

MANAGEMENT REPORT

to the Annual General Meeting of Shareholders on 28 April 2017

We have the honour of presenting to you the Management Report of your company's 106th financial year and of submitting for your approval the Annual Accounts as at 31 December 2016, along with our proposals for the allocation of profits.

The consolidated results for 2015 amount to 20.38 million euro, compared with 19.96 million euro in 2015.

REVENUE FROM ORDINARY ACTIVITIES AND CONSOLIDATED RESULT

The revenues from ordinary activities amount to 156.83 million Euro, an increase of 40.08 million Euro compared to 2015. They mainly include: (a) the revenue arising from the sale of building C of the Vaci Greens project in Budapest (€44.25 M), (b) the last tranche of the Trebel project in Brussels (€17.61 M), (c) the revenue linked to the sales of the apartments of the projects Port du Bon Dieu in Namur (€15.32 M), Les Brasseries de Neudorf in Luxembourg (€14.84 M), Au Fil des Grands Prés in Mons (€13.01 M), UP-site in Brussels (€11.50 M) and La Sucrierie in Ath (€6.74 M) and (d) the leasing revenue from the Vaci Greens and Hermès Business Campus (Bucharest) buildings for 11.73 million Euro.

The other operating revenue (€8.85 M) mainly includes the reinvoicing of service charges and miscellaneous costs of the leased buildings (€5.24 M) and the realised gains arising, on the one hand, from the sale of the Senior Island holding (City Dox project) as construction works on the rest home progressed (€1.71 M) and on the other hand, from the sale of the AIR Properties shares in Luxembourg (remaining balance of €1.09 M).

The operating result amounts to 35.35 million Euro mainly influenced by the sale of building C of the Vaci Greens project (Budapest; €12.28 M), by the contribution of the Trebel project delivered to the European Parliament (€8.57 M) and by the sale of apartments of the various residential projects, mainly Au Fil des Grands Prés (Mons), Port du Bon Dieu (Namur), Les Brasseries de Neudorf (Luxembourg) and Palatium (Brussels) for €2.24 M, €1.50 M, €1.23 M and €1.08 M respectively.

The rental revenue net of charges of the Vaci Greens (Budapest; €5.74 M), HBC (Bucharest; €3.91 M) and Nysdam (La Hulpe; €0.5 M) buildings and the sales of AIR Properties (€0.99 M) in Luxembourg and Senior Island holdings in Anderlecht (City Dox project; €1.71 M) give an additional contribution to the annual result. Finally, general expenses amount to 7.49 million Euro.

The net financial result amounts to -9.42 million Euro, compared with -6.01 million Euro in 2015. The increase of net financial charges is mainly due to the increase of ATENOR's average net indebtedness coupled with a reduction of the capitalisation of the financial charges compared to the previous year.

Income taxes: The amount of this item comes to 5.41 million Euro (compared to €7.94 M in 2015). This item includes both the social tax and the deferred tax assets and liabilities linked to the evolution of the sale of the aforementioned projects.

Taking the preceding factors into account, the group net result of the financial year amounts to 20.38 million Euro compared to 19.96 million Euro in 2015.

CONSOLIDATED BALANCE SHEET

The consolidated shareholders' equity amounts to 139.39 million Euro compared with 126.80 million at 31 December 2015, an increase of nearly 10%.

As at 31 December 2016, the group has a net consolidated indebtedness of 305.08 million Euro, compared with a net consolidated indebtedness of 339.34 million Euro as at 31 December 2015.

The consolidated indebtedness consists, on the one hand, of a long-term debt amounting to 226.42 million Euro and on the other hand, of a short-term debt amounting to 224.05 million Euro. The available cash amounts to 145.40 million Euro compared to 23.16 million Euro at 31 December 2015.

The significant increase in available cash is mainly explained by the bond issues of 86.1 million Euro contracted in October and by the sale of the C building of the Vaci Greens project in December 2016 (€44 M).

The "buildings held for sale" classified under "Stock" represent the real estate projects in portfolio and in the course of development. This item amounts to 429.21 million Euro, an increase of 85.04 million Euro in comparison with 31 December 2015 (€344.17 million). This variation resulted primarily (a) from the acquisition of the Realex project and of the land of the Dacia project (Bucharest), from the continuation of the works of the Vaci Greens (Budapest), Hermes Business Campus (Bucharest), The One and Palatium (Brussels), Les Brasseries de Neudorf (Luxembourg) and Port du Bon Dieu (Namur) projects, making an overall contribution of 162.97 million Euro and (b) from the sale of the C building of the Vaci Greens project, of the Port du Bon Dieu building - Lot 2 (Headquarters of CBC bank in Namur), the last tranche of the Trebel project (Brussels) and from the sales of the apartments of the Port du Bon Dieu, UP-site and Les Brasseries de Neudorf projects which reduces the stock by 97.13 million Euro. The remaining difference is distributed over the other projects in development.

OWN SHARES

Following the various share acquisitions and sales executed during 2016, ATENOR s.a. holds, on 31 December 2016, 11,308 own shares (compared to 4,480 on 31 December 2015).

The number of ATENOR shares held on 31 December 2016 by the subsidiary Atenor Group Investments comes to 163,427 (situation that is unchanged from December 2015).

PROJECTS IN OUR PORTFOLIO

Over the course of 2016, all our projects developed favourably. This year again, we underline the diversity of the origination of income, the consequence of the functional and geographical diversification of the projects in portfolio. Furthermore, the fact that the projects are at different stages of development provides a significant level of visibility future revenues.

Following the latest transactions, the portfolio currently includes 16 projects under development with a total of approximately 630,000 m².

> THE ONE - European Quarter, rue de la Loi, Brussels (29,000 m² of offices & 9,000 m² of residential)

The construction works have continued according to schedule with their provisional delivery scheduled for late 2018.

On the commercial side, 35% of the apartments have been sold (excluding reservations). The marketing campaign will be launched during 2017. Preliminary contacts are under way for the leasing of the offices.

The appeal to the Council of State brought against the building permit by well-known associations has not progressed.

> REALEX - European Quarter, between the Rues de la Loi & de Lalaing, Brussels (42,000 m² office tower)

Neighbour of the The One project, Realex is an office project of approximately 42,000 m² (rising to 114 metres) for which the permits have already been obtained.

Its launch may take place in 2017, depending of the markets evolution and especially of the needs of the European Institutions. Furthermore, agreements were signed for the acquisition of two neighbouring plots along the Rue de la Loi, enabling us to develop a project of approximately 10,000 m² and thus extend the Realex project.

We remind you that the project is 90% held by ATENOR.

> PALATIUM – Quartier Louise, near the Palais de Justice, Brussels (approx. 14,000 m² mixed)

The redevelopment works that started in late 2015 have continued, with their provisional delivery scheduled for late 2017.

On the sales front, 78 of the 152 apartments (51%) and the three office spaces have already been sold. Since February 2017, three model apartments are supporting the marketing.

> CITY DOX - Canal area, quai de Biestebroek, Anderlecht (approx. 165,000 m² mixed)

The phase one construction works relating to the building of 93 apartments, 8,500 m² of integrated business services, 71 service flats and one rest home, i.e. 39,500 m² in total, have continued.

We remind you that the subsidiary developing the rest home was subject to a share purchase agreement with an institutional investor in December 2015; the margin is recorded as construction works progress.

Supported by a targeted marketing, the sales campaign has been launched and the first agreements signed.

Furthermore, the demand of the subdivision application permit for phase two of the project, of a mainly residential nature introduced in May 2016, is still in progress. We remind you that this second phase incorporates the development contract launched by citydev.Brussels and won by ATENOR; it concerns 16,393 m² of apartments, 12,471 m² of them devoted to subsidised housing.

> VICTOR - opposite the South Station, Brussels (approximately 109,500 m² mixed)

The master plan for the Midi district should be granted regulatory power on the basis of the provisions foreseen in the COBAT (Drafting of a Development Master Plan: PAD). The approval of the new COBAT has been visibly delayed compared to the dates put forward in the policy statements. On the issuing authority's suggestion, ATENOR will study, once the planning framework has been established, the launch of an architecture contest integrating the latest parameters set out in the master plan. Following this contest, and in parallel to the master plan's planning appraisal, the building and environmental permit applications will be filed as soon as possible, with a view to executing the Victor project in 2021, as indicated in the Government's programme.

> LES BERGES DE L'ARGENTINE – La Hulpe (residential and services project, approx. 26,000 m²)

The permit for the renovation of the historic buildings (4,000 m² of offices and 4 apartments) was issued last 5th January. The start of works is scheduled for the second quarter of 2017.

Furthermore, following the approval of the PCAR by the Regional government last November, the studies were launched by the District Council for its execution. The objective is to submit in 2017, after the approval of the PCAR, a permit application for the rest of the project, of a mainly residential nature.

> LE NYSDAM – La Hulpe (Office building – approx. 15,600 m²)

New leases have recently been signed bringing the lease rate up to 80%; negotiations are in progress for the leasing of the remainder of the spaces.

We remind you that this building has 15,600 m² and 408 parking spaces and was acquired in 2015 for the purposes of a future re-development.

> PORT DU BON DIEU LOT 1 – Namur (140 residential units, 5 retail units, 1 restaurant, a total of 20,614 m²)

The definitive deliveries of the apartments are in progress and the development of the surroundings is finished. All apartments and retail spaces have been sold.

> PORT DU BON DIEU LOT 2 – Namur (purchase/sale of land – 7,600 m² of offices)

Construction works, which started in January 2016, are continuing according to schedule for a delivery planned for October 2017 at the latest. The development margin is recorded as construction works progress.

> AU FIL DES GRANDS PRÉS – “Les Grands Prés” shopping precinct district, Mons (approx. 70,000 m² mixed)

The four blocks of the first phase (134 apartments in total) the first of which was delivered last December, are 100% pre-sold. This pace has enabled us to launch the marketing of the 5th and 6th housing blocks (68 apartments) and to start the construction of the 5th block. To date, half of this 5th block has already been sold.

The revisioning planning tool (PCAR), encompassing the other plots of the project and linking the commercial gallery to the new station, has been adopted. In the long term, it will enable several hundred residential units, local retail shops and offices to be built. A planning permit application was submitted in February 2017, following which an initial building permit for offices will be submitted.

> LA SUCRERIE – Ath (183 residential units, 3 retail units, 1 nursery – 20,000 m²)

Construction works on the first three blocks (75 units and 1 nursery) continued, the first two blocks having been delivered and the delivery of the third being scheduled for the second quarter of 2017. To date, 66% of the apartments have been sold.

The sale of the 4th and 5th blocks (17 and 35 apartments), for which the construction started in April and December 2016 respectively, is following the pace of the regional market.

> LES BRASSERIES DE NEUDORF - Luxembourg City (87 residential units, 12 shops – 11,500 m²)

The end of the construction work was postponed to early 2017 due to late execution by the General Contractor, with no financial consequences for ATENOR. Since December 2016, several dozen apartments have been delivered.

We remind you that all the apartments are sold; 3 retail spaces remain available for sale.

> NAOS – Belval area, Grand-Duchy of Luxembourg (office and retail building – 14,000 m²)

A building permit application relating to 14,000 m² of offices and retail was filed in November 2016. Excavation works started in early January 2017. The building is 50% pre-leased following the signing of a lease with the Arqs IT group and the A³T consultancy, audit and accounting services company.

We remind you that the project is executed by the Luxembourgian company “NAOS”, 55% owned by ATENOR.

> HERMES BUSINESS CAMPUS – Boulevard D. Pompeiu, Bucharest (73,180 m² of office space)

Following the progress of negotiations for the leasing of the remainder of the spaces available, the three buildings (72,000 m²) are now fully leased.

The third building was delivered, as scheduled, in December 2016, its sole tenant Genpact moving into the 8 floors as the fit out works complete.

The outlook for the office leasing market remains favourable in this country with economic growth. Initial actions have been taken for the sale of these buildings, although it is not possible to specify the timing at this stage.

> DACIA – Intersection of Calea Victoria and Boulevard Dacia, CBD, Bucharest (12,000 m² of office space)

A permit application for 12,000 m² will be submitted in the next few months. We remind you that ATENOR acquired two adjacent plots in Bucharest's CBD (Romania). The site is located at the intersection of two of the Romanian capital's main roads: Calea Victoria and Boulevard Dacia.

The lease market has also shown its interest in this ideally located project.

> VACI GREENS – Vaci Corridor, Budapest (130,500 m²)

In a very active investment market, we have completed the sale of the first three buildings of Vaci Greens. Block C (a sole tenant) was sold in November 2016, block A (multi-leases) in February 2017 and block B (60% occupancy at time of sale) was subject to a sale and purchase agreement in February 2017. These 3 sales will have generated over 140 million Euro in turnover.

The works on the 4th block, the Vaci Greens D building (17,000 m²), are continuing for a delivery scheduled in the 1st quarter of 2018. This building has a pre-lease of 3,200 m². Architectural studies are under way concerning the development of the last two blocks of the campus (45,000 m²).

In general, the economic outlook remains favourable and continues to have a positive influence on the office rental and investment market.

OTHER DEVELOPMENTS

The sale of the last apartments of the UP-site project is continuing at a satisfactory pace. The definitive deliveries were obtained in late October 2016.

We remind you that on 29 November 2016 shareholders renewed the shareholders' agreement that binds them for a period of at least 5 years, showing their support of the strategy ATENOR has followed for several years now. This agreement sets at 33.75% the percentage shareholding subject to the shareholders' agreement.

FINANCIAL INSTRUMENTS

The information relating to the use of derivatives is given in the annual financial report.

STOCK OPTION PLANS

On 3 March 2016, ATENOR issued a new share option tranche (SOP 2016) for the subsidiary named Atenor Group Investments (AGI).

The options issued on this subsidiary benefit members of the Executive Committee, personnel and service providers.

This SOP may be exercised during the three periods following 11 March to 31 March 2019, from 9 March to 31 March 2020 and from 8 March to 31 March 2021.

On 3 March 2016, the Board of Directors, on the recommendation of the Remuneration Committee, distributed 528 Atenor Group Participation (AGP) shares in accordance with the remuneration policy described in the "Corporate Governance" section.

OTHER INFORMATION

The company does not have either a branch or any R&D activity.

APPLICATION OF THE INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

The financial information of 2016 has now been agreed and presented in accordance with the IFRS standards as adopted in the European Union. The annual financial report has been made available to the shareholders. It forms an integral part of the present management report.

ALLOCATION OF PROFITS (CORPORATE RESULTS OF ATENOR S.A.)

ATENOR s.a.'s statutory annual accounts show a corporate profit for the tax year of € 6,888,429.66.

Apart from the operations reflected in the consolidated accounts, the 2016 profits/losses are primarily explained by the sales of long leases connected with the UP-site and Trebel projects, the sales of the apartments of the La Sucrerie (Ath), Au Fil des Grands Prés (Mons) projects and management of general and structural expenses as well as financial charges primarily related to bond issues and to the new EMTN programme.

Your Board proposes you to approve the annual accounts as at 31 December 2016 and allocate the corporate financial year's profit of ATENOR s.a. as follows:

Profit for the year	€ 6,888,429.66
Profit carried forward from the previous year	€ 35,355,022.75
Profit to be allocated	€ 42,243,452.41
Directors' entitlements	€ 316,000.00
Assignment to the legal reserve	€ 344,421.48
Capital remuneration *	€ 11,464,326.72
Profit to be carried forward	€ 30,118,704.21

* Suspension of the right to the dividend of the own shares held by ATENOR s.a. (11,308), subject to the approval of the General Assembly.

PROPOSED DIVIDEND

The Board of Directors will propose, to the General Assembly of 28 April 2017, the payment (for the financial year 2016) of a gross dividend of 2.04 Euro per share (+2%), that is, a net dividend after withholding tax (30%) of 1.428 Euro per security.

Subject to the approval of the Ordinary General Assembly, the dividend will be paid out as from 4 May 2017*.

- Ex date 2 May 2017
- Record date 3 May 2017
- Payment date 4 May 2017

* with the exception of the own shares whose dividend right will be suspended.

STATEMENT ON CORPORATE GOVERNANCE

Regarding the Corporate Governance Statement (including, among others, the remuneration report in compliance with Article 96§3 of the Companies Code), the description of systems of internal control, of the risk management and the other regulatory information referred to in Article 34 of the Royal Decree of 14 November 2007), reference is made to the corporate governance statement.

It is an integral part of this report and will also be repeated in its entirety in the annual report.

EVENTS AFTER THE CLOSING DATE

As announced in the press release of 1st February 2017, building A of Vaci Greens has been sold to a group of private Hungarian investors. This sale will have a positive impact on ATENOR's results in 2017.

The press release of 16 February 2017 also announced the sale of the B building of Vaci Greens to an investment fund based in Hungary. This sale will have a positive contribution to ATENOR's results in 2017.

As announced in the press release of 13 February, ATENOR has entered an exclusivity period with the limited liability company Immo Beaulieu for the acquisition of a leasehold on the two buildings of the Beaulieu Certificate located in Auderghem (Brussels). This transaction remains subject to the positive conclusion of a complete due diligence and to the approval of the General Meeting of the Beaulieu Certificate holders.

On 10 March 2017, ATENOR will issue a new stock option plan (SOP 2017) for the subsidiary named Atenor Group Investments (AGI).

The options issued on this subsidiary benefit members of the Executive Committee, personnel and service providers.

This SOP may be exercised during the three periods following: from 9 March to 31 March 2020, from 8 March to 31 March 2021 and from 8 March to 31 March 2022.

No other important event occurring since 31 December 2016 must be noted.

PROSPECTS FOR THE FULL YEAR 2017

The real-estate markets of central Europe have been evolving favourably. Indeed, "grade A" buildings have been developed and house high-quality tenants whose business activities, such as Shared Service Centers, are growing rapidly. Logically, therefore, real-estate investors' attention is drawn to these investments at still very attractive rates.

Through its presence in Budapest and Bucharest as a major stakeholder, ATENOR will benefit from the favourable evolution of these markets. Apart from the sale of two buildings in Budapest recorded in early 2017, ATENOR will continue to develop the Vaci Greens project with the construction of a fourth building. The HBC buildings in Bucharest will generate lease revenue and it is ATENOR's intention to value-add these buildings although it is not possible to provide an execution schedule at this stage.

ATENOR's results will also be buoyed by the sales of residential projects in Brussels and in other provinces.

ATENOR will also continue to develop its diversified project portfolio by seizing every value-added opportunity.

Furthermore, new investments will be envisaged within the framework of the continual project purchase-value add-sale process, in line with our strategy.

ATENOR will specify the forecasts for the FY in the course of the year, depending on the evolution of the portfolio, which already looks promising.

PRINCIPAL RISKS AND UNCERTAINTIES

ATENOR's activities consist in the realisation of real estate developments, either directly or through subsidiaries.

ATENOR is faced with the risks and uncertainties inherent in this activity and, in particular, the changes in international economic trends and the markets in which the buildings are constructed, and the changes in the bases of the financial markets, such as interest rates and the volume of funds intended for investment.

The Board of Directors is attentive to the analysis and management of the various risks and uncertainties to which ATENOR and its subsidiaries are subject.

Furthermore, the Board of Directors sets out three identified risks in the legal proceedings with which ATENOR is or has been confronted:

- > In the context of the tax dispute involving what are known as "Liquidity Companies", each of these procedures ended in 2016 with a ruling definitively putting an end to the proceedings brought against ATENOR and its managers.
- > As regards the construction of the PIXEL building in Luxembourg, general contractors Soludec and CIT Blaton issued a summons against ATENOR Luxembourg for reimbursement of penalties for which ATENOR had obtained payment by calling on bank guarantees (0.54 million Euro) and as payment for various other damages.

On 9 March 2012, the District Court of Luxembourg partially accepted this request, to the limit of 0.37 million Euro.

On 24 May 2012, ATENOR, appealed this ruling and set aside provisions in 2012 in the amount of 0.37 million Euro. The case is still pending on appeal. The pleadings will be heard on 8 January 2018.

- > A dispute opposes ATENOR Luxembourg to the consortium of the contractors Soludec, CIT Blaton and Van Laere, to whom the construction of the PRESIDENT building in Luxembourg was entrusted. ATENOR is asking in court in particular for the application of contractual penalties for lateness, while the contractors are claiming various damages. The legal expert appointed in July 2010 submitted his report in 2013. ATENOR Luxembourg has called upon the bank guarantees set up for its benefit. From them it obtained payment in the amount of 5.00 million Euro by a ruling in February 2011. This ruling was confirmed in December 2012 by the Court of Appeals of Luxembourg. This amount has not been recorded in the consolidated results. The proceedings are still in progress before the Luxembourg district court. On 17 November 2016, the latter issued a "provisional" judgement assigning an additional appraisal assignment to the same expert, which will start on 26 April 2017.

ATENOR is of the opinion that the claims the Group is facing are unfounded and, consequently, no provision other than that incorporated in the PIXEL litigation has been made for dealing with these disputes.

ADMINISTRATION

- > Your Board proposes that discharge would be granted to the directors and to the auditor for the financial year closed on 31 December 2016.
- > On the proposal of the Appointments and Remuneration Committee, your board proposes that the mandate as independent director of SOGESTRA sprl represented by Nadine Lemaitre would be renewed for a period of three years. This mandate, which could be remunerated, will expire at the end of the Ordinary General Assembly of 24 April 2020.

La Hulpe, 8 March 2017

For the Board of Directors