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ANNUAL RESULTS 2018

Regulated information

La Hulpe, 11 March 2019

A. Management Report

ATENOR ended the 2018 financial year with a net consolidated result of 35.18 million Euro, an increase of nearly 60% compared to 2017.
The Board of Directors will propose a gross dividend of € 2.20 per share to the General Assembly, as against € 2.08 the previous year.

Table of key consolidated figures (in thousands of €) - Audited accounts

Results	***31.12.2018***	***31.12.2017***
Net consolidated result (group share)	35,177	22,179
Profit per share (in Euro)	6.48	4.07
Number of shares	5,631,076	5,631,076
of which own shares	231,825	198,622
Balance sheet	***31.12.2018***	***31.12.2017***
Total assets	670,765	593,180
Cash position at the end of the period	106,590	43,296
Net indebtedness (-)	-333,688	-333,835
Total of consolidated equity	170,298	149,640

Revenue from ordinary activities and consolidated result

The revenues from ordinary activities amount to 99.77 million Euro. They mainly include: (a) the revenue earned by the forward sale of the Buzzcity project booked following the state of progress (Leudelange; € 20.06 M), (b) the last tranche of Vaci Greens D building (Budapest) paid following the building's delivery (€ 9.40 M), (c) the revenue linked to the sales of the apartments of the projects The One (Brussels ; € 19.32 M), City Dox (Brussels ; € 15.38), Au Fil des Grands Prés (Mons ; € 10.25 M) and UP-site (Brussels ; € 6.02 M) and (d) the lease revenues from the Hermès Business Campus (Bucharest), University Business Center (Warsaw) and the Nysdam buildings (La Hulpe) for 13.70 million Euro.

The other operating revenue (€41.12 M), sharply increasing, mainly includes the capital gains earned on the transfers of the shares of The One Office SA (office part of the The One project) in December 2018, Naos SA (projet Naos) according to the state of progress of the project and Senior Island SA (City Dox) following the delivery of the rest home in May 2018 (total of €33.28 M) and the reinvoicing of service charges and miscellaneous costs of the leased buildings (€4.07 M).

The operating result amounts to 46.04 million Euro as against €35.38 M in 2017 mainly influenced this year by the sale of the shareholdings covering the projects The One (office part) (Brussels; €19.48 M), Naos (Belval; €8.30 M) and City Dox (rest home part - Brussels; €2.78 M), by the contribution of the Buzzcity office project following its sale in future state of completion (Leudelange ; €4.47 M), by the completion of the sales of the buildings A, B and D of the Vaci Greens project (Budapest; €3.44 M) and by the sales of the apartments of the various residential projects mainly including City Dox (Anderlecht), The One (Brussels) and Au Fil des Grands Prés (Mons) for €2.77 M, €2.76 M and €2.60 M respectively.
The rental revenue net of charges of the HBC (Bucharest; €9.17 M), UBC (Warsaw ; 1.64M) and Nysdam (La Hulpe; €0.96 M) buildings give an additional contribution to the annual result.

The **net financial result** amounts to -8.61 million Euro, compared with -10.37 million Euro in 2017. The decrease of net financial charges is mainly due to the decrease in ATENOR's average net indebtness and in the weighted average borrowing rate compared to 2017.

Income taxes: The amount of this item comes to 2.16 million Euro (compared to €2.48 M in 2017). This caption includes both the statutory 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 35.18 million Euro compared to 22.18 million Euro in 2017, an increase of 58.61 %.

Consolidated balance sheet

The consolidated shareholders' equity amounts to 170.30 million Euro compared with 149.64 million at 31 December 2017, an increase of 13.8% (+20.66 million Euro).
As at 31 December 2018, the net consolidated indebtedness stabilised at 333.69 million Euro, compared with a net consolidated indebtedness of 333.84 million Euro as at 31 December 2017. In April 2018, we successfully issued a "retail" type bond in two tranches for a total amount of 50 million Euro. At the end of the period, we sold our subsidiary THE ONE OFFICE, which had a positive impact on our net cash position of 100 million Euro.
The consolidated indebtedness consists, on the one hand, of a long-term debt amounting to 293.10 million Euro and on the other hand, of a short-term debt amounting to 147.17 million Euro. The available cash amounts to 106.59 million Euro compared to 43.29 million Euro at 31 December 2017.
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 459.20 million Euro, an increase of 15.23 million Euro in comparison with 31 December 2017 (€ 443.97 million).
This net variation results primarily (a) from the acquisition of the lands and buildings of the projects University Business Center (Warsaw), Am Wehrhahn (Düsseldorf), UP-site Bucharest and Au Fil des Grands Prés (phase 2 in Mons) for a total of 66.55 million Euro, (b) from the continuation of the works of the Com'Unity (Paris), City Dox (Brussels) and Berges de l'Argentine (La Hulpe) projects for 30.22 million Euro and (c) from the sale of the projects The One (office part; Brussels), Buzzcity (Leudelange) and the sales of the apartments of the projects The One (residential part), Au Fil des Grands Prés and UP-site which reduce the stock by 81.33 million Euro. The remaining difference is distributed over the other projects in development.

Own shares

ATENOR SA sold its own shares to a newly formed subsidiary named ATENOR LONG TERM GROWTH to set up a new share options plan addressed to ATENOR staff and some of its service providers.
On the closing date, ATENOR LONG TERM GROWTH SA held 68,398 ATENOR shares.
The number of ATENOR shares held on 31 December 2018 by the subsidiary ATENOR GROUP INVESTMENTS amounts to 163,427 (situation that is unchanged from December 2017).
These shares aim to serve the share options plans (2015 to 2018) allocated to ATENOR staff and some of its service providers.

Proposed dividend and dividend policy

The Board of Directors will propose, to the General Assembly of 26 April 2019, the payment (for the financial year 2018) of a gross dividend of 2.20 Euro per share (+5.77%), that is, a net dividend after withholding tax (30%) of 1.54 Euro per security.
Subject to the approval of the Ordinary General Assembly, the dividend will be paid out as from 2 May 2019.

- Ex date 29 April 2019
- Record date 30 April 2019
- Payment date 2 May 2019

Projects in our portfolio

Over the course of 2018, 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.
Following the latest transactions, the portfolio currently includes 23 projects under development with a total of approximately 865,000 m².

❖ **BRUSSELS (29.97% of the portfolio)**

***THE ONE** - European Quarter, rue de la Loi, Brussels (31,000 m² of offices and 11,000 m² of residential)*
The building was delivered at the end of 2018 for its residential part and start of 2019 for its office floor areas.
On the commercial side, 91% of the apartments and the two ground-floor retail spaces have been sold (excluding reservations). The office floor areas were offered for lease within the framework of the call for proposals issued by

the European institutions, which concerned the lease of approximately 100,000 m² by 2020-2024. Other contacts are in progress with the public institutions and private companies for the lease of several floors.
In December 2018, ATENOR sold the company The One Office SA, owner of the office part of the The One building to Deka Immobilien Investment Gmbh, a German investment company, while remaining responsible for the leasing of the building.
On the urban planning side, the investigation of the appeal against the RRUZ at the Council of State is continuing and could lead to a "technical" cancellation of the RRUZ. In the long term, we don't see any damaging impact for The One.

***REALEX [90% ATENOR]** – European Quarter, between the rues de la Loi & de Lalaing, Brussels (minimum 54,000 m² of offices)*
Realex is participating in the competitive dialogue organised by the European institutions for the acquisition of a conference centre of about 24,000 m² above ground. For the office area (± 30,000 m²) which completes this project, Realex has also responded to the call for proposals issued by the European institutions, which concerns the lease of ±100,000 m² by 2020-2024.
An application for building permit was submitted at the end of 2018 in order to adapt the project to these requirements.

***CITY DOX** - Canal area, quai de Biestebroeck, Anderlecht (approx. 157,000 m² mixed)*
We remind you that the rest home was delivered on 23 May and the sale of the subsidiary that owns this rest home to Fédérale Assurance has been completed. Its opening fostered the sales process of the 71 service residence units (32% sold) delivered in June. The deliveries of the 93 residential units (76% of which have been sold) and of the 8,500 m² of integrated business services were obtained last November and completed the first phase of the City Dox project.
The lease for a floor area of 2,000 m² signed with IWG (ex Regus) confirms a renewed interest for these integrated business services (IBS) floor areas, for which other negotiations are in progress.
Furthermore, following the issue of the subdivision permit in July 2018 for the second phase of the project, mainly residential and of the planning permit for LOT 3 in January 2019, ATENOR will soon start the construction of 21,000 m² of residential units, 12,700 m² of them subsidised (citydev.brussels), 3,000 m² of production activities and 7,300 m² of integrated business services. The ongoing development will also include a school, public spaces and housing on the edge of the canal.

***VICTOR [50% ATENOR]** – opposite the South Station, Brussels (approximately 109,700 m² mixed)*
The studies to be carried out as part of the Midi Master Development Plan (MDP) were launched at the initiative of the Government of the Brussels Region. The drafting of a new project is continuing in order to bring it into line with the views expressed by the Region as to the correct surroundings layout.
This project is a shining example of durability through the density and the mixity it provides near a major station and through its adherence to recent changes in environmental requirements. The urban planning situation is therefore changing, slowly but tangibly.

- **FLANDERS (3.78% of the portfolio)**

***DE MOLENS [50% ATENOR]** – City Centre, Toolpoort road, Deinze (mixed residential and retail project of 32,000 m²)*
Mid-January 2019, ATENOR in partnership with 3D Real Estate acquired the company Dossche Immo SA which holds an industrial site of 2.14 ha in Deinze town centre to be converted. With this acquisition, ATENOR has entered the Flemish market.
The planning guidelines authorise a mixed project (housing and retail) of 32,151 m². The intention is to submit a permit application in 2019 and start works as soon as possible after the old owner leaves the site.

- **WALLONIA (11.93% of the portfolio)**

***LES BERGES DE L'ARGENTINE** – La Hulpe (residential and offices project, approx. 26,000 m²)*
Renovation works on the street-front offices (phase 1 – 4,000 m²) have finished. Discussions for letting/sales are in progress.
The second phase of the project (22,000 m² of housing), has been completely revised in order to meet the wishes expressed by the municipal council. A building permit application will be submitted as soon as possible.

***Le Nysdam** – La Hulpe (Office building – approx. 15,600 m²)*

The commercial repositioning of the building has been completed; following the last lease contract signings, it has an occupancy rate of 96%, enabling us to launch a sales process, although it is not possible to determine the timing at this stage.

***Au Fil des Grands Prés** – "Les Grands Prés" shopping precinct district, Mons (approx. 75,000 m² mixed)*

The commercial success of this project has been remarkable considering that the first eight blocks of the first phase (268 homes – 25,500 m² sold in total) have all been (pre)sold. The first six have been delivered and the next two are under construction, with the deliveries spreading until 2020.

Furthermore, with respect to phase two, a new application for 14,000 m² of offices and 3 housing blocks has been submitted. This will enable to link the Grands Prés mall with the new station. In the long term, the development of the following phases will include several hundred apartments.

***La Sucrerie** – Ath (183 residential units, 5 retail units, 1 nursery - 20,000 m²)*

Construction works of the 5th block have finished. To date, 69% of the 126 apartments developed on the site have been sold. At the same time, the urban revitalization works being executed alongside the project are in the process of completion.

- **LUXEMBOURG (4.55% of the portfolio)**

***Naos [55% Atenor]** – Belval, Grand-Duchy of Luxembourg (offices and retail units – 14,000 m²)*

The transfer of the company Naos to institutional investors Ethias et Le Foyer was concluded in November 2018, enabling the capital gain to be booked according to the degree of progress of the project. Delivery of the building is scheduled for July 2019.

At the same time, we are holding negotiations for the lease of the remaining floor areas (73% leased).

***Twist** – Belval, Grand-Duchy of Luxembourg (offices, housing and retail units – 14,300 m²)*

This project, awarded following a contest, concerns the development of a mixed building of 14,300 m² on 28.8 ares of land including offices, housing and retail units. The urban development plan (PAP) was submitted in July 2018. Its issuance is expected during the course of the first half of 2019 and will enable us to submit the application for the building permit.

***BuzzCity** – Leudelange, Grand-Duchy of Luxembourg (office building – 16,800 m²)*

The sale of the project in future state of completion to the fund Fidentia Belux Investments was sealed on 19 December 2018, enabling the result to be booked according to the degree of progress of the development. With the building permit obtained in 2018, construction works should start soon.

Furthermore, the leasing of the office areas has started in a very buoyant market.

- **PARIS (6.91% of the portfolio)**

***Com'Unity 1 [99% Atenor]** – Bezons (Paris) – (33,800 m² of offices)*

Following the tender process, the Eiffage company was awarded the building of the project. The foundation stone was officially laid on 16 October in the presence of the local authorities, for a duration of works of 33 months.

The leasing of these office areas is in progress in a highly active Péri-Défense market.

***Bord de Seine 2 [100% Atenor]** – Bezons (Paris) – (25,000 m² of offices)*

In October 2018, ATENOR signed a promise to purchase a second plot, near the first Com'Unity 1 project. Also located in Bezons, this second investment aims to develop 25,000 m² of offices complementing the offer of the first office building. A building permit was submitted in March 2019.

- **DÜSSELDORF (0.41% of the portfolio)**

***Am Wehrhahn** – Shopping Street Am Wehrhahn in Düsseldorf city centre – (3,500 m² of housing and retail)*

Acquired in November 2018, this mixed project, located in the heart of Düsseldorf involves the renovation of a supermarket, pre-leased to REWE for 15 years, and the creation of 33 residential units and parking spaces. The project has a building permit. The start of works is scheduled for the 2nd quarter of 2019.

❖ **WARSAW (6.94% of the portfolio)**

UNIVERSITY BUSINESS CENTER *– Mokotow quarter of Warsaw, Poland – (59,000 m² of offices)*
We remind you that ATENOR, through its new Polish subsidiary, completed on 1 June the acquisition of long term lease rights on two office buildings of 30,500 m² offering an annual rental income of approximately three million Euro. These offices located in the very active Mokotow quarter of Warsaw will undergo redevelopment in two phases, the first being the demolition and reconstruction of UBC 1, the smallest and oldest of the two buildings.
This redevelopment has been conceived to fit perfectly with the neighbouring university, currently being enlarged.

❖ **BUDAPEST (15.69 % of the portfolio)**

VACI GREENS *– Vaci Corridor, Budapest (blocks E: 26,000 m² and F: 27,500 m² of offices)*
After the completion of the sale of the Vaci Greens D building in January 2018, ATENOR started the construction and sales' process of the last two buildings in a buoyant market.
The F building is 23% pre-leased, and several negotiations are in progress for the remaining floor areas.

ARENA BUSINESS CAMPUS *– Boulevard Hungària, Budapest (80.000 m² of offices)*

ATENOR has started the construction and leasing of building A (23,000 m²) in a market, as indicated above, that is still growing.

❖ **BUCHAREST (19.82 % of the portfolio)**

HERMES BUSINESS CAMPUS *– Boulevard D. Pompeiu, Bucharest (75,000 m² of offices)*
Advanced-stage conversations are in progress for the sale of the company NGY, which holds the three buildings. At this stage, it is not yet possible to confirm that these negociations will lead to a sale in 2019.
Over the last few months, the investment market has sharply grown, becoming increasingly attractive to international investors.
In the meantime, these buildings being nearly fully leased, Atenor is enjoying lease revenues of approximately €10 M per year.

DACIA ONE *– Intersection of Calea Victoria and Boulevard Dacia, CBD, Bucharest (15,800 m² of offices)*
The urban planning procedure, complex in that it covers one already classified area and another new, denser area, is progressing satisfactorily. All the required authorisations should be obtained in the first half of 2019.
Advanced-stage conversations are still in progress for the lease of the entire project. Furthermore, other conversations are being held for a multi-lease.

@EXPO *– Avenue Expozitiei, Bucharest (54,000 m² of offices)*
The permit for over 54,000 m² of offices should be obtained in the first half of 2019, which would enable us to start the initial phase of the works. Several expressions of interest have been received for the lease of the floor areas.

UP-site Bucharest – *Floreasca/Vacarescu district, Bucharest (2 towers totalling approximately 250 apartments)*
In December 2018, ATENOR acquired a plot in the heart of the Floreasca/Vacarescu district located near to lake Floreasca and 200m from the Aurel Vlaicu metro station. The development of the project including 2 residential towers of 14 and 24 floors (250 apartments and 400 parking spaces) should start in a few months' time.

Prospects for the year 2019

Economic growth at European level is slowing down slightly; furthermore, macro-economic factors are creating a climate of uncertainty. Despite this, ATENOR is starting 2019 with confidence borne by the advantage of its international diversification and the quality of its projects in portfolio.
In the framework of its diversified and recurrent funding strategy, ATENOR foresees, as last year, to come back on the financial market depending on the market conditions.
In 2019, all our efforts will be targeted at the marketing and development of the projects in portfolio.
After an acquisition in Warsaw at the start of 2018, the signing of a promise to purchase for a second plot in the Paris region and a first acquisition in Düsseldorf (Germany), ATENOR recently made its first move in Flanders (Deinze). With its strong international presence, ATENOR is remaining highly selective in the choice of its new investments.

Financial Calendar

– Ordinary General Assembly 2018	26 April 2019
– Dividend payment (subject to the approval of the General Assembly)	2 May 2019
– Intermediate declaration for first quarter 2019	14 May 2019
– Half-year results 2019	4 September 2019
– Intermediate declaration for third quarter 2019	14 November 2019
– Year results 2019	9 March 2020
– General Assembly 2019	24 April 2020

Contacts and Information

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B. Summary Financial Statements

Consolidated statement of comprehensive income

	In thousands of EUR 2018	2017
Operating revenue	**99.766**	**220.430**
Turnover	85.888	209.730
Property rental income	13.878	10.700
Other operating income	**41.116**	**8.558**
Gain (loss) on disposals of financial assets	34.927	1.757
Other operating income	6.174	6.719
Gain (loss) on disposals of non-financial assets	15	82
Operating expenses (-)	**-94.847**	**-193.609**
Raw materials and consumables used (-)	-145.548	-152.206
Changes in inventories of finished goods and work in progress	119.314	10.922
Employee expenses (-)	-2.890	-2.767
Depreciation and amortization (-)	-206	-269
Impairments (-)	1.433	1.346
Other operating expenses (-)	-66.950	-50.635
RESULT FROM OPERATING ACTIVITIES - EBIT	***46.035***	***35.379***
Financial expenses (-)	**-9.750**	**-11.343**
Financial income	**1.137**	**972**
Share of profit (loss) from investments consolidated by the equity method	**-228**	**-466**
PROFIT (LOSS) BEFORE TAX	***37.194***	***24.542***
Income tax expense (income) (-)	**-2.157**	**-2.480**
PROFIT (LOSS) AFTER TAX	***35.037***	***22.062***
Post-tax profit (loss) of discontinued operations	**0**	**0**
PROFIT (LOSS) OF THE PERIOD	*35.037*	*22.062*
Non controlling interests	-140	-117
Group profit (loss)	***35.177***	***22.179***

EARNINGS PER SHARE	EUR 2018	2017
Total number of issued shares	**5.631.076**	**5.631.076**
of which own shares	**231.825**	**198.622**
Weighted average number of shares (excluding own shares)	**5.431.951**	**5.451.285**
Basic earnings	**6,48**	**4,07**
Diluted earnings per share	**6,48**	**4,07**
Proposal of gross dividend per share	**2,20**	**2,08**

Other elements of the overall profit and losses	In thousands of EUR 2018	2017
Group share result	***35.177***	***22.179***
Items not to be reclassified to profit or loss in subsequent periods :		
Employee benefits	29	-140
Items to be reclassified to profit or loss in subsequent periods :		
Translation adjusments	-583	476
Cash flow hedge	***0***	***0***
Overall total results of the group	***34.623***	***22.515***
Overall profits and losses of the period attributable to third parties	***-140***	***-117***

B. Summary Financial Statements (continued)

Consolidated statement of the financial position

ASSETS

	In thousands of EUR	
	31.12.2018	31.12.2017
NON-CURRENT ASSETS	**56.928**	**43.806**
Property, plant and equipment	549	287
Intangible assets	176	327
of which goodwill	82	173
Investments consolidated by the equity method	14.732	20.123
Deferred tax assets	6.337	5.404
Other non-current financial assets	11.869	12.745
Non-current trade and other receivables	23.265	4.920
CURRENT ASSETS	**613.837**	**549.374**
Inventories	459.202	443.973
Other current financial assets	68.064	25.011
Current tax receivables	1.067	1.176
Current trade and other receivables	37.432	51.125
Current loans payments	1.346	221
Cash and cash equivalents	42.145	23.121
Other current assets	4.581	4.747
TOTAL ASSETS	**670.765**	**593.180**

LIABILITIES AND EQUITY

	In thousands of EUR	
	31.12.2018	31.12.2017
TOTAL EQUITY	**170.298**	**149.640**
Group shareholders' equity	**167.352**	**146.717**
Issued capital	57.631	57.631
Reserves	119.727	97.281
Treasury shares (-)	-10.006	-8.195
Non controlling interests	**2.946**	**2.923**
Non-current liabilities	**297.789**	**213.777**
Non-current interest bearing borrowings	293.105	198.682
Non-current provisions	648	6.718
Pension obligation	455	476
Deferred tax liabilities	1.125	7.037
Current trade and other payables	1.542	0
Other non-current liabilities	914	864
Current liabilities	**202.678**	**229.763**
Current interest bearing debts	147.174	178.449
Current provisions	5.040	0
Current tax payables	2.986	4.930
Current trade and other payables	33.554	42.980
Other current liabilities	13.924	3.404
TOTAL EQUITY AND LIABILITIES	**670.765**	**593.180**

(*) The VAT debt obligation (€7.1 million on 31.12.2017) has been reclassified from the “Tax Receivable" heading to the"Current trade and other receivables" heading.

B. Summary Financial Statements (continued)

Consolidated cash flow statement (indirect method)

	In thousands of EUR	
	31.12.2018	**31.12.2017**
Operating activities		
- Net result	35.177	22.179
- Result of non controlling interests	-140	-117
- Result of Equity method Cies	228	466
- Net finance cost	6.994	7.798
- Income tax expense	2.986	10.054
- *Result for the year*	*45.245*	*40.380*
- Depreciation	206	269
- Amortisation and impairment	-1.433	567
- Translation adjustments	463	4.258
- Provisions	-960	4.410
- Deferred taxes	-830	-7.574
- (Profit)/Loss on disposal of fixed assets	-34.992	-1.839
- SOP / IAS 19	141	-197
- *Adjustments for non cash items*	*-37.405*	*-106*
- Variation of inventories	-122.634	-14.090
- Variation of trade and other amounts receivables	41.832	7.314
- Variation of trade payables	9.803	3.890
- Variation of amounts payable regarding wage taxes	41	248
- Variation of other receivables and payables	5.712	-28.444
- *Net variation on working capital*	*-65.246*	*-31.082*
- Interests received	1.132	971
- Income tax (paid) received	-4.917	-9.829
Cash from operating activities (+/-)	**-61.191**	**334**
Investment activities		
- Acquisitions of intangible and tangible fixed assets	-409	-165
- Acquisitions of financial investments	-6	
- New loans	-492	-688
- *Subtotal of acquired investments*	*-907*	*-853*
- Disposals of intangible and tangible fixed assets	15	81
- Disposals of financial investments	57.804	
- Reimbursement of loans	1.364	910
- *Subtotal of disinvestments*	*59.183*	*991*
Cash from investment activities (+/-)	**58.276**	**138**
Financial activities		
- Increase in capital		300
- Treasury shares	-1.642	-1.124
- Proceeds from borrowings	127.868	45.815
- Repayment of borrowings	-41.980	-119.209
- Interests paid	-6.545	-9.615
- Dividends paid to company's shareholders	-11.317	-11.154
- Directors' entitlements	-316	-316
Cash from financial activities (+/-)	**66.068**	**-95.303**
Net cash variation	**63.153**	**-94.831**
- Cash and cash equivalent at the beginning of the year (*)	43.296	138.315
- Net variation in cash and cash equivalent	63.153	-94.831
- Non cash variations (Cur. conversion, chge in scope, etc…)	141	-188
- Cash and cash equivalent at end of the year	106.590	43.296

(*) The cash at start of the period of the previous closings has been restated to reflect the value of the securities of the Beaulieu certificate. The period's variations on this item are reflected in the variation of the other debt obligations and debts of the working capital.

B. Summary Financial Statements (continued)

Consolidated statement of changes in equity

In thousands of EUR

	Issued capital	Hedging reserves	Own shares	Consolidated reserves	Profit/loss of the period	IAS 19R reserves	Cumulative translation adjusments	Minority interests	Total Equity
2017									
Balance as of 01.01.2017	***57.631***	***-***	***-7.092***	***102.163***	***-***	***-291***	***-15.756***	***2.740***	***139.395***
Profit/loss of the period	-	-	-	-	22.179	-	-	-117	22.062
Other elements of the overall results	-	-	-	-	-	-140	476	-	336
Total comprehensive income	***-***	***-***	***-***	***-***	***22.179***	***-140***	***476***	***-117***	***22.398***
Capital increase	-	-	-	-	-	-	-	-	-
Paid dividends	-	-	-	-11.154	-	-	-	-	-11.154
Own shares	-	-	-1.103	-	-	-	-	-	-1.103
Share based payment	-	-	-	-196	-	-	-	-	-196
Others	-	-	-	-	-	-	-	300	300
Balance as of 31.12.2017	***57.631***	***-***	***-8.195***	***90.813***	***22.179***	***-431***	***-15.280***	***2.923***	***149.640***
2018									
Balance as of 01.01.2018	***57.631***	***-***	***-8.195***	***112.992***	***-***	***-431***	***-15.280***	***2.923***	***149.640***
Change of method - IFRS 15	-	-	-	-1.001	-	-	-	-	-1.001
Adjusted opening balance	**57.631**	**-**	***-8.195***	**111.991**	**-**	***-431***	***-15.280***	***2.923***	***148.639***
Profit/loss of the period	-	-	-	-	35.177	-	-	-139	35.038
Other elements of the overall results	-	-	-	-	-	29	-583	-	-554
Total comprehensive income	***-***	***-***	***-***	***-***	***35.177***	***29***	***-583***	***-139***	***34.484***
Capital increase	-	-	-	-	-	-	-	-	-
Paid dividends	-	-	-	-11.317	-	-	-	-	-11.317
Own shares	-	-	-1.811	-	-	-	-	-	-1.811
Share based payment	-	-	-	141	-	-	-	-	141
Others	-	-	-	-	-	-	-	162	162
Balance as of 31.12.2018	***57.631***	***-***	***-10.006***	***100.815***	***35.177***	***-402***	***-15.863***	***2.946***	***170.298***

SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON 31.12.2018

Note 1. Corporate information

The consolidated financial statements of the Group as at 31 December 2018 including the annual report including all financial statements and attached notes were adopted by the Board of Directors on 1 March 2019.

Note 2. Principal accounting methods

1. Basis for preparation

The consolidated financial statements as at 31 December 2018 were drawn up in accordance with the IFRS standards as adopted in the European Union.

2. Consolidation principles and significant accounting principles

The evaluation rules adopted for the preparation of the consolidated financial situation as at 31 December 2018 have not been modified from the rules followed for the preparation of the annual report as at 31 December 2017, except for the possible adaptations made necessary by the entry into force of the IFRS standards and interpretations applicable as from 1 January 2018.

Standards and interpretations became effective on a mandatory basis in 2018 in the European Union

- IFRS 9 - *Financial Instruments and subsequent amendments*
- IFRS 15 - *Revenue from Contracts with Customers*
- IFRIC 22 - *Foreign Currency Transactions and Advance Consideration*
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- Amendments to IFRS 2 - *Classification and Measurement of Share-based Payment* Transactions
- Amendments to IFRS 4 - *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Amendments to IAS 40 - *Transfers of Investment Property*

Except for the impact of IFRS 15 explained below (*), these amendments and new interpretations have no significant impact on the presentation, disclosure requirements or the consolidated financial performance and / or situation of ATENOR.

New or amended standards and interpretations that come into effect after 31 December 2018

- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 14 - *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 - *Leases* (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 - *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 3 - *Business Combinations* (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9 - *Prepayment Features with Negative Compensation* (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 1 and IAS 8 - *Definition of Material* (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 - *Long term interests in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2019)
- IFRIC 23 - *Uncertainty over Income Tax Treatments* (applicable for annual periods beginning on or after 1 January 2019)

ATENOR did not adopt by anticipation these new or amended standards and interpretations.

(*) IFRS 15, *Revenue from Contracts with Customers*
This new standard, ratified by the European Union came into effect on 1 January 2018. It describes a single comprehensive framework that entities must use to recognise revenue from contracts with customers and in the case of ATENOR, where appropriate, with its investors.

It replaces the existing standards on revenue recognition, including "IAS 18 - Revenue" and "IAS 11 - Construction contracts" and related interpretations.
The European (ESMA) and Belgian (FSMA) regulators published in July 2016 their recommendations for the implementation and integration of this standard in the consolidated accounts.
The fundamental principle the IFRS poses is that ATENOR should recognise revenue in order to show when assets are provided to customers (buyers or investors in office buildings, apartments or in companies) and the amount of consideration that ATENOR expects to recognise in exchange for such disposals. This fundamental principle is presented as a five-step model:

1. Identify contracts with customers or investors;
2. Identify performance obligations in the contract;
3. Determine the transaction price;
4. Distribute the transaction price between the different performance obligations in the contract;
5. Recognise revenue when ATENOR fulfils (or as it progressively fulfils) a performance obligation.

ATENOR applies IFRS 15 since 1 January 2018 according to the simplified retrospective method. In application of this method, the comparative periods have not been restated and the impact relating to the change of the evaluation rule has been directly recorded in the opening equity (refer to the Consolidated state of equity variations). This impact stands at 1 million euros net of tax.
The table below details per item the IFRS 15 transition and the recognition in result in 2018 and 2019 linked to the change in method:

In thousands of EUR	Equity	Result recognition		
	01.01.2018	2018	2019	Total
Turnover	-1.410	1.263	147	1.410
Cost price	-12	78	-66	12
Gross result	**-1.422**	**1.341**	**81**	**1.422**
Tax - 29.58%	421	-397	-24	-421
Net impact	**-1.001**	**944**	**57**	**1.001**

Note 3. Seasonal information

The life cycle of the real estate projects of ATENOR can be summarised in three major phases: the land purchase phase, the project development and construction phase, and the marketing and sales phase. The length and process of these phases are neither similar nor comparable from one project to another.
Follow-up and compliance with the planning of each of these projects are assured by the implementation of a regular communication system. Internal control is provided by:

- an executive committee that meets monthly for each of the projects and which is formalised by minutes.

As soon as a project reaches the construction phase, a monthly progress meeting is held with:

- the external specialists to ensure that the agreed deadlines are complied with and
- the General Contractor in charge of construction.

This communication system allows ATENOR to determine, monitor and resolve well upfront all potential operational risks well.

Note 4. Other current financial assets, cash and cash equivalents

	In thousands of EUR	
	31.12.2018	**31.12.2017**
Short-term deposits	64.445	20.175
Bank balances	42.143	23.119
Cash at hand	2	2
Cash and cahs equivalents	**106.590**	**43.296**

Read pages 2 and 8 – comments relating to the main items of the consolidated balance sheet

Note 5. Financial Liabilities

In thousands of EUR

FINANCIAL DEBTS	**Current**	**Non-current**	**Total**
	Up to 1 year	**More than 1 year**	
Movements on financial liabilities			
On 31.12.2017	**178.449**	**198.682**	**377.131**
Movements of the period			
- New loans	26.406	100.500	126.906
- Reimbursement of loans	-41.769		-41.769
- Entries in the consolidation scope			
- Exits from the consolidation scope	-22.096		-22.096
- Variations from foreign currency exchange	-4	-4	-8
- Short-term/long-term transfer	6.119	-6.119	
- Others	69	46	115
On 31.12.2018	**147.174**	**293.105**	**440.279**

In April 2018, ATENOR issued two retail-type bond tranches of € 30 M (3.50% - maturity 2024) and €20 M (2.875% - maturity 2022) respectively. These bonds are listed on Alternext Brussels.

In the context of its European Medium Term Notes (EMTN) programme, ATENOR has placed three new issues: €2 M (2.25% - maturity 2021), €2.5 M (2.125% - maturity 2021), €10 M (3.50% - maturity 2025). All these bonds are quoted on Alternext Brussels.

Within the context of its MTN programme, ATENOR issued an amount of €26 M with maturities spreading from 2020 to 2022.

Atenor also contracted additional financing of €10 M within the framework of its Realex project.

Note 6. Paid Dividends

In thousands of EUR

	2018	**2017**
Dividends on ordinary shares declared and paid during the period:	11.317	11.154

Note 7. Income taxes

In thousands of EUR

Income tax expense / Income - current and deferred	**2018**	**2017**
Income tax expense / Income - current		
Current period tax expense	-3.229	-10.238
Adjustments to tax expense/income of prior periods	242	184
Total current tax expense, net	**-2.987**	**-10.054**
Income tax expense / Income - Deferred		
Related to the current period	243	10.034
Related to tax losses	587	-2.460
Total deferred tax expense	**830**	**7.574**
Total current and deferred tax expense	**-2.157**	**-2.480**

Read pages 1 and 7

Note 8. Segment reporting

EUR Milliers	31.12.2018 Western Europe	31.12.2018 Central Europe	31.12.2018 Total	31.12.2017 Western Europe	31.12.2017 Central Europe	31.12.2017 Total
Operating revenue	**77.713**	**22.053**	**99.766**	**81.168**	**139.262**	**220.430**
Turnover	76.484	9.405	85.889	79.411	130.319	209.730
Property rental income	1.229	12.648	13.877	1.757	8.943	10.700
Other operating income	**35.200**	**5.916**	**41.116**	**3.625**	**4.933**	**8.558**
Gain (loss) on disposals of financial assets	33.285	1.642	34.927	1.757		1.757
Other operating income	1.900	4.274	6.174	1.786	4.933	6.719
Gain (loss) on disposals of non-financial assets	15		15	82		82
Operating expenses (-)	**-81.058**	**-13.789**	**-94.847**	**-81.829**	**-111.780**	**-193.609**
Raw materials and consumables used (-)	-88.800	-56.748	-145.548	-107.995	-44.211	-152.206
Changes in inventories of finished goods and work in progress	62.793	56.521	119.314	54.328	-43.406	10.922
Employee expenses (-)	-2.458	-432	-2.890	-2.437	-330	-2.767
Depreciation and amortization (-)	-191	-15	-206	-262	-7	-269
Impairments (-)	1.594	-161	1.433	1.396	-50	1.346
Other operating expenses (-)	-53.996	-12.954	-66.950	-26.859	-23.776	-50.635
RESULT FROM OPERATING ACTIVITIES - EBIT	**31.855**	**14.180**	**46.035**	**2.964**	**32.415**	**35.379**
Financial expenses (-)	**-9.027**	**-723**	**-9.750**	**-10.270**	**-1.073**	**-11.343**
Financial income	**1.131**	**6**	**1.137**	**970**	**2**	**972**
Share of profit (loss) from investments consolidated by the equity method	**-228**		**-228**	**-466**		**-466**
PROFIT (LOSS) BEFORE TAX	**23.731**	**13.463**	**37.194**	**-6.802**	**31.344**	**24.542**
Income tax expense (income) (-)	**-2.037**	**-120**	**-2.157**	**-1.042**	**-1.438**	**-2.480**
PROFIT (LOSS) AFTER TAX	**21.694**	**13.343**	**35.037**	**-7.844**	**29.906**	**22.062**
Post-tax profit (loss) of discontinued operations						
PROFIT (LOSS) OF THE PERIOD	21.694	13.343	35.037	-7.844	29.906	22.062
Intercompany elimination	1.473	-1.473	0	234	-234	0
CONSOLIDATED RESULT	**23.167**	**11.870**	**35.037**	**-7.610**	**29.672**	**22.062**
Overall profits and losses of the period attributable to third parties	-140		-140	-117		-117
Group share result	**23.307**	**11.870**	**35.177**	**-7.493**	**29.672**	**22.179**

Segment information is prepared, both for internal reporting and external disclosure, on a single sector of activity, i.e. real-estate development projects (office and residential buildings). This activity is presented, managed and monitored by project. The various project committees, the Executive Committee and the Board of Directors are responsible for monitoring the various projects and assessing their performances.
However, based on the location of the projects, two geographical segments are henceforth identifiable: on the one hand, Western Europe, covering Belgium, the Grand Duchy of Luxembourg, France and Germany and on the other hand, Central Europe, covering Poland, Hungary and Romania.
On 31 December 2018, the segmentation evidences the contribution to the results of the projects in Central Europe.
The ATENOR activity report provides more detailed information on the results and purchases and sales during the period reviewed.

In thousands of EUR	31.12.2018 Western Europe	31.12.2018 Central Europe	31.12.2018 Total	31.12.2017 Western Europe	31.12.2017 Central Europe	31.12.2017 Total
ASSETS						
NON-CURRENT ASSETS	**56.723**	**205**	**56.928**	**43.689**	**117**	**43.806**
Property, plant and equipment	423	126	549	271	16	287
Investment property						
Intangible assets	105	71	176	236	91	327
of which goodwill	11	71	82	82	90	172
Investments in related parties						
Investments consolidated by the equity method	14.732		14.732	20.123		20.123
Deferred tax assets	6.337		6.337	5.404		5.404
Other non-current financial assets	11.861	8	11.869	12.735	10	12.745
Derivatives						
Non-current trade and other receivables	23.265		23.265	4.920		4.920
Other non-current assets						
CURRENT ASSETS	**362.878**	**250.959**	**613.837**	**337.615**	**211.759**	**549.374**
Assets held for sale						
Inventories	238.386	220.816	459.202	279.419	164.554	443.973
Other current financial assets	68.064		68.064	25.011		25.011
Derivatives						
Current tax receivables	525	542	1.067	509	667	1.176
Current trade and other receivables	26.896	10.536	37.432	27.102	24.023	51.125
Current loans payments	14	1.332	1.346	108	113	221
Cash and cash equivalents	27.644	14.501	42.145	4.140	18.981	23.121
Other current assets	1.349	3.232	4.581	1.326	3.421	4.747
TOTAL ASSETS	**419.601**	**251.164**	**670.765**	**381.304**	**211.876**	**593.180**
LIABILITIES AND EQUITY						
TOTAL EQUITY	**166.754**	**3.544**	**170.298**	**120.089**	**29.551**	**149.640**
Group shareholders' equity	**163.808**	**3.544**	**167.352**	**117.166**	**29.551**	**146.717**
Issued capital	57.631		57.631	57.631		57.631
Reserves	116.183	3.544	119.727	67.730	29.551	97.281
Treasury shares (-)	-10.006		-10.006	-8.195		-8.195
Non controlling interest	**2.946**		2.946	**2.923**		2.923
Non-current liabilities	**272.903**	**24.886**	**297.789**	**179.264**	**34.513**	**213.777**
Non-current interest bearing borrowings	269.727	23.378	293.105	171.844	26.838	198.682
Non-current provisions	404	244	648	612	6.106	6.718
Pension obligation	455		455	476		476
Derivatives						
Deferred tax liabilities	775	350	1.125	6.332	705	7.037
Non-current trade and other payables	1.542		1.542			
Other non-current liabilities		914	914		864	864
Current liabilities	**-20.056**	**222.734**	**202.678**	**81.951**	**147.812**	**229.763**
Current interest bearing debts	143.714	3.460	147.174	174.990	3.459	178.449
Current provisions	4.098	942	5.040			
Pension obligation						
Derivatives						
Deferred tax liabilities	2.326	660	2.986	4.927	3	4.930
Current trade and other payables	28.240	5.314	33.554	25.504	17.476	42.980
Other current liabilities	10.849	3.075	13.924	2.069	1.335	3.404
Intercompany elimination / not allocated	-209.283	209.283		-125.539	125.539	
TOTAL EQUITIES AND LIABILITIES	**419.601**	**251.164**	**670.765**	**381.304**	**211.876**	**593.180**

Note 9. Inventories

	In thousands of EUR	
	2018	**2017**
Buildings intended for sale, beginning balance	**443.973**	**429.209**
Activated costs	191.806	171.196
Disposals of the year	-72.492	-157.535
IFRS 15 transition	-12	
Exits from the consolidation scope	-106.843	
Entries in the consolidation scope		
Reclassifications from/to the "Inventories"	-495	
Borrowing costs (IAS 23)	3.320	2.899
Foreign currency exchange increase (decrease)	-1.647	-3.189
Write-offs (recorded)	-250	
Write-offs (written back)	1.841	1.392
Movements during the year	**15.228**	**14.763**
Buildings intended for sale, ending balance	**459.202**	**443.973**
Accounting value of inventories mortgaged (limited to granded loans)	86.840	113.486

Refer to the explanations on page 2.

Note 10. Stock option plans for employees and other payments based on shares

On 12 March 2018, ATENOR issued a new share option tranche (SOP 2018) for the subsidiary named Atenor Group Investments (AGI). The options issued on this subsidiary benefit the members of the Executive Committee, personnel and some service providers.
This SOP may be exercised during the three followings periods from 8 March to 31 March 2021, from 8 to 31 March 2022 and from 8 March to 31 March 2023.

On 12 March 2018, the Board of Directors, on the recommendation of the Remuneration Committee, distributed 940 Atenor Group Participation (AGP) shares in accordance with the remuneration policy described in the "Corporate Governance" section of our 2017 Annual Financial Report (page 68).

Taking the exercise of the SOPs and provisions into account, the total charge of the exercise of the SOPs (ATENOR, AGI and AGP) comes to € 3.4 million.
The Board Meeting of 29 August 2018 decided to acquire 150,000 shares via the subsidiary ATENOR LONG TERM GROWTH SA in order to implement a new share options plan as of 2019.

Note 11. Related Parties

	In thousands of EUR	
Participations	**2018**	**2017**
Victor Estates	1.183	1.127
Victor Properties	62	70
Victor Bara	4.425	4.421
Victor Spaak	7.910	7.897
Immoange	1.152	1.155
Naos		5.453
Total	**14.732**	**20.123**

Following the NAOS transfer agreement on 21 November 2018, profoundly reducing ATENOR's control, ATENOR's shareholding (55%) in NAOS was deconsolidated in accordance with IFRS standards 10 (Consolidated Financial Statements) and 11 (Joint Arrangements).

The capital gain from the transfer of shares is recognised in accordance with the state of progress of the project (76% in 31 December 2018) and contributes by € 8.30 million to the result of the period.

Within the framework of the Victor mixed project, the (50/50) joint-venture with BPI has led to the consolidation by the equity method of the companies Immoange, Victor Properties, Victor Estates, Victor Spaak and Victor Bara.
No other important change was made concerning the related parties.
The updated information regarding other related parties will be disclosed in a note in the annual report.

Note 12. Derivatives

ATENOR does not use derivative instruments for trading purposes. No new contract was implemented to cover rate hedges or foreign exchange hedges during 2018.

Note 13 Own shares

Movements in own and treasury shares	Amount (in thousands of EUR)	Number of own shares
On 01.01.2018 (average price : € 41.26 per share)	8.195	198.622
Movements during the period:		
- acquisitions	3.536	72.621
- sales	-1.725	-39.418
On 31.12.2018 (average price : € 43.16 per share) (1)	**10.006**	**231.825**

These shares aim to serve the share options plans (2015 to 2018) allocated to ATENOR staff and some of its service providers.

Note 14. Principal risks and uncertainties

The Board of Directors is watchful of the analysis and management of the various risks and uncertainties which ATENOR and its subsidiaries are confronted with.
Only one dispute which ATENOR faces is still pending; this situation has not changed at all since the last publications:
We remind you that the company Com.Realty (Michel Pilette) claims a commission on the sale of the TREBEL project signed with the European Parliament following the public call for projects. By a decision handed down on 28 November 2016, the Commercial Court dismissed all of this company's claims against ATENOR. Com.Realty has, however, appealed the decision and the proceedings are still pending on appeal.
ATENOR considers these claims to be unfounded (as confirmed by the decision at first instance) and, accordingly, has not posted any provision in this respect. The hearings will be held in May 2019.

Note 15. Events after the closing date

- As announced in the press release of 15 January, ATENOR acquired in 50/50 partnership with 3D Real Estate, Dossche Immo SA, owner of a 2.14 ha plot in the Toolpoort shopping street in Deinze city centre. This new investment concerns the development of 31,151 m² of apartments and retail units.
- On 8 March 2019, ATENOR issued a new stock option plan (SOP 2019) for the subsidiary named Atenor Long Term Growth (ALTG).
  The options issued on this subsidiary benefit the members of the Executive Committee, personnel and some ATENOR service providers.
  This SOP may be exercised during the three following periods: from 8 March to 31 March 2022, from 8 March to 31 March 2023 and from 8 March to 29 March 2024.

No other important event occurred since 31 December 2018 is to be noted.

C. Statement by the Management

Stéphan SONNEVILLE SA, CEO and President of the Executive Committee and the Members of the Executive Committee, including Mr Sidney D. BENS, CFO, acting in the name of and on behalf of ATENOR SA attest that to the best of their knowledge,

- The summary financial statements at 31 December 2018 were prepared in conformity with IFRS standards and provide a true and fair view of the assets, of the financial situation and of the profits of ATENOR and of the enterprises included in the consolidation;[1]
- The financial annual report contains a true reflection of the major events and of the principal transactions between related parties occurring during the financial year and of their impact on the summary financial statements as well as a description of the main risks and uncertainties.

D. External audit

The Statutory Auditor, MAZARS – Company Auditors SCRL represented by Mr Xavier DOYEN, has completed the audit work and confirmed that it does not have any reservations concerning to the accounting information included in this press release and that it corresponds with the financial statements as approved by the Board of Directors.

[1] Affiliated companies of ATENOR in the sense of article 11 of the Company Code