



Regulated information

## Intermediate Press Release<sup>1</sup> third quarter 2020

*La Hulpe, 18 November 2020*

ATENOR continues to develop its business (29 projects in portfolio for a total of more than 1.27 million m<sup>2</sup>), taking particular care to place it within a clear logic of sustainability. The favourable evolution observed over the last few months of the projects, despite the context of the health crisis, shows active management in a real estate market that has been clearly slowing down.

As a reminder, the relative shares of each region/city within the portfolio are calculated according to authorized effective surface areas (permits) or potentially buildable surfaces (under consideration or in the course of being approved).

### ➤ **BRUSSELS REGION** (22.46% of the portfolio)

#### **THE ONE** - European District, rue de la Loi, Brussels (offices and residential)

Following the signing of the usufruct agreement on 29 June 2020, ATENOR is taking part in specific fit out works for the European officials who will be moving into the building.

#### **REALEX [90% ATENOR]** – European District, between the rues de la Loi & de Lalaing, Brussels (58,400 m<sup>2</sup> of offices)

The public inquiry on the building permit application, which includes the new Conference Centre, concluded on 5 November. The consultative committee meeting has been scheduled for 25 November.

In parallel, the approval procedure for the European Union's acquisition of the new Conference Centre is continuing, in compliance with the European Union's internal procedures. Clearly, this new Conference Centre is an exemplary building and a perfect match for the key aspects of the European Green Deal.

#### **CITY DOX** - Canal area, quai de Biestebroeck, Anderlecht (approx. 117,500 m<sup>2</sup> mixed)

The construction of phase 2 (including 181 residential units of which 99 subsidized) is continuing. All apartments have been sold. Regarding phase 3, the permit application, notably for 171 residential units, is under way. The winner of the architectural competition for the creation of a school and residential complex (phase 4) was announced in September. The winning associates are B-architecten & B-bis architecten + VELD.

It should be reminded that all of the housing developed within this project is in line with the main points of the government declaration as regards urban living and accessibility.

#### **VICTOR [50% ATENOR]** – Midi neighbourhood, opposite the South Station (Gare du Midi), Brussels (94,300 m<sup>2</sup> mixed)

This project has been reworked to fit into the main lines of the "Midi" PAD project, as governed by the authorities. A new slow down has been noticed in the elaboration of the PAD, even though it is in a neighbourhood that urgently needs development. Like other actors in the neighbourhood, we are waiting for the PAD to be submitted to a public enquiry in the near future. The Victor project includes 72,500 m<sup>2</sup> of offices and over a hundred affordable, passive apartments which have been selected by CityDev via a call for projects.

The development of this project will make an undeniable contribution to the neighbourhood as regards mobility, mixing and the quality of public spaces.

#### **CCN [33% ATENOR]** – Schaerbeek and St Josse boroughs, next to the North Station (Gare du Nord) (± 130,000 m<sup>2</sup> mixed)

Studies are moving satisfactorily towards the submission of a planning application for the whole site at the beginning of 2021. The "partial dismantlement" permit is expected soon.

The design of this project corresponds completely to the mobility and urban living issues that the Government has recently decided to open up to broad public consultation.

#### **BEAULIEU** – Avenue Beaulieu, 5 to 11, Auderghem (around 24,500 m<sup>2</sup> of offices)

A short-term extension is under negotiation with the OIB, the current tenant of the premises. In parallel, ATENOR is studying a major renovation of these two buildings, in close collaboration with the neighbouring property owner, with a view to submit a permit application before the end of 2020.

The planned renovation should prove exemplary in terms of heritage (conservation of the style, the scale and the high-grade materials) and of the use of innovative materials and new technologies promoting "intelligent" use of the building.

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<sup>1</sup> This intermediate press release is intended to inform our shareholders, the financial markets and more generally the public within the context of the Edict of 14 November 2007 relating to the obligations of securities issuers, especially in the matter of periodic information.

➤ **FLANDERS** (1.27% of the portfolio)

**DE MOLENS [50% ATENOR]** – City Centre – Tolpoort road, Deinze (mixed residential and commercial project, around 32,150 m<sup>2</sup>)  
The environmental permit is expected to be issued in the first half of 2021, which will allow to start the marketing.

➤ **WALLONIA** (7.13% of the portfolio)

**LES BERGES DE L'ARGENTINE** – La Hulpe (residential [80% ATENOR] 27,000 m<sup>2</sup> and offices [100% ATENOR] 4,000 m<sup>2</sup>)

The project has been revised in order to meet the Borough Council's expectations as reflected in the studies for the Municipal Challenge Zone (MCZ). A new permit application will be submitted once the borough's MCZ procedure allows this. It should be reminded that this project corresponds to the basic, now-imperative principles of combatting climate shifts, particularly by avoiding the dispersal of living areas out of urban centres.

Meanwhile, the office building has received its 5<sup>th</sup> tenant, thus reaching an occupancy rate of 25%.

**LE NYSDAM** – La Hulpe (15,575 m<sup>2</sup> office building)

The building has an occupancy rate of 100% since December 2019. Rightly, rent collection has not suffered from the exceptional health situation that we are experiencing.

ATENOR still intends to sell this asset as soon as the right market conditions are met.

**AU FIL DES GRANDS PRÉS** – “Les Grands Prés” shopping precinct district, Mons (approx. 49,200 m<sup>2</sup> mixed)

The permit for the office part (14,600 m<sup>2</sup>) has been obtained. Work can start shortly, since these buildings have been completely sold (2,900m<sup>2</sup> to the ONEM, 8,600m<sup>2</sup> to the Wallonia-Brussels Federation and 3,100m<sup>2</sup> to the TEC).

A permit application for a first phase of 111 dwellings has been rejected and will be reworked in order to meet the particular requirements of the city of Mons.

This project offers passive housing, responding to the growing demand observed in the Mons market.

**LA SUCRERIE** – Ath (183 residential units, 5 retail units, 1 nursery)

The sale of the last apartments is continuing.

➤ **NETHERLANDS** (2.32% of the portfolio)

**VERHEESKADE [50% ATENOR]** – The Hague, Netherlands (Residential/commercial – 58,850 m<sup>2</sup>)

On 2 July 2020, ATENOR reached an agreement, under the customary conditions, with a view to acquiring a 50% share alongside a prominent local actor, in a 58,000 m<sup>2</sup> development project. The permit application is underway.

➤ **LUXEMBOURG** (6.90% of the portfolio) :

**TWIST - Belval, Grand-Duchy of Luxembourg** (offices, housing and retail units – 15,060 m<sup>2</sup>)

The building permit was obtained at the end of August, for a work start scheduled for mid-January 2021. Marketing of the housing will be launched shortly, and contacts are in progress for the offices.

**BUZZCITY** – Leudelange, Grand-Duchy of Luxembourg (office building – 16,800m<sup>2</sup>)

Construction work is continuing according to plan. It may be recalled that in December 2018, the project was sold before completion. Marketing of the office building is in progress.

**PERSPECTIV' (formerly Lankelz) [50% ATENOR]** – Esch-sur-Alzette, Grand-Duchy of Luxembourg (mixed: residential, retail and offices – 67,850 m<sup>2</sup>)

Studies are continuing and a permit application for the whole project will be submitted in March 2021, with permit delivery scheduled for the end of 2021.

**SQUARE 42** – Central Square, Esch-sur-Alzette, Grand-Duchy of Luxembourg (21,600 m<sup>2</sup> mixed: offices & retail)

This project, acquired after a contest, comprises the development of a building with 20,343 m<sup>2</sup> of office and 1,238 m<sup>2</sup> of retail space. A permit application will be submitted at the beginning of 2021 for work scheduled to start in 2022.

➤ **PARIS** (4.65% of the portfolio)

**COM'UNITY 1 [99% ATENOR]** – Bezons (Paris) – (33,800 m<sup>2</sup> of offices)

The construction work is continuing, but without impacting on the completion date (third quarter of 2021). In a generally sluggish market, it is being marketed on the basis of differentiated sales pitches that offer a specific response to the work organization issues raised by the health crisis. Contacts are underway.

**U'MAN – Bezons (Paris) – (25,450 m<sup>2</sup> of offices)**

Located nearby Com'Unity, this project has had since end 2019 a permit free of all claims authorizing the construction of 25,500 m<sup>2</sup> of offices.

➤ **DÜSSELDORF** (1.44% of the portfolio)

**AM WEHRHAHN – Shopping Street Am Wehrhahn in Düsseldorf city centre – (4,245 m<sup>2</sup> of housing and retail)**

Building work continues. Marketing is directed towards a bloc sale before completion.

**HEINDRISCHSTRASSE – University district, Düsseldorf – (14,000m<sup>2</sup> of offices)**

In July 2020, ATENOR signed, via a new subsidiary, a sale agreement for the acquisition of a second project in Düsseldorf. This will be the first office development that ATENOR will undertake in Germany. Studies for the submission of a permit application are underway.

➤ **LISBON** (2.30% of the portfolio)

**WELBE – District of the 1998 Universal Exhibition, Lisbon – (27,850 m<sup>2</sup> of offices and 1,250 m<sup>2</sup> of retail)**

The permit application was submitted in November 2019. It covers 27,850 m<sup>2</sup> of offices and 1,250 m<sup>2</sup> of retail space. The permit is expected to be granted at the end of 2020, enabling marketing to begin.

➤ **WARSAW** (24,21% of the portfolio) :

**LAKESIDE – Mokotow quarter of Warsaw, Poland – (56,790 m<sup>2</sup> of offices)**

A first permit application was submitted for the demolition of the first existing building (Lakeside I) and construction of the new class A building, with a leasable surface area of 24,000 m<sup>2</sup>. The permit is expected to be granted at the end of 2021, enabling marketing to begin. In the meantime, the two buildings are generating an annual lease income of €2.7 million.

**FORT 7 – district of the Chopin airport, Warsaw – (250,000 m<sup>2</sup> of mixed use)**

Discussions with the city concerning the adaptation of the master plan resumed as soon as the first lockdown ended. Studies on the development of a first hotel-office phase have progressed.

➤ **BUDAPEST** (13.32% of the portfolio) :

**VACI GREENS – Vaci Corridor, Budapest (blocks E: 26,025 m<sup>2</sup> and F: 27,525 m<sup>2</sup> of offices)**

The 5<sup>th</sup> (E) and 6<sup>th</sup> (F) buildings of this campus have been delivered. As a reminder, building E has been sold in a future state of completion. The pre-lease rate stands at 40%. The Vaci Greens F building is already 73% pre-leased. Negotiations for a sale are underway, though it is not possible to say at this stage, in view of the health situation, if the transaction can be concluded in 2020.

**ARENA BUSINESS CAMPUS – Boulevard Hungària, Budapest (80,400 m<sup>2</sup> of offices)**

Delivery has been taken of the first building (A). The building is 17% pre-leased and marketing is continuing. In parallel, structural work on the second building (B) is continuing.

**ROSEVILLE – Becs Street 68-70 and 74-80, District 3 of Budapest (16,150 m<sup>2</sup> of offices and retail)**

The permit application was submitted in June and obtained on 3 September 2020. Construction work is in progress.

**BAKERSTREET – Hengermalonut 18, Buda South District, Budapest (18,750 m<sup>2</sup> of offices and retail)**

A permit application was submitted in September 2020. The granting of a permit is expected in the near future, thus enabling marketing to start.

➤ **BUCHAREST** (14.00% of the portfolio):

**HERMES BUSINESS CAMPUS – Boulevard D. Pompeiu, Bucharest (75,130 m<sup>2</sup> of offices)**

The buildings have been refinanced, long-term, for a sum of €80 million in September 2020.

Negotiations for a sale are underway, though it is not possible to say at this stage, in view of the health situation, if the transaction can be concluded in 2020. In any case, this disposal will only have a limited impact on the accounts.

In the meantime, these buildings have had their leases renewed and are generating rental income of approx. €10.3 million per year.



***DACIA ONE – Intersection of Calea Victoria and Boulevard Dacia, CBD, Bucharest (16,300 m<sup>2</sup> of offices and retail)***

Construction work began during February 2020 and should finish during the third quarter of 2021. As a reminder, the building is 100% pre-leased.

Negotiations for a sale are underway, though it is not possible to say at this stage, in view of the health situation, if the transaction can be concluded in 2020.

***@EXPO – Avenue Expozitiei, Bucharest (54,720 m<sup>2</sup> of offices and retail)***

Construction work began during February 2020. The pre-leasing rate is currently 20 %. Contacts are underway for the leasing of the remainder.

***UP-SITE BUCHAREST – Floreasca/Vacarescu district, Bucharest (2 towers totalling 31,250 m<sup>2</sup> residential and retail)***

The construction permit was obtained in June 2020. Pre-marketing is envisaged in a mid to high end residential market that is still active in Bucharest.

***Impacts of the Covid-19 crisis and prospects for FY 2020 and 2021***

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Europe is currently undergoing a second Covid wave. The drastic new lockdown measures taken are already, after 2 weeks, beginning to bear fruit, while encouraging information is being circulated about the state of advancement on vaccines. So much for the general context.

As regards the property market, we would emphasise the following points:

- A new slow-down, but certainly not a halt, in permit examination procedures. Where a political/administrative consensus is needed ahead of the examination, delays are adding up.
- Little or no impact on the timing of the construction of buildings.
- Due to the economic uncertainties, a 20 to 50% slow-down in take-up on all the European office markets.
- Variable impacts from one market to another as regards apartment sales.
- Slow-down in transactions in the investment market, essentially due to the logistical difficulties in executing acquisition procedures (technical, legal etc. due diligence).
- No impact on prices for office properties, nor on interest by institutional investors. High-quality real estate is maintaining its status as a refuge investment.
- A slow-down in arranging bank loans (for logistical reasons) and a slight toughening of lending policies.
- Every day, new studies appear about the relevance and, above all, the limits of teleworking. However the post-Covid world may look, the need for a business to have a well-performing headquarters is no longer in any doubt.

In view of this, and of its presence in 9 European countries and mainly two market segments, ATENOR notes the following impacts in its case:

- ATENOR's teams are proactively ensuring that permit procedures currently underway are continued. At this stage, and taking into account the average duration of a project, the current circumstances do not change the economics of any project, either specifically or materially.
- All worksites are continuing on budget and on schedule.
- Marketing (leasing) of office space is clearly slower and more laborious for the projects as a whole. The explanation is well known: the economic actors put off their decisions in uncertain times. Nonetheless, such negotiations already initiated do suggest that rent levels are being maintained.
- Apartment sales are continuing, with no apparent major slow-down.
- The finalisation of building sales transactions underway depends on logistical factors. Moreover, purchasers do require, as is common in real estate practice, a bank credit for part of the investment, and loan arrangements have been somewhat slowed down.

The first conclusions to be drawn are as follows:

- The fundamentals of the business model remain excellent. What is more, when the health crisis ends, we may reasonably expect a certain enthusiasm for new office spaces - offices focussed on the importance of collaborative working, on a space's usefulness for the development of an enterprise culture and on buildings with clear environmental qualities.  
Thus, a downward trend in the total surface areas of offices, whether or not it comes to pass, would not affect ATENOR's business model, as ATENOR delivers new buildings while the economic actors are leaving obsolete ones.
- The slow-downs noted in recent months, both in office leasing and in the finalization of sales transactions, do not enable us to control the timing of results. Therefore, we cannot yet give a more precise indication of the 2020 result, other than to confirm the level announced in the half-year results (around 20 million euro).



- As regards cash-flow, within the framework of its policy of diversified financing and also its recent strengthening of its own equity, ATENOR has again turned towards public savings by issuing a retail bond, divided into two tranches – one for a duration of 4 years (2024) and the other for 6 years (2026), totalling €100M. Widely oversubscribed, this operation has been a success with private and qualified investors. ATENOR therefore has sufficient liquidity, regardless of the economic slow-down and the implementation of new project disposals, to ensure the development of the projects in its portfolio and the continuation of its policy of international growth.
- Bearing in mind the medium- and long-term prospects and the pertinence of ATENOR’s positioning, we can already confirm our dividend policy.
- The 2021 results will be influenced by the possible carrying over of 2020 results to 2021, as well as by the calendar of emergence from the health crisis.

### **Financial calendar**

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Annual results for 2020	Monday 8 March 2021
Annual General Meeting 2020	Friday 23 April 2021
Intermediate declaration for first quarter 2021	Monday 10 May 2021
Half-year results 2021	Monday 6 September 2021
Intermediate declaration for third quarter 2021	Thursday 18 November 2021

For more detailed information, please contact Stéphan Sonnevile SA, CEO or Sidney D. Bens, CFO.

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ATENOR is a real estate development company with European expertise listed on Euronext Brussels. Its mission is to propose, based on its planning and architectural approach, adequate responses to the new demands created by the evolution of urban and professional life. In this context, ATENOR invests in prestigious real estate projects that meet its strict criteria in terms of location, economic efficiency and respect for the environment.

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