

PRESS RELEASE

Regulated information

27 November 2017

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CONSOLIDATED RESULTS FOR FINANCIAL YEAR 2016-2017

ASCENCIO 2007/2017 – SOLID RESULTS INCREASING DIVIDEND

THIS DIVIDEND OF €3.30 RESULTS FROM THE GOOD PERFORMANCE OF ASCENCIO'S REAL ESTATE ACTIVITIES ON THE BELGIAN, FRENCH AND SPANISH MARKETS. THE PROPERTY PORTFOLIO HAS PASSED THE €600 MILLION MARK.

SOLID AND GROWING OPERATIONAL RESULTS

- Rental income: €40.78 million, up by 5.0%
- Value of the portfolio up slightly (1.5%) on a like-for-like basis

EARNINGS PER SHARE

- Net result of core activities¹: €4.04 per share, up by 2.8% on the year to 30 September 2016, despite a 2% increase in the number of shares
- Net result : €6.34 per share

INVESTMENTS MADE DURING THE YEAR

- Acquisition of stores located in the Papeteries de Genval complex on 22 December 2016
- As a result of this investment, the portfolio has passed the €600 million mark to stand at €613 million as at 30 September 2017.

DEBT RATIO OF 42.6% AS AT 30 SEPTEMBER 2017

- Remaining investment capacity of €90 million before debt ratio reaches 50% (before appropriation of profit).

DIVIDEND FOR THE 2016/2017 FINANCIAL YEAR

- It is proposed to distribute a gross dividend of €3.30 per share, up by 3.1%, representing a non-consolidated pay-out ratio of 81.6%

¹ Alternative Performance Measure (APM). See pages 8 and 9 of this press release.

Presentation

Ascencio SCA is a Public Regulated Real Estate Company (*Société Immobilière Réglementée Publique* or "SIRP", hereinafter referred to in the English translation as a "public B-REIT" (Belgian real estate investment trust)). It specialises in investment in out-of-town commercial property. Its portfolio currently comprises 104 properties in Belgium, France and Spain with a fair value of €613 million as at 30 September 2017.

Some ten sectors of activity are represented, but with a predominance of the food sector with chains such as the Mestdagh group, Carrefour, Grand Frais (France), Delhaize, Aldi and Lidl. Other major tenants include Brico/Brico Plan It, Worten, Decathlon, Krëfel, Hubo, Orchestra and Conforama (France).

Ascencio SCA is listed on Euronext Brussels. Its stock market capitalisation amounted to €398 million as at 30 September 2017. The share price at that date was: €61.25.

Consolidated results for financial year 2016/2017

CONSOLIDATED RESULTS (€000S)	30/09/2017	30/09/2016
RENTAL INCOME	40,782	38,835
Rental related charges	-330	-87
Taxes and charges not recovered	-436	-286
PROPERTY RESULT	40,016	38,462
Property charges	-2,413	-2,382
Corporate overheads	-3,397	-3,235
Other income and operating costs	10	25
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	34,216	32,870
<i>Operating margin</i> ²	83.9%	84.6%
Financial income	3	1
Net interest charges	-7,165	-7,307
Other financial charges	-370	-204
Taxes on result of core activities	-457	-343
NET RESULT OF CORE ACTIVITIES ²	26,227	25,017
Net gains and losses on disposals of investment properties	0	120
Change in the fair value of investment properties	8,573	15,005
Other result on the portfolio	0	0
Portfolio result	8,573	15,125
Change in fair value of financial assets and liabilities	6,584	162
Exit Tax	0	50
Deferred tax	-187	-118
NET RESULT	41,197	40,237
NET RESULT OF CORE ACTIVITIES PER SHARE ²	4.04	3.93
EARNINGS PER SHARE (EPS) ²	6.34	6.32
NUMBER OF SHARES	6,497,594	6,364,686

² Alternative Performance Measure (APM). See pages 8 and 9 of this press release.

Rental income for the year was up by 5.0% at €40.78 million compared with €38.84 million for the first previous financial year.

The following table shows **rental income by country**:

RENTAL INCOME (€000S)	30/09/2017		30/09/2016	
Belgium	25,070	61%	24,784	64%
France	13,911	34%	13,019	33%
Spain	1,801	4%	1,033	3%
TOTAL	40,782	100%	38,835	100%

This improvement was due to the investments made

- over the course of the previous financial year : acquisition of three Grand Frais stores in France on 22 December 2015, three commercial properties in Spain on 1 March 2016 and a BUT store near Nancy, France on 16 September 2016;
- and in the current financial year: acquisition of stores located in the Papeteries de Genval complex in December 2016.

On a like-for-like basis, rental income was up by 0.7% YoY.

Property result amounted to **€40.02 million** (up by 4.0% on the year to 30 September 2016).

After deduction of property charges and corporate overheads, the **operating result before result on portfolio** was €34.22 million (€32.87 million for the year to 30 September 2016), i.e. an increase of 4.1%. The **operating margin**³ came to 83.9%.

Net interest charges, including the cash flows generated by interest rate hedging instruments amounted to €7.16 million (1.9% down on the previous financial year).

The **average cost of debt**³ (2.94% including margins and the cost of hedging instruments) was down by 3.09% compared with the year ended 30 September 2016.

After deducting taxes on result from properties held in Spain and Genval and the French tax charge on the results from French assets, **net result of core activities**³ amounted to €26.23 million for the year to 30 September 2017, an increase of 4.8% on the previous financial year.

Net result of core activities expressed as EPS³ amounted to €4.04 (€3.93 for the year ended 30 September 2016), an increase of 2.8% in spite of the increased number of shares.

Non-monetary items in the income statement comprised:

- +€8.6 million representing the change in fair value of investment properties (IAS 40) as a result of higher appraisal values associated with the adoption of lower capitalisation yields for certain properties;
- +€6.6 million increase in the fair value of interest rate hedging instruments (IAS 39);
- -€0.2 million of deferred taxes relating to the deferred taxation (5% withheld at source) of unrealised capital gains on French assets.

Net result reached €41.20 million, compared with €40.24 million for the year ended 30 September 2016.

³ Alternative Performance Measure (APM). See pages 8 and 9 of this press release.

Consolidated balance sheet as at 30 September 2017

CONSOLIDATED BALANCE SHEET (€000S)	30/09/2017	30/09/2016
ASSETS	625,414	583,004
Investment properties	613,317	572,132
Other non-current assets	2,877	1,698
Trade receivables	4,000	4,603
Cash and cash equivalents	2,919	3,341
Other current assets	2,301	1,229
EQUITY AND LIABILITIES	625,414	583,004
Equity	346,281	318,032
Non-current financial debts	185,455	186,723
Other non-current liabilities	13,656	17,162
Current financial debts	69,183	48,772
Other current liabilities	10,839	12,315
DEBT RATIO (*)	42.6%	42.7%

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

Assets

As at 30 September 2017, investment property was valued at its fair value (as defined by IAS 40) for an amount of €613.3 million, representing 98.1% of consolidated assets, of which

- €381.2 million for properties located in Belgium;
- €203.2 million for properties located in France;
- €28.9 million for properties located in Spain.

Liabilities & Equity

Financial debt amounted to €254.6 million (compared with €235.5 million as at 30 September 2016), of which

- €185.4 million at more than one year;
- €69.2 million at less than one year.

Financial debts at less than one year consisted of an amount of €43 million in commercial paper issued under a €50 million programme 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 (€8.3 million).

The Company's debt ratio stood at 42.6% at 30 September 2017 compared to 42.7% at 30 September 2016.

Net asset value per share

	30/09/2017	30/09/2016
Net asset value (NAV) (€000S)	346,281	318,032
Number of shares	6,497,594	6,364,686
NAV per share (EUR)	53.29	49.97
Restatements:		
Fair value of financial instruments (IRS & CAP) (€000S)	7,530	14,231
NAV excluding the fair value of IRS & CAP (€000S)	353,811	332,263
Number of shares	6,497,594	6,364,686
NAV per share excluding the fair value of IRS & CAP (EUR)	54.45	52.20

Property portfolio as at 30 September 2017

The fair value of the property portfolio stood at €613.3 million as at 30 September 2017, compared with €572.1 million as at 30 September 2016.

(€000S)	30/09/2017	30/09/2016
BALANCE AT BEGINNING OF THE PERIOD	572,132	520,974
Acquisitions	32,612	57,413
Disposals	0	-21,261
Transfer from assets held for sale	0	0
Change in fair value	8,573	15,005
BALANCE AT THE END OF THE PERIOD	613,317	572,132

The increase booked since the beginning of the financial year is due mainly to the acquisition, on 22 December 2016, of a 99-year emphyteotic lease on the commercial premises in the Papeteries de Genval complex. This retail complex, with an area of 10,007 m², was opened in August 2015. It houses more than 30 brand names, including Carrefour Market, Espace Mode, Picard, Club, Planet Parfum and Boulangerie Louise.

The Genval complex generates total annual rental income of €1.5 million (net of the annual emphyteotic rent). It has contributed to the results since 1 January 2017. This investment was financed by borrowing.

Ascencio also acquired a Carrefour Market supermarket located in Anderlecht, in the Nautilus project which is currently under construction. It will be operated by the Mestdagh Group and is expected to open in July 2018. It will generate a rental income of €0.26 million per year.

Ascencio also carried out an extension to its Jambes site, building on an area of 1,010 m² which were rented by Action as soon as the work was completed on 28 September 2017.

As at 30 September 2017, the breakdown of the portfolio (not counting development projects) among the three countries in which Ascencio operates was as follows:

COUNTRY	Investment value (000 EUR)	Fair value (000 EUR)	(%)	Contractual rents (000 EUR)	Occupancy rate (%)	Gross yield (%)
Belgium	391,390	377,567	61.9%	25,708	96.9%	6.6%
France	215,582	203,203	33.3%	13,664	96.7%	6.3%
Spain	29,646	28,923	4.7%	1,822	100.0%	6.2%
TOTAL	636,618	609,693	100%	41,194	97.0%	6.5%

As at 30 September 2017, the occupancy rate of the portfolio stood at 97.0%, down by 1.6 pp from its 30 September 2016 level, largely due to the rental vacancy on the Papeteries de Genval complex, where the occupancy rate presently stands at close to 90%, and to some tenants leaving during the fourth quarter of the financial year.

Statutory auditor's opinion

The statutory auditor has confirmed that the accounting information contained in this press release give rise to no reservations on its part and agree with the consolidated financial statements on which it has issued an unqualified opinion.

Appropriation of results for financial year 2016/2017

In view of the improved results in financial year 2016/2017, the statutory manager will propose to the AGM of 31 January 2018 that a gross dividend of €3.30 per share be distributed, which is 3.1% more than for the previous financial year.

Outlook

With a debt ratio of 42.6% as at 30 September 2017, Ascencio still has €90 million of investment capacity before the debt ratio passes the 50% threshold (before appropriation of profit).

Ascencio continues to pursue its investment strategy focused on quality sites, generally located on the outskirts of major conurbations. Sustainable cash flows and value creation for shareholders are the overriding considerations in studying investment opportunities.

Ascencio pay attention to developments in the retail market and listens to its customers who has integrated the digital in their distribution channels. The marketing and the aesthetics of its retail parks takes an important place in its reflection.

Providing there are no significant unforeseen events and based on the current composition of the property portfolio, forecast results for the financial year 2017/2018 allow us to consider the distribution of a gross dividend of the same order as that proposed by the board of directors in respect of the 2016/2017 financial year.

Financial calendar⁴

Ordinary General Meeting of Shareholders	31 January 2018 at 2.30 p.m.
Interim statement as at 31 December 2017	1 March 2018
Interim financial report as at 31 March 2018	11 June 2018
Interim statement as at 30 June 2018	2 August 2018
Annual press release as at 30 September 2018	3 December 2018
Ordinary General Meeting of Shareholders	31 January 2019 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 2017, which will be available on our website www.ascencio.be not later than one month before the ordinary general meeting of shareholders of 31 January 2018.

For any additional information:

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⁴ These dates are subject to change

Reconciliation of Alternative Performance Measures (APMs)

The definition and the use of the APMs used by Ascencio can be found at the end of the 2015/2016 Annual Report, which is available on Ascencio's website (www.ascencio.be).

Operating margin

		30/09/2017	30/09/2016
Operating result before result on portfolio (€000S)	= A	34,216	32,870
Rental income (€000S)	= B	40,782	38,835
OPERATING MARGIN	= A / B	83.9%	84.6%

Net income from core activities:

		30/09/2017	30/09/2016
Operating result before result on portfolio (€000S)		34,216	32,870
Financial income (€000S)		3	1
Net interest charges (€000S)		-7,165	-7,307
Other financial charges (€000S)		-370	-204
Corporate tax (€000S)		-644	-461
Deferred tax (€000S)		187	118
NET RESULT OF CORE ACTIVITIES (€000S)		26,227	25,017
Number of shares in circulation entitled to the dividend		6,497,594	6,364,686
NET RESULT OF CORE ACTIVITIES PER SHARE (EUR)		4.04	3.93

Net Asset Value (NAV) excluding value of hedging instruments

	30/09/2017	30/09/2016
Net asset value (NAV) (€000S)	346,281	318,032
Number of shares	6,497,594	6,364,686
NAV per share (euros)	53.29	49.97
Restatements:		
Fair value of financial instruments (IRS & CAP) (€000S)	7,530	14,231
NAV excluding the fair value of IRS & CAP (€000S)	353,811	332,263
Nombre d'actions	6,497,594	6,364,686
NAV per share excluding the fair value of IRS & CAP (€000S)	54.45	52.20

Average cost of debt

		30/09/2017	30/09/2016
Net interest charges (heading XXI) (€000S)		7,165	7,307
Commissions on undrawn balances under credit facilities		294	132
Opening commission and charges for credit facilities		34	36
TOTAL COST OF FINANCIAL DEBTS	= A	7,493	7,475
WEIGHTED AVERAGE DEBT FOR THE PERIOD	= B	254,639	241,547
AVERAGE COST OF DEBT	= A / B	2.94%	3.09%

Hedging ratio

(€000S)		30/09/2017	30/09/2016
Fixed-rate financial debts		56,784	58,489
Variable-rate financial debts converted into fixed-rate debts by means of IRS		120,000	120,000
Variable-rate financial debts converted into capped-rate debts by means of caps		40,000	20,000
TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS	= A	216,784	198,489
TOTAL VARIABLE RATE FINANCIAL DEBTS		37,854	37,006
TOTAL FINANCIAL DEBTS	= B	254,638	235,495
HEDGING RATIO	= A / B	85.13%	84.29%