

HALF YEAR FINANCIAL REPORT 2019

La Hulpe, 4 September 2019

A. Interim Management Report

The first half of 2019 closed with a consolidated net profit (group share) of 6.30 million Euro compared to a result of 5.64 million Euro for the first half of 2018.

In the first half of 2019, it is mainly margins generated on pre-sold projects, both office and residential, both in Western Europe and in Central Europe that generated this result. The lease revenues of the Hermès Business Campus (HBC, Bucharest), and Universtiy Business Campus (UBC, Warsaw) and Nysdam (La Hulpe) buildings have also brought a significative contribution. The revenue of this semester has once again been diverse with 10 projects contributing to the results.

Table of key consolidated figures ('000 Euro) - Limited review of the auditor

Results	30.06.2019	30.06.2018
Net consolidated result (group share)	6,297	5,638
Profit per share (in Euro)	1.18	1.04
Number of shares	5,631,076	5,631,076
of which own shares	313,427	191,813
Balance sheet	30.06.2019	31.12.2018
Total assets	722,235	670,765
Cash position at the end of the period	95,165	106,590
Net indebtedness (-)	-415,626	-333,688
Total of consolidated equity	157,654	170,298

Revenue from ordinary activities and consolidated result

The revenues from ordinary activities as at 30 June 2019 amounted to 31.86 million Euro. They mainly consist of (a) revenues from the sale of apartments in residential projects: (City Dox, The One, Au Fil des Grands Prés, La Sucrierie, UP-site) for a total of 17.62 million Euro (b) the revenue earned from the sale in future state of completion of the BuzzCity project (Leudelange ; € 4.55 M) as well as (c) lease revenues on the Hermes Business Campus (Bucharest), University Business Center (Warsaw) and Nysdam (La Hulpe) buildings totalling € 8.04 million euros.

The other operating revenue (€ 8.15 M) mainly includes the re invoicing of service charges and miscellaneous costs of the leased buildings (€ 2.76 M) as well as the remaining capital gain made from the sale of Naos SA (Naos project) following the delivery of the building (€ 4.91 M).

The **operating result** amounts to 13.21 million Euro. It is mainly influenced by the sale of apartments of the various residential projects referred to above (total of € 2.84 M), by the rental revenue net of charges of the HBC, UBC and Nysdam buildings (total of € 6.57 M) as well as the sale of Naos SA (€ 4.91 M).

The **net financial result** amounts to -5.54 million Euro compared with -3.97 million Euro for the first half of 2018. The increase of net financial charges over the first half year is mainly due to the rise in the Group's average net debt, coupled with a decrease in capitalizations (IAS 23 – € -0.40 M compared to 2018), relating to the developments in progress.

Taxes amounted to 1.46 million Euro on 30 June 2019 and are mainly composed of current tax and deferred tax liabilities relating mainly to the City Dox (€ 0.77 M), BuzzCity (€ 0.25 M) and Au Fil des Grands Prés (€ 0.13 M) projects.

The net result (group share) of the first half of the financial year amounts to 6.30 million Euro.

Consolidated balance sheet

The consolidated shareholders' equity amounts to 157.65 million Euro, which represents 22 % of the balance sheet total.

As at 30 June 2019, the Group has a net financial indebtedness of 415.63 million Euro (excluding cash) compared with a net financial indebtedness of 333.69 million Euro as at 31 December 2018.

The increase in net debt of the Group (€ +81.94 M) in comparison with 31 December 2018 is mainly due to the net increase in "**Stocks**" (see below), mainly financed by the issue, last April, of the bond in two tranches (retail bond) of 60 million Euro. This successful operation demonstrated the confidence institutional and private investors have in ATENOR.

The "buildings held for sale" classified under "**Inventories (Stock)**" represent the real estate projects in portfolio and in the course of development. This item amounts to 522.43 million Euro, a net increase of 63.23 million Euro in comparison with 31 December 2018. This change is mainly due to (a) acquisition of the Parc des Nations (Lisbon), Fort 7 (Warsaw) and Becsi (Budapest) projects for a total of 39.97 million Euro, (b) the continuation of works and studies of Vaci Greens, Arena Business Campus (Budapest), Com'Unity (Bezeons) and Realex (Brussels) projects representing in total 24.98 million Euro, (c) the apartment sales of the City Dox, Au Fil des Grands Prés, La Sucrerie, The One and UP-site projects which have decreased the stock by 9.91 million Euro. The remaining balance of the net variation of this item (€ +3.69 M) comes from variations on the other projects in development.

Projects in our portfolio

In the course of the first half of the year, ATENOR continued to develop its business, with 27 projects in portfolio for a total of approximately 1,200,000 m²

The favourable evolution observed over the last few months of the projects in portfolio shows an active management in a still satisfactory real estate market.

The projects experienced the following developments:

➤ **THE BRUSSELS REGION** (23.53% of the portfolio)

ATENOR is investing determinedly in the Region's sustainable development. A balance between **the economic, the social** and **the environmental**.

The economic: the European quarter is a major hub in the Region's economic activity.

THE ONE – European Quarter, rue de la Loi, Brussels (31,000 m² of offices, 11,000 m² of housing)

With regard to the residential part, all the apartments and the two shops on the ground floor have been sold, which ratifies the commercial success of this residential project.

With regard to the office part, we remind you, 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 while remaining responsible for the leasing of the building. During 2018, the office floor areas were proposed for their leasing by the OIB in the context of a call for bids and negotiations have begun.

These negotiations have recently made some specific progress concerning the leasing of the entire building, without having at this stage an approval of the budget authorities of the European Union.

With regard to the situation, to our knowledge, 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 participated in the competitive dialogue organised by the European institutions for the acquisition of a conference centre of about 26,000 m² above ground. The discussions have developed positively without it yet being possible to announce the probability, nature and time of an agreement.

For the office part (± 30,000 m²) which completes this project, Realex will initially base its commercial approach on the logical attractiveness this site has for the European Union due to its consolidated presence nearby.

An application for building permit was submitted at the end of 2018 ; the impact study is in progress.

The social: ATENOR is also increasing the offer of affordable homes, in a quality urban setting.

CITY DOX - Canal area, quai de Biestebroeck, Anderlecht (approx. 157,000 m² mixed)

With regard to phase 1, on the marketing front, the sale of the apartments and service flats is continuing in a satisfactory manner.

The office building's lease rate is currently 64%. Discussions are in progress with potential tenants.

With regard to phase 2, basically residential, the construction works started very recently. A part of the apartments are developed within the framework of a Citydev contest, whose marketing will start in the 4th quarter. The marketing of the "free" part already has a pre-sale rate of 60%.

Finally, with regards to phase 3, the result of the architecture competition which was launched in June will be revealed in mid September. The development concerns 170 apartments.

The environmental: transport by train will play a central role in solving environmental issues and mobility problems. Station districts are destined to be unifiers of intense urban areas.

VICTOR [50% ATENOR] – opposite the South Station, Brussels (approximately 91,000 m² mixed)

The studies to be carried out as part of the Midi Master Development Plan (MDP) were launched on 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. According to the PAD (master development plan) project in question, the project would be reduced to 91,000 m².

CCN [33% ATENOR] – Schaerbeek and St Josse districts, next to the Gare du Nord (± 130,500 m² mixed)

ATENOR, AG Real Estate and AXA IM - Real Assets, acting on behalf of one of its clients, have signed a partnership agreement for the development of a large-scale project on the site known by the name of CCN, next to the Gare du Nord in Brussels. The project should start in 2021 when Brussels-Capital Region (which holds the majority of the current building) has left the premises. The first studies are in progress.

➤ ATENOR, urban stakeholder: both in **FLANDERS** (1.34% of the portfolio) and in **WALLONIA** (8.35% of the portfolio).

ATENOR is contributing to the transformation of the urban landscape, made necessary by the changes in lifestyle, work organisation, production, consumption, etc.

DE MOLENS [50% ATENOR] – City Centre, rue Tolpoort, Deinze (mixed residential & retail project of 32,000 m²)

The intention is to submit a permit application by the end of the year and start works as soon as possible after the old owner leaves the site. The architect selected is the Norwegian firm Reulf Ramstad (RRA).

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/sale 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. The permit application introduced in late July 2019 is following its course.

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

The commercial repositioning of the building has been completed; it will have an occupancy rate of 100% at the end of December 2019, enabling us to launch a sales process, in accordance with our core business.

AU FIL DES GRANDS PRÉS – “Les Grands Prés” shopping precinct district, Mons (approx. 75,000 m² mixed)

With regards to the first phase, the construction of the last two residential blocks (of a total of 8, all pre-sold) continues. Delivery is scheduled for 2020.

With regard to phase two, the permit application concerning the office part is at the public inquiry stage. Several potential occupants have already confirmed their interest.

LA SUCRERIE – Ath (183 residential units, 5 retail units, 1 nursery - 20,000 m²)

Construction works of the 5th block have finished. The marketing of the last apartments is continuing at a satisfactory pace.

➤ **LUXEMBOURG** (5.44% of the portfolio):

The country, supported by a strong international image of financial excellence is developing its planning stage by stage; ATENOR, present in the Grand-Duchy of Luxembourg for 20 years, is part of this evolution.

NAOS [55% ATENOR] – Belval, Grand-Duchy of Luxembourg (office / retail building – 14,000 m²)

The building was delivered in July 2019 to institutional investors who acquired it in November 2018. The lease rate stands at 95%, which confirms the building's attractiveness in its environment. The delivery and the leasing evolution enabled a higher margin than expected.

TWIST – Belval, Grand-Duchy of Luxembourg (building with offices, housing and retail units – 14,300 m²)

The PAP having been delivered, the building permit application should be submitted mid-September.

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

Construction works are continuing according to schedule. The laying of the foundation stone will take place in September 2019. We remind you that the project was sold in future state of completion in December 2018. The leasing of the office floor areas is in progress.

LANKELZ [50% ATENOR] – Esch-sur-Alzette, Grand-Duchy of Luxembourg (mixed: residential, retail and office – 68,000 m²)

We remind you that last July, Atenor signed a 50/50 partnership with a leading Luxembourg stakeholder for the development of a fabulously located plot in Esch-sur-Alzette. The mixed-use project foresees the development of more than 350 homes, shops, offices and quality public infrastructures. The first studies are in progress.

➤ **PARIS** (4.91% of the portfolio):

Europe's biggest office market, which ATENOR has entered at a competitive price.

COM'UNITY 1 [99% ATENOR] – Bezons (Paris) – (33,800 m² of offices)

The construction works and the marketing are in progress in a still strong Péri-Défense lease market.

BORDS DE SEINE 2 – Bezons (Paris) – (25,000 m² of offices)

A building permit was obtained in July 2019 for an immediate development following Com'Unity's one. The promise to purchase for the plot must be exercised in February 2020.

➤ **LISBON** (2.48% of the portfolio):

A market marked by residential activity, in which the office stock of over 4.5 million m² offers great opportunities to professional developers.

PARC DES NATIONS – District of the 1998 Universal Exhibition, Lisbon, – (28,000 m² of office and 1,640 m² of retail)

We remind you that in June ATENOR concluded the acquisition of a plot in the heart of the district of the Universal Exhibition of 1998, now called Parc des Nations. The initial studies are being carried out in order to deposit a permit application by the end of October 2019.

➤ **DÜSSELDORF** (0.29% of the portfolio):

The German market, highly structured, offers ATENOR the chance to diversify its portfolio appropriately. Within Germany, Düsseldorf, capital of one of the richest regions in the country, North Rhine-Westphalia, has a high demand for housing.

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

The launch of the works is postponed to early 2020 due to the busy activity in the construction market. The supermarket lease has been signed. The marketing is oriented towards a single sale in future state of completion.

➤ **WARSAW** (25.90% of the portfolio):

Due to the size of the country and its attractiveness, the Warsaw office market has hoisted itself up over the last few years into the ranks of those most sought after both by international occupants and investors. ATENOR intends to take up a major position there.

UNIVERSITY BUSINESS CENTER – Mokotow quarter of Warsaw, Poland – (60,000 m² of offices)

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. An initial permit application shall be soon submitted. In the meantime, the two buildings are generating a lease revenue of 3 million Euro.

FORT 7 – district of the Chopin airport, Warsaw – (250,000 m² of mixed use)

We remind you that ATENOR acquired via a Polish subsidiary a plot located at the beginning of the new “business corridor” linking Chopin airport to the city centre. Several architects firms have been approached to define a master plan for the entire plot of 14.1 ha.

➤ **BUDAPEST (13.67% of the portfolio):**

Hungary still has a high economic growth outlook this year. This economic growth supports the property market, especially in the capital, Budapest.

VACI GREENS – Vaci Corridor, Budapest (blocks E: 26,000 m² and F 27,500 m² of offices)

After the leasing and sale of the first 4 buildings, ATENOR started the construction and marketing process on the last two buildings in a still buoyant market.

The F building is 55% pre-leased while an agreement has been made with a local investor for the sale in future state of completion of building E. This sale will contribute to 2019 results as part of the perspectives described later in this release.

ARENA Business CAMPUS – Boulevard Hungària, Budapest (80,000 m² of offices)

ATENOR has started the construction and leasing of building A (23,000 m²), offering a leasing alternative that is attracting the market’s interest.

BECSI – Becsi street 68-70 and 74-80, District 3, Budapest (15,000 m² of offices)

Through its Hungarian subsidiary, ATENOR signed agreements in order to pool several plots of a total surface area of around 5,000 m² in district 3, Budapest. Located 300 metres from the ‘Új Udvar’ (‘New Court’) shopping centre, the site is easily accessible by public transport and by road.

The project will propose a three-storey office building. A planning permit application for a built area of 15,000 m² will be submitted shortly, in order to allow building work to start in the first semester of 2020.

BAKERY – Hengermalonut 18, Buda Sud District, Budapest (15,000 m² of offices)

We remind you that in early July, ATENOR signed an agreement for the acquisition of a plot of 5,711 m² in the most populated district in Budapest, located right next to the Danube and near to the universities (District 11). ATENOR plans to develop a category “A+” office building there, offering a floor area of 15,000 m².

➤ **BUCHAREST (14.08% of the portfolio):**

A dynamic rental market, supported by sharp economic growth, in which ATENOR is investing in an opportunistic way.

HERMES BUSINESS CAMPUS – Boulevard D. Pompeiu, Bucharest (75,000 m² of offices)

Discussions are continuing for the sale of the 3 buildings, in an investment market that has been subject to the growing interest of international investors.

In the meantime, these buildings being fully leased, ATENOR is enjoying lease revenues of approximately €10 M per year.

DACIA ONE – Intersection of Calea Victoria and Boulevard Dacia, CBD, Bucharest (13,500 m² of offices)

The urban planning procedure, complex in that it covers one already classified area and another new, denser area, is progressing satisfactorily. The PUZ (zoning regulation) for this new component of the project was obtained in May 2019 and the authorisations are in progress. This new construction has been leased (in future state of completion) by virtue of a ten-year lease contract to ING Tech, ING's software development wing. Noerr ROMANIA, local representatives of the German legal and tax consultants have leased the 1,800 m² of the historic building, fully completing the leasing of the Dacia One project.

@EXPO – Avenue Expozitiei, Bucharest (47,000 m² of offices)

The permit for over 47,000 m² of offices should be obtained in the second 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 office 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.

Other information

We remind you that on 29 April 2019, ATENOR called again for public savings by issuing two bonds at 4 and 6 years for a total of 60 million euros. This operation, largely oversubscribed, was very successful among retail investors and qualified investors. The proceeds of this issue come on the one hand to strengthen the permanent capital of ATENOR on which the development of its business relies and on the other hand to extend the maturities (2023 and 2025) of its debt.

On 24 June, ATENOR joined the Mid-Cap stock exchange index of Euronext Brussels (BEL Mid). On this occasion, ATENOR declared that the positive trend in results for over 5 years and the regular payment of a rising dividend had undoubtedly contributed to this growing attraction expressed by investors. The policy of transparent and regular communication implemented by ATENOR was rewarded by its incorporation in this index.

Principal risks and uncertainties

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

The only remaining dispute that brought Atenor against the company Com.Realty (Michel Pilette) resulted in the recognition of Atenor's position by the Brussels Court of Appeal last June.

Therefore, currently, Atenor is not facing any litigation.

Own shares

On 30 June 2019, Atenor Group Investments SA (100% subsidiary of ATENOR SA) held 163,427 ATENOR SHARES (situation unchanged compared to 31 December 2018) and Atenor Long Term Growth SA (100% subsidiary of ATENOR SA) held 150,000 ATENOR shares (compared to 68,398 on 31 December 2018). The shares held by these two subsidiaries are intended to fulfil the commitments made to the beneficiaries of the share option plans (see our Annual Financial Report 2018 - page 115).

Perspectives for the end of the 2019 financial year

ATENOR's presence in several economic countries with sustained economic growth, coupled with the extension of its business portfolio, enables ATENOR to generate largely positive results every year.

Every quarter it now sees a transaction, an acquisition, a lease or a sale materialise and a development action carried out such as the submission of an application or the delivery of a permit, the launch or acceptance of works.

With regard to the likelihood of success in the negotiations in progress and the agreements signed, ATENOR expects to achieve, in 2019, a better result than in 2018. This trend will, where applicable, be confirmed in our reports in the coming months, as soon as factors as not yet confirmed have been definitively ratified.

Dividend policy

ATENOR intends to maintain its dividend policy providing shareholders with an attractive and recurrent return.



Financial calendar

- Intermediate declaration for third quarter 2019 14 November 2019
- Publication of the annual results for 2019 9 March 2020
- Annual General Meeting 2019 24 April 2020

Contact and Information

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B. Summary Financial Statements

Consolidated statement of comprehensive income

	Notes	In thousands of EUR	
		30.06.2019	30.06.2018
Operating revenue		31.855	45.678
Turnover		23.565	39.811
Property rental income		8.290	5.867
Other operating income		8.149	5.589
Gain (loss) on disposals of financial assets		4.914	2.737
Other operating income		3.224	2.853
Gain (loss) on disposals of non-financial assets		11	-1
Operating expenses (-)		-26.797	-40.019
Raw materials and consumables used (-)		-66.848	-75.089
Changes in inventories of finished goods and work in progress		60.509	62.743
Employee expenses (-)		-2.269	-1.180
Depreciation and amortization (-)		-243	-96
Impairments (-)		853	1.483
Other operating expenses (-)		-18.799	-27.880
<u>RESULT FROM OPERATING ACTIVITIES - EBIT</u>		13.207	11.248
Financial expenses (-)		-5.640	-4.059
Financial income		96	91
Share of profit (loss) from investments consolidated by the equity method		18	-117
<u>PROFIT (LOSS) BEFORE TAX</u>		7.681	7.163
Income tax expense (income) (-)	7	-1.456	-1.593
<u>PROFIT (LOSS) AFTER TAX</u>		6.225	5.570
Post-tax profit (loss) of discontinued operations		0	0
<u>PROFIT (LOSS) OF THE PERIOD</u>		6.225	5.570
Non controlling interests		-72	-68
Group profit (loss)		6.297	5.638
<u>EARNINGS PER SHARE</u>		30.06.2019	30.06.2018
Total number of issued shares		5.631.076	5.631.076
of which own shares		313.427	191.813
Weighted average number of shares (excluding own shares)		5.350.260	5.439.269
Basic earnings		1,18	1,04
Diluted earnings per share		1,18	1,04
<u>Other elements of the overall profit and losses</u>		In thousands of EUR	30.06.2018
<i>Group share result</i>		30.06.2019	30.06.2018
Items not to be reclassified to profit or loss in subsequent periods :		6.297	5.638
Employee benefits			
Items to be reclassified to profit or loss in subsequent periods :			
Translation adjustments		-2.037	-1.894
Cash flow hedge	13	-488	
Tax			-244
Overall total results of the group		3.772	3.500
Overall profits and losses of the period attributable to third parties		-72	-68

B. Summary Financial Statements (continued)

Consolidated statement of the financial position

ASSETS

In thousands of EUR

	Notes	30.06.2019	30.06.2018	31.12.2018
<u>NON-CURRENT ASSETS</u>		48.269	40.741	56.928
Property, plant and equipment	10	2.423	335	549
Intangible assets		139	221	176
Investments consolidated by the equity method		24.750	20.366	14.732
Deferred tax assets		5.808	6.177	6.337
Other non-current financial assets		12.177	11.482	11.869
Non-current trade and other receivables		2.972	2.160	23.265
<u>CURRENT ASSETS</u>		673.966	616.806	613.837
Inventories	9	522.430	499.083	459.202
Other current financial assets	4	18.393	17.339	68.064
Current tax assets		819	870	1.067
Current trade and other receivables		44.346	42.680	37.432
Current loans payments		14	134	1.346
Cash and cash equivalents	4	80.966	52.388	42.145
Other current assets		6.998	4.312	4.581
TOTAL ASSETS		722.235	657.547	670.765

LIABILITIES AND EQUITY

		30.06.2019	30.06.2018	31.12.2018
<u>TOTAL EQUITY</u>		157.654	141.367	170.298
<u>Group shareholders' equity</u>		154.780	138.350	167.352
Issued capital		57.631	57.631	57.631
Reserves		112.223	88.537	119.727
Treasury shares (-)		-15.074	-7.818	-10.006
<u>Non controlling interest</u>		2.874	3.017	2.946
<u>Non-current liabilities</u>		374.374	279.764	297.789
Non-current interest bearing borrowings	5	368.896	264.621	293.105
Non-current provisions		480	5.976	648
Pension obligation		455	476	455
Derivatives	13	488		0
Deferred tax liabilities		1.506	7.035	1.125
Non-current trade and other payables		1.149	776	1.542
Other non-current liabilities		1.400	880	914
<u>Current liabilities</u>		190.207	236.416	202.678
Current interest bearing debts	5	141.895	187.178	147.174
Current provisions		1.895	408	5.040
Current tax payables		2.703	6.786	2.986
Current trade and other payables		30.481	34.498	33.554
Other current liabilities		13.233	7.546	13.924
TOTAL EQUITY AND LIABILITIES		722.235	657.547	670.765

B. Summary Financial Statements (continued)

Consolidated cash flow statement (indirect method)

	Notes	In thousands of EUR		
		30.06.2019	30.06.2018	31.12.2018
Operating activities				
- Net result		6.297	5.638	35.177
- Result of non controlling interests		-72	-68	-140
- Result of Equity method Cies		-18	117	228
- Net finance cost		4.628	3.453	6.994
- Income tax expense	7	546	1.794	2.986
- <i>Result for the year</i>		<i>11.381</i>	<i>10.934</i>	<i>45.245</i>
- Depreciations		243	96	206
- Impairment losses		-853	-1.483	-1.433
- Translation adjustments		42	100	463
- Provisions		-3.314	-270	-960
- Deferred taxes	7	910	-200	-830
- (Profit)/Loss on disposal of fixed assets		-4.925	-2.787	-34.992
- SOP / IAS 19		471	75	141
- <i>Adjustments for non cash items</i>		<i>-7.426</i>	<i>-4.469</i>	<i>-37.405</i>
- Variation of inventories		-63.659	-56.629	-122.634
- Variation of trade and other amounts receivables		15.836	5.035	41.832
- Variation of trade payables		-1.131	-2.223	9.803
- Variation of amounts payable regarding wage taxes		-292	-332	41
- Variation of other receivables and payables		-4.683	-3.230	5.712
- <i>Net variation on working capital</i>		<i>-53.929</i>	<i>-57.379</i>	<i>-65.246</i>
- Interests received		95	90	1.132
- Income tax (paid) received		-590	150	-4.917
Cash from operating activities (+/-)		-50.469	-50.674	-61.191
Investment activities				
- Acquisitions of intangible and tangible fixed assets		-1.008	-119	-409
- Acquisitions of financial investments		-10.003	-6	-6
- New loans		-310	-103	-492
- <i>Subtotal of acquired investments</i>		<i>-11.321</i>	<i>-228</i>	<i>-907</i>
- Disposals of intangible and tangible fixed assets		11	15	15
- Disposals of financial investments			7.516	57.804
- Reimbursement of loans		2	1.364	1.364
- <i>Subtotal of disinvestments</i>		<i>13</i>	<i>8.895</i>	<i>59.183</i>
Cash from investment activities (+/-)		-11.308	8.667	58.276
Financial activities				
- Increase in capital		0	0	
- Decrease in capital		0	0	0
- Treasury shares		-5.068	376	-1.642
- Proceeds from borrowings		102.174	91.422	127.868
- Repayment of borrowings		-31.247	-16.514	-41.980
- Interests paid		-3.337	-762	-6.545
- Dividends paid to company's shareholders	6	-11.747	-11.317	-11.317
- Directors' entitlements		-256	-316	-316
Cash from financial activities (+/-)		50.519	62.889	66.068
Net variation of the period		-11.258	20.882	63.153
- Cash and cash equivalent at the beginning of the year		106.590	43.296	43.296
- Net variation in cash and cash equivalent		-11.258	20.882	63.153
- Non cash variations (Cur. conversion, chge in scope, etc...)		-167	515	141
- Cash and cash equivalent at end of the year	4	95.165	64.693	106.590

B. Summary Financial Statements (continued)

Consolidated statement of change in equity

In thousands of EUR	Issued capital	Hedging reserves	Own shares	Consolidated reserves	Profit/loss of the period	IAS 19R reserves	Cumulative translation adjustments	Minority interests	Total Equity
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
Other	-	-	-	-	-	-	-	162	162
Balance as of 31.12.2018	57.631	-	-10.006	100.815	35.177	-402	-15.863	2.946	170.298
First semester 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	-	-	-	-	5.638	-	-	-68	5.570
Other elements of the overall results	-	-	-	-244	-	-	-1.894	-	-2.138
Total comprehensive income	-	-	-	-244	5.638	-	-1.894	-68	3.432
Capital increase	-	-	-	-	-	-	-	-	-
Paid dividends	-	-	-	-11.317	-	-	-	-	-11.317
Own shares	-	-	377	-	-	-	-	-	377
Share based payment	-	-	-	74	-	-	-	-	74
Other	-	-	-	-	-	-	-	162	162
Balance as of 30.06.2018	57.631	-	-7.818	100.504	5.638	-431	-17.174	3.017	141.367
First semester 2019									
Balance as of 01.01.2019	57.631	-	-10.006	135.992	-	-402	-15.863	2.946	170.298
Profit/loss of the period	-	-	-	-	6.297	-	-	-72	6.225
Other elements of the overall results	-	-488	-	-	-	-	-2.037	-	-2.525
Total comprehensive income	-	-488	-	-	6.297	-	-2.037	-72	3.700
Capital increase	-	-	-	-	-	-	-	-	-
Paid dividends	-	-	-	-11.747	-	-	-	-	-11.747
Own shares	-	-	-5.068	-	-	-	-	-	-5.068
Share based payment	-	-	-	471	-	-	-	-	471
Other	-	-	-	-	-	-	-	-	-
Balance as of 30.06.2019	57.631	-488	-15.074	124.716	6.297	-402	-17.900	2.874	157.654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON 30.06.2019

Note 1. Corporate information

The half-year consolidated financial statements of the Group on 30 June 2019 were adopted by the Board of Directors at 3 September 2019.

Note 2. Principal accounting methods

1. Basis for preparation

The consolidated accounts of 30 June 2019 were prepared in conformity with the IAS 34 standard relating to intermediate financial information.

The intermediate financial accounts must be read alongside the annual report of 31 December 2018.

2. Consolidation principles and significant accounting principles

The evaluation rules adopted for the preparation of the consolidated financial situation of 30 June 2019 were not modified compared to the rules followed for the preparation of the annual report of 31 December 2018 with the exception of the regulations, amendments or interpretations, of compulsory application for the financial periods opened after 1 January 2019.

The consolidated half-year financial statements were prepared in accordance with IFRS standards (*International Financial Reporting Standards*) as adopted in the European Union.

We remind you that ATENOR has been applying IFRS 15 (*Revenue from Contracts with Customers*) 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 2018 Consolidated state of equity variations). This impact stood at 1 million euros net of tax.

The table below details per item the IFRS 15 transition and the recognition in the result in 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

ATENOR applies IFRS 16 (lease contracts) since 1 January 2019 according to the simplified retrospective method. In application of this method, the impact on the balance sheet and the results account is calculated as if the lease effectively took effect on 1 January 2019 without restatement of the comparative accounts of the previous years and without any impact on opening equity.

In accordance with IFRS 16, ATENOR does not apply the new standard to lease contracts concerning intangible fixed assets and has chosen not to apply the new accounting model to lease contracts of less than one year's duration (renewal options included), nor to contracts concerning new assets with a low unit value (exemption threshold 5,000 USD).

Furthermore, ATENOR applies the transitory simplification measures authorised by IFRS 16 whose principle is the booking of lease contracts that ended in the 12 months following the initial application date, as if they were short-term lease contracts.

For ATENOR, as lessor, there is no impact.

Refer to notes 5 and 10

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 all potential operational risks well upfront.

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

	In thousands of EUR		
	30.06.2019	30.06.2018	31.12.2018
CASH AND CASH EQUIVALENTS			
Short-term deposits	14.199	12.305	64.445
Bank balances	80.963	52.385	42.143
Cash at hand	3	3	2
Total cash and cash equivalents	95.165	64.693	106.590

Read tables pages 9 and 10

Note 5. Financial Liabilities

	In thousands of EUR		
	Current	Non-current	TOTAL
	Up to 1 year	More than 1 year	
MOVEMENTS ON FINANCIAL LIABILITIES			
On 31.12.2018	147.174	293.105	440.279
Movements of the period			
- New loans	13.250	87.321	100.571
- Reimbursement of loans	-30.786		-30.786
- Entries in the consolidation scope			
- Rent debts (IFRS 16)	204	795	999
- Variations from foreign currency exchange	4	-70	-66
- Short-term/long-term transfer	12.107	-12.107	
- Other	-58	-148	-206
On 30.06.2019	141.895	368.896	510.791

Refer to the comment on page 2 on the consolidated balance and the increase of the indebtedness.

In April 2019, ATENOR successfully issued two “retail bond” type bond tranches of € 20 M (3.00% - maturity 2023) and € 40 M (3.50% - maturity 2025) respectively. These bonds are listed on Euronext Brussels.

ATENOR also contracted financing of € 22 M for its UBC project (Warsaw) and corporate financing of € 5.25 M via the subsidiary Atenor Long Term Growth.

Two property leasing contracts are affected by IFRS 16. In application of the simplified retrospective method, the initial rental debts were calculated as if the contracts had started on 1st January 2019, by updating the future payments of the leases to the rate of 2.474%

This updated value is €1.09 M on 1st January 2019. The reimbursements of the period come to 87 thousand euros. The interest of the period comes to 13 thousand euros.

Also refer to note 10

Note 6. Paid Dividends

	In thousands of EUR		
	30.06.2019	30.06.2018	31.12.2018
Dividends on ordinary shares declared and paid during the period:	-11.747	-11.317	-11.317
Final dividend for 2018: € 2.20			
Final dividend for 2017: € 2.08			

ATENOR does not offer any interim dividend.

Note 7. Income taxes

TAXES	In thousands of EUR		
	30.06.2019	30.06.2018	31.12.2018
Income tax expense / Income - current			
Current period tax expense	-617	-1.952	-3.229
Adjustments to tax expense/income of prior periods	71	158	242
Total current tax expense, net	-546	-1.794	-2.987
Income tax expense / Income - Deferred			
Related to the current period	1.561	201	243
Related to tax losses	-2.471		587
Total deferred tax expense	-910	201	830
Total current and deferred tax expense	-1.456	-1.593	-2.157

See table on page 8

Note 8. Segment reporting

In thousands of EUR

	30.06.2019			30.06.2018		
	Western Europe	Central Europe	Total	Western Europe	Central Europe	Total
Operating revenue	24.368	7.487	31.855	30.399	15.279	45.678
Turnover	23.537	28	23.565	29.796	10.015	39.811
Property rental income	831	7.459	8.290	603	5.264	5.867
Other operating income	5.447	2.702	8.149	3.998	1.591	5.589
Gain (loss) on disposals of financial assets	4.914		4.914	2.737		2.737
Other operating income	522	2.702	3.224	1.262	1.591	2.853
Gain (loss) on disposals of non-financial assets	11		11	-1		-1
Operating expenses (-)	-22.952	-3.845	-26.797	-30.246	-9.773	-40.019
Raw materials and consumables used (-)	-42.615	-24.233	-66.848	-31.891	-43.198	-75.089
Changes in inventories of finished goods and work in progress	33.019	27.490	60.509	16.039	46.704	62.743
Employee expenses (-)	-2.061	-208	-2.269	-1.007	-173	-1.180
Depreciation and amortization (-)	-153	-90	-243	-92	-4	-96
Impairments (-)	846	7	853	1.482	1	1.483
Other operating expenses (-)	-11.988	-6.811	-18.799	-14.777	-13.103	-27.880
RESULT FROM OPERATING ACTIVITIES - EBIT	6.863	6.344	13.207	4.151	7.097	11.248
Financial expenses (-)	-5.275	-365	-5.640	-3.575	-484	-4.059
Financial income	94	2	96	90	1	91
Share of profit (loss) from investments consolidated by the equity method	18		18	-117		-117
PROFIT (LOSS) BEFORE TAX	1.700	5.981	7.681	549	6.614	7.163
Income tax expense (income) (-)	-1.354	-102	-1.456	-1.253	-340	-1.593
PROFIT (LOSS) AFTER TAX	346	5.879	6.225	-704	6.274	5.570
Post-tax profit (loss) of discontinued operations						
PROFIT (LOSS) OF THE PERIOD	346	5.879	6.225	-704	6.274	5.570
Intercompany elimination	993	-993	0	343	-343	0
CONSOLIDATED RESULT	1.339	4.886	6.225	-361	5.931	5.570
Overall profits and losses of the period attributable to third parties	-72		-72	-68		-68
Group share result	1.411	4.886	6.297	-293	5.931	5.638

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 identifiable: on the one hand, Western Europe, covering Belgium, the Grand Duchy of Luxembourg, France, Germany and Portugal and on the other hand, Central Europe, covering Hungary, Romania and Poland.

Both on 30 June 2019 and in the 1st half of 2018, the segmentation evidences the distribution of the contribution to the consolidated results of the projects both in Western Europe and 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	30.06.2019			31.12.2018		
	Western Europe	Central Europe	Total	Western Europe	Central Europe	Total
ASSETS						
NON-CURRENT ASSETS	47.413	856	48.269	56.723	205	56.928
Property, plant and equipment	1.650	773	2.423	423	126	549
Investment property						
Intangible assets	61	78	139	105	71	176
<i>of which goodwill</i>			0	11	71	82
Investments in related parties						
Investments consolidated by the equity method	24.750		24.750	14.732		14.732
Deferred tax assets	5.808		5.808	6.337		6.337
Other non-current financial assets	12.172	5	12.177	11.861	8	11.869
Derivatives						
Non-current trade and other receivables	2.972		2.972	23.265		23.265
Other non-current assets						
CURRENT ASSETS	380.675	293.291	673.966	362.878	250.959	613.837
Assets held for sale						
Inventories	271.083	251.347	522.430	238.386	220.816	459.202
Other current financial assets	18.393		18.393	68.064		68.064
Derivatives						
Current tax receivables	444	375	819	525	542	1.067
Current trade and other receivables	31.276	13.070	44.346	26.896	10.536	37.432
Current loans payments	14		14	14	1.332	1.346
Cash and cash equivalents	56.277	24.689	80.966	27.644	14.501	42.145
Other current assets	3.188	3.810	6.998	1.349	3.232	4.581
TOTAL ASSETS	428.088	294.147	722.235	419.601	251.164	670.765
LIABILITIES AND EQUITY						
TOTAL EQUITY	163.852	-6.198	157.654	166.754	3.544	170.298
Group shareholders' equity	160.978	-6.198	154.780	163.808	3.544	167.352
Issued capital	57.631		57.631	57.631		57.631
Reserves	118.421	-6.198	112.223	116.183	3.544	119.727
Treasury shares (-)	-15.074		-15.074	-10.006		-10.006
Non controlling interest	2.874		2.874	2.946		2.946
Non-current liabilities	329.974	44.400	374.374	272.903	24.886	297.789
Non-current interest bearing borrowings	326.755	42.141	368.896	269.727	23.378	293.105
Non-current provisions	459	21	480	404	244	648
Pension obligation	455		455	455		455
Derivatives		488	488			
Deferred tax liabilities	1.156	350	1.506	775	350	1.125
Non-current trade and other payables	1.149		1.149	1.542		1.542
Other non-current liabilities		1.400	1.400		914	914
Current liabilities	-65.738	255.945	190.207	-20.056	222.734	202.678
Current interest bearing debts	136.996	4.899	141.895	143.714	3.460	147.174
Current provisions	1.895		1.895	4.098	942	5.040
Pension obligation						
Derivatives						
Deferred tax liabilities	2.703		2.703	2.326	660	2.986
Current trade and other payables	22.421	8.060	30.481	28.240	5.314	33.554
Other current liabilities	10.079	3.154	13.233	10.849	3.075	13.924
Intercompany elimination / not allocated	-239.832	239.832		-209.283	209.283	
TOTAL EQUITIES AND LIABILITIES	428.088	294.147	722.235	419.601	251.164	670.765

Note 9. Inventories

	In thousands of EUR		
	30.06.2019	30.06.2018	31.12.2018
Buildings intended for sale, beginning balance	459.202	443.973	443.973
Activated costs	81.357	90.864	191.806
Disposals of the year	-18.681	-35.616	-72.492
IFRS 15 transition		-12	-12
Exits from the consolidation scope			-106.843
Entries in the consolidation scope			
Reclassifications from/to the "Inventories"	1.336	-495	-495
Borrowing costs (IAS 23)	983	1.381	3.320
Foreign currency exchange increase (decrease)	-2.037	-2.388	-1.647
Write-offs (recorded)			-250
Write-offs (written back)	270	1.376	1.841
Movements during the year	63.228	55.110	15.228
Buildings intended for sale, ending balance	522.430	499.083	459.202
Accounting value of inventories mortgaged (limited to granted loans)	104.556	134.506	86.840

Refer to the explanations on page 2.

Note 10. Tangible fixed assets

This item mainly includes the interior developments made to the leased buildings and the rights of use recognised by application of IFRS 16. The initial rights were calculated in the same way as the rental debts (refer to note 5). They come to €1.09 M on 1st January 2019. The depreciations are calculated linearly over the remaining duration of the leases. They total 92 thousand euros in the 1st half of 2019.

Note 11. Stock option plans for employees and other payments based on shares

On 8 March 2019, ATENOR issued a 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 certain service providers.

This SOP may be exercised during the three followings periods from 8 March to 31 March 2022, from 8 March to 31 March 2023 and from 8 to 29 March 2024 after each publication of the annual results.

We remind you that the Board of Directors held on 29 August 2018 decided to acquire 150,000 shares via the subsidiary Atenor Long Term Growth in order to put in place as from 2019 the aforementioned new stock option plan.

Note 12. Related Parties

	In thousands of EUR	
	Sums due to related parties	Sums due to the group from related parties
IMMOANGE	-	475
VICTOR ESTATES	-	5.053
VICTOR PROPERTIES	-	273
VICTOR BARA	-	2.152
VICTOR SPAAK	-	3.827
DOSSCHE IMMO	-	

We remind you that 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 10 (Consolidated Financial Statements) and 11 (Joint Arrangements). The actual transfer took place on 15 July 2019.

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.

ATENOR has receivables as set out in the table above in respect of equity-consolidated affiliates.

On 15 January 2019, ATENOR acquired 50% of the shares of the company Dossche Immo, holder of a plot and buildings in Deinze.

No other important change occurred concerning the related parties during the first half of 2019.

Note 13. Derivatives

ATENOR does not use derivative instruments for trading purposes.

In the context of its €22 M of financing contracted in February 2019, ATENOR simultaneously concluded a rate hedging contract that covers 71% of the loan. The fair value of this financial instrument qualified as “cash flow hedge” (€-0.49 M) is booked directly in equity.

Refer to the table on page 11

Note 14. Own shares

MOVEMENTS IN OWN SHARES	Amount (in thousands of €)	Number of shares
On 01.01.2019 (average price € 43.16 per share)	10.006	231.825
Movements during the period		
- acquisitions	5.068	81.602
- sales		
On 30.06.2019 (average price € 48.09 per share)	15.074	313.427

Note 15. Events after the closing date

- As announced in the press release of 9 July 2019, ATENOR has signed, in partnership with a leading Luxembourg stakeholder, an agreement concerning the acquisition of a site in Esch-sur-Alzette for the development of approximately 68,000m² above ground for which a quick start is expected. The mixed use project will include 350 housing units, retail and offices.
- Similarly, the press release of 18 July 2019 announced the signing of an agreement concerning the acquisition of a plot of 5,711 m² in the 11th district of Budapest for the development of 15,000 m² of offices.

No significant event subsequent to 30 June 2019 is to be noted.

C. Statement by the Management

Stéphan SONNEVILLE s.a., 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 30 June 2019 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 six month financial report contains a true reflection of the major events and of the principal transactions between related parties occurring during the first six months of the financial year and of their impact on the summary financial statements as well as a description of the main risks and uncertainties for the remaining months of the financial year (see page 6 of the present document).

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

D. External audit

Statutory auditor's report on the review of the condensed consolidated interim financial information of ATENOR SA for the period ended 30 June 2019

Introduction

We have reviewed the *condensed consolidated interim financial information* of ATENOR SA as of June 30, 2019, and for the period of six months ended on that date, which comprises the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity, the accounting policies, and a selection of explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with the international standard IAS 34 - *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the international standard ISRE (*International Standard on Review Engagements*) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the preceding condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the international standard IAS 34 - *Interim Financial Reporting* as adopted by the European Union.

Brussels, September 3, 2019

Mazars Réviseurs d'Entreprises SCRL
Statutory auditor
Represented by Xavier DOYEN