

## ANNUAL RESULTS 2016

Regulated information

La Hulpe, 9 March 2017

### A. Management Report

ATENOR ended the 2016 financial year with a net consolidated result of 20.38 million Euro, in comparison with 19.96 million Euro in 2015.

The Board of Directors will propose a gross dividend of € 2.04 per share to the General Assembly.

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

<i>Résultats</i>	<i>31.12.2016</i>	<i>31.12.2015</i>
Net consolidated result (group share)	20,375	19,958
Profit per share (in Euro)	3.62	3.59
Number of shares	5,631,076	5,631,076
of which own shares	174,735	167,907
<i>Balance sheet</i>	<i>31.12.2016</i>	<i>31.12.2015</i>
Total assets	686,090	552,208
Cash position at the end of the period	145,395	23,158
Net indebtedness (-)	-305,078	-339,342
Total of consolidated equity	139,395	126,799

<sup>(1)</sup> Weighted average based on the capital increase achieved in May 2015 (optional dividend)

### **Revenue from ordinary activities and consolidated result**

**The revenues from ordinary activities** amount to 156.83 million Euro, an increase of 40.08 million Euro compared to 2015. They mainly include: (a) the revenue arising from the sale of building C of the Vaci Greens project in Budapest (€44.25 M), (b) the last tranche of the Trebel project in Brussels (€17.61 M), (c) the revenue linked to the sales of the apartments of the projects Port du Bon Dieu in Namur (€15.32 M), Les Brasseries de Neudorf in Luxembourg (€14.84 M), Au Fil des Grands Prés in Mons (€13.01 M), UP-site in Brussels (€11.50 M) and La Sucrierie in Ath (€6.74 M) and (d) the leasing revenue from the Vaci Greens and Hermès Business Campus (Bucarest) buildings for 11.73 million Euro.

**The other operating revenue** (€8.85 M) mainly includes the re invoicing of service charges and miscellaneous costs of the leased buildings (€5.24 M) and the realised gains arising, on the one hand, from the sale of the Senior Island holding (City Dox project) as construction works on the rest home progressed (€1.71 M) and on the other hand, from the sale of the AIR Properties shares in Luxembourg – remaining balance of €1.09 M.

**The operating result** amounts to 35.35 million Euro mainly influenced by the sale of building C of the Vaci Greens project (Budapest; €12.28 M), by the contribution of the Trebel project delivered to the European Parliament (€8.57 M) and by the sale of apartments of the various residential projects, mainly Au Fil des Grands Prés (Mons), Port du Bon Dieu (Namur), Les Brasseries de Neudorf (Luxembourg) and Palatium (Bruxelles) for €2.24 M, €1.50 M, €1.23 M and €1.08 M respectively.

The rental revenue net of charges of the Vaci Greens (Budapest; €5.74 M), HBC (Bucarest; €3.91 M) and Nysdam (La Hulpe; €0.5 M) buildings and the sales of AIR Properties (€0.99 M) in Luxembourg and Senior Island holdings in Anderlecht (City Dox project; €1.71 M) give an additional contribution to the annual result.

Finally, general expenses amount to 7.49 million Euro.

The **net financial result** amounts to -9.42 million Euro, compared with -6.01 million Euro in 2015. The increase of net financial charges is mainly due to the increase of ATENOR's average net indebtedness coupled with a reduction of the capitalization of the financial charges compared to the previous year.

**Income taxes:** The amount of this item comes to 5.41 million Euro (compared to €7.94 M in 2015). This item includes both the social 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 20.38 million Euro compared to 19.96 million Euro in 2015.

### ***Consolidated balance sheet***

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**The consolidated shareholders' equity** amounts to 139.39 million Euro compared with 126.80 million at 31 December 2015, an increase of nearly 10%.

As at 31 December 2016, the group has a net consolidated indebtedness of 305.08 million Euro, compared with a net consolidated indebtedness of 339.34 million Euro as at 31 December 2015.

The consolidated indebtedness consists, on the one hand, of a long-term debt amounting to 226.42 million Euro and on the other hand, of a short-term debt amounting to 224.05 million Euro. The available cash amounts to 145.40 million Euro compared to 23.16 million Euro at 31 December 2015.

The significant increase in available cash is mainly explained by the bond issues of 86.1 million Euro contracted in October and by the sale of the C building of the Vaci Greens project in December 2016 (€44 M).

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 429.21 million Euro, an increase of 85.04 million Euro in comparison with 31 December 2015 (€ 344.17 million). This variation resulted primarily (a) from the acquisition of the Realex project and of the land of the Dacia project (Bucarest), from the continuation of the works of the Vaci Greens (Budapest), Hermes Business Campus (Bucharest), The One and Palatium (Brussels), Les Brasseries de Neudorf (Luxembourg) and Port du Bon Dieu (Namur) projects, making an overall contribution of 162.97 million Euro and (b) from the sale of the C building of the Vaci Greens project, of the Port du Bon Dieu building - Lot 2 (Headquarters of CBC bank in Namur), the last tranche of the Trebel project (Brussels) and from the sales of the apartments of the Port du Bon Dieu, UP-site and Les Brasseries de Neudorf projects which reduces the stock by 97.13 million Euro. The remaining difference is distributed over the other projects in development.

### ***Own shares***

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Following the various share acquisitions and sales executed during 2016, ATENOR s.a. holds, on 31 December 2016, 11,308 own shares (compared to 4,480 on 31 December 2015).

The number of ATENOR shares held on 31 December 2016 by the subsidiary Atenor Group Investments comes to 163,427 (situation that is unchanged from December 2015).

### ***Proposed dividend and dividend policy***

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The Board of Directors will propose, to the General Assembly of 28 April 2017, the payment (for the financial year 2016) of a gross dividend of 2.04 Euro per share (+2%), that is, a net dividend after withholding tax (30%) of 1.428 Euro per security.

Subject to the approval of the Ordinary General Assembly, the dividend will be paid out as from 4 May 2017 (\*).

- Ex date                      2 May 2017
- Record date                3 May 2017
- Payment date              4 May 2017

\* with the exception of the own shares whose dividend right will be suspended

### ***Projects in our portfolio***

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Over the course of 2016, 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. Furthermore, the fact that the projects are at different stages of development provides a significant level of visibility future revenues.

Following the latest transactions, the portfolio currently includes 16 projects under development with a total of approximately 630,000 m<sup>2</sup>.

***THE ONE - European Quarter, rue de la Loi, Brussels (29,000 m<sup>2</sup> of offices & 9,000 m<sup>2</sup> of residential)***

The construction works have continued according to schedule with their provisional delivery scheduled for late 2018.

On the commercial side, 35% of the apartments have been sold (excluding reservations). The marketing campaign will be launched during 2017. Preliminary contacts are under way for the leasing of the offices. The appeal to the Council of State brought against the building permit by well-known associations has not progressed.

***REALEX - European Quarter, between the Rues de la Loi & de Lalaing, Brussels (42,000 m<sup>2</sup> office tower)***

Neighbour of the The One project, REALEX is an office project of approximately 42,000 m<sup>2</sup> (rising to 114 metres) for which the permits have already been obtained.

Its launch may take place in 2017, depending of the markets evolution and especially of the needs of the European Institutions. Furthermore, agreements were signed for the acquisition of two neighbouring plots along the Rue de la Loi, enabling us to develop a project of approximately 10,000 m<sup>2</sup> and thus extend the REALEX project.

We remind you that the project is 90% held by ATENOR.

***PALATIUM – Quartier Louise, near the Palais de Justice, Brussels (approx. 14,000 m<sup>2</sup> mixed)***

The redevelopment works that started in late 2015 have continued, with their provisional delivery scheduled for late 2017.

On the sales front, 78 of the 152 apartments (51%) and the three office spaces have already been sold. Since February 2017, three model apartments are supporting the marketing.

***CITY DOX - Canal area, quai de Biestebroek, Anderlecht (approx. 165,000 m<sup>2</sup> mixed)***

The phase one construction works relating to the building of 93 apartments, 8,500 m<sup>2</sup> of integrated business services, 71 service flats and one rest home, i.e. 39,500 m<sup>2</sup> in total, have continued.

We remind you that the subsidiary developing the rest home was subject to a share purchase agreement with an institutional investor in December 2015; the margin is recorded as construction works progress.

Supported by a targeted marketing, the sales campaign has been launched and the first agreements signed.

Furthermore, the demand of the subdivision application permit for phase two of the project, of a mainly residential nature introduced in May 2016, is still in progress. We remind you that this second phase incorporates the development contract launched by CITYDEV.BRUSSELS and won by ATENOR; it concerns 16,393 m<sup>2</sup> of apartments, 12,471 m<sup>2</sup> of them devoted to subsidised housing.

***VICTOR - opposite the South Station, Brussels (approximately 109,500 m<sup>2</sup> mixed)***

The master plan for the Midi district should be granted regulatory power on the basis of the provisions foreseen in the COBAT (Drafting of a Development Master Plan: PAD). The approval of the new COBAT has been visibly delayed compared to the dates put forward in the policy statements. On the issuing authority's suggestion, ATENOR will study, once the planning framework has been established, the launch of an architecture contest integrating the latest parameters set out in the master plan. Following this contest, and in parallel to the master plan's planning appraisal, the building and environmental permit applications will be filed as soon as possible, with a view to executing the Victor project in 2021, as indicated in the Government's programme.

***LES BERGES DE L'ARGENTINE – La Hulpe (residential and services project, approx. 26,000 m<sup>2</sup>)***

The permit for the renovation of the historic buildings (4,000 m<sup>2</sup> of offices and 4 apartments) was issued last 5<sup>th</sup> January. The start of works is scheduled for the second quarter of 2017.

Furthermore, following the approval of the PCAR by the Regional government last November, the studies were launched by the District Council for its execution. The objective is to submit in 2017, after the approval of the PCAR, a permit application for the rest of the project, of a mainly residential nature.

***LE NYSDAM – La Hulpe (Office building – approx. 15,600 m<sup>2</sup>)***

New leases have recently been signed bringing the lease rate up to 80%; negotiations are in progress for the leasing of the remainder of the spaces.

We remind you that this building has 15,600 m<sup>2</sup> and 408 parking spaces and was acquired in 2015 for the purposes of a future redevelopment.

**PORT DU BON DIEU LOT 1 – Namur (140 residential units, 5 retail units, 1 restaurant, a total of 20,614 m<sup>2</sup>)**

The definitive deliveries of the apartments are in progress and the development of the surroundings is finished. All apartments and retail spaces have been sold.

**PORT DU BON DIEU LOT 2 – Namur (purchase/sale of land – 7,600 m<sup>2</sup> of offices)**

Construction works, which started in January 2016, are continuing according to schedule for a delivery planned for October 2017 at the latest. The development margin is recorded as construction works progress.

**AU FIL DES GRANDS PRÉS – “Les Grands Prés” shopping precinct district, Mons (approx. 70,000 m<sup>2</sup> mixed)**

The four blocks of the first phase (134 apartments in total) the first of which was delivered last December, are 100% pre-sold. This pace has enabled us to launch the marketing of the 5<sup>th</sup> and 6<sup>th</sup> housing blocks (68 apartments) and to start the construction of the 5<sup>th</sup> block. To date, half of this 5<sup>th</sup> block has already been sold.

The revisioning planning tool (PCAR), encompassing the other plots of the project and linking the commercial gallery to the new station, has been adopted. In the long term it will enable several hundred residential units, local retail shops and offices to be built. A planning permit application was submitted in February 2017, following which an initial building permit for offices will be submitted.

**LA SUCRERIE – Ath (183 residential units, 3 retail units, 1 nursery - 20,000 m<sup>2</sup>)**

Construction works on the first three blocks (75 units and 1 nursery) continued, the first two blocks having been delivered and the delivery of the third being scheduled for the second quarter of 2017. To date, 66% of the apartments have been sold.

The sale of the 4<sup>th</sup> and 5<sup>th</sup> blocks (17 and 35 apartments), for which the construction started in April and December 2016 respectively, is following the pace of the regional market.

**LES BRASSERIES DE NEUDORF - Luxembourg City (87 residential units, 12 shops – 11,500 m<sup>2</sup>)**

The end of the construction work was postponed to early 2017 due to late execution by the General Contractor, with no financial consequences for ATENOR. Since December 2016, several dozen apartments have been delivered.

We remind you that all the apartments are sold; 3 retail spaces remain available for sale.

**NAOS – Belval area, Grand-Duchy of Luxembourg (office and retail building – 14,000 m<sup>2</sup>)**

A building permit application relating to 14,000 m<sup>2</sup> of offices and retail was filed in November 2016. Excavation works started in early January 2017. The building is 50% pre-leased following the signing of a lease with the Arns IT group and the A<sup>3</sup>T consultancy, audit and accounting services company.

We remind you that the project is executed by the Luxembourgian company "NAOS", 55% owned by ATENOR.

**HERMES BUSINESS CAMPUS – Boulevard D. Pompeiu, Bucharest (73,180 m<sup>2</sup> of office space)**

Following the progress of negotiations for the leasing of the remainder of the spaces available, the three buildings (72,000 m<sup>2</sup>) are now fully leased.

The third building was delivered, as scheduled, in December 2016, its sole tenant Genpact moving into the 8 floors as the fit out works complete.

The outlook for the office leasing market remains favourable in this country with economic growth. Initial actions have been taken for the sale of these buildings, although it is not possible to specify the timing at this stage.

**DACIA – Intersection of Calea Victoria and Boulevard Dacia, CBD, Bucharest (12.000 m<sup>2</sup> of office space)**

A permit application for 12,000 m<sup>2</sup> will be submitted in the next few months. We remind you that ATENOR acquired two adjacent plots in Bucharest's CBD (Romania). The site is located at the intersection of two of the Romanian capital's main roads: Calea Victoria and Boulevard Dacia.

The lease market has also shown its interest in this ideally located project.

**VACI GREENS – Vaci Corridor, Budapest (130,500 m<sup>2</sup>)**

In a very active investment market, we have completed the sale of the first three buildings of Vaci Greens. Block C (a sole tenant) was sold in November 2016, block A (multi-leases) in February 2017 and block B (60% occupancy at time of sale) was subject to a sale and purchase agreement in February 2017. These 3 sales will have generated over €140 million in turnover.

The works on the 4<sup>th</sup> block, the Vaci Greens D building (17,000 m<sup>2</sup>), are continuing for a delivery scheduled in the 1<sup>st</sup> quarter of 2018. This building has a pre-lease of 3,200 m<sup>2</sup>. Architectural studies are under way concerning the development of the last two blocks of the campus (45,000 m<sup>2</sup>).

In general, the economic outlook remains favourable and continues to have a positive influence on the office rental and investment market.

### ***Other Developments***

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The sale of the last apartments of the UP-site project is continuing at a satisfactory pace. The definitive deliveries were obtained in late October 2016.

We remind you that on 29 November 2016 shareholders renewed the shareholders agreement that binds them for a period of at least 5 years, showing their support of the strategy ATENOR has followed for several years now. This agreement sets at 33.75% the percentage shareholding subject to the shareholders agreement.

### ***Prospects for the full year 2017***

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The real-estate markets of central Europe have been evolving favourably. Indeed, "grade A" buildings have been developed and house high-quality tenants whose business activities, such as Shared Service Centers, are growing rapidly. Logically, therefore, real-estate investors' attention is drawn to these investments at still very attractive rates.

Through its presence in Budapest and Bucarest as a major stakeholder, ATENOR will benefit from the favourable evolution of these markets. Apart from the sale of two buildings in Budapest recorded in early 2017, ATENOR will continue to develop the Vaci Greens project with the construction of a fourth building. The HBC buildings in Bucarest will generate lease revenue and it is ATENOR's intention to value-add these buildings although it is not possible to provide an execution schedule at this stage.

ATENOR's results will also be buoyed by the sales of residential projects in Brussels and in other provinces. ATENOR will also continue to develop its diversified project portfolio by seizing every value-added opportunity.

Furthermore, new investments will be envisaged within the framework of the continual project purchase-value add-sale process, in line with our strategy.

ATENOR will specify the forecasts for the FY in the course of the year, depending on the evolution of the portfolio, which already looks promising.

### ***Financial Calendar***

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– Ordinary and Extraordinary General Assemblies 2016	28 April 2017
– Dividend payment (subject to the approval of the General Assembly)	4 May 2017
– Intermediate declaration for first quarter 2017	16 May 2017
– Half-year results 2017	31 August 2017
– Intermediate declaration for third quarter 2017	15 November 2017
– Year results 2017	8 March 2018
– General Assembly 2017	27 April 2018

### ***Contacts and Information***

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## B. Summary Financial Statements

### Consolidated statement of comprehensive income

	Notes	In thousands of EUR	
		2016	2015
<b>Operating revenue</b>		<b>156.830</b>	<b>116.748</b>
Turnover		141.421	107.879
Property rental income		15.409	8.869
<b>Other operating income</b>		<b>8.847</b>	<b>12.406</b>
Gain (loss) on disposals of financial assets		2.676	6.846
Other operating income		6.155	5.553
Gain (loss) on disposals of non-financial assets		16	7
<b>Operating expenses (-)</b>		<b>-130.324</b>	<b>-95.077</b>
Raw materials and consumables used (-)		-102.162	-112.751
Changes in inventories of finished goods and work in progress		14.145	61.833
Employee expenses (-)		-3.583	-3.166
Depreciation and amortization (-)		-500	-535
Impairments (-)		-8	-1.807
Other operating expenses (-)		-38.216	-38.651
<b><u>RESULT FROM OPERATING ACTIVITIES - EBIT</u></b>		<b>35.353</b>	<b>34.077</b>
<b>Financial expenses (-)</b>		<b>-10.200</b>	<b>-6.643</b>
<b>Financial income</b>		<b>776</b>	<b>630</b>
<b>Share of profit (loss) from investments consolidated by the equity method</b>		<b>-155</b>	<b>-167</b>
<b><u>PROFIT (LOSS) BEFORE TAX</u></b>		<b>25.774</b>	<b>27.897</b>
Income tax expense (income) (-)	7	-5.414	-7.939
<b><u>PROFIT (LOSS) AFTER TAX</u></b>		<b>20.360</b>	<b>19.958</b>
<b>Post-tax profit (loss) of discontinued operations</b>		<b>0</b>	<b>0</b>
<b><u>PROFIT (LOSS) OF THE PERIOD</u></b>		<b>20.360</b>	<b>19.958</b>
Minority interests		-15	0
<b>Group profit (loss)</b>		<b>20.375</b>	<b>19.958</b>
<b><u>EARNINGS PER SHARE</u></b>		<b>2016</b>	<b>2015</b>
Number of shares		5.631.076	5.631.076
Basic earnings		3,62	3,59
Diluted earnings per share		3,62	3,59
Proposal of gross dividend per share		2,04	2,00
<b><u>Other elements of the overall profit and losses</u></b>		<b>2016</b>	<b>2015</b>
<b>Group share result</b>		<b>20.375</b>	<b>19.958</b>
<b>Items not to be reclassified to profit or loss in subsequent periods :</b>			
Employee benefits		-24	59
<b>Items to be reclassified to profit or loss in subsequent periods :</b>			
Translation adjustments		1.006	-1.595
Cash flow hedge		0	0
<b>Overall total results of the group</b>		<b>21.357</b>	<b>18.422</b>
<b>Overall profits and losses of the period attributable to third parties</b>		<b>-15</b>	<b>0</b>

## **B. Summary Financial Statements (continued)**

### **Consolidated statement of the financial position**

#### **ASSETS**

	Notes	In thousands of EUR	
		31.12.2016	31.12.2015
<b><u>NON-CURRENT ASSETS</u></b>		<b>65.577</b>	<b>81.064</b>
Property, plant and equipment		355	696
Investment property			
Intangible assets		2.564	3.398
<i>of which goodwill</i>		2.374	3.297
Investments in related parties		0	0
Investments consolidated by the equity method		20.589	15.244
Deferred tax assets		6.000	1.498
Other non-current financial assets		12.971	30.003
Derivatives			
Non-current trade and other receivables		23.098	30.225
Other non-current assets		0	0
<b><u>CURRENT ASSETS</u></b>		<b>620.513</b>	<b>471.144</b>
Assets held for sale		0	
Inventories	9	429.209	344.167
Other current financial assets	4	41.944	15.593
Derivatives			0
Current tax receivables		4.241	4.563
Current trade and other receivables		36.178	95.365
Current loans payments		185	165
Cash and cash equivalents	4	103.451	7.565
Other current assets		5.305	3.726
<b>TOTAL ASSETS</b>		<b>686.090</b>	<b>552.208</b>

#### **LIABILITIES AND EQUITY**

		In thousands of EUR	
		31.12.2016	31.12.2015
<b><u>TOTAL EQUITY</u></b>		<b>139.395</b>	<b>126.799</b>
<b><u>Group shareholders' equity</u></b>		<b>136.655</b>	<b>126.799</b>
Issued capital		57.631	57.631
Reserves		86.116	75.964
Treasury shares (-)		-7.092	-6.796
<b><u>Minority interest</u></b>		<b>2.740</b>	<b>0</b>
<b><u>Non-current liabilities</u></b>		<b>245.253</b>	<b>205.099</b>
Non-current interest bearing borrowings	5	226.422	190.291
Non-current provisions		2.314	2.278
Pension obligation		335	172
Derivatives		0	0
Deferred tax liabilities		15.193	10.573
Current trade and other payables		195	1.479
Other non-current liabilities		794	306
<b><u>Current liabilities</u></b>		<b>301.442</b>	<b>220.310</b>
Current interest bearing debts	5	224.051	172.209
Current provisions		0	1.338
Pension obligation		0	0
Derivatives		0	0
Current tax payables		4.243	4.663
Current trade and other payables		66.964	36.907
Other current liabilities		6.184	5.193
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>686.090</b>	<b>552.208</b>

## B. Summary Financial Statements (continued)

### Consolidated cash flow statement (indirect method)

	Notes	In thousands of EUR	
		31.12.2016	31.12.2015
<b>Operating activities</b>			
- Net result		20.375	19.958
- Result of non controlling interests		-14	0
- Result of Equity method Cies		155	167
- Net finance cost		8.427	5.088
- Income tax expense	7	5.315	2.566
- <i>Result for the year</i>		<b>34.258</b>	<b>27.779</b>
- Depreciation		500	535
- Amortisation and impairment		8	1.807
- Translation adjustments		1.608	-72
- Provisions		-1.162	730
- Deferred taxes	7	99	5.372
- (Profit)/Loss on disposal of fixed assets		-2.692	-6.803
- SOP / IAS 19		-294	-3
- <i>Adjustments for non cash items</i>		<b>-1.933</b>	<b>1.566</b>
- Variation of inventories		-39.782	-65.088
- Variation of trade and other amounts receivables		65.128	-60.461
- Variation of trade payables		5.663	5.190
- Variation of amounts payable regarding wage taxes		-25	63
- Variation of other receivables and payables		4.220	-15.475
- <i>Net variation on working capital</i>		<b>35.204</b>	<b>-135.771</b>
- Interests received		775	470
- Income tax (paid) received		-6.468	3.160
<b>Cash from operating activities (+/-)</b>		<b>61.836</b>	<b>-102.796</b>
<b>Investment activities</b>			
- Acquisitions of intangible and tangible fixed assets		-277	-349
- Acquisitions of financial investments		-5.500	-500
- New loans		-3.615	-18.300
- <i>Subtotal of acquired investments</i>		<b>-9.392</b>	<b>-19.149</b>
- Disposals of intangible and tangible fixed assets		44	23
- Disposals of financial investments		0	4.379
- Reimbursement of loans		19.765	3.118
- <i>Subtotal of disinvestments</i>		<b>19.809</b>	<b>7.520</b>
<b>Cash from investment activities (+/-)</b>		<b>10.417</b>	<b>-11.629</b>
<b>Financial activities</b>			
- Increase in capital		0	0
- Decrease in capital		0	0
- Treasury shares		-422	-215
- Proceeds from borrowings		165.492	168.572
- Repayment of borrowings		-95.645	-84.676
- Interests paid		-8.964	-8.799
- Dividends paid to company's shareholders	6	-10.911	-4.309
- Directors' entitlements		-316	-324
<b>Cash from financial activities (+/-)</b>		<b>49.234</b>	<b>70.249</b>
<b>Net cash variation</b>		<b>121.487</b>	<b>-44.176</b>
- Cash and cash equivalent at the beginning of the year		23.158	67.240
- Net variation in cash and cash equivalent		121.487	-44.176
- Non cash variations (Cur. conversion, chge in scope, etc...)		750	94
- Cash and cash equivalent at end of the year	4	<b>145.395</b>	<b>23.158</b>

**B. Summary Financial Statements (continued)**

**Consolidated statement of changes in equity**

	Issued capital	Hedging reserves	Own shares	Consolidated reserves	Profit/loss of the period	IAS 19R reserves	Cumulative translation adjustments	Minority interests	Total Equity
<b>2015</b>									
<b>Balance as of 01.01.2015</b>	<b>51.113</b>	-	<b>(6.345)</b>	<b>83.629</b>	-	<b>(326)</b>	<b>(15.167)</b>	-	<b>112.904</b>
Profit/loss of the period	-	-	-	-	19.958	-	-	-	19.958
Other elements of the overall results	-	-	-	-	-	59	(1.595)	-	(1.536)
<b>Résultat global total</b>	-	-	-	-	<b>19.958</b>	<b>59</b>	<b>(1.595)</b>	-	<b>18.422</b>
Capital increase	6.518	-	-	-	-	-	-	-	6.518
Paid dividends	-	-	-	(10.591)	-	-	-	-	(10.591)
Own shares	-	-	(451)	-	-	-	-	-	(451)
Share based payment	-	-	-	(3)	-	-	-	-	(3)
Others	-	-	-	-	-	-	-	-	-
<b>Balance as of 31.12.2015</b>	<b>57.631</b>	-	<b>(6.796)</b>	<b>73.035</b>	<b>19.958</b>	<b>(267)</b>	<b>(16.762)</b>	-	<b>126.799</b>
<b>2016</b>									
<b>Balance as of 01.01.2016</b>	<b>57.631</b>	-	<b>(6.796)</b>	<b>92.993</b>	-	<b>(267)</b>	<b>(16.762)</b>	-	<b>126.799</b>
Profit/loss of the period	-	-	-	-	20.375	-	-	(15)	20.360
Other elements of the overall results	-	-	-	-	-	(24)	1.006	-	982
<b>Résultat global total</b>	-	-	-	-	<b>20.375</b>	<b>(24)</b>	<b>1.006</b>	<b>(15)</b>	<b>21.342</b>
Capital increase	-	-	-	-	-	-	-	-	-
Paid dividends	-	-	-	(10.911)	-	-	-	-	(10.911)
Own shares	-	-	(296)	-	-	-	-	-	(296)
Share based payment	-	-	-	(294)	-	-	-	-	(294)
Others	-	-	-	-	-	-	-	2.755	2.755
<b>Balance as of 31.12.2016</b>	<b>57.631</b>	-	<b>(7.092)</b>	<b>81.788</b>	<b>20.375</b>	<b>(291)</b>	<b>(15.756)</b>	<b>2.740</b>	<b>139.395</b>

## SELECTIVE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON 31.12.2016

### **Note 1. Corporate information**

The consolidated financial statements of the Group as at 31 December 2016 were adopted by the Board of Directors on 8 March 2017.

The annual report including all financial statements and attached notes will be made available at the end of the month of March to the shareholders for the annual general meeting.

### **Note 2. Principal accounting methods**

#### **1. Basis for preparation**

The consolidated financial statements as at 31 December 2016 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 2016 have not been modified from the rules followed for the preparation of the annual report as at 31 December 2015, except for the possible adaptations made necessary by the entry into force of the IFRS standards and interpretations applicable as from 1 January 2016.

#### **Standards and interpretations became effective on a mandatory basis in 2016 in the European Union**

- Improvements to IFRS (2010-2012)
- Improvements to IFRS (2012-2014)
- IAS 19R – Amendments to IAS 19 – Employee Benefits – Employee Contributions
- IAS 16, IAS 38 – Amendments to IAS 16 and IAS 38 – Property, Plant and Equipment and Intangible assets - Clarification of acceptable methods of depreciation and amortisation
- IAS 16, IAS 41 – Amendments to IAS 16 and 41 – Agriculture: Bearer plants
- IAS 27 – Amendments to IAS 27 Separate Financial Statements - Equity Method
- IAS 1 – Amendments to IAS 1 – Presentation of Financial Statements – Disclosure – Initiative
- IFRS 10, IFRS 12 and IAS 28 – Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities : Applying the Consolidation Exception
- IFRS 11 – Amendments to IFRS 11 – Joint Arrangements – Accounting for Acquisitions of Interests in Joint Venture

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 2016**

- IFRS 9 – Financial Instruments and subsequent amendments (not authorized)
- IFRS 4 – Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (not authorized)
- IFRS 14 – Regulatory Deferral accounts (not authorized)
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 15 – Amendments à IFRS 15 – Clarifications of IFRS
- IFRS 16 – Leases (not authorized)
- IAS 12 – Amendments to IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
- IAS 7 – Amendments to IAS 7 – Statement of Cash Flows – Disclosure Initiative
- IFRS 2 – Amendments to IFRS 2 – Clarifications of classification and measurement of share based payment transactions

#### *IFRS 15, Revenue from Contracts with Customers*

This new standard, ratified by the European Union comes into effect from 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.

After preliminary examination by the financial department and taking into account ATENOR's type of operations and business model and the economic environment that will influence its activities in 2017 and 2018, ATENOR expects the implementation of the standard to have a limited impact on its consolidated financial statements in 2018. Furthermore, the Audit Committee should recommend, at this stage of the analysis, the recording of any possible retrospective and cumulative difference in the opening equity as from 1 January 2018 (in accordance with Annex C paragraph c3b of the standard).

On publication of the interim results 2017, a new comment on the impact of the implementation of the new IFRS 15 will be provided in the press release detailing the results of our activities.

ATENOR has not adopted these new or amended standards and interpretations in advance.

### **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	
	31.12.2016	31.12.2015
Other current financial assets	41.944	15.593
Cash and cash equivalents	103.451	7.565
<b>Total cash at the end of the period</b>	<b>145.395</b>	<b>23.158</b>

*Read pages 7 and 8 – comments relating to the main items of the consolidated balance sheet*

### **Note 5. Financial Liabilities**

	In thousands of EUR		
	Current	Non-current	TOTAL
	Up to 1 year	More than 1 year	
<b>MOVEMENTS ON FINANCIAL LIABILITIES</b>			
<b>On 31.12.2015</b>	<b>172.209</b>	<b>190.291</b>	<b>362.500</b>
Movements of the period			<b>0</b>
- New loans	64.626	101.350	<b>165.976</b>
- Reimbursement of loans	-95.622		<b>-95.622</b>
- Entries in the consolidation scope	19.000		<b>19.000</b>
- Variations from foreign currency exchange	-123	-71	<b>-194</b>
- Short-term/long-term transfer	64.115	-64.115	<b>0</b>
- Hedging of fair market value			<b>0</b>
- Others	-154	-1.033	<b>-1.187</b>
<b>On 31.12.2016</b>	<b>224.051</b>	<b>226.422</b>	<b>450.473</b>

The continuation of the works of the projects in the portfolio, the refinancing of block A of the Vaci Greens project and the bonds issued in October for a total of €86.1 M, partially offset by the reimbursements of bank

loans following the sales of the Trebel projects and of the company Air Properties, explain the net increase in financial debt at 31 December 2016 (€ + 87.97 M).

ATENOR issued, in the context of its new European Medium Term Notes (EMTN) programme, four bond tranches of €30 M (3% - maturity 2021), €18 M (3.125% - maturity 2022), €30 M (3.50% - maturity 2023) and €8.1 M (3.75% - maturity 2024).

These bonds are quoted on Alternext Brussels (no quote on 31.12.2016).

In accordance with IFRS 13, the "fair value" of the bond (listed security) of a nominal value of 60 million Euro (2012-2017) stood on 31 December 2016 at 61.63 million Euro (102.71% of the trading price on Euronext Brussels). This bond will mature on 26 October 2017.

We remind you that ATENOR set up, in November 2014, the private placement of a 5-year bond of 25 million Euro whose maturity is fixed at 31.12.2019.

#### **Note 6. Paid Dividends**

	In thousands of EUR	
	31.12.2016	31.12.2015
Dividends on ordinary shares declared and paid during the period:	-10.911	-4.309
Final dividend for 2015: € 2,00		
Final dividend for 2014: € 2,00 (optional dividend)		

#### **Note 7. Income taxes**

BREAKDOWN OF TAXES	In thousands of EUR	
	2016	2015
<b>INCOME TAX EXPENSE/INCOME - CURRENT</b>		
Current period tax expense	-5.308	-2.611
Adjustments to tax expense/income of prior periods	-7	45
<b>Total current tax expense, net</b>	<b>-5.315</b>	<b>-2.566</b>
<b>INCOME TAX EXPENSE/INCOME - DEFERRED</b>		
Related to the current period	-1.946	-10.610
Related to tax losses	1.847	5.237
<b>Total deferred tax expense</b>	<b>-99</b>	<b>-5.373</b>
<b>TOTAL CURRENT AND DEFERRED TAX EXPENSE</b>	<b>-5.414</b>	<b>-7.939</b>

Read page 6

#### **Note 8. Segment reporting**

ATENOR exercises its main activity of developing real estate promotion projects essentially in the area of office and residential buildings with relatively homogeneous characteristics and similar profitability and risk profiles.

The ATENOR activity report provides more detailed information on the results and purchases and sales during the period reviewed.

#### **Note 9. Inventories**

	In thousands of EUR	
	2016	2015
<b>Buildings intended for sale, beginning balance</b>	<b>344.167</b>	<b>271.081</b>
Activated costs	125.505	137.744
Disposals of the year	-111.897	-76.554
Entry in the consolidation scope	69.392	13.433
Exit from the consolidation scope	0	-1.565
Borrowing costs (IAS 23)	2.185	3.976
Foreign currency exchange increase (decrease)	-138	-1.095
Write-offs (recorded)	-471	-2.894
Write-offs (written back)	466	41
<b>Movements during the year</b>	<b>85.042</b>	<b>73.086</b>
<b>Buildings intended for sale, ending balance</b>	<b>429.209</b>	<b>344.167</b>
Accounting value of inventories mortgaged (limited to granted loans)	124.744	26.925

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 429.21 million Euro, an increase of 85.04 million Euro in comparison with 31 December 2015 (€ 344.17 million). This variation resulted primarily (a) from the acquisition of the Realex project and of the land of the Dacia project (Bucarest), from the continuation of the works of the Vaci Greens (Budapest), Hermes Business Campus (Bucharest), The One and Palatium (Brussels), Les Brasseries de Neudorf (Luxembourg) and Port du Bon Dieu (Namur) projects, making an overall contribution of 162.97 million Euro and (b) from the sale of the C building of the Vaci Greens project, of the Port du Bon Dieu building - Lot 2 (Headquarters of CBC bank in Namur), the last tranche of the Trebel project (Brussels) and from the sales of the apartments of the Port du Bon Dieu, UP-site and Les Brasseries de Neudorf projects which reduces the stock by 97.13 million Euro. The remaining difference is distributed over the other projects in development.

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

On 3 March 2016, ATENOR issued a new share option tranche (SOP 2016) for the subsidiary named Atenor Group Investments (AGI).

The options issued on this subsidiary benefit ATENOR management, personnel and service providers.

This SOP may be exercised during the three periods following 11 March to 31 March 2019, from 9 March to 31 March 2020 and from 8 March to 31 March 2021.

On 3 March 2016, the Board of Directors, on the recommendation of the Remuneration Committee, distributed 528 Atenor Group Participation (AGP) shares in accordance with the remuneration policy described in the "Corporate Governance" section of our 2015 Annual Financial Report (page 58).

Taking the exercise of the ATENOR 2008 and 2012 SOPs into account, the total charge of the exercise of the SOPs (ATENOR, AGI 2013 and AGP balance) comes to €2.66 million.

**Note 11. Related Parties**

	In thousands of EUR	
	Sums due to related parties	Sums due to the group from related parties
- IMMOANGE share of the group : 50%	-	1.381
- VICTOR ESTATES share of the group : 50%	-	9.194
- VICTOR PROPERTIES share of the group : 50%	-	516
- NAOS share of the group : 55%	-	322

On 7 July 2016, ATENOR (55%) and a group of private investors (45%) together set up the Luxembourgian company NAOS, which develops an office and retail building on the Belval site.

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 and Victor Estates.

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 2016. The last IRS contract was completed in July 2015.

### **Note 13 Own shares**

<b>MOVEMENTS IN OWN SHARES</b>	<b>Amount (In thousands of EUR)</b>	<b>Number of own shares</b>
On 01.01.2016 (average price of € 40,47 per share)	6.796	167.907
Movements during the period		
- acquisitions	1.075	24.128
- sales	-778	-17.300
<b>Own shares as of 31.12.2016 (average price € 40,59 per share)</b>	<b>7.092</b>	<b>174.735</b>
<b>Number of shares to obtain in order to cover</b>		<b>Number of shares</b>
- stock options plan 2007		32.000
- stock options plan 2008		9.250
<b>TOTAL</b>		<b>41.250</b>

### **Note 14. Principal risks and uncertainties**

ATENOR's activities consist in the realisation of real estate developments, either directly or through subsidiaries. ATENOR is faced with the risks and uncertainties inherent in this activity and, in particular, the changes in international economic trends and the markets in which the buildings are constructed, and the changes in the bases of the financial markets, such as interest rates and the volume of funds intended for investment.

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

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

- In the context of the tax dispute involving what are known as "Liquidity Companies", each of these procedures ended in 2016 with a ruling definitively putting an end to the proceedings brought against ATENOR and its managers.

- As regards the construction of the PIXEL building in Luxembourg, general contractors Soludec and CIT Blaton issued a summons against ATENOR Luxembourg for reimbursement of penalties for which ATENOR had obtained payment by calling on bank guarantees (0.54 million Euro) and as payment for various other damages.

On 9 March 2012, the District Court of Luxembourg partially accepted this request, to the limit of 0.37 million Euro. On 24 May 2012, ATENOR, appealed this ruling and set aside provisions in 2012 in the amount of 0.37 million Euro. The case is still pending on appeal. The pleadings will be heard on 8 January 2018.

- A dispute opposes ATENOR Luxembourg to the consortium of the contractors Soludec, CIT Blaton and Van Laere, to whom the construction of the PRESIDENT building in Luxembourg was entrusted. ATENOR is asking in court in particular for the application of contractual penalties for lateness, while the contractors are claiming various damages. The legal expert appointed in July 2010 submitted his report in 2013. ATENOR Luxembourg has called upon the bank guarantees set up for its benefit. From them it obtained payment in the amount of 5.00 million Euro by a ruling in February 2011. This ruling was confirmed in December 2012 by the Court of Appeals of Luxembourg. This amount has not been recorded in the consolidated results. The proceedings are still in progress before the Luxembourg district court. On 17 November 2016, the latter issued a "provisional" judgement assigning an additional appraisal assignment to the same expert, which will start on 26 April 2017.

ATENOR is of the opinion that the claims the Group is facing are unfounded and, consequently, no provision other than that incorporated in the PIXEL litigation has been made for dealing with these disputes.

### **Note 15. Events after the closing date**

As announced in the press release of 1<sup>st</sup> February 2017, building A of Vaci Greens has been sold to a group of private Hungarian investors. This sale will have a positive impact on ATENOR's results in 2017.

The press release of 16 February 2017 also announced the sale of the B building of Vaci Greens to an investment fund based in Hungary. This sale will have a positive contribution to ATENOR's results in 2017.

As announced in the press release of 13 February, ATENOR has entered an exclusivity period with the limited liability company Immo-Beaulieu for the acquisition of a leasehold on the two buildings of the Beaulieu Certificate located in Auderghem (Brussels).

This transaction remains subject to the positive conclusion of a complete due diligence and to the approval of the General Meeting of the Beaulieu Certificate holders.

On 10 March 2017, ATENOR will issue a new stock option plan (SOP 2017) for the subsidiary named Atenor Group Investments (AGI).

The options issued on this subsidiary benefit ATENOR management, personnel and service providers.

This SOP may be exercised during the three periods following: from 9 March to 31 March 2020, from 8 March to 31 March 2021 and from 8 March to 31 March 2022 .

No other important event occurring since 31 December 2016 must 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 31 December 2016 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;<sup>1</sup>
- 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 qualification with respect to the accounting information included in this press release and that it corresponds with the financial statements as approved by the Board of Directors.

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<sup>1</sup> Affiliated companies of ATENOR in the sense of article 11 of the Company Code