

PRESS RELEASE
Regulated information

24 November 2016
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RESULTS FOR FINANCIAL YEAR 2015-2016

- ◇ **NET INCOME BEFORE NON-RECURRING ITEMS^(APM) : EUR 25.0 MILLION, UP BY 9.1%**
- ◇ **FAIR VALUE OF INVESTMENT PROPERTY: EUR 572 MILLION, UP BY EUR 51 MILLION**
- ◇ **OCCUPANCY RATE UP: 98.6%, COMPARED WITH 97.7% AS AT 30 SEPTEMBER 2015**
- ◇ **NET ASSET VALUE^(APM) : EUR 49.97 PER SHARE AS AT 30 SEPTEMBER 2016, COMPARED WITH EUR 46.52 AS AT 30 SEPTEMBER 2015**
- ◇ **PROPOSED INCREASE IN GROSS DIVIDEND FROM EUR 3.05 TO EUR 3.20 PER SHARE, OF WHICH EUR 3.00 PAYABLE IN THE FORM OF AN INTERIM DIVIDEND UNDER AN OPTIONAL DIVIDEND IN SHARES SCHEME**

While Ascencio is about to celebrate its 10th birthday, it registered again a nice improvement of its results.

The value of the real estate portfolio increased by more than 50 million EUR with notably a first investment of close to 30 million EUR in Spain by the purchase of 3 large stores located in the best retail parks in Spain. At the same time, Ascencio sold more than 20 million EUR of non-strategic buildings in Belgium.

The cost of debt has decreased significantly even though Ascencio did not restructure its existing financial coverage instruments and while the strategy to cover at least 70% of its variable rate debt has been extended until 2020.

The results are also quite satisfactory from an operational standpoint with an occupancy rate exceeding 98% and a bad debt ratio below 0,03% of the collected rents.

We have to keep paying attention to the threat of e-commerce but if we offer nice stores located in a quality environment easily accessible by car (or public transportation) and new diversified and complementary commercial concepts, we should continue to attract tenants and consumers in our physical premises.

^(APM) Alternative Performance Measures within the meaning of the ESMA guidelines: see annex 1.

Ascencio's property portfolio

As at 30 September 2016 Ascencio held a portfolio of 102 properties spread across Belgium, France and Spain with a total area of 415.982 m².

	Floor space (m ²)		Fair value (EUR 000s)	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Belgium	288.562	318.165	345.310	353.180
France	115.592	98.193	199.047	167.794
Spain	11.828	0	27.775	0
TOTAL	415.982	416.358	572.132	520.974

Investments during the year:

During the 2014-2015 financial year, Ascencio made several acquisitions in France and Spain for a total investment amount of EUR 56 million:

- on 22 December 2015 Ascencio acquired three stores operated under the Grand Frais banner (6,600 m²) by buying the shares of three French SCIs (SCI being *Société Civile Immobilière*, a specialist type of property owning company). The stores are located in Guyancourt (south-western suburbs of Paris), La Teste-de-Buch (Gironde, south-western France) and Viriat (eastern France). On an annual basis, these three stores generate rental income of EUR 1.0 million.
- on 1 March 2016 Ascencio made its first investment in Spain, acquiring three stores operated under the Worten banner with a total floor space of 11,828 m². The stores are located in the best retail parks of Madrid, Barcelona and Valencia. On an annual basis, these three stores generate rental income of EUR 1.8 million.
- on 16 September 2016 Ascencio acquired a 7,000 m² BUT store located in the retail area of Houdemont, a suburb of Nancy (BUT is one of the leading French furniture retailer). On an annual basis it generates EUR 0.8 million in rental income.

In Caen, Ascencio built an additional 1,340 m² to allow Intersport to increase its sales area to 3,340 m².

At the La Louvière site in Belgium, Ascencio built an additional 2,500 m² of floor space which were let to Trafic and Club.

Divestments during the year:

During the financial year Ascencio carried out the following sales:

- on 23 December 2015 Ascencio sold all its properties located in Verviers to the Verviers municipality.
- on 31 May 2016 Ascencio sold a 9,879 m² warehouse located in Heppignies.
- on 26 September 2016 Ascencio sold a portfolio of 17 Belgian properties comprising 16 retail sites located in Mont-sur-Marchienne, Charleroi, Herstal, Spa, Soignies, Seraing, Leuze, Lessines, Florennes, Courcelles, Marcinelle (3), Virton, Couvin and Andenne with a total floor area of close to 15,000 m², and a semi-industrial property in Braine l'Alleud (2,630 m² comprising offices and storage facilities).

At constant scope, the value of the portfolio grew by 3.0% as a result of increased appraisal valuations associated with the adoption of lower capitalisation rates and slightly higher ERVs (Estimated Rental Values).

(EUR 000s)	30/09/2016	30/09/2015
Investment value (excl. projects in development) ^(APM)	593.131	538.551
Fair value (excl. projects in development)	572.132	520.974
Contractual rental income ^(APM)	39.850	37.101
Contractual rental income including estimated rental value of unoccupied properties ^(APM)	40.398	37.962
Gross yield	6.72%	6.89%
Occupancy rate %	98.6%	97.7%

Despite the adverse economic environment, Ascencio managed once again to increase its occupancy rate slightly, from 97.7% to 98.6%.

Summary consolidated financial statements as at 30 September 2016

CONSOLIDATED RESULTS (EUR 000s)	30/09/2016	30/09/2015
RENTAL INCOME	38.835	35.978
Charges relating to rental	-87	-100
Rental charges not re-invoiced	-286	-413
NET RENTAL INCOME	38.462	35.465
Other operating income and expense	25	-12
Real estate charges	-2.382	-2.308
General costs	-3.235	-2.807
OPERATING RESULT ON PORTFOLIO	32.870	30.338
Operating margin ^(APM)	84.6%	84.3%
Financial Income	1	1
Net interest expense	-7.307	-6.846
Other financial charges	-204	-195
Taxes on current income (*)	-343	-360
NET INCOME BEFORE NON-RECURRING ITEMS ^(APM)	25.017	22.938
Gains on sales of investment property	120	-50
Changes in the fair value of investment property	15.005	-2.518
Other portfolio income	0	90
Portfolio income	15.125	-2.478
Change in fair value of financial assets and liabilities (IAS 39)	162	2.364
Exit Tax	50	-43
Deferred taxes	-118	-235
NET INCOME	40.237	22.547

(*) Taxes excluding deferred taxation and exit tax

Rental income for the year was up by 7.9% compared with the previous financial year, at EUR 38.8 million.

This improvement was due to the investments made over the course of the last two financial years. At constant scope, lease income was stable (-0.2%).

The following table shows rental income by country :

RENTAL INCOME (EUR 000s)	30/09/2016		30/09/2015	
Belgium	24.784	64%	24.602	68%
France	13.019	33%	11.376	32%
Spain	1.033	3%	0	0%
TOTAL	38.836	100%	35.978	100%

Net rental income amounted to EUR 38.5 million (as against EUR 35.5 million in 2014-2015).

After deduction of property charges and general expenses, the operating result before result on portfolio is EUR 32.9 million (EUR 30.3 million for the previous financial year), or an increase of 8.3%.

The operating margin stands at 84.6%.

Since investments during the year have been financed by borrowings, interest charges amounted to EUR 7.3 million compared with EUR 6.8 million in 2014-2015.

The average cost of borrowing (including margins and the cost of hedging instruments)^(APM) was 3.09 %, representing a reduction relative to that of the 2014-2015 financial year (3.47%).

After deducting taxes associated with the results of the properties acquired in March 2016 in Spain and the French tax on the results of the French assets, net income before non-recurring items amounted to EUR 25.0 million, an increase of 9.1% on the previous financial year.

Non-monetary items in the income statement amounted to:

- + EUR 15 million representing the change in fair value of investment properties (IAS 40) as a result of the higher appraisal values of the properties, associated with the adoption of lower capitalisation rates and slightly higher ERVs (Estimated Rental Values);
- + EUR 0.2 million increase in the fair value of interest rate hedging instruments (IAS 39);
- - EUR 0.1 million of deferred tax relating to the deferred taxation (5% withholding at source) of unrealised capital gains on French assets.

Net income for the financial year amounted to EUR 40.2 million compared with EUR 22.5 million for the previous financial year.

CONSOLIDATED BALANCE SHEET (EUR 000s)	30/09/2016		30/09/2015	
ASSETS	583.004		531.265	
Investment property	572.132		520.974	
Other non-current assets	1.698		1.066	
Trade receivables	4.603		4.234	
Treasury	3.341		3.153	
Other current assets	1.229		1.837	
EQUITY AND LIABILITIES	583.004		531.265	
Equity	318.032		287.620	
Non-current financial debts	199.509		160.830	
Other non-current liabilities	17.162		20.151	
Current financial debts	35.986		53.733	
Other current liabilities	12.315		8.931	
DEBT RATIO (*)	42.7%		42.2%	

(*) Calculated in accordance with the Royal Decree of 13 July 2014

Assets

As at 30 September 2016, investment properties were valued at their fair value (as defined by IAS 40) for an amount of EUR 572.1 million, representing 98.1% of consolidated assets, of which:

- EUR 345.3 million for properties located in Belgium;
- EUR 199.0 million for properties located in France;
- EUR 27.8 million for properties located in Spain.

Liabilities & Equity

Financial debt amounted to EUR 235.5 million (compared with EUR 214.6 million as at 30 September 2015), of which:

- EUR 199.5 million at more than one year;
- EUR 36.0 million at less than one year.

Financial debts at less than one year consist of an amount of EUR 21 million in commercial paper issued under a programme for a maximum of EUR 50 million put in place in June 2016 with a view to reducing the company's average cost of financing.

The increase in financial debt is the result of financing the investments made during the financial year by borrowings.

Apart from the financial debt at more than one year, non-current liabilities mainly comprise the negative value of hedging instruments (EUR 14.2 million).

The Company's debt ratio stood at 42.7% at 30 September 2016 as against 42.2% at 30 September 2015.

Statutory auditor's opinion

The statutory auditor has given an unqualified opinion on the consolidated financial statements and has confirmed that the accounting information included in this press release does not show any manifest inconsistency with the consolidated financial statements.

Appropriation of results for financial year 2015/2016 - Interim dividend

In view of the improved results, the statutory manager will propose to the AGM of 31 January 2017 that a gross dividend of EUR 3.20 per share be distributed. This represents a 4.9% increase over for the previous financial year.

The statutory manager of Ascencio SCA has at 23 November 2016 decided to distribute an interim dividend for financial year 2015-2016. This interim dividend amounts to EUR 3.00 gross per share (i.e. EUR 2.19 net per share based on withholding tax of 27%).

The statutory manager of the Company has also decided on this occasion to offer to the shareholders of Ascencio, by way of an optional dividend mechanism, the possibility of transferring their claims resulting from the distribution of the interim dividend to the Company in exchange for the issue of new shares (as well as the possibility of receiving the interim dividend in cash or of opting for a combination of the two methods).

Details of this optional dividend are set out in a separate the relevant press release, also dated 24 November 2016, and in the information memorandum available on Ascencio's website.

Outlook

For the fiscal year 2016-2017, based on the existing real estate portfolio, rental income should reach 39,8 million EUR. This should allow, excluding unforeseen events, the distribution of a gross dividend similar to the dividend that the Board will be proposing for the fiscal year 2015-2016.

With a debt ratio at 42,7% as at September 30, 2016, Ascencio has a remaining investment capacity of 85 million EUR before reaching the threshold of 50%.

Ascencio's investment strategy will keep focusing on high quality retail properties, generally located in the suburbs of large cities. The sustainability of the cash flows and the creation of value for its shareholders are key factors in the analysis of new opportunities.

Financial calendar¹

Annual general meeting	31 January 2017 at 2.30 p.m.
Interim statement as at 31 December 2016	23 February 2017
Interim financial report as at 31 March 2017	12 June 2017
Interim statement as at 30 June 2017	03 August 2017
Annual press release as at 30 September 2017	27 November 2017
Annual general meeting	31 January 2018 at 2.30 p.m.

For more detailed information, this press release must be read in conjunction with the annual report for the year ended 30 September 2016, which will be available on our website www.ascencio.be at the latest one month before the ordinary general meeting of 31 January 2017.

ASCENCIO is a BE-REIT (SIR/GVV) specialized in retail warehouses.
Its properties represent a fair value of EUR 572 million.
Ascencio SCA is listed on Euronext Brussels.
Its stock market capitalisation amounted to EUR 411 million as at 30 September 2016.
Additional information is available on the website www.ascencio.be.

For any additional information :

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¹ These dates are subject to change
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ANNEX 1

Alternative Performance Measures (APMs)

In its financial reporting Ascencio has for many years used APMs – Alternative Performance Measures within the meaning of the guidelines recently issued by ESMA. These APMs have been defined by the sector or by Ascencio with a view to providing readers with a better understanding of its results and performance. The APMs used in this press release are identified with the superscript (APM). Performance indicators defined by IFRS or by law are not considered as APMs. Nor are indicators not based on income statement or balance sheet headings.

The definitions of the APMs used in this press release are as follows :

Average cost of borrowing

Cost of financial debts (as per headings XXI and XXII of the income statement) divided by the average level of financial indebtedness over the course of the period.

Contractual rental income

The lease rental income provided by the lease agreements entered into with the company at a given date.

This APM enables the yield on the portfolio to be calculated as at a given date.

Operating margin

Operating result before portfolio income divided by rental income.

This APM enables the operational profitability of the properties to be measured.

Net income before non-recurring items

Result before portfolio income, before changes in the fair value of financial assets and liabilities (IAS 39), before exit tax and before deferred taxation.

This APM measures the company's profitability before the effect of non-recurring items, namely changes in the non-monetary values of the properties and of the financial assets and liabilities, exit tax and deferred taxation.

This indicator does not conform to the guidelines laid down by ESMA and in force since 3 July 2016. An appropriate alternative indicator will shortly be proposed by the sector as a whole meeting within the Association of Be-REITs following the next meeting of the BE-REITs association.

Investment value

The value of a property, estimated by an appraisal expert, without deducting transfer taxes, formerly referred to as the "deed in hand" value. The investment value is defined as the most likely volume that could reasonably be obtained on the date of valuation in normal sales conditions between willing and will-informed parties before deduction or transaction costs.

This APM serves as the basis for determining the fair value as defined by IFRS.

Estimated rental value (ERV)

The market rent as estimated by independent property valuers for the properties based on their knowledge of the real estate market, taking account various factors such as location, lease duration, quality of the property and market conditions.