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Regulated information

Intermediate declaration¹ of the first quarter of 2020 and update

La Hulpe, 14 May 2020

Action and resilience in the face of the Covid-19 crisis

As this statement goes to press, we have found it essential to distinguish between, on the one hand, the imposition and easing of lockdowns across Europe since mid-March – a situation that is likely to continue to varying degrees for several months yet, and, on the other, the context of an economic crisis, which is in the offing but whose scale and duration are still a matter of debate among informed observers.

As we stated earlier, ATENOR took a proactive, targeted stance right from the first confirmed signs of the Covid-19 health crisis, so as to protect the health of its staff and its business continuity.

To date, we have noted only a *limited* impact on project developments and earnings generation as a result of the health crisis and the lockdown.

The main development phases (studies, permit applications, permit examinations, permit deliveries, construction, rental and sale) have been subject to momentary stoppages or slow-downs, but we have not experienced any delays that cannot be overcome, for the most part, by the end of the current financial year.

There are several explanations for this:

- The “slow” nature of the value creation cycle means that earnings generation is not impacted, in the very short term, by a *momentary* halt to economic activity in each country.
- Most of the projects are at a point in the development process where a *momentary* halt to economic activity does not have a *material* impact on the annual margin generated.

In this respect, it may be recalled that most of the development projects contributing to the results are sold in future state of completion, so that the margin creation is function of the construction work (state of advancement).

Moreover, the group earns more than € 15 million per year from rental activity. These earnings have not been materially affected by the health crisis.

Today, we can already report that the room for growth in 2020 is confirmed to be 55% of that in 2019.

- The sectoral (no retail, little high-risk housing under development, mainly pre-leased office space) and geographical diversification of the projects contributing to the 2020 result has limited the potential impact that the health crisis might otherwise have had on our results.

Here, it should be recalled that half of ATENOR’s portfolio (total potential surface area to be developed) is located in the least-impacted European countries.

The Covid-19 health crisis and the lockdown period imposed on us have confirmed the resilience of ATENOR activities and its high degree of adaptability. The cohesion and motivation of all its staff have been confirmed and underpin the continuity of the value creation process.

ATENOR has not drawn upon any of the facilities offered by the federal and regional authorities. In particular, it has not had recourse to partial lay-offs, nor to State financial assistance.

As regards the economic and cyclical outlook, it is too early to assess the possible impact on ATENOR’s results.

We note a clear slow-down in corporate decision-making on office space rentals, although this is more marked in Western Europe than in Central Europe. The drop in office space rental take-up from the second quarter of 2020 might delay sales of real estate projects, possibly leading to the carryover of results from 2020 to 2021 and from 2021 to 2022.

On the financial results side, the Covid-19 health crisis could cause a marginal increase in credit costs, of the order of 0.5% on 20% of ATENOR overall financing positions. However, this impact is limited to short-term credits and to renewals of long-term credits. We estimate this impact at € 0.25 M during 2020.

¹ 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.



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In this uncertain economic context, some prudence is required. Nonetheless:

- Even the most pessimistic forecasts for 2020 are accompanied by forecasts of a clear upturn in 2021. The proper functioning of the financial systems and markets should facilitate a rapid recovery.
- The national and European authorities are taking an attentive, proactive attitude towards putting in place all the measures needed for an economic revival.
- The injection of liquidity into the economy and the prospect of low interest rates have often proved beneficial to real estate.
- Particularly in the property development sector, the debate around sustainable extension of open spaces for health reasons, contraction of co-working and greater use of teleworking is heading towards a status quo in demand, coupled with a more differentiated rearrangement of interior spaces.
- An economic relaunch through massive investment in the sustainable economy (we are also referring to the Green Deal initiated in 2019 by the European Commission) will certainly benefit the property development sector, and ATENOR in particular, given the urban development strategy that it has implemented since 2007, aimed at promoting the adaptation of the urban fabric to shifts in demand by developing high-performance buildings.
- ATENOR presence in 8 European countries not only guarantees resilience but also remains a source of selectivity, performance and growth, as each country has different characteristics and hence just as many opportunities to use our know-how.
- The crisis has highlighted the importance of adaptability: ATENOR will remain highly reactive, so as to adapt its projects, right from the design stage, to the emergence of new underlying trends revealed by this crisis.

ATENOR is therefore continuing the development of the 28 projects in its portfolio, totalling some 1,200,000 m², while taking particular care to embody sustainability within them.

As a reminder, the relative shares of each region/city within the portfolio are calculated according to the potentially buildable surface areas.

➤ **BRUSSELS (24.96% OF THE PORTFOLIO)**

THE ONE - European District, rue de la Loi, Brussels (29,500 m² of offices and 9,740 m² of residential)

The formal approval procedure by the budgetary authorities of the European institutions has continued despite the health crisis and should be completed by the end of June.

REALEX [90% ATENOR] – European District, between the rues de la Loi & de Lalaing, Brussels (minimum 58,400 m² of offices)

The permit application will be amended in line with the recommendations of the impact study completed in February 2020; the Conference Centre variant has been retained, in view of favourable developments in the contacts with the OIB in the context of a competitive dialogue on the acquisition of a conference centre replacing the current Borschette.

CITY DOX - Canal area, quai de Biestebroek, Anderlecht (approx. 120,000 m² mixed)

The construction and marketing of phase 2 (including 181 residential units of which 99 of City.dev) have resumed after the lockdown. With regard to phase 3, an initial permit application specifically for 171 residential units has been submitted. The architectural competition for the creation of a school and residential complex (phase 4) is in progress.

VICTOR [50% ATENOR] – opposite the South Station (Gare du Midi), Brussels (approximately 94,300 m² mixed)

This project has been reworked to fit into the main lines of the “Midi” PAD project. This appears to be in the process of being finalised and should be made subject to public enquiry soon. The Victor project includes 72,500 m² of offices and over a hundred affordable, passive apartments which have been selected by CityDev via a call for projects.

CCN [33% ATENOR] – Schaerbeek and St Josse districts, next to the North Station (Gare du Nord) (± 130,000 m² mixed)

Studies are progressing rapidly in order to be able to lodge a planning application for the whole site during the course of 2020.

BEAULIEU – Avenue Beaulieu, 5 to 11, Auderghem (around 24,500 m² of offices)

A short-term extension is under negotiation with the OIB, the current occupant of the premises. In parallel, ATENOR is studying a major renovation of these two buildings, with a view to lodging a permit application in 2020.

➤ **FLANDERS (1.28% OF THE PORTFOLIO)**

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

An application for a single permit for the first phase was lodged in April 2020. Delivery of the Single Permit is foreseen for the end of the year.



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➤ **WALLONIA (7.68% OF THE PORTFOLIO)**

LES BERGES DE L'ARGENTINE – La Hulpe (27,000 m² residential (80% Atenor) and 4,000 m² offices (100% Atenor))

An agreement with the neighbouring owner was reached in December 2019 aimed at putting forward a shared vision matching the requirements of the Municipality, reflected in the studies of the Communal Issue Zone. A new application will be submitted during 2020.

LE NYSDAM – La Hulpe (15,600 m² office building)

The building has had an occupancy rate of 100% since December 2019. ATENOR still intends to sell it as soon as the market conditions are right.

AU FIL DES GRANDS PRÉS – “Les Grands Prés” shopping precinct district, Mons (approx. 78,000 m² mixed)

As a reminder, 11,500 m² of offices out of a total of 14,500 m² were sold at the beginning of 2020 in future state of completion. A first permit application was lodged with a view to building some 100 housing units in this second phase, out of the approx. 300 envisaged.

➤ **LUXEMBOURG (6.94% OF THE PORTFOLIO):**

TWIST – Belval, Grand-Duchy of Luxembourg (offices, housing and retail units – 15,000 m²)

The building permit application was lodged at the end of 2019, with a view to obtaining the permit before the end of 2020.

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

As a reminder, the project was sold in future state of completion in December 2018 and is generating results that are proportional to the state of advancement of the work. Leasing of the office building is in progress.

LANKELZ [50% ATENOR] – Esch-sur-Alzette, Grand-Duchy of Luxembourg (residential, retail and office - 67,850 m²)

The studies have progressed and a permit application for the entire surface will be lodged at the end of 2020.

SQUARE 42 – Central Square, Esch-sur-Alzette, Grand-Duchy of Luxembourg (21,600 m² mixed: offices & retail)

This project, acquired after a competition, comprises the development of a building with 20,343 m² of office and 1,238 m² of retail space. A permit application will be filed in Q3- 2020.

➤ **PARIS (4.68% OF THE PORTFOLIO):**

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

The construction work started up again after halting for a few weeks, but without affecting the scheduled completion for the end of the third quarter in 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 organisation issues raised by the health crisis.

U'MAN – Bezons (Paris) – (25,450 m² of offices)

Located nearby Com'Unity, this project has had since end 2019 a permit free of all claims authorising the construction of 25,500 m² of offices.

➤ **LISBON (2.31% OF THE PORTFOLIO):**

WELLBE – District of the 1998 Universal Exhibition, Lisbon – (27,850 m² of offices and 1,250 m² of retail)

The permit application was submitted in November 2019. It covers 27,850 m² of offices and 1,250 m² of retail space. Start of works is planned for the beginning of 2021.

➤ **DÜSSELDORF (0.34% OF THE PORTFOLIO):**

AM WEHRHAHN – Shopping Street Am Wehrhahn in Düsseldorf city centre – (4,250 m² of housing and retail)

The lease for the supermarket has been completed. The General Contractor started the construction works in April. It should take 21 months in all. Commercialization is aimed at an *en bloc* sale in a future state of completion.

➤ **WARSAW (24.35% OF THE PORTFOLIO):**

UNIVERSITY BUSINESS CENTER – Mokotow quarter of Warsaw, Poland – (56,800 m² of offices)

A first permit application (UBC 1) was submitted for the demolition of the first existing building (UBC I) and construction of the new class A building, with a leasable surface area of 24,000 m². Work may start in 2021.

In the meantime, the two buildings are generating an annual lease income of 2.7 million Euro.



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

Discussions with the city concerning the adaptation of the master plan have run into delays due to the health crisis. However, studies on the development of a hotel and of the office part have progressed.

➤ **BUDAPEST (13.40% OF THE PORTFOLIO):**

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

The 5th (E) and 6th (F) buildings of this campus are under construction and marketing and will be completed in the 2nd and 3rd quarters of 2020. Interference from the health crisis is not anticipated. As a reminder, building E was the subject of a sale in a future state of completion. The conclusion in April of a new lease on 7,500 m² brought the pre-lease rate up to 40 %. The Vaci Greens F building is already 70% pre-leased and might be sold off during 2020.

ARENA BUSINESS CAMPUS – Boulevard Hungària, Budapest (74,300 m² of offices and 6,100 of retail)

Construction of the first building (A) was completed in April, within the announced deadlines; the building is 15% pre-leased and marketing is continuing on a still active market.

In parallel, the foundation work for the second building (“B”) has been launched.

ROSEVILLE – Besci Street 68-70 and 74-80, District 3 of Budapest (16,150 m² of offices)

The permit application will be lodged during the third quarter of 2020. In the meantime, it has been possible to start certain foundation work.

BAKERSTREET – Hengermalonut 18, Buda South District, Budapest (18,750 m² of offices)

A permit application should be lodged before the end of summer 2020 for a work start in December 2020.

➤ **BUCHAREST (14.08% OF THE PORTFOLIO) :**

HERMES BUSINESS CAMPUS – Boulevard D. Pompeiu, Bucharest (75,200 m² of offices)

The buildings will be refinanced, long term, for the sum of €85M before the end of June 2020. This is an interim phase, the ultimate aim being to put them up for sale on an investment market that came to a standstill due to the health crisis.

In the meantime, these buildings have had their leases renewed and are generating rental incomes of the order of € 10.3 million per year. The health crisis has not had any material impact on the rental incomes (impact of less than € 0.1 million).

DACIA ONE – Intersection of Calea Victoria and Boulevard Dacia, CBD, Bucharest (16,300 m² of offices)

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

@EXPO – Avenue Expozitiei, Bucharest (54,720 m² of offices)

Work on the first part was launched in February 2020. The first pre-lease, concluded with the multinational Gameloft for 3,000 m², has already been extended to a further 1,500m², bringing the pre-lease rate up to 20% of the part under construction.

UP-SITE BUCHAREST – Floreasca/Vacarescu district, Bucharest (31,250 m² - 2 towers, ±270 residential units and retail)

The construction permit should be received in June 2020. Works will not commence until the pre-sale rate is judged satisfactory.

Own shares

The situation is unchanged from 31 December 2019. Atenor Group Investments SA (a 100% Atenor subsidiary) holds 163,427 ATENOR shares and Atenor Long Term Growth SA (a 100% Atenor subsidiary) holds 150,000 Atenor-shares. The shares held by these 2 subsidiaries are intended to fulfil the commitments made to beneficiaries of stock option plans.

Dividend

As a reminder, ATENOR has paid its shareholders a gross dividend per share of € 2.31, a 5% increase over the previous business year. Regular remuneration of capital is an important aim of ATENOR’s dividend policy. Its positive, recurrent, diversified annual results are the material expression of ATENOR wealth creation for the direct benefit of its shareholders.



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Prospects for the year 2020

The negative growth outlook for 2020 reflects an economic slowdown in several sectors of activity. This economic slowdown will probably have an impact on the real estate sector. However, several factors may well reduce the scale of this impact on real estate. These include the maintenance of low interest rates and the “green” focuses for economic growth adopted at the European level (Green Deal).

More particularly, ATENOR strategic positioning, know-how and international presence will serve to affirm the company’s resilience.

As regards balance sheet structure, the diversification of finance sources and of scheduling, concerning several leased or pre-sold assets, enables stability to be ensured; the group has the liquidity needed to continue the development of the projects in its portfolio.

As in past years, ATENOR reserves the right to make a precise pronouncement on the prospects for the year when it publishes its half-year results or its interim statement for the 3rd quarter.

In view of the development margin already confirmed to date, we can indicate that the results for the current financial year should be such as to permit the continuation of the dividend policy.

Furthermore, the varying maturity of the current projects enables ATENOR to envisage several major transactions. The probability of achieving them will become clear during the current year, depending mainly on the macro-economic parameters.

The growth prospects for results in the years to come, underpinned by a geographical and functional diversification of income sources, are undoubted. The international growth strategy will be continued, while taking care to maintain balance sheet equilibrium.

Financial Calendar

Half-year results 2019 2020	3 September 2020
Intermediate declaration for third quarter 2020	18 November 2020
Year results 2020	March 2021
General Assembly 2020	24 April 2021

For further information, please contact Stéphane Sonnevile SA, CEO or Sidney D. Bens, CFO.

☎ +32-2-387.22.99 - email: info@atenor.eu - www.atenor.eu

ATENOR is a real estate property promotion company quoted on Euronext Brussels. Through our urban planning and architectural approach, we aim to provide appropriate responses to the new requirements being imposed by developments in urban and professional life. Within this framework, ATENOR is investing in large-scale property projects which meet strict criteria in terms of location, economic efficiency and respect for the environment.

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