



PRESS RELEASE



Regulated information

28 February 2019 - Under embargo until 5.40 p.m.

INTERIM STATEMENT OF THE STATUTORY MANAGER FIRST QUARTER OF FINANCIAL YEAR 2018-2019 FURTHER EARNINGS GROWTH, NAV AND ARBITRAGE POLICY

OPERATING RESULTS

- **Rental income** €10.3 million, up 0.4%
- **EPRA Earnings** €7.1 million, up 5.6%
- **Sharp decrease in average cost of financing:** 2.04% as against 2.91% in the first quarter of the previous financial year.

DATA PER SHARE

- **EPRA Earnings:** €1.08 per share, up 4.0%
- **NAV EPRA:** €57,24 per share, up 1,6%

PROPERTY PORTFOLIO

- **Fair value** at 31 December 2018: €624 million (€619 million at 30 September 2018)
- **Geographical diversification** of the portfolio:
 - 61% in Belgium
 - 34% in France
 - 5% in Spain
- **Occupancy rate:** 97.2% (compared with 97.3% at 30 September 2018)

FINANCIAL STRUCTURE

- **Debt ratio**¹ 40.0% at 31 December 2018
- Remaining **investment capacity** of €70 million before debt ratio reaches 50% (after taking account of the allocation of the dividend for the previous financial year)

¹ Debt ratio calculated in accordance with the Royal Decree of 13 July 2014 as amended by the Royal Decree of 23 April 2018, on B-REITs companies.

Property portfolio at 31 December 2018

The fair value of the property portfolio stood at €624.2 million at 31 December 2018, compared with €619.0 million as at 30 September 2018.

(€000s)	31/12/2018	30/09/2018
BALANCE AT BEGINNING OF THE PERIOD	619,029	613,317
Acquisitions	4,737	4,930
Disposals	0	-3,359
Transfer from assets held for sale	0	0
Change in fair value	388	4,141
BALANCE AT THE END OF THE PERIOD	624,154	619,029



On 27 December 2018, Ascencio acquired six newly constructed retail areas representing a total of 1,950 m², in the "Parc des Drapeaux" Retail Park in Caen, and signed a promise to purchase three additional retail areas covering 2,400 m², the acquisition of which was completed on 24 January 2019.

This investment, totalling €10 million, enables Ascencio to strengthen its control of the Retail Park, which rises from 60% to more than 70% of the retail areas, and to welcome some new strong brands, namely Marie Blachère, Celio, Jennyfer, Krys, Promod, Vertbaudet, Tape à l'Oeil, Armand Thiery and Besson Chaussures. This transaction will generate indexed gross annual income for Ascencio of close to €558,000.

The Parc des Drapeaux, next to the Cora hypermarket, to the west of Caen (Rots), has an occupancy rate of 100%. Ever since its opening in 2011 it has been a great commercial success and attracted sustained interest on the part of numerous brands.



At 31 December 2018 the occupancy rate of the portfolio stood at 97.2% among the three countries in which Ascencio operates.

At 31 December 2018, the breakdown of the portfolio (excluding projects) was as follows:

COUNTRY	Investment value (€000s)	Fair value (€000s) (%)	Contractual rents (€000s)	Occupancy rate (%)	Gross yield (%)
Belgium	389,206	379,694 60.8%	25,655	95.7%	6.6%
France	228,439	210,720 33.8%	14,361	99.5%	6.3%
Spain	34,875	33,740 5.4%	1,959	100.0%	5.6%
TOTAL	652,521	624,154 100.0%	41,974	97.2%	6.4%

Consolidated results for the first quarter of financial year 2018/2019

CONSOLIDATED RESULTS (€000s)	Q1 from 30/09/2018 to 31/12/2018	Q1 from 30/09/2017 to 31/12/2017
RENTAL INCOME	10,312	10,274
Rental related charges	-17	45
Taxes and charges not recovered	-15	-37
PROPERTY RESULT	10,280	10,282
Property charges	-837	-565
Corporate overheads	-976	-956
Other income and operating costs	20	-21
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	8,487	8,740
<i>Operating margin²</i>	82.3%	85.1%
Financial income	1	0
Net interest charges	-1,141	-1,741
Other financial charges	-111	-90
Taxes	-112	-163
EPRA EARNINGS	7,124	6,746
Net gains and losses on disposals of investment properties	0	0
Change in the fair value of investment properties	388	2,608
Other result on the portfolio	0	0
Portfolio result	388	2,608
Change in fair value of financial assets and liabilities	-1,310	1,252
Exit Tax	1,129	0
Deferred tax & tax on profit on disposals	-12	-73
NET RESULT	7,319	10,533
EPRA Earnings per share (EUR)	1.08	1.04
Earnings per share (EUR)	1.11	1.62
Number of shares	6,595,985	6,497,594

² Alternative Performance Measure (APM). See page 7 of this press release.

Rental income increased by 0.4% to €10.3 million.

During the first quarter of the year, the **average cost of debt**³ (margins and cost of hedging instruments included) amounted to 2.04% compared with 2.91% in the first quarter of the previous financial year.

As a result of the maturity on 30 June 2018 of an IRS of €50 million at a fixed rate of 4.35%, the average cost of debt diminished significantly from July 2018. Thanks to the interest rate hedging policy put in place, the group's **hedging ratio**³ is currently 90.3% and, based on the current level of indebtedness, is greater than 75% over the next four years. This hedging policy enables the group to secure the cost of financing for the next few years.

EPRA Earnings for the first quarter amounted to €7.12 million, compared with €6.75 million for the quarter ended 31 December 2017, an increase of 5.6%.

EPRA Earnings amounted to €1.08 per share, compared with €1.04 for the first quarter of the previous financial year.

On 1 October 2018, Ascencio absorbed its subsidiary Rix Retail S.A., owner of the Papeteries de Genval retail site. On the occasion of this merger, income of €1.13 million was recognised, representing the difference between the exit tax estimated at the time of the acquisition of Rix Retail S.A. and the exit tax actually due at the time of the absorption. The positive difference is mainly due to the reduction of the applicable tax rate from 16.995% to 12.75%.

After taking into account the positive change in the fair value of the portfolio (+ €0.39 million) and the negative change in the fair value of interest rate hedging instruments (- €1.31 million), the **net result** of the first quarter of the year amounted to €7.32 million.

The **debt ratio (before allocation of the balance of the dividend for the 2017/2018 financial year)** was 40.0% at 31 December 2018, compared with 40.8% at 30 September 2018.

³ Alternative Performance Measure (APM). See page 7 of this press release.

Consolidated balance sheet at 31 December 2018

CONSOLIDATED BALANCE SHEET (€000s)	31/12/2018	30/09/2018
ASSETS	632,906	631,258
Investment properties	624,154	619,029
Other non-current assets	1,822	2,193
Assets held for sale	0	0
Trade receivables	1,688	4,307
Cash and cash equivalents	3,695	4,027
Other current assets	1,548	1,703
EQUITY AND LIABILITIES	632,906	631,258
Equity	371,351	364,026
Non-current financial debts	131,945	132,772
Other non-current liabilities	7,690	6,897
Deferred tax	673	3,357
Current financial debts	113,887	114,698
Other current liabilities	7,359	9,508

Net asset value (NAV) per share

(€000s)	31/12/2018	30/09/2018
Total number of shares	6,595,985	6,595,985
NAV IFRS	56.30	55.19
NAV EPRA	57.24	56.34

Significant events and transactions after 31 December 2018

On February 26th, 2019, Ascencio sold the Pontet retail park (France) to an institutional investor for the outright sum of 4 million Euros. The retail park, covering an area of 3,585 m², has an occupancy rate of 100% and is occupied by Basif-Fit, Pacific Pêche and the organic brand Satoriz.

This sale is in line with Ascencio's arbitrage policy.

The sale price is slightly above the fair market value established by the assessor.

Outlook

The quality and diversification of Ascencio's property portfolio (in terms of geography, sectors and tenants) constitute a solid basis for future results. This approach is reinforced by the strategic resolve to maintain the weighting of the relatively resilient and defensive food sector at not less than 25 %.

Barring significant unforeseen events, and based on its current real estate portfolio, the projected results for the 2018/2019 financial year should allow the distribution of a gross dividend at least comparable with that of the previous financial year.

Financial calendar

Semi-annual financial report as at 31 March 2019	14 June 2019
Interim statement for the period ended 30 June 2019	08 August 2019
Annual press release as of 30 September 2019	22 November 2019
Ordinary general meeting of shareholders 2020	31 January 2020 at 2.30 pm

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Reconciliation of Alternative Performance Indicators (IPA) and EPRA Indicators

Following the coming into force of the ESMA (European Securities and Markets Authority) Guidelines on Alternative Performance Measures (APMs), APMs used in this press release are identified by an asterisk (*).

The definition of the APMs and the use made of them can be found at the end of the 2017/2018 Annual Report, which is available on Ascencio's website (www.ascencio.be).

1. Operating margin

		31/12/2018	31/12/2017
Operating result before result on portfolio (€000S)	= A	8,487	8,740
Rental income (€000S)	= B	10,312	10,274
OPERATING MARGIN	= A / B	82.3%	85.1%

2. Average cost of debt

		31/12/2018	31/12/2017
Net interest charges (heading XXI) (€000S)		1,141	1,741
Commissions on undrawn balances under credit facilities		91	69
Opening commission and charges for credit facilities		8	9
Change in fair value of caps		7	24
TOTAL COST OF FINANCIAL DEBTS	= A	1,247	1,843
WEIGHTED AVERAGE DEBT FOR THE PERIOD	= B	244,840	253,397
AVERAGE COST OF DEBT	= A*4 / B	2.04%	2.91%

3. Hedging ratio

(€000S)		31/12/2018	30/09/2018
Fixed-rate financial debts		54,571	55,000
Financial debts converted into fixed-rate debts by means of IRS		112,500	112,500
Financial debts converted into capped-rate debts by means of caps		55,000	55,000
TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS	= A	222,071	222,500
TOTAL VARIABLE RATE FINANCIAL DEBTS		23,762	24,969
TOTAL FINANCIAL DEBTS	= B	245,833	247,469
HEDGING RATIO	= A / B	90.3%	89.9%

4. Performance indicators according to the EPRA standards

4.1 Key figures

		31/12/2018	30/09/2018
EPRA NAV (000 EUR)	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	377,572	371,620
EPRA NAV per share (EUR)		57.24	56.34
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	2.95%	2.76%

		31/12/2018	31/12/2017
EPRA Earnings (000 EUR)	Earnings from operational activities.	7,124	6,746
EPRA Earnings per share (EUR)		1.08	1.04
EPRA Cost Ratio (including direct vacancy costs)	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	17.70%	14.93%
EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.	17.08%	14.55%

4.2 EPRA Earnings

(€000s)	31/12/2018	31/12/2017
EARNINGS (OWNERS OF THE PARENT) PER IFRS INCOME STATEMENT	7,319	10,533
ADJUSTMENTS TO CALCULATE EPRA EARNINGS	-195	-3,787
(i) Change in value of investment properties, development properties held for investment and other interests	-388	-2,608
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	0	0
(iii) Profits or losses on disposal of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative Goodwill / Goodwill impairment	0	0
(vi) Change in fair value of financial instruments and associated close-out costs	1,310	-1,252
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	-1,117	73
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	0	0
EPRA EARNINGS (OWNERS OF THE PARENT)	7,124	6,746
Number of shares	6,595,985	6,497,594
EPRA EARNINGS PER SHARE (EPRA EPS - €/SHARE)	1.08	1.04

4.3 EPRA NAV

(€000s)	31/12/2018	30/09/2018
NAV PER THE FINANCIALS STATEMENTS (OWNERS OF THE PARENT)	371,351	364,026
Number of shares	6,595,985	6,595,985
NAV PER THE FINANCIALS STATEMENTS (€/SHARE) (OWNERS OF THE PARENT)	56.30	55.19
Effect of exercise of options, convertibles and other equity interests (diluted basis)	0	0
DILUTED VAN, AFTER THE EXERCISE OF OPTIONS, CONVERTIBLES AND OTHER EQUITY INTERESTS	371,351	364,026
Include :		
(i) Revaluation of investment properties	0	0
(ii) Revaluation of investment properties under construction	0	0
(iii) Revaluation of other non-current investments	0	0
Exclude :		
(iv) Fair value of financial instruments	5,548	4,238
(v.a) Deferred tax	673	3,357
(v.b) Goodwill as a result of deferred tax	0	0
Include/exclude :		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV (OWNERS OF THE PARENT)	377,572	371,620
Number of shares	6,595,985	6,595,985
EPRA NAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)	57.24	56.34

4.4 EPRA vacancy rate

(€000s)	31/12/2018				30/09/2018			
	Belgium	France	Spain	TOTAL	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	1,145	70	0	1,216	1,062	70	0	1,132
Estimated rental value (ERV) of total portfolio	25,187	14,045	1,976	41,209	25,190	13,823	1,976	40,989
EPRA VACANCY RATE (%)	4.55%	0.50%	0.00%	2.95%	4.22%	0.51%	0.00%	2.76%

4.5 EPRA cost ratio

(€000s)	31/12/2018	31/12/2017
ADMINISTRATIVE/OPERATING EXPENSE LINE PER IFRS STATEMENT	-1,825	-1,534
Rental-related charges	-17	45
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	-12	-58
Other revenue and expenditure relating to rental	-3	21
Technical costs	-334	-149
Commercial costs	-28	-36
Charges and taxes on unlet properties	-64	-39
Property management costs	-340	-268
Other property charges	-71	-73
Corporate overheads	-976	-956
Other operating income and charges	20	-21
EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	-1,825	-1,534
Charges and taxes on unlet properties	64	39
EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	-1,761	-1,495
GROSS RENTAL INCOME	10,312	10,274
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (%)	17.70%	14.93%
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (%)	17.08%	14.55%