

Management report

to the Annual General Meeting of Shareholders on 26 April 2013

Ladies and Gentlemen,

We have the honour of presenting to you the Management Report of your company's 102nd financial year and of submitting for your approval the Annual Accounts as at 31 December 2012, along with our proposals for the allocation of profits.

The consolidated results for 2012 amount to 9.49 million euro, compared with 11.32 million euro in 2011.

Turnover, revenue from the ordinary activities and operational profit (loss)

The turnover amounts to 45.45 million euro. This turnover comes primarily from the sales connected with the UP-site project, more specifically the sale of three office buildings respectively to the Ethias Group, to Unizo and to PMV, and the sale of 83 apartments that have been the object of deeds of sale and of preliminary sales agreements.

The operating result amounts to 8.75 million euro, primarily influenced just like the turnover by the sale of three office buildings and of apartments (the recorded result being prorated according to the state of progress of the works). The rent paid in relation to the City Docks project in Anderlecht also contributed to the operating result.

The **net financial result** amounts to -3.12 million euro, compared with -3.09 million euro in 2011, taking into account the financial costs connected with the 2010-2015 bond issue and the prorated financial costs connected with the second bond issue of October 2012. The progress in the works of the UP-site project and the start-up of the Port du Bon Dieu project in Namur have led to the activation of the financial costs connected with these two projects for a total amount of 2.9 million euro.

Deferred tax expense: In compliance with the IAS 12 and the situation of the fiscal losses of ATENOR, the UP-site project (at the time it was launched) resulted in the recording of deferred tax assets. In 2012, the impact of the taking back these deferred taxes amounted to 1.27 million euro. Within the scope of the TREBEL project, a deferred tax asset of 5.37 million euro was recorded in the accounts of the first half of 2012 as a consequence of the signing of a preliminary sales agreement with the European Parliament.

Taking the preceding factors into account, the **net result** of the financial year amounts to 9.49 million euro.

Net financial indebtedness

As at 31 December 2012, the group has a net financial indebtedness of 131.85 million euro, compared with a net financial indebtedness of 93.55 million euro as at 31 December 2011. The group's indebtedness consists, on the one hand, of the long-term debt (permanent capital) of 198.39 million euro including two bond issues (compared to 107.11 million euro on 31 December 2011) and, on the other hand, a net positive cash position of 66.45 million euro.

Own shares

During 2012, ATENOR GROUP acquired 70 own shares. As at 31 December 2012, ATENOR GROUP held 157,583 own shares acquired at an average price of 40.45 euro for a total amount of 6.37 million euro. These shares are also intended to cover the 2007 to 2012 stock option plans.

Projects in our portfolio

Atenor's portfolio reflects a recognised positioning in niches in the residential and office real estate market that are undergoing growth: the development of mixed and dense projects through the reconversion of obsolete sites in the urban environment. The increasing demand for accessible new residences and for high-performance offices underpins Atenor's activities.

The portfolio currently includes 11 projects under development with a total of approximately 650,000 m². More specifically, the projects experienced the following developments:

UP-SITE - Canal area, Brussels

The Up-site project under construction contributed extensively to the 2012 results both in terms of its offices and in terms of its apartments.

The delivery of the B4 offices to Ethias (leased to Smals) and B3 to Unizo-Zenito (for their own occupation)

as well as the sale of B2 to PMV (leased to GO) are all steps contributing to the results, but also evidence of the excellent positioning of the UP-site project and of the renovation of the district. Only the B1 block ($\pm 10,000 \text{ m}^2$) remains available for letting/sale, while it is still under construction.

As far as the residential units are concerned, the commercialisation of the apartments in the tower and the "terrace buildings" is progressing in a positive market for acquisitions that is being slowed down, however, among other things by the contraction in mortgage loans.

As its construction continues (currently at level +26), this emblematic tower is establishing itself in the Brussels skyline by accordingly increasing its attractiveness, providing the city with a structural landmark and offering Atenor an incomparable reference.

PORT DU BON DIEU - *Namur*

The urban planning permit for the construction of 131 apartments was issued at the end of September 2012. We started the preliminary soil clean-up and demolition works without delay. The construction works will begin in the spring of 2013. The commercialisation of an initial block of 46 apartments was launched already in January 2013 and is confirming the market interest in this unique project in Namur.

HERMES BUSINESS CAMPUS - *Bld Dimitri Pompeiu, Bucharest*

The construction of the first phase is continuing ($18,000 \text{ m}^2$, delivery planned for November 2013) in a market that is still being driven by a demand for the establishment or relocation of multinational corporations, active in different sectors. The marks of interest in taking up partial leases are increasing. A first lease contract (for a limited area of $\pm 650 \text{ m}^2$) was signed with a prestigious tenant, confirming the good positioning of the project in the market in terms of quality-price ratio and location.

VACI GREENS - *Vaci Corridor, Budapest*

It has been confirmed that the A building ($17,362 \text{ m}^2$) whose delivery is planned for June 2013 will be the only new building to be put on the office market in Budapest. In a market that is certainly depressed, but nonetheless still driven by the concern for the relocation of certain companies, Vaci Greens presents itself as the only efficient and competitive option for these companies looking for a reduction in operating costs.

Several contacts confirm this differentiated positioning, without it being possible yet to pinpoint the commercial materialisation.

VICTOR - *South Station, Brussels*

The procedure for obtaining the urban planning and environmental permits is longer than initially estimated, due to the fact that the impact study recommended increasing the residential part of this large-scale project. The modifications have been made to the project (taking the residential part to more than $10,000 \text{ m}^2$) and submitted on 6 March 2013, which should make it possible to finalise the obtaining of the permits within the course of 2013, in parallel with the creation of an urban development plan for the district around Midi. Moreover, contacts with potential candidates for leases are continuing.

TREBEL - *Rue Belliard, Brussels*

The application for an urban planning permit submitted in December 2011 met with an unfavourable opinion at the end of December 2012 from the Consultation Committee (City of Brussels). Within the normal framework of the urban planning procedure for this type of project, the case is currently being examined by the regional administration. Atenor is taking into account the suggested modifications in order to be able to realize this high-quality project that was acquired by European Parliament in June 2012 (subject to permit).

BRUSSELS EUROPA - *Rue de la Loi, Brussels*

We submitted an application for an urban planning permit in December 2012 concerning a new mixed project of $44,000 \text{ m}^2$, within the parameters of the PUL (Paysage Urbain Loi); the impact study should be launched shortly. It is already probable that the project will have to be adapted in the course of the impact study in such a way as to incorporate the parameters imposed by the RRUZ (Regional zoned planned regulation) that will soon be adopted by the Government of the Brussels Region. This constitutes nonetheless important progress for this exceptional location.

LES BRASSERIES DE NEUDORF – Luxembourg

The draft PAP (Plan d'Aménagement Particulier, special development plan) concerning the site of the former Henri Funck breweries in Luxembourg was approved by the City of Luxembourg, in the normal course of the procedure. According to the estimated schedule, the urban planning procedure will lead, probably in October 2013, to an urban planning permit authorising the construction of ± 10,000 m² of residential units and commercial spaces.

CITY DOCKS - Canal area, Anderlecht

The new PRAS (Regional Land Development Plan) should be adopted by the Government of the Brussels Region at the end of March 2013. This draft PRAS stipulates, in particular for the City Docks parcel, a change of functions, which is required for the development of a major mixed urban project.

We are confident in the potential of this project because its development is in line with some of the challenges which the Brussels-Capital Region faces.

The former tenant of the industrial site is currently working on the soil clean-up and demolition work.

AREA OF THE NEW STATION - Mons

We finalised the acquisition of this plot of land in December 2012. Background: this concerns a set of parcels totalling around 7 ha and located alongside the site of the new railway station, the future Ikea and the shopping gallery "Les Grands Prés". We have submitted an application for an initial urban planning permit for the construction of a block of 78 residential units within the scope of the existing PCA (Plan Communal d'Aménagement – Municipal development plan). Other urban planning tools are currently under discussion with the commune and regional authorities in order to promote a harmonious development of the whole of this new district.

THE FORMER SUGAR SITE - Ath

TENOR won a competition, organised by the municipality, concerning the development of ± 20,000 m² of residential units on the site of the Anciennes Sucrieries in the neighbourhood of the railway station of Ath. Since the acquisition was in the course of finalisation, in December we were able to submit an application for a permit for the renovation of the historic building located on the site in order to create 16 residential units there and an area for (public) facilities.

SOUTH CITY HOTEL - South Station, Brussels

The hotel, under the PARK INN brand, generated a very good operating result in 2012. Considering the financial markets, which are not very favourable to investment for this type of property, notwithstanding its quality, ATENOR decided, jointly with its partners, to postpone the commercial endeavours to sell the company holding the hotel.

Other developments

The on-going judicial procedure regarding liquidity companies ("société de liquidités"), in which in particular Atenor and several of its management are involved, continued without there being any new material element to be noted.

As ATENOR has stated since the beginning of these judicial procedures and has repeatedly stated in its annual reports, ATENOR and its management feel that they have not committed any fraud or infraction and are confident that their good faith will be acknowledged in court.

Events after the closing date

No important event occurring since 31 December 2012 must be noted.

Prospects for the full year 2013

The year 2012 provided Atenor, particularly through the successful bond issue of € 60 M, with the stability and the financial resources necessary to implement its diversified portfolio.

The very specific niches in the market in which Atenor is active remain dependent on complex urban planning procedures, and therefore the schedules planned for the completion of projects are subject to changes.

Moreover the real estate market, both for residences and for offices, is closely connected with economic climate, especially in Belgium, but also in Budapest and Bucharest where we are particularly present.

In these general conditions marked by uncertainty, but with qualitative fundamental parameters, Atenor will devote all its human and financial resources to the full development of the assets in its portfolio, without nonetheless being able to express itself at this stage on the timing of the future results or the level of profitability to be expected.

Financial Instruments

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

Stock Option Plans

On 13 January 2012 Atenor Group issued a third tranche of 49,000 options on own shares intended for members of the management and staff. The options which have been accepted can be exercised during the periods from 10 March to 8 April 2016 and from 2 to 30 September 2016 at the unit price of 23.46 euro corresponding to the average listing on the stock exchange for the 30 days prior to issue.

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 2012 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 Group s.a.)

ATENOR GROUP s.a.'s statutory annual accounts show a corporate profit for the tax year of € 4,744,282.85.

Apart from the operations reflected in the consolidated accounts, the 2012 profits/losses is primarily explained by the sales of long leases connected with the UP-site project and of management of general and structural expenses as well as financial charges primarily related to our two bond issues.

Your Board proposes you to approve the annual accounts as at 31 December 2012 and allocate the corporate financial year's profit of Atenor Group s.a. as follows:

Profit for the year	€	4 744 282.85
Profit carried forward	€	47 678 201.93
Profit to be allocated	€	52 422 484.78
Directors' entitlements	€	225 000.00
Capital remuneration	€	9 761 656.00
Profit to be carried forward	€	42 435 828.78

(*) suspension of the entitlement to dividend on own shares

Proposed dividend

The Board of Directors will propose, to the General Assembly of 26 April 2013, the payment (for the financial year 2012) of a gross dividend of 2.00 euro per share, that is, a net dividend after withholding tax (25%) of 1.50 euro per security and, for the first time, in the form of an optional dividend.

The option of receiving the dividend in shares while keeping the dividend amount unchanged is the balanced method chosen by the Board of Directors to confirm the remuneration policy while opening up the possibility of strengthening the group's equity. This proposal has received the support of the reference shareholders.

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 aimed at in Article 34 of the Royal Decree of 14 November 2007), reference is made to Appendix 1.

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

Principal risks and uncertainties

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

ATENOR GROUP 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 GROUP and its subsidiaries are subject.

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

- In the context of the tax dispute involving what are known as "Liquidity Companies", which could concern more than 700 companies in Belgium, major charges were brought against certain of the Group's former subsidiary companies. These companies had been sold, more than twelve years ago, to investors introduced and recommended to ATENOR GROUP by intermediaries and banking institutions of repute

It transpired that these investors might have embezzled the liquidities of the acquired companies and failed to fulfil their tax obligations by not proceeding with any reinvestment as announced.

These tax disputes, which do not relate to ATENOR GROUP directly, have given rise to criminal complaints or civil proceedings, mainly against the buyers and the intervening banks but also against ATENOR and certain members of its management.

Currently, ATENOR GROUP and some of its directors are still involved in three ongoing proceedings before the examining courts.

Within the scope of the on-going judicial procedure regarding "Erasmone – American Energy", the Grand Jury of Brussels is expected to rule soon on the appeal directed against an order for referral pronounced in September 2011, against 13 companies and people including ATENOR GROUP and Stéphan Sonnevillie, the representative of Stéphan Sonnevillie SA.

Within the scope of the "E. Migeotte / Société Générale (France)" case, the Council Chamber of Turnhout in February 2012 dismissed the charges with regard to ATENOR GROUP and certain of its directors in office at the time of the events but this Order was appealed by the Public Ministry. The proceedings are therefore following their course.

Finally, the "D-side - Cabepo" case is currently pending before the Court of Appeals of Brussels; it referred the case "sine die", one of the parties having requested additional investigative measures.

In general, ATENOR GROUP, which fully and honestly cooperated in the investigations carried out by the legal and tax authorities, confirms that it has not committed any fraud either with regard to tax law or to company law, and is confident that its good faith will be acknowledged in all of the above mentioned files.

- As regards the PIXEL building in Luxembourg, general contractors Soludec and CIT Blaton issued a summons against ATENOR 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 GROUP, appealed this ruling and set aside provisions in the 2012 in the amount of 0.37 million euro.

- A dispute opposes the Atenor Group Luxembourg to the consortium of the contractors Soludec, CIT Blaton and Van Laere, to whom the construction of the PRESIDENT building was entrusted. ATENOR is asking in court in particular for the application of contractual penalties for lateness, while the contractors are claiming various damages. A court-ordered appraisal is under way. Atenor Group Luxembourg has called upon the bank guarantees set up for its benefit. From them it obtained payment (5.06 million euro) by 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.

ATENOR GROUP is of the opinion that the claims the Group is facing are unfounded and, consequently, except as mentioned above for the PIXEL building, no provision has been made for dealing with these disputes.

Administration – Corporate Governance

- Your Board proposes that discharge would be granted to the directors and to the auditor for the financial year closed on 31 December 2012.
- On the proposal of the Appointments and Remuneration Committee, your board proposes that the mandates as director of Luxempart s.a. represented by Mr François Tesch and of Stéphan Sonnevile s.a. represented by Mr Stéphan Sonnevile would be renewed for a period of three years. These mandates, which could be remunerated, will expire at the end of the Ordinary General Assembly of 2016.

La Hulpe, 7 March 2013

For the Board of Directors.