Dmg Mori Seiki Ag	EQB	Generali	BAK	Sonae Industria	CBI	Neste Oil	POH
Grifols Sa	BKF	Duro Felguera	BKF	Hannover Re	EQB	Srv	POH	Petrobras	CBI
Korian	CIC	Emak	BAK	Mapfre Sa	BKF	Thermador Groupe	CIC	Qgep	CBI
Laboratorios Rovi	BKF	Exel Composites	POH	Mediolanum	BAK	Titan Cement	IBG	Repsol	BKF
Medica	CIC	Faiveley	CIC	Munich Re	EQB	Trevi	BAK	Total	CIC
Merck	EQB	Gea Group	EQB	Sampo	POH	Uponor	POH	Tupras	IBG
Novartis	CIC	Gesco	EQB	Talanx Group	EQB	Uzin Utz	EQB	<b>Oil Services</b>	<b>Mem(*)</b>
Oriola-Kd	POH	Haulotte Group	CIC	Unipol	BAK	Vbh Holding	EQB	Bourbon	CIC
Orion	POH	Heidelberger Druck	EQB	Unipolsai	BAK	Vicat	CIC	Cgg	CIC
Orpea	CIC	Ima	BAK	Zurich Financial Services	BAK	Vinci	CIC	Fugro	SNS
Recordati	BAK	Interpump	BAK	<b>Materials, Construction &amp; Mem(*)</b>	Yit		POH	Saipem	BAK
Rhoen-Klinikum	EQB	Kone	POH	Abertis	BKF	<b>Media</b>	<b>Mem(*)</b>	Technip	CIC
Roche	CIC	Konecranes	POH	Acs	BKF	Ad Pepper	EQB	Tecnicas Reunidas	BKF
Sanofi	CIC	Krones Ag	EQB	Adp	CIC	Alma Media	POH	Tenaris	BAK
Sorin	BAK	Kuka	EQB	Astaldi	BAK	Brill	SNS	Vallourec	CIC
Stallergènes	CIC	Man	EQB	Atlantia	BAK	Cofina	CBI	Vopak	SNS
Ucb	BDG	Manitou	CIC	Ballast Nedam	SNS	Editoriale L'Espresso	BAK		
<b>Hotels, Travel &amp; Tourism</b>	<b>Mem(*)</b>	Max Automation Ag	EQB	Billfinger Se	EQB	GI Events	CIC		
Accor	CIC	Metso	POH	Boskalis Westminster	SNS	Havas	CIC		
Autogrill	BAK	Outotec	POH	Buzzi Unicem	BAK	Impresa	CBI		
Beneteau	CIC	Pfeiffer Vacuum	EQB	Caverion	POH	Ipsos	CIC		
Compagnie Des Alpes	CIC	Ponsse	POH	Cfe	BDG	Jcdecaux	CIC		
Gtech	BAK	Prima Industrie	BAK	Ciments Français	CIC	Kinopolis	BDG		
I Grandi Viaggi	BAK	Prysmian	BAK	Cramo	POH	Lagardere	CIC		
Ibersol	CBI	Reesink	SNS	Deceuninck	BDG	M6-Metropole Television	CIC		
Intralot	IBG	Sabaf	BAK	Eiffage	CIC	Mediaset	BAK		
Melia Hotels International	BKF	Singulus Technologies	EQB	Ellaktor	IBG	Nextradiotv	CIC		
Nh Hoteles	BKF	Smt Scharf Ag	EQB	Fcc	BKF	Nrj Group	CIC		

<b>Personal Goods</b>	<b>Mem(*)</b>	Wdp	BDG	Edenred	CIC	Albioma	CIC
Adidas	EQB	<b>Renewable Energy</b>	<b>Mem(*)</b>	Ei Towers	BAK	E.On	EQB
Adler Modemaerkte	EQB	Daldrup & Soehne	EQB	Fiera Milano	BAK	Edp	CBI
Amer Sports	POH	Deutsche Biogas	EQB	Imtech	SNS	Edp Renováveis	CBI
Basic Net	BAK	Enel Green Power	BAK	Lassila & Tikanoja	POH	Elia	BDG
Beiersdorf	EQB	Gamesa	BKF	Randstad	SNS	Enagas	BKF
Christian Dior	CIC	Phoenix Solar	EQB	Usg People	SNS	Endesa	BKF
Geox	BAK	Sma Solar Technology	EQB	<b>Technology Hardware &amp; E</b>	<b>Mem(*)</b>	Enel	BAK
Gerry Weber	EQB	Solarworld	EQB	Alcatel-Lucent	CIC	Falck Renewables	BAK
Hermes Intl.	CIC	Solutronic	EQB	Asm International	SNS	Fortum	POH
Hugo Boss	EQB	<b>Software &amp; Computer Ser</b>	<b>Mem(*)</b>	Asml	SNS	Gas Natural Fenosa	BKF
Interparfums	CIC	Affecto	POH	Besi	SNS	Hera	BAK
Kering	CIC	Akka Technologies	CIC	Ericsson	POH	Iberdrola	BKF
Loewe	EQB	Alten	CIC	Gigaset	EQB	Iren	BAK
Luxottica	BAK	Altran	CIC	Nokia	POH	Public Power Corp	IBG
Lvmh	CIC	Amadeus	BKF	Okmetic	POH	Red Electrica De Espana	BKF
Marimekko	POH	Atos	CIC	Roodmicrotec	SNS	Ren	CBI
Puma	EQB	Basware	POH	Stmicroelectronics	BAK	Rwe	EQB
Richemont	CIC	Bull	CIC	Suess Microtec	EQB	Snam	BAK
Safilo	BAK	Cenit	EQB	Teleste	POH	Terna	BAK
Salvatore Ferragamo	BAK	Comptel	POH	<b>Telecommunications</b>	<b>Mem(*)</b>		
Sarantis	IBG	Digia	POH	Acotel	BAK		
Swatch Group	CIC	Docdata	SNS	Belgacom	BDG		
Tod'S	BAK	Ekinops	CIC	Bouygues	CIC		
Van De Velde	BDG	Engineering	BAK	Deutsche Telekom	EQB		
Zucchi	BAK	Esi Group	CIC	Drillisch	EQB		
<b>Real Estate</b>	<b>Mem(*)</b>	Exact Holding Nv	SNS	Elisa	POH		
Aedifica	BDG	Exprivia	BAK	Eutelsat Communications Sa	CIC		
Ascencio	BDG	F-Secure	POH	Freenet	EQB		
Atenor	BDG	Gameloft	CIC	Gowex	BKF		
Banimmo	BDG	Gft Technologies	EQB	Iliad	CIC		
Befimmo	BDG	Guillemot Corporation	CIC	Jazztel	BKF		
Beni Stabili	BAK	I:Fao Ag	EQB	Kpn Telecom	SNS		
Citycon	POH	Ict Automatisering	SNS	Mobistar	BDG		
Cofinimmo	BDG	Indra Sistemas	BKF	Numericable	CIC		
Corio	BDG	Novabase	CBI	Orange	CIC		
Deutsche Euroshop	EQB	Ordina	SNS	Ote	IBG		
Home Invest Belgium	BDG	Psi	EQB	Ses	CIC		
Igd	BAK	Realdolmen	BDG	Telecom Italia	BAK		
Interinvest Offices & Warehouses	BDG	Reply	BAK	Telefonica	BKF		
Leasinvest Real Estate	BDG	Rib Software	EQB	Telenet Group	BDG		
Montea	BDG	Seven Principles Ag	EQB	Teliasonera	POH		
Realia	BKF	Tie Kinetix	SNS	Tiscali	BAK		
Retail Estates	BDG	Tieto	POH	Turkcell	IBG		
Sponda	POH	Tomtom	SNS	United Internet	EQB		
Technopolis	POH	Winco r Nixdorf	EQB	Vodafone	BAK		
Unibail-Rodamco	BDG	<b>Support Services</b>	<b>Mem(*)</b>	<b>Utilities</b>	<b>Mem(*)</b>		
Vastned Retail	BDG	Batenburg	SNS	A2A	BAK		
Vastned Retail Belgium	BDG	Brunel	SNS	Acciona	BKF		
Vib Vermoegen	EQB	Bureau Veritas S.A.	CIC	Acea	BAK		

LEGEND: BAK: Banca Akros; BDG: Bank Degroof; BKF: Beka Finance; CIC: CM CIC Securities; CBI: Caixa-Banca de Investimento; EQB: Equinet bank; IBG: Investment Bank of Greece, POH: Pohjola Bank; SNS: SNS Securities as of 7th March 2014



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(\*\*) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

## 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**.

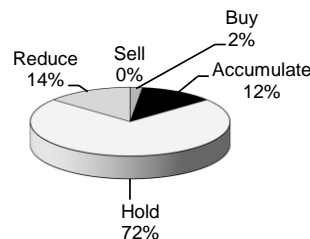
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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.

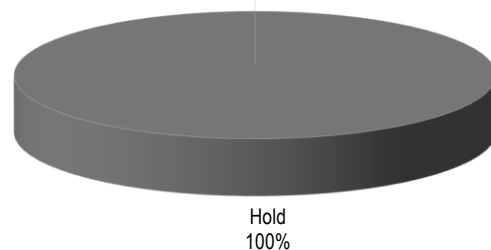
### Meaning of each recommendation or rating:

- **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
- 
- **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 Degroef Ratings Breakdown**



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

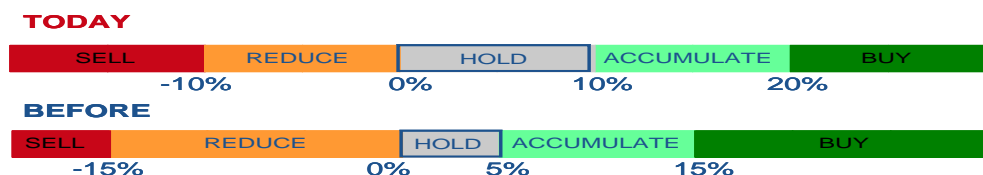


### History of ESN Recommendation System

**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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Quentin De Decker	+32 2 287 92 87
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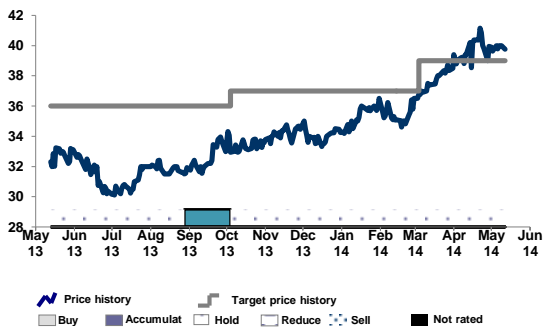
**Mail: [firstname.lastname@degroof.be](mailto:firstname.lastname@degroof.be)**

**Recommendation history for ATENOR**

Date	Recommendation	Target price	Price at change date
13-May-14	Hold	40.00	39.75
4-Mar-14	Hold	39.00	36.79
4-Oct-13	Hold	37.00	32.95
28-Aug-13	Accumulate	36.00	31.50
18-Apr-13	Hold	36.00	32.50
11-Oct-12	Accumulate	36.00	32.20
21-Nov-11	Accumulate	34.00	21.50
15-Sep-11	Accumulate	37.00	30.20

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)



**Bank Degroof acts as liquidity provider for:**

Aedifica, Atenor, Banimmo, Bois Sauvage, Connect Group, D'Ieteren, Eckert-Ziegler, Elia, Gimv, Greenyard Foods, Home Invest Belgium, Kinopolis, Leasinvest Real Estate, Luxempart, Montea, Realco, Resilux, Roularta, Sapec, Ter Beke, Van de Velde and Vastned Retail Belgium.

**Bank Degroof holds a significant stake in:**

Fountain.

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

Aedifica, Atenor Group, Barco, Brederode, Cofinimmo, D'Ieteren, Elia, Floridienne, Sapec, Sipef, Ter Beke, Tessenderlo and Zetes.

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