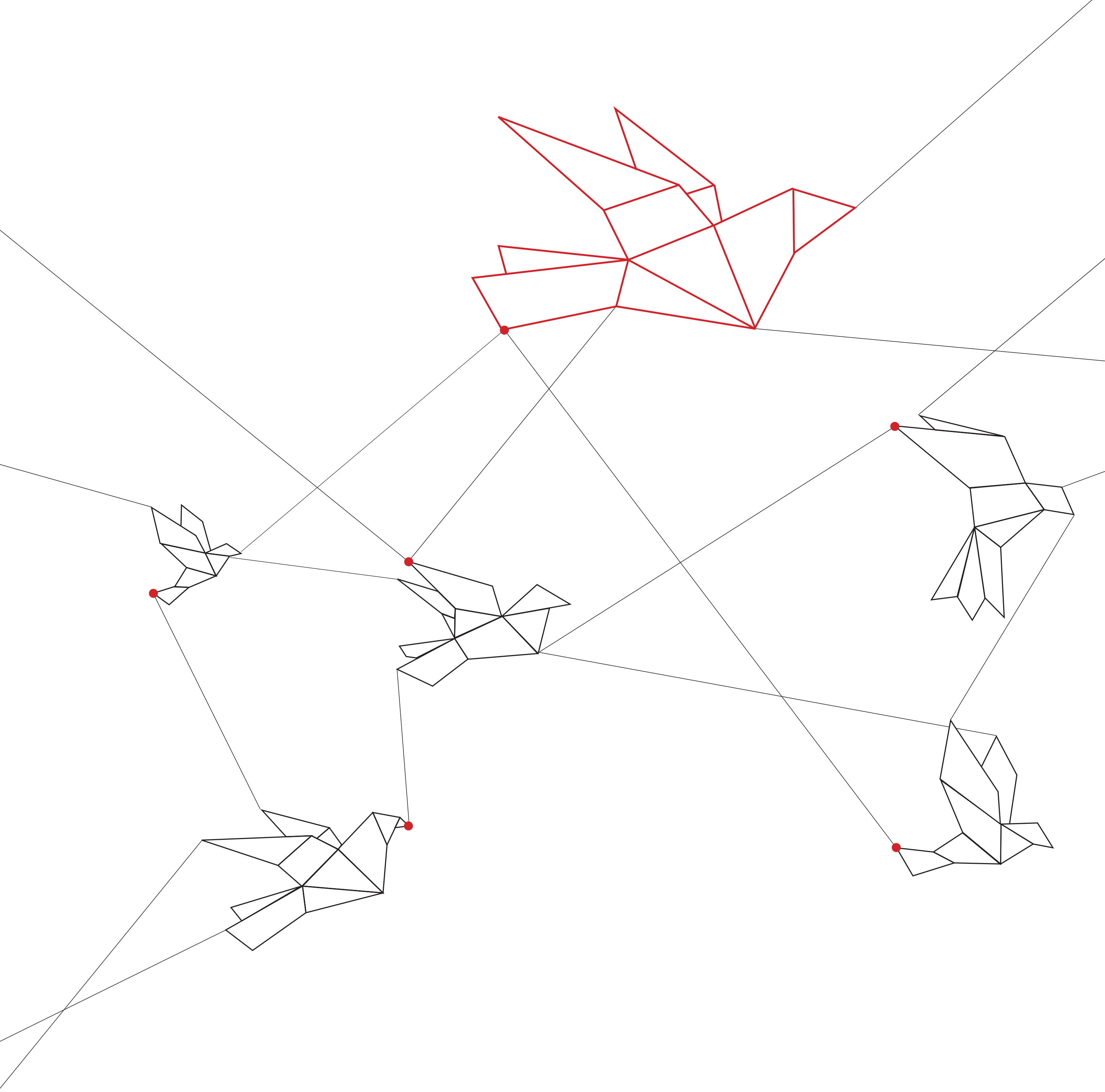


FACE CHALLENGES AND SEIZE OPPORTUNITIES

annual report 2018

ascencio
QUALITY IN RETAIL

Contents

Quality in retail

Ascencio specialises in investment in out-of-town commercial property.
The company is active in Belgium, France and Spain.

Ascencio is a Regulated Public Real Estate Company (“SIRP”) subject to the Law of 12 May 2014 as amended by the Law of 22 October 2017 and the Royal Order of 13 July 2014 on regulated real estate companies as amended by the Royal Order of 23 April 2018 (the “SIR law” or the “B-REITs Act”).

Ascencio has a portfolio of 103 properties (not counting projects in the course of development and assets held for sale) representing a total surface of 415,918 m^2. The fair value of this property portfolio stood at €619 million at 30 September 2018.

Listed on Euronext Brussels since 2007, Ascencio pursues a coherent strategy aimed at optimising its results over time and offering stable profitability to all its shareholders.

For its property investments in France, it has opted for the Listed Real Estate Investment Company tax regime (”SIIC”). In Spain, Ascencio SCA has established a subsidiary in respect of which it is awaiting a reply from the tax authorities to its application for a similar regime, that of “SOCIMI” .

At 30 September 2018, the Company’s market capitalisation stood at €337 million.

EPRA

On 5 September 2018, Ascensio received the “EPRA Gold Award” for its financial annual report 2017/2018.

Since 30 September 2017 Ascencio has been part of the movement towards standardisation of financial reporting aimed at improving the quality and comparability of information, by subscribing to the EPRA Best Practices Recommendations Guidelines.

[1] Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario.

Letter to the shareholders

One thing is sure: digital will not lead to the disappearance of the store. They will coexist, and this will have an impact on real estate. More than ever, the location and the flexibility of our investments will be key to our success.

Dear Shareholders,

Once again the arrival of autumn invites us to take annual stock of Ascencio.

Throughout this 2017/2018 financial year, share prices of European retail property companies were weighed down by the financial markets' concerns aroused by the crisis of shopping centers in the United States and the upheaval in the retail sector brought about by the incorporation of digital into their distribution channels.

Ascencio was no exception. On top of this the difficulties encountered in the Belgian food market by the Carrefour and Mestdagh groups also caused us some concern as owners of supermarkets of theirs.

In view of these concerns, it is appropriate to weigh them up.

The US retail property market is not comparable with European markets. It is five to six times as dense as the UK or French markets, the two biggest in Europe. There is clearly an over-supply of shopping centers and retail parks in the US.
This is not the case in Europe.

This past financial year showed the resilience of our property portfolio in this difficult economic situation, and we highlight some fine results linked to good portfolio management.

Digital's arrival in the retail sector is now a fact of life, and it is only going to become more entrenched. Today's challenges are the omnichannel nature of the sector and managing consumers who have become highly informed and demanding. All the brands have to take account of this in their strategies and ways of operating. One thing is sure though: digital will not lead to the disappearance of the store. They will coexist, and this will have an impact on real estate. More than ever, the location and the flexibility of our investments will be key to our success.

In Belgium, the Carrefour and Mestdagh groups are showing signs of flagging. The former wants to transform its hypermarket concept and bring greater flexibility to its business lines.
The latter is seeking to modernise its concept. Neither of these operators has announced the closure of any supermarkets in the context of their respective plans. And we are firmly confident of the future by reason of the quality of location of our stores.

It is in this context, with a barely sustained economic situation and interest rates still kept at very low levels by the European Central Bank, that Ascencio operated during this past financial year.

We aim to achieve selective growth based on very particular attention to the quality of locations and the retail mix, to strengthen our profile as asset managers still further, to digitise our company and to put in place a communication and marketing plan.

We can be pleased with this past financial year, which showed the resilience of our property portfolio in this difficult economic situation, and we may highlight some fine results linked to good portfolio management. With no new acquisitions, the value of the portfolio held steady, with our Spanish assets showing a fine increase of 15 % in value thanks to the sub-division of our units, which allowed us to improve our rental performance. With the latest rentals signed in the Le Pontet retail park, the occupancy rate of our French portfolio comes to 99.5 %, approaching the 100 % rate that we have in Spain.

Being strategically invested in the food sector to the extent of some 30 %, we are delighted by the excellent health and image enjoyed by our number one tenant "Grand Frais", named French consumers' favourite brand in 2018.

Ascencio was rewarded by the European Public Real Estate Association (EPRA) with a "Gold award" for the quality and transparency of its financial reporting.

Beyond the great resilience shown by our portfolio and these results, we showed that we still have ambition, by studying a significant number of investment opportunities. However, we have been prudent and selective in this complex market.

In line with our strategy, we have defined the contours of our plan for the next three years. We aim to achieve selective growth based on very particular attention to the quality of locations and the retail mix, to strengthen our profile as asset managers still further, to digitise our company and to put in place a communication and marketing plan.

We thank you for your trust and support, and we are happy once again to be able to offer you an attractive increased dividend.

Carl Mestdagh

Chairman of
the Board of Directors

Vincent H. Querton

Chief Executive Officer

Coming soon: installation of a bpost ***#CubeeLocker*** *at the* ***#PapeteriesDeGenval*** *shopping center in Belgium, allowing consumers to have their online purchases delivered there.*

"We are constantly reflecting on changes in consumer behaviour, and are willing to support our clients to the best of our ability in rising to the new challenges associated with the ***#phygital*** *age so as to offer the end customer an easier shopping experience."*

Management report[1]

Ascencio's annual report is a combined report in the meaning of Articles 96 and 119 of the Belgian Company Code.

This report contains forward-looking statements. Such statements entail unknown risks, uncertainties and other factors that might lead actual results, financial situation, performance and achievements to differ from whatever future results, financial situation, performance and achievements may be expressed or implied in these forward-looking statements. In view of these uncertain factors, the forward-looking statements do not imply any guarantee.

Management report

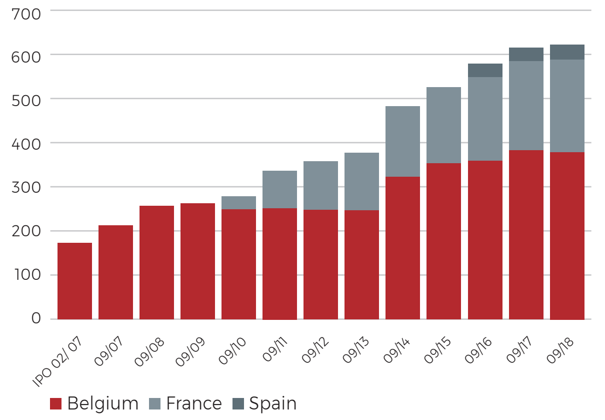
[1] This report is based on the consolidated financial statements. The statutory financial statements and Management Report are filed with the BNB (National Bank of Belgium) within the legal time frames and may be obtained free of charge from the Company's website or on request from the Company.

Key figures

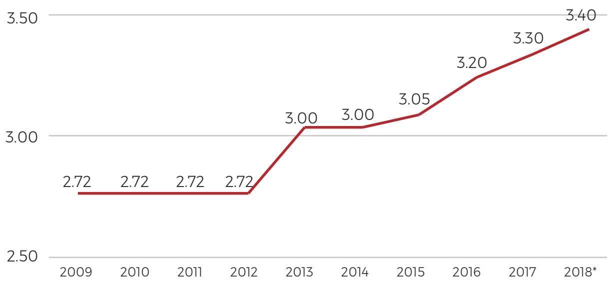
	30/09/2018	30/09/2017	30/09/2016
DISTRIBUTION OF THE PORTFOLIO (% OF FAIR VALUE)			
Belgium	61.4 %	62.2 %	60.3 %
France	33.2 %	33.1 %	34.8 %
Spain	5.4 %	4.7 %	4.9 %
VALUE OF THE ASSETS (€000s)[1]			
Fair value	619,029	613,317	572,132
Investment value	642,266	640,333	593,131
CONSOLIDATED RESULTS (€000s)			
Property result	40,884	40,297	38,669
Operating result before result on portfolio	33,912	34,216	32,870
Operating result	38,038	42,789	47,995
EPRA Earnings[2]	26,728	26,268	25,142
Net result	34,024	41,197	40,237
Gross dividend	22,426	21,442	20,367
CONSOLIDATED RESULTS PER SHARE (€)			
Weighted average number of shares in circulation	6,595,985	6,497,594	6,364,686
Property result	6.20	6.20	6.08
Operating result before result on portfolio	5.14	5.27	5.16
Operating result	5.77	6.59	7.54
EPRA Earnings[2]	4.05	4.04	3.95
Net result	5.16	6.34	6.32
Gross dividend[3]	3.40	3.30	3.20
Net dividend[4]	2.38	2.31	2.34
CONSOLIDATED BALANCE SHEET (€000s)			
Equity	364,026	346,281	318,032
Debts and other liabilities included in the debt ratio	257,389	265,892	248,852
Debt ratio[5]	40.81 %	42.57 %	42.69 %
Total number of shares in existence at balance sheet date	6,595,985	6,497,594	6,364,686
Net asset value EPRA per share (in euros)	56.34	54.95	52.26

[1] Including development projects.
[2] Alternative Performance Measure (APM) used by Ascencio; its definition, use and reconciliation are shown in the glossary of APMs.
[3] For 2017/2018, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2019.
[4] Based on an advance property levy of 30 % in 2018, 30 % in 2017 and 27 % in 2016.
[5] 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.

PORTFOLIO GROWTH (€ million)

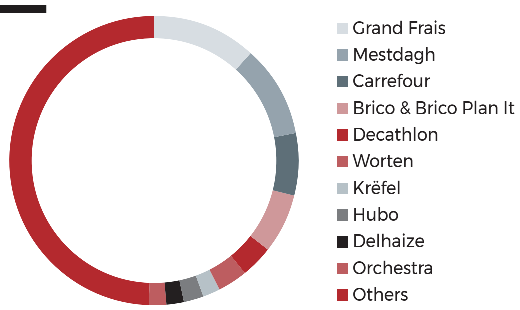


GROWTH IN GROSS DIVIDEND PER SHARE

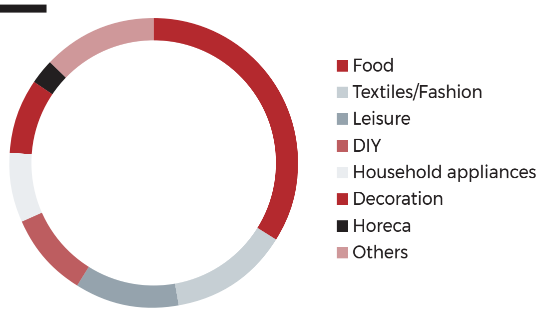


* For 2017/2018, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2019.

TOP 10 TENANTS



COMPLEMENTARY SECTORS



€40.9 million

Annual rental incomes

€26.7 million

EPRA earnings

€3.40 gross per share

Regular growth of dividends

> 300

Tenants

103

Properties

History

2006

Creation of Ascencio.

Approval as a SICAFI (fixed-capital real estate investment company).

2007

Ascencio was listed on the stock exchange for the first time.

Acquisition of 8 retail sites located in the Liège region.

Acquisition of a shopping center in Hannut.

Acquisition of 29 buildings in the Liège and Hainaut regions.

2008

Acquisition of a retail park located at Jemappes.

2010

Opening of the French branch.

Adoption of the SIIC status.

Acquisition of 7 outlets "Grand Frais".

2011

Capital increase of €40 million.

Acquisition of 5 new "Grand Frais" outlets.

Acquisition of retail park in a state of future completion ("VEFA") (Avignon region).

Acquisition of retail park "Le Parc des Bouchardes" near Mâcon.

Acquisition of retail park project at Saint-Aunès (Montpellier region).

2012

Capital increase of €2,425,282 by means of a contribution in kind of 5 properties.

Acquisition of retail park (Caen).

Acquisition of 2 new "Grand Frais" outlets.

Opening of retail park at Le Pontet.

Opening of the Saint-Aunès retail park (Montpellier region).

2013

Acquisition of retail park at Cormontreuil (Reims).

Acquisition of around 30 commercial units across 5 Cora retail park sites at Anderlecht, Châtelineau, La Louvière, Messancy and Rocourt.

Acquisition of retail park "Les Portes du Sud" (Chalon-sur-Saône).

2014

Ascencio was approved as a public SIR (public Regulated Real Estate Company).

Capital increase of €81,502,605.

Acquisition of 5 new units in retail park (Rots).

2015

Sale of Grand Bazar (shopping center) – Verviers

Acquisition of 3 "Grand Frais" outlets (South-Western suburbs of Paris, Gironde, Nortrh of Bourg-en-Bresse).

Acquisition of 4 commercial buildings in France (Bourgouin-Jallieu, Isle d'Abeau, Chanas and Choisey).

Acquisition of retail park "Bellefleur" – Couillet

Acquisition of "Go Sport" outlet on the site of the Cora shopping center – Messancy, complementing other outlets acquired in 2014.

Ascencio offers its shareholder the possibility to receive the dividend in new shares, which leads to an increase of shareholder equity.

Completion of the construction of 2nd building in Hamme-Mille.

2016

Acquisition of retail complex Papeteries de Genval housing more than 30 brands.

Sale of 16 non-strategic outlets.

Acquisition of "BUT" outlet at Houdemont (Nancy).

Sale of warehouse in Heppignies.

Expansion of commercial unit (Caen).

Sale of warehouse in Heppignies Expansion of commercial unit (Caen)

Acquisition of 3 "Worten" outlets in Spain (Madrid, Barcelona, Valencia).

• Events of the financial year

2017

- Appointment of Philippe Scheirlinckx as Head of Asset Management & Acquisitions.
- Acquisition of urban commercial building at Anderlecht. A Carrefour Market has been opened in October 2018.
- On 17 October, Vincent H. Querton was appointed CEO, succeeding Marc Brisack at the head of Ascencio.
- On 21 November Ascencio acquired a 1,963 m² store operated by Mr Bricolage in the Bellefleur retail park in Couillet.

2018

- In February 2018, Orchestra's store in Chalon-sur-Saône, France, was enlarged, from 549 m² to 825 m².
- In March 2018 Ascencio announced the appointment of three new Directors. This means that the Board will now have 10 members, with the objective of raising the level of expertise and complementarity of profiles on the Board, more specifically with regard to the French market and the issues raised by the digitisation of the retail sector.
- At this same date Carl, Eric and John Mestdagh exercised the purchase option granted by AG Real Estate on its shares in Ascencio SA, the statutory manager of Ascencio SCA.
- AG Real Estate remains an important shareholder of Ascencio SCA and will continue to exercise its mandates at the Board of Directors.
- On 9 March 2018 Ascencio sold a semi-industrial site in Overijse, as part of its move to recentre its activities on retail property.
- Since June 2018, Ascencio has been followed by an additional analyst: Frédéric Renard, of Kepler Cheuvreux.
- In August 2018 Ascencio successfully completed the division of the retail areas occupied by the Worten brands in Spain, the areas thus freed up being rented by Kiwoko. This transaction led to an increase of 5 % in rental revenues after indexation.
- On 5 September 2018 Ascencio received an award from EPRA (European Public Real Estate Association), directly obtaining the "EPRA Gold Award".
- On 11 September 2018 Ascencio signed a commercial lease with the Basic-Fit chain, which will occupy a unit located in its Le Pontet retail park (France) bringing the occupancy rate of the retail park to 100 % and that of the French portfolio to 99.5 %.
- On 3 November 2018, the "Poils & Plumes" chain opened a store at the Papeteries de Genval (Belgium).
- On 1 December 2018, the "Home & Hobby" brand opens a store on the site mentionned above.

Significant events after the reporting period

Resignation and appointment of non-executive director linked to the reference shareholder AG Insurance.

Benoît Godts has regigned from his mandate as Director with effect on 30 November 2018.

Benoît Godts has accompanied Ascencio from the start. The Chaiman od the Board warmly thanks him for his qualitative expertise he brought to Ascencio over more than 10 years.

The General Assembly has approved the appointement of Amand-Benoît D'Hondt as non-executive Director as from 1 December 2018, taking the place of Benoît Godts.

Amand-Benoît D'Hondt has an international career and has an expertise in judicial and real estate matters. He is Head of Corporate Finance, Funds, Alternative & Healthcare Investments with AG Real Estate since 2015. Amand-Benoît D'Hondt started his career in 2001 as a lawyer at the Corporate and Real Estate departments with Allen & Overy. From 2013 till 2015, he has been COO & General Counsel with DHT Capital, a joint-venture of Eastbridge and AG Real Estate, established in New York.

Amand-Benoît D'Hondt holds a master's degree in Law from UCL, an MBA from Vlerick business School, and an LLM from Columbia University.

Research and development

Ascencio has no research and development activity.

Risks and uncertainties

The main risks and uncertainties are set out at the end of the report.

Use of financial instruments

Ascencio's financial management aims to ensure its permanent access to credits and to monitor and minimise the interest rate risk.

The use of financial instruments (which is the subject of the "financial risks" sub-section in the "risk factors" section of this annual report) is detailed in the Notes to the Consolidated Financial Statements. The following matters are dealt with there: structure of debt, interest rate risk, risk associated with changes in credit margins, financial liquidity risk, financial counterparty risk and the risk associated with obligations contained in financing agreements.

Strategy – Out-of-town commercial property

At the heart of Ascencio's growth strategy is the out-of-town retail park, adapted to the new modes of consumption and incorporating the demands of omnichannel distribution and technological developments so as to respond to the aspirations of current and future generations.

Changes in the consumption patterns

In its reflections on strategy, the statutory manager has attached central importance to changes in consumer behaviour and the need to accept and indeed embrace the omnichannel nature of the retail business; the need for customer "experience" and the necessity of integrating digital as a given of the sector and not seeing it as a threat.
At the heart of Ascencio's growth strategy is the out-of-town retail park, adapted to the new modes of consumption and incorporating the demands of omnichannel distribution and technological developments so as to respond to the aspirations of current and future generations.

Quality first

With acknowledged expertise in commercial real estate, Ascencio concentrates on proactively managing its existing assets and seeks to make new high-quality investments.
The objective of this approach is to generate regular growth in results, cash-flow and value per share. Beyond the usual due diligence tests, potential assets are analysed from the point of view of the intrinsic qualities of the building (including those associated with the energy performance) but also their location, accessibility, the quality of the tenants occupying them and, as referred to above, the need to be omnichannel.
In the interests of geographical consistency, Ascencio now concentrates on areas on the outskirts of Belgian, French and Spanish cities. In the future, Ascencio might extend its field of action to other countries in the euro zone after analysing the commercial, financial and tax possibilities.

Operating performance

By investing in quality projects, reducing costs on unlet areas, maintaining a good occupancy rate and holding regular dialogues with the chains operating in this market, Ascencio is able, with a reasonable degree of foreseeability, to produce operating performances which will in turn underpin the operating cash flow and earnings per share.

Securing durable long-term development

Ascencio keeps a close watch on the control of its costs (property costs and corporate overheads) while at the same time fully integrating the imperatives of sustainable development into all its renovations in order to secure its development in the long term.

In the same vein, as regards finances the Company adopts prudent interest rate hedging measures to avoid volatility in interest charges and to improve the predictability of EPRA earnings while keeping risk exposure relatively low in the absence of exceptional events.

Offering stable dividends

In accordance with the legal regime under which it operates, Ascencio distributes most of the EPRA earnings to its shareholders in the form of cash or stock dividends. Ascencio's objective is to offer them a stable dividend, or if possible a regularly increasing one, without altering the Company's risk profile. In this spirit, each new investment must offer financial prospects having a positive effect on Ascencio's performance.

Strategic divestments

In order to re-centre its activities on retail property, for several years now Ascencio has gradually been selling the properties in the office and semi-industrial sectors that had been contributed to it on its incorporation. Certain retail assets offering limited growth prospects in the medium or long term were also sold in the course of the past few years.

Increasing the occupancy rate

In order to ensure the durability of its revenues, Ascencio takes care to maintain the highest possible occupancy rates over time in its portfolio. To do so, the Company pursues a sales policy aimed at anticipating possible departures of certain tenants and finding other chains likely to take over the vacated premises quickly. Knowledge of its market and of the chains that operate in it is an essential skill of Ascencio's.

Choosing quality tenants

To limit the risk of insolvency of its tenants, Ascencio favours leases to national or international chains, whose financial health is regularly assessed. By maintaining regular contact with its tenants and acquiring first class property assets and letting them to solid chains, Ascencio succeeds in durably consolidating its activity.

Knowledge of its market and of the chains that operate in it is an essential skill of Ascencio's.

Property Report

The retail property market

THE RETAIL PROPERTY MARKET IN BELGIUM[1]

Macro-economic indicators

Belgium's economic growth is currently below the European average; in 2017, GDP increased by 1.3 % and Oxford Economics expects GDP growth of 1.4 % for 2018. The consumer confidence index fell slightly during the first quarter of 2018, slowing growth in private consumption. Oxford Economics expects growth of 1.1 % for the whole year 2018, compared with 1.3 % in 2017 and 1.7 % in 2016. The main reason for this is to be found in the stagnation of disposable income in 2018, following a significant growth in 2016-2017.

This is explained in particular by the increases in commodity prices, with inflation increasing to 2.1 % in 2017 as against 1.4 % on average in the period 2012-2016. However, the employment market is performing better, despite weak economic growth: from 7.2 % in 2016, the unemployment rate fell to 6.4 % in 2017 and according to Oxford Economics forecasts should end 2018 at 6.1 %.

ECONOMIC INDICATORS (IN %)	2018	2017	2016
Annual GDP growth	1.4 %	1.7 %	1.4 %
Annual growth in consumer prices	1.9 %	2.1 %	2 %
Unemployment rate	6.1 %	6.4 %	7.2 %

Source : Oxford Economics Eurostat.

[1] The data and graphs shown below were provided by Ascencio's property experts, which for Belgium are JLL, CBRE and Cushman & Wakefield.

Retail market

Rental uptake

Rental uptake of retail space fell by 50 % in 2017, with a total of 222,655 m². The decline continued in the first nine months of 2018, with just 176,197 m² taken up. This is evidence of retailers' disenchantment with secondary locations, which have seen an appreciable increase in vacancies following closures of chains not offset by new arrivals.

As for out-of-town retail, as expected it was much slower in 2017 than in 2016, with 185,000 m² being taken up, a 23.7 % decline on an annual basis. This was mainly due to the absence of large new deliveries. Nevertheless, some brands remain very active: Carrefour carried out 8 transactions for a total of 12,371 m², while Basic-Fit continues to grow, with 3 new openings for a total of 3,852 m². With the opening of new retail parks counting for less, the decline continued in the first nine months of 2018, with just 84,212 m² taken up in retail parks, despite the growth of discount chains. Since the latter part of the year tends to be considerably more dynamic, the year-end figures should be close to those of 2017 thanks to the opening of the Ikea Retail Park in Arlon and The Leaf in Ternat, among others.

RENTAL UPTAKE	2018 (9 MONTHS)	2017	2016
High streets	48,212 m²	110,974 m²	122,121 m²
Shopping centers	43,773 m²	46,770 m²	79,205 m²
Retail parks	84,212 m²	184,988 m²	242,525 m²
TOTAL	**176,197 m²**	**222,655 m²**	**448,099 m²**

Source : JLL.

Rents

The out-of-town retail segment is holding up better than the other segments in Belgium, and most sites are posting stable rental values relative to the previous year or even slightly higher in certain segments in Flanders. In the North of the country and in Brussels, rents for the best locations are between €100 and €175 / m² / year, while in Wallonia they are between € €130 and €155 / m² / year.

“PRIME” RENTS (€ / M² / MONTH)	2018 (9 MONTHS)	2017	2016
High streets	1,400-1,950	1,400 – 2,000	1,600 – 2,000
Shopping centers	1,000-1,500	1,000 - 1,600	1,000 – 1,600
Retail parks	130-175	130 - 175	130 – 175

Source : JLL.

Rental transactions and trends

One of the current trends is the growth of hard discounters and low-price distribution chains. Lidl carried out 3 transactions in 2017 for a total of 6,900 m², and this trend is confirmed in 2018 with 7 new openings for a total of 8,800 m². The Action chain forms part of this same trend, with 3 transactions for 2,850 m². In 2017, Action signed just one transaction. Judging by its success in neighbouring countries, its growth potential is significant in our country. However this expansion of discount chains has not been enough to sustain the market.

Retailers are tending to offset their increased investments in e-commerce by optimising their physical locations, leading to widespread closures of less profitable stores. This trend can also be seen, albeit to a lesser extent, in major cities such as Brussels and Antwerp whose catchment areas benefit the major brands. Consumers are becoming less and less reluctant about buying online, and even "fashion" chains are having to find the right balance between e-commerce and keeping physical retail spaces.

Out-of-town retail outlets which can serve as collection points, are suffering less from this trend. Meanwhile we are seeing growing interest from the food & beverage sector; on the one hand Burger King is setting up in Belgium and in certain cases replacing fashion brands, and on the other hand existing chains such as FoodMaker are expanding significantly. As for traditional supermarkets such as Delhaize and Carrefour, they are developing their food ranges by pushing fresh and organic produce.

Investment market and outlook

Yields

Prime yields on retail assets have been trending downwards for several years, generally following other asset classes. For high streets, from 3.75 % in 2016, yields have declined to 3.5 % in 2017 and 3.25 % in 2018. Out-of town retail follows, with prime yields of 5.25 % in 2018 compared with 5.5 % in 2016 and 2017.

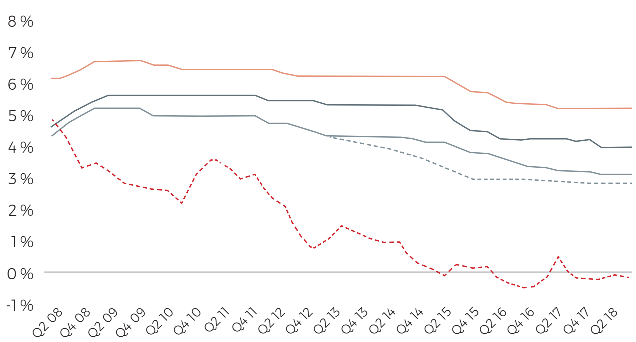
Volume of investment and transactions

2017 was rather subdued as regards investment in retail: the total volume declined by 42 %, with €617 million being invested. In contrast, 2018 is a record year for investments in retail property: three shopping centers were sold in the first six months of the year, namely Rive Gauche in Charleroi for €300 million, The Woluwe Shopping for €468 million, and lastly Docks Bruxsel for €300 million.

The out-of-town retail segment nonetheless declined sharply, with a volume of €115 million in the first three quarters of 2018 compared with €296 million on average in the past 5 years.

The main out-of-town retail transactions were: Viva Shopping Waregem, sold by Redevco (€24 million), Retail park Peruwelz, bought by the WEB REIT (€11 million) and Parc de la Madeleine in Jumet, also sold by Redevco.

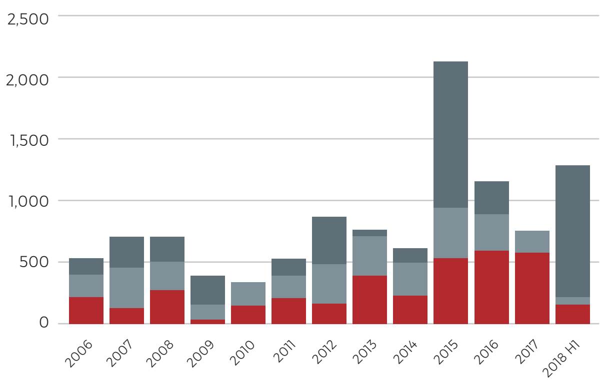
YIELDS (IN %)



Bond Yields (5 yr) Superprime High Street Main Street Shopping Center Out of Town Retail

Source : Cushman & Wakefield.

INVESTMENT VOLUME (€ BILLION)



Shopping Center Out of Town Retail Main Street

Source : Cushman & Wakefield.

THE RETAIL PROPERTY MARKET IN FRANCE[2]

Macro-economic indicators

For the 2nd quarter in a row, France's GDP increased by just 0.2 %. International factors (strong appreciation of the euro, protectionist trade tensions, etc.) formed the backcloth to the general stalling of growth seen since the beginning of the year both in France and in Europe as a whole.

Since January, household confidence has fallen by 10 points, compared with nearly 6 points for retail business confidence, the index for which recently fell below the 110 mark for the first time since August 2017, although it remains above its long-term average.

As a result of this less sustained growth, a slowdown in net job creation is expected this year. Oxford Economics has reviewed its forecast year-end unemployment rate upwards (by 20 bps) to 9.1 % in mainland France – and 8.2 % for the Greater Paris Area – which is still lower than the 9.4 % of 2017. Although more moderate than expected, the decline in unemployment should still be confirmed at year-end, for the 3rd year running.

Retail market

The historical image of the out-of-town offering is moving up-market with the advent of the new generation retail parks featuring a greater variety of participants and activities. One of the major challenges for landlords is maintaining an attractive level of rentals while at the same time incorporating players to operate in the traditional shop format. Rental charges form a key element in negotiations, hence the importance of working to optimise costs while at the same time maintaining the quality of services.

Stimulated by vigorous demand on the part of the brands, rental values of new generation retail parks and first-class out-of-town retail areas are holding up well across all segments, and even trending upwards for the most sought-after locations. For secondary locations and second class retail areas, the situation is more complex, particularly for small areas, which are more difficult to let because of still relatively limited demand, and also for very large areas, for which there are relatively few players in the market.

PRIME RENTS IN RETAIL PARKS IN Q2 2018 ACCORDING TO (€/M²/YEAR)

POPULATION	< 500 M²	500 - 1,000 M²	1,000 - 2,000 M²	> 2,000 M²
< 100.000 inhabitants	125-150	80-130	70-120	60-120
100.000-300.000 inhabitants	180-200	120-150	100-140	90-130
> 300.000 inhabitants	180-200	120-150	100-140	90-130
Regional city	200-270	150-200	140-170	110-150
Ile-de-France	270-350	160-270	140-210	100-160

Source : JLL.

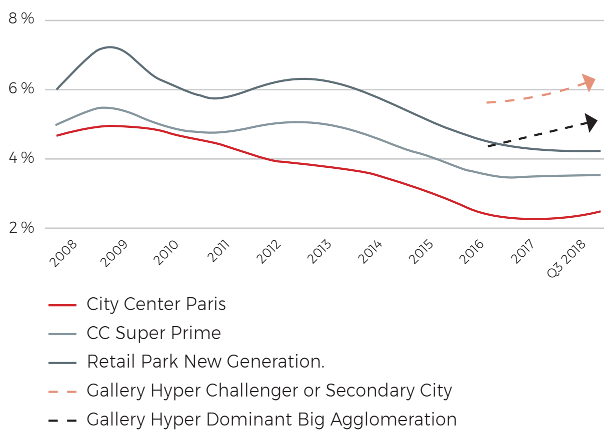
Investment market and outlook

Yields

Prime yields remain stable at a historically low level for all categories of retail assets. An upward adjustment can be seen on certain major routes in central Paris and in the provinces.

The adjustment in market values noted at the end of the 1st half of the year seems to be continuing for the hypermarket arcade type of asset, particularly those most exposed to falling visitor numbers and deteriorating performances. Investors' appetite is no longer so evident for this category of asset given the lack of differentiation in an increasingly diverse competitive context. If this trend is confirmed, these adjustments could become significant in the coming months. In contrast, prime assets and those dominating their sector are showing solid resilience.

PRIME YIELDS (IN %)



Source : Cushman & Wakefield.

[2] The data and graphs shown below were provided by Ascencio's property experts, which for France are JLL and Cushman & Wakefield.

Volume of investment and transactions

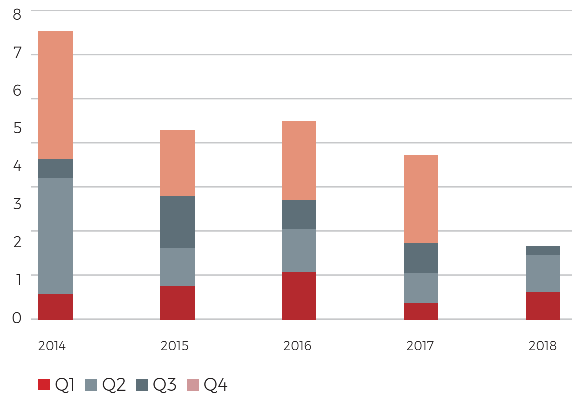
The year 2017 ended with a total volume of €3.6 billion invested in retail property, which was less than in the three previous years but still higher than in the years 2008 / 2013 and above the average for the last ten years (+2 %).

Continuing this trend, transactions in the first three quarters of 2018 were lacklustre, at €1.9 billion. The absence of intermediate transactions (between €50 million and €100 million) was confirmed, with a decline in acquisitions of retail parks, which usually account for the bulk of this segment (€335 million, as against €570 million at the end of September 2017).

This slowdown in activity corresponds to a market adjustment after exceptionally high volumes posted in 2014 and 2015. The convergence of vendors' and buyers' expectations is sometimes difficult to bring about at a time when core-type opportunities are few and far between. Furthermore, the market is now fuelled basically by the natural rotation of assets held by investment funds and by deliveries of new assets by developers. In a sector in transformation, with performances constrained by shifting patterns of consumption, transactions with secondary assets are more difficult to conclude since the level of risk is harder to assess accurately.

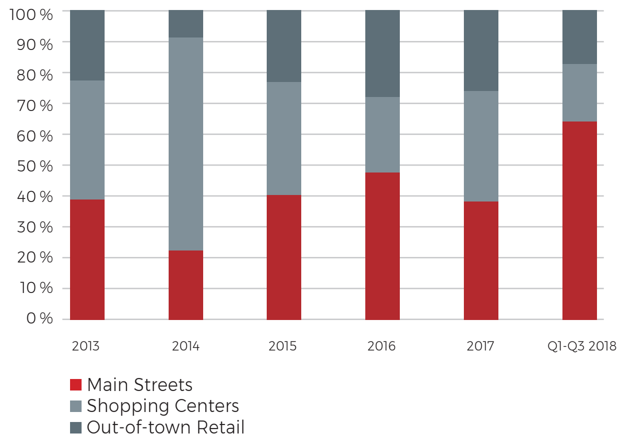
RETAIL PARKS	GLA	VENDOR	BUYER	APPROX. PRICE
Channel Outlet Store (Coquelles) + Usine Roubaix (Roubaix)	33,000 m²	Unibail Rodamco	Primonial	€85 million
Village de Marques (Coutras)	22,000 m²	Vinci Immobilier	In Wind	€80 million
Retail Park – 211 Route de Grenoble (Saint Priest)	26,000 m²	-	Imocompartners	€37 million

INVESTMENT VOLUMES IN COMMERCE (IN € BILLION)



Source : JLL.

INVESTMENT VOLUMES BY ASSET TYPE



Source : JLL.

THE RETAIL PROPERTY MARKET IN SPAIN[3]

Macro-economic indicators

The total volume of investment (non-residential sector) during the past three years was approximately €12 billion / year (2015 / 2017), the outlook for 2018 being similar. The current level of activity, both direct and indirect (through Spanish REITs) is testimony to property investors' continuing confidence underpinned by a growing economy.

Unemployment is falling and wages (after tax) are starting to increase after a period of deflation and an adjustment in the unit cost of labour, allowing an uptick in consumer spending.

On the domestic front, there is some political uncertainty caused by the independence movement in Catalonia, and this is affecting business confidence in the region. Also, the central government is in a minority and requires the cooperation of other parties in order to be able to pass legislation and govern. In spite of this, the national economic context is relatively positive, with a tourist sector that reached a record of 82 million visitors in 2017 and should achieve similar figures in 2018.

In terms of economic prospects, conditions are generally expected to improve, driven mainly by consumers, thanks to the tax cuts (effective mid-2015), low wage inflation, relatively low oil and energy prices and falling unemployment.

Retail market

Local and international brands remain active in their strategies for seeking space, but are conscious of current rental levels. These reflect the high occupancy rates in the main centers of Madrid and Barcelona and other key cities in Spain. Large stores and those with good locations are mainly targeted by clothing chains and food and beverage brands.

"Prime" rentals in retail parks remain stable, but nonetheless in slight decline for certain locations such as Madrid (-2.3 %). We would point out that depending on the site, "prime" rentals can vary by as much as 100 %. Prime rentals for a retail park in Madrid stand at €21 / m² / month, compared with €18 / m² in Barcelona and just €9.50 / m² in other major Spanish cities.

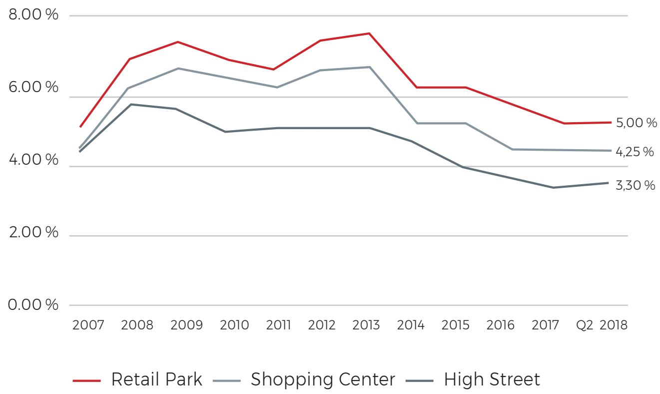
Investment market and outlook

The past three or four years have seen a significant inflow of capital to Spain. As regards the property market, interest is mainly directed to "prime" products, which are relatively scarce on the supply side. As for secondary sites, despite potential buyers' caution, the favourable financing conditions contribute positively to investments in this segment.

Moreover, because of the volatility of stock markets and the excessively low yields available on the bond market, funds are showing ever more interest in the yield offered by property, which is leading to a fall in yields and therefore rising prices.

Yields

Net initial yields for the Spain's most dominant major retail centers have now stabilised at 4.25 %. For "secondary assets", the yield is higher than this. As regards retail parks, the "prime" yield is around 5 %.



Source : Cushman & Wakefield.

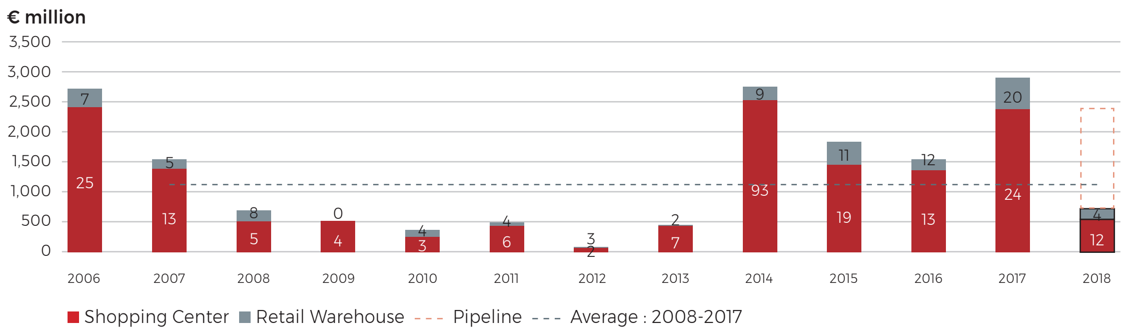
[3] The data and graphs shown below were provided by Ascencio's property expert, which for Spain is Cushman & Wakefield.

Volume of investment

The first three quarters of the year 2018 reveal a volume of investment well below that of 2017, although numerous deals are still in the pipeline. The volume of investment in retail parks was also sharply down at this stage, with just 4 transactions carried out in this segment.

RETAIL PARKS	GLA	VENDOR	BUYER	APPROX. PRICE
Parque Galaria, Pamplona	4,100 m²	Lar España	AEW	€11.5 million
Milenium, Majadahonda, Madrid	11,350 m²	Procinco	Ores	€31.6 million
Parc Valles, Terrassa, Barcelona	45,200 m²	Pradera	Frey	€82.5 million
Rivas Futura Retail Park, Madrid	36,900 m²	Credit Suisse	Lar España	€61.6 million

RETAIL INVESTMENT VOLUMEN



Source : Cushman & Wakefield.

CONCLUSION

Macro-economic indicators and investment in out-of-town retail property

In 2017, the European Union posted GDP growth of 2.5 %. This was higher than in 2016 (2 %). However, the European Central Bank has lowered its growth forecast for 2018. It is now forecasting just 2 % growth this year, with a further slowdown next year (1.8 %). On the other hand the European Central Bank is maintaining its forecast of 1.7 % GDP growth for 2020, with inflation at 1.7 %.

These forecasts are reflected in the real estate market. Investors are cautious and prefer to recentre their property investments on products that they see as safer, namely prime assets. Investors are increasingly attracted by the latest generation retail parks: low charges and innovative concepts make them attractive to brands and consumers alike.

Nevertheless, quality products with moderate risks are scarce and expensive. Prime yields for retail parks, which reached all-time lows in 2017, seem still to be under pressure.

Trends in the rental market and out-of-town retail

Retail parks attract consumers thanks to the easy, convenient shopping experience topped by easy and free parking facilities. They also attract the brands, thanks to attractive rentals, larger sales areas and relatively low charges. More and more mass-market brands, whose presence was previously limited to the high street or shopping centers, are starting to show interest in this type of format. Restaurant chains too are increasingly seeing the attraction of this retail format.

Nonetheless, brands remain cautious in their choices. They seek strategic, secured locations and do not hesitate to switch properties or bring pressure to bear on rentals.

So landlords must be vigilant and flexible, and stimulated by new consumer habits, in order to maintain the rental value of their properties.

This trend is exemplified by the emergence of the "pop-up store". This new mode of contractual relation between landlord and tenant borrows codes from e-commerce while playing on instantaneousness and the rarity effect. It allows brands to test new concepts, products or locations for a limited period before launching them on a more permanent basis, while also offering freer rental opportunities not constrained by classic long-term leases. For property owners too there are advantages. It allows then to put unoccupied premises to good use and to showcase the sales potential of the location by creating an event there.

General overview

KEY FIGURES

(€000s)		30/09/2018	30/09/2017
Investment value (excl. projects in development)	[A]	642,266	636,618
Fair value (excl. projects in development)		619,029	609,693
Contractual rents	[B]	41,593	41,194
Contractual rents including estimated rental value of unoccupied properties		42,726	42,479
Gross yield	**= [B] / [A]**	**6.48 %**	**6.47 %**
Occupancy rate in %		**97.3 %**	**97.0 %**

As at 30 September 2018 Ascencio held a portfolio of 103 properties spread among Belgium, France and Spain with a total surface of 415,918 m².

Its fair value[4] amounted to €619.0 million at 30 September 2018, compared with €609.7 million one year earlier.

	SURFACE (M²)		FAIR VALUE (€000s)	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Belgium	289,674	293,337	380,094	377,567
France	113,991	113,945	205,635	203,203
Spain	12,253	12,253	33,300	28,923
TOTAL	**415,918**	**419,535**	**619,029**	**609,693**

Based on the contractual rents in force as at 30 September 2018, average rents per m² stood at: €93 / m² in Belgium, €123 / m² in France and €161 / m² in Spain.

Investments during the financial year

During the financial year, Ascencio made €4.9 million of investments. These concerned:

- acquisition of the 1,963 m² store operated by Mr. Bricolage in the Bellefleur retail park in Couillet;
- completion of construction work on the Carrefour Market supermarket in Anderlecht as part of the Nautilus project;
- construction of an extension of the Grand Frais store in Chasse-sur-Rhône.

Divestments during the financial year

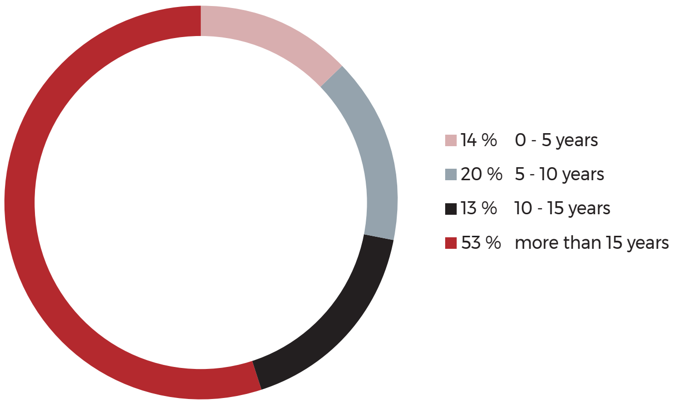
On 9 March 2018, Ascencio sold the 9,259 m² mixed (offices and warehouse) property located in Overijse, in the context of its strategy of disposal of non-strategic assets.

Change in value on a like-for-like basis

On a like-for-like basis, the value of the portfolio increased by 0.6 %.

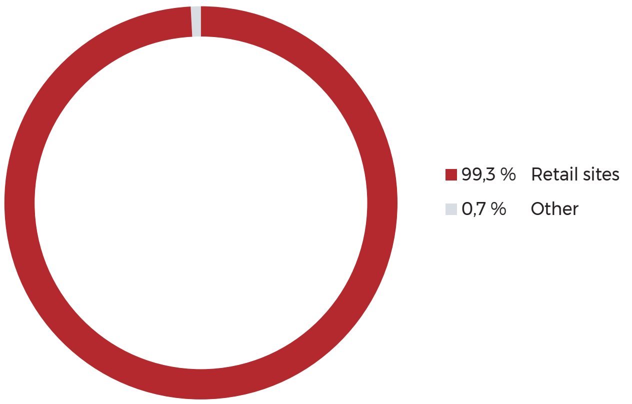
[4] Excl. projects in development.

AGE OF BUILDINGS

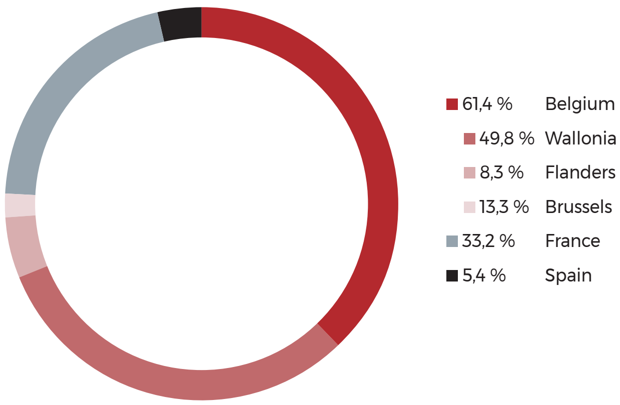


BREAKDOWN OF THE PROPERTY PORTFOLIO

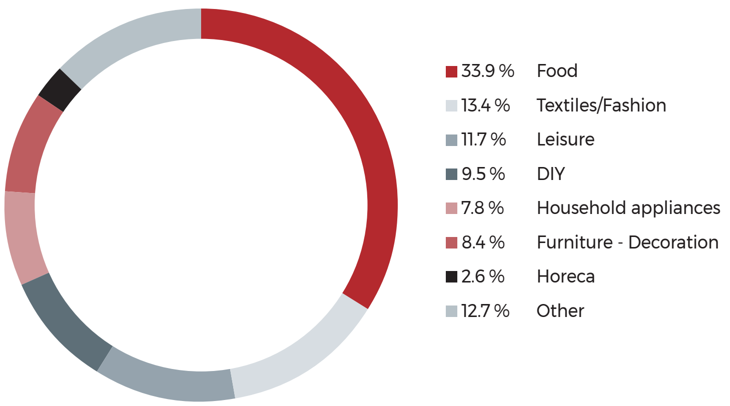
BREAKDOWN BY SECTOR(1)



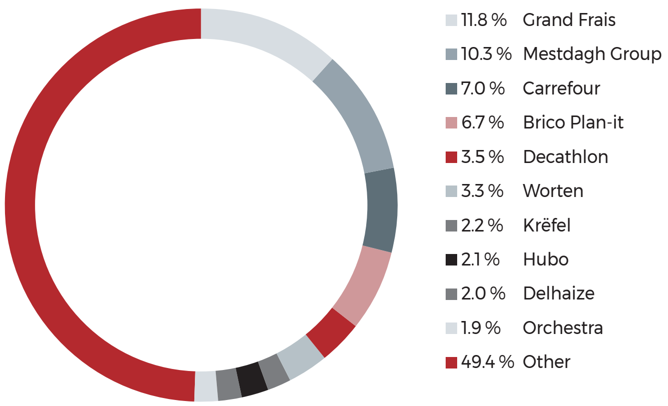
GEOGRAPHICAL DISTRIBUTION(1)



BREAKDOWN BY BUSINESS(2)



BREAKDOWN OF TENANTS(2)



(1) Distribution established on the basis of fair value.
(2) Distribution established on the basis of rents received.

INSURED VALUE

In accordance with the B-REITs legislation, the Company and its subsidiaries subscribe appropriate insurance cover for all their properties. As at 30 September 2018, the insured value represented 49.7 % of the fair value of the portfolio[5]. This cover conforms to the conditions usually applied in the market.

In order to avoid the risk of recourse, and to be able to benefit from advantageous premiums, the standard lease provides for the insurance policy on the asset to be subscribed by the lessor, with a mutual clause renouncing recourse and confirming that the premiums are to be passed on to the lessee.

In Belgium, the assets insured directly by Ascencio under a framework agreement are covered on the basis of new reconstruction value of the buildings, indexed each year to the ABEX index. Furthermore, a portion of the Belgian portfolio is insured directly by holders of emphyteusis and surface rights. The greater part of the premiums paid is re-invoiced to tenants.

In France, the assets insured directly by Ascencio under a framework agreement or directly by tenants in the case of Grand Frais are covered on the basis of the new reconstruction value of the buildings as determined by an expert based on real costs following loss. All premiums are for tenants' account.

In Spain, the assets are insured directly by the tenants on the basis of new reconstruction value of the buildings.

The following table shows the initial acquisition values, insured values, fair values and gross yields of Ascencio's various sub-portfolios of property assets..

	ACQUISITION VALUE (€000s)	INSURED VALUE (€000s)	FAIR VALUE (€000s)	GROSS YIELD
Belgium	341,839	204,007	380,094	6.59 %
France	192,032	86,944	205,635	6.39 %
Spain	27,479	16,938	33,300	5.72 %
TOTAL	**561,350**	**307,889**	**619,029**	**6.48 %**

OPERATIONAL MANAGEMENT

The Company aims to develop and manage its property portfolio actively.

For this purpose, Ascencio has a team of sixteen people, 2/3 of whom devote themselves to Ascencio's operating activity.

The Head of Property Management & Development and the Director for Asset Management & Acquisition are responsible for optimising the profitability of the assets. They implement and coordinate with the teams all actions aimed at maximising the value of the assets (works, redevelopment, repositioning, restructuring, re-establishing the lease valuation basis, (re)negotiating the leases, marketing, relations with key accounts, etc.) and also take charge of financial monitoring (business plan, forecast budgets, etc.) They also manage insurance and co-properties. Lastly, they carry out the analysis and integration of new acquisitions.

The Property management team is responsible for conserving and maximising the value of the assets. It establishes the budgets of charges, participates in the due diligence operations and establishes the reports. It defines the technical policy and establishes the renovation and maintenance plans, planning and budget. In certain cases the team is assisted on the ground by "external" providers, while still retaining responsibility for and coordination of this task. See hereunder.

[5] The difference relative to the fair value of the portfolio is due to the fact that land, car parks, cabling and in general, anything that is in the ground, is not insured. Furthermore, assets on which an emphyteusis has been granted are not included in the insured value.

The Portfolio management team also ensures optimisation of the administrative management. As such, the team is responsible for managing administrative and legal issues, coordinating and signing the leases, inventories, lease renewals, settlements and re-invoicing of charges, monitoring the outstanding rent procedures, daily communications with leaseholders, claims management, database management and following up on tenants' obligations generally.

The finance team is responsible for establishing the rent demands, monitoring the encashment of rents and the payment of suppliers, issuing rent reminders, assisting with the preparation of pre-litigation procedures, inputting invoices etc.

The legal team is the point of reference for all legal matters concerning real estate. Responsible for identifying risks and seeking solutions, the team is the principal point of contact of the operational teams. To monitor and ensure compliance with regulatory constraints, the legal team is also responsible for drafting the various real estate contracts and managing conflicts.

Ascencio has also established a Marketing & Communication department in order to broadcast Ascencio's image, implement the marketing strategy defined by the management, manage public relations and develop communication with its various stakeholders including appropriate use of digital means.

Mainly because of their geographical distance, and for specific assignments, management of certain French retail parks is entrusted to specialist external providers.

Depending on the particular case, the assignments entrusted consist in:

- rental, accounting and administrative management aimed at the proper execution of the tenants' contractual obligations deriving from the leases;
- technical and operational management of the sites aimed at optimising the functioning of the communal services and equipment;
- and providing any assistance that may be needed for communication, marketing and sales.

Ascencio retains overall coordination, makes the decisions and assumes full responsibility for the assignments entrusted. The external managers are selected by means of a competitive bidding process. Contracts are generally for a limited duration and accompanied by a "*Service Level Agreements*" allowing performance to be evaluated over the life of the contracts.

Ascencio's external managers for France are:

- TERRANAE SAS, with its registered office at Place de la Défense 12, 92400 Courbevoie, registered with the Nanterre Trade & Companies Registry under number 478.511.124;
- NEVEZ, SÀRL, with its registered office in Switzerland at, Chemin Edouard Tavan, 8D, 1206 Geneva, registered with the Geneva Trade & Companies Registry under reference numbers 117793/2012 and Federal CH-660-2690012-8;
- RMB EUROPE SAS, with its registered office at, 54 Boulevard Rodin, 92130 Issy Les Moulineaux registered with the Nanterre Trade & Companies Registry under number 422.281.246;

In France, the external managers' remuneration is partly proportional to the rentals received. The portion not re-invoiceable to tenants amounted to €97,000 incl. tax for the financial year ended 30 September 2018.

Ascencio's external managers for Belgium are:

- PaM's SÀRL, with its registered office at Avenue de Tervueren 242A, 1150 Brussels, registered with the Banque Carrefour des Entreprises under number 0686.856.010.
- SOCIETE DE DEVELOPPEMENT IMMOBILIER-CONSEIL SA (Devimo-Consult for short), with its registered office at Avenue Jules Bordet 142, Brussels 1140, registered with the Banque Carrefour des Entreprises under number 0423.855.455.
- Cushman & Wakefield SNC, with its registered office at Avenue des Arts 56, Brussels 1000, registered with the Banque Carrefour des Entreprises under number 0418.915.383.
- Jacques Berns, a natural person, with his offices at Rue du Dolberg 15, Messancy 6780, registered with the Banque Carrefour des Entreprises under number 0724.427.474.

In Belgium, the external managers' remuneration is partly proportional to the rentals received. The portion not re-invoiceable to tenants amounted to €33,000 incl. tax for the financial year ended 30 September 2018.

Standard Commercial Lease

Ascencio generally enters into commercial lease agreements, preferably for a period of nine years, cancellable in accordance with legal requirements. Rentals are payable in advance at the beginning of each month or quarter. They are indexed each year on the anniversary of the lease agreement.

A provision for charges is stipulated in the lease agreement and adapted if necessary depending on consumption and costs actually incurred. A breakdown of actual charges is sent to tenants each year. Advance property levies and taxes are paid annually after notification to the tenant of the tax advice received by the landlord after any necessary breakdown.

A rental guarantee is required of the tenant in order to safeguard the interests of Ascencio and to guarantee compliance with the obligations imposed by the lease agreement. This guarantee, in the form of a bank guarantee payable on first demand or a deposit in guarantee generally represents three months' rentals.

The formalisation of the lease includes drawing up and mutually agreeing an initial inventory. Ascencio also takes care of transferring the utility meters and registering the lease. Upon expiry of the lease, a final inventory is drawn up in order to assess the amount of any loss or damage.

The tenant may not assign the lease or sub-let the areas without Ascencio's prior agreement in writing. This is given only occasionally except in the case of major chains working either with so-called integrated stores or franchisees. In this case, the franchisor remains jointly and severally liable with its franchisees.

Commercial leases in Belgium are subject to the Law of 30 April 1951 on commercial leases. In France, the status of commercial leases is governed by the French Commercial Code. This Code was recently amended by the so-called "Pinel Law".

In Spain, commercial leases are subject to law 29/1994 of 24 November 1994, the *Ley de Arrendamientos Urbanos* or "Urban Lease Act", abbreviated as "LAU". However this law is merely supplementary to the parties' wishes, which prevail in Spain.

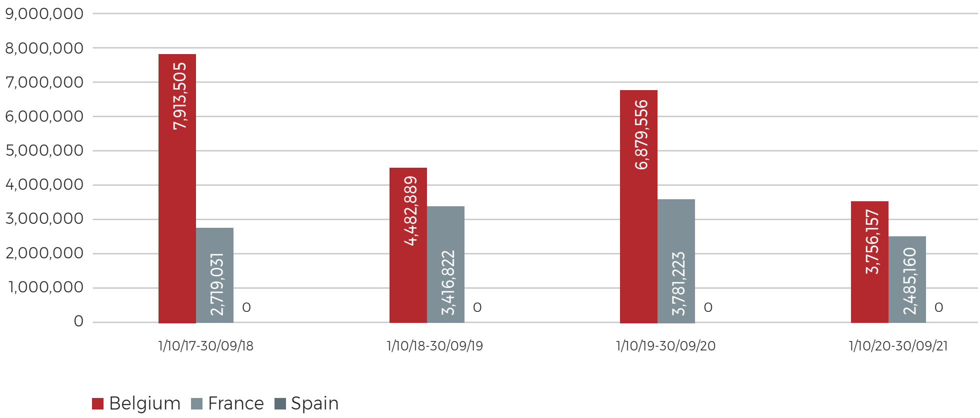
Estimated Rental Value (ERV)

The estimated rental value (ERV) is the value as determined by independent property experts based on their knowledge of the property market taking account of various factors such as location, terms of leases, the quality of the property and market conditions.

For further information on the valuation methods used by the independent property experts and the valuation process, please refer to Note 6 to the Consolidated Financial Statements.

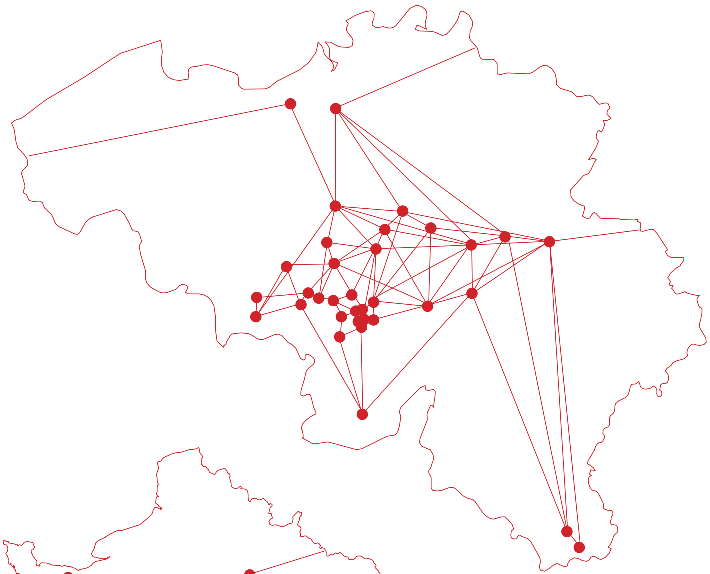
RESIDUAL DURATION OF AGREEMENTS

FIRST POSSIBILITIES OF TRIENNAL TERMINATION AND POTENTIAL LOSSES OF RELATED RENTAL INCOME



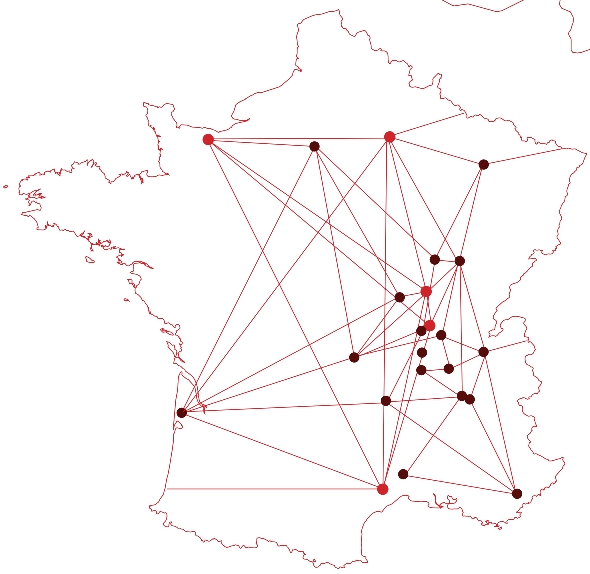
Ascencio's Consolidated Portfolio[6]

PORTFOLIO
BY COUNTRY



Belgium

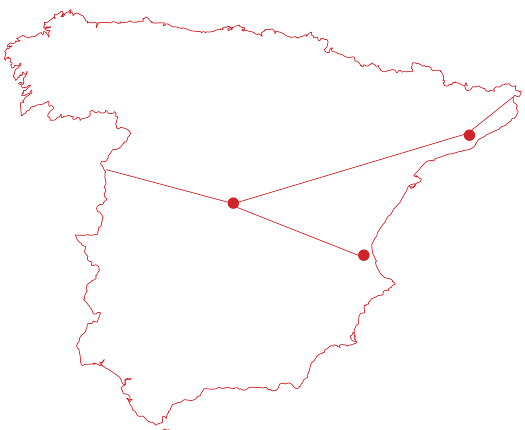
€380 million of fair value
61.4 % of total portfolio
289,674 m²



France

€206 million of fair value
33.2 % of total portfolio
113,991 m²

- Retail park
- "Grand Frais"



Spain

€33 million of fair value
5.4 % of total portfolio
12,253 m²

[6] Reporting the composition of the portfolio of property assets of Ascencio and its subsidiaries on an individual basis, or based on other criteria such as geography, sector or category of user or tenant is not justified.

COMMERCIAL PROPERTIES IN BELGIUM - AVAILABLE FOR RENTAL

SITES (AS AT 30/SEPTEMBER 2018 ALL BELGIAN SITES WERE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPANCY	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
BELGIUM							
Aarschot (3200) Liersesteenweg 21	Property complex comprising two retail outlets	2000	2,955 m²	269	100 %	269	248
Andenne (5300) Avenue Roi Albert	Large food store forming part of a retail complex	2000	2,386 m²	160	100 %	160	179
Anderlecht (1070) Chaussée de Ninove 1024	Furniture retailer	1962	1,061 m²	137	100 %	137	101
Anderlecht (1070) Digue du Canal 112-113	Large food store	2018	1,977 m²	260	100 %	260	257
Auderghem (1160) Chaussée de Wavre 1130	Household appliance store	2006	1,810 m²	283	100 %	283	262
Berchem (2600) Fruithoflaan 85	Large food store	1971	2,685 m²	246	100 %	246	242
Boncelles (4100) Route du Condroz 20-24	Building comprising several chains in a major retail center	1995	3,000 m²	507	100 %	507	437
Boncelles (4100) Rue de Tilff 114	Building comprising several chains in a major retail center	2004	597 m²	119	100 %	119	99
Braine l'Alleud (1420) Place St Sébastien 15	Large food store	1978	1,525 m²	94	100 %	94	114
Bruges (8000) Legeweg 160	Retail area	1995	999 m²	84	100 %	84	80
Chapelle-lez-Herlaimont (7160) Rue de la Hestre 93	Large food store	1973	2,237 m²	203	100 %	203	179
Chatelet (6200) Rue de la Station 55	Large food store	1998	2,500 m²	162	100 %	162	175
Chatelineau (6200) Rue des Prés 45	Large food store	1993	1,924 m²	113	100 %	113	125
Chatelineau (6200) Rue du Trieu-Kaisin	Property complex comprising several chains in a major shopping center	1990	23,183 m²	2,322	100 %	2,322	2,185
Couillet (6010) Chaussée de Philippeville 219	Shopping center with several chains	1970	2,726 m²	265	100 %	265	246

SITES (AS AT 30/SEPTEMBER 2018 ALL BELGIAN SITES WERE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPANCY	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
Couillet (6010) Chaussée de Philippeville 304-317	Small retail outlets forming part of a shopping center	1990	294 m²	39	100 %	39	51
Couillet (6010) Chaussée de Philippeville 329	Shopping center with several chains	2014	17,008 m²	1,803	90 %	1,999	1,892
Courcelles (6180) Rue du 28 Juin	Large DIY store	2005	2,495 m²	172	100 %	172	176
Dendermonde (9200) Heirbaan 159	Large food store	1970	3,090 m²	376	100 %	376	201
Dendermonde (9200) Mechelsesteenweg 24	Building comprising a large food store and a DIY store	1983	4,356 m²	399	100 %	399	357
Deurne (2100) Lakborslei 143-161	Large food store	1992	3,980 m²	0	0 %	0	0
Frameries (7080) Rue Archimède	Large food store	1978	2,180 m²	158	100 %	158	152
Gembloux (5030) Avenue de la Faculté d'Agronomie	Building comprising two retail stores	1976	2,095 m²	191	100 %	191	178
Gent Dampoort (9000) Pilorijstraat 20	Large food store	1960	2,889 m²	311	100 %	311	274
Genval (1332) Square des Papeteries	Shopping center with several chains	2015	10,257 m²	1,540	85 %	1,804	1,716
Gerpinnes (6280) Route de Philippeville 138	Shopping center with several chains	2000	7,981 m²	576	100 %	576	519
Gerpinnes (6280) Route de Philippeville 196	Large food store	1979	3,369 m²	289	100 %	289	335
Gerpinnes Bultia (6280) Rue Neuve 182-184	Retail building comprising two chains	1988	1,500 m²	135	100 %	135	146
Ghlin (7011) Rue du Temple 23	Large food store	1975	1,957 m²	151	100 %	151	127
Gilly (6060) Chaussée de Ransart 252	Large food store	1989	2,725 m²	245	100 %	245	232
Gosselies (6041) Rue Vandervelde 67	Large food store	1972	1,323 m²	72	100 %	72	79
Gozée (6534) Rue de Marchienne 120A	Large food store	1977	2,431 m²	180	100 %	180	207
Hamme Mille (1320) Chaussée de Louvain 27	Shopping center with several chains	2013	3,696 m²	308	88 %	350	340
Hannut (4280) Route de Huy 54	Shopping center with several chains	1986	9,719 m²	617	72 %	860	892
Hannut (4280) Route de Landen	Property complex comprising three retail outlets	2000	3,431 m²	359	100 %	359	319

SITES (AS AT 30/SEPTEMBER 2018 ALL BELGIAN SITES WERE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPANCY	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
Hannut (4280) Route de Landen	Property complex comprising two retail outlets	2000	1,888 m²	163	100 %	163	195
Hoboken (2660) St Bernardsesteenweg 586	Large food store	1988	4,620 m²	429	100 %	429	347
Huy (4500) Quai d'Arona 19A	Commercial building	2002	1,969 m²	181	100 %	181	158
Jambes (5100) Rue de la Poudrière 14	Shopping center with several chains	1986	2,760 m²	203	100 %	203	220
Jemappes (7012) Av. Maréchal Foch 934	Shopping center with several chains	1966	9,926 m²	627	95 %	663	583
Jemeppe s/Sambre (5190) Route de la Basse Sambre 1	Shopping center with several chains	2006	1,553 m²	142	100 %	142	141
Jodoigne (1370) Rue du Piétrain 61A	Large food store	1987	2,245 m²	148	100 %	148	168
Jumet (6040) Rue de Dampremy	Large food store	1975	1,730 m²	168	100 %	168	130
Kortrijk (8500) Gentsesteenweg 50-56	Large food store	1965	2,309 m²	224	100 %	224	196
La Louvière (7100) Avenue de la Wallonie 5	Household appliance store	1991	1,000 m²	96	100 %	96	90
La Louvière (7100) Rue de la Franco Belge	Property complex comprising several chains in a major shopping center	1990	24,758 m²	2,562	100 %	2,562	2,328
Laeken (1020) Rue Marie-Christine 185-191	Retail building comprising several chains	2001	1,638 m²	299	100 %	299	256
Lambusart (6220) Route de Fleurus et Wainage	Large food store	1976	2,600 m²	125	100 %	125	156
Leuze (7900) Avenue de l'Artisanat 1	Retail complex comprising household goods chains	2006	3,463 m²	206	75 %	275	259
Liège (4000) Rue du Laveu 2-8	Shopping center comprising a retail outlet and a DIY store	1991	2,290 m²	154	100 %	154	160
Loverval (6280) Allée des Sports 11	Retail complex notably including a DIY store	2002	5,621 m²	450	100 %	450	420
Marchienne au Pont (6030) Rue de l'Hôpital 3-5	Large food store	1976	2,010 m²	147	100 %	147	131
Messancy (6780) Route d'Arlon	Property complex comprising several chains in a major shopping center	2001	19,482 m²	870	87 %	998	921

SITES (AS AT 30/SEPTEMBER 2018 ALL BELGIAN SITES WERE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPANCY	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
Morlanwelz (7140) Rue Pont du Nil	Shopping center with several chains	2004	3,951 m²	344	100 %	344	349
Nivelles (1400) Avenue du Centenaire 6-8	Large food store	1983	3,308 m²	244	100 %	244	265
Ottignies (1340) Avenue Provinciale 127	Large food store	1984	2,127 m²	164	100 %	164	180
Philippeville (5600) Rue de France 47	Large food store	1989	1,677 m²	190	100 %	190	168
Philippeville (5600) Rue de Neuville	Household appliance store	2003	1,228 m²	119	100 %	119	114
Rocourt (4000) Chaussée de Tongres	Property complex comprising several chains in a major shopping center	1990	7,367 m²	564	100 %	564	700
Saint-Vaast (7100) Avenue de l'Europe	Large food store	1980	2,026 m²	154	100 %	154	142
Schelle (2627) Boomsesteenweg 35	Sports store	1993	5,375 m²	545	100 %	545	538
Sint Niklaas (9100) Stationstraat 16-24	Downtown retail spaces	1988	1,031 m²	145	100 %	145	154
Soignies (7060) Rue du Nouveau Monde	Large food store	1975	2,899 m²	226	100 %	226	246
Tournai (7500) Rue de la Tête d'Or 22-24	Large food store	1958	2,713 m²	488	100 %	488	217
Trazegnies (6183) Rue de Gosselies 76	Large food store	1974	2,869 m²	109	100 %	109	201
Tubize (1480) Rue du Pont Demeur	Out-of-town retail complex comprising two outlets	2002	3,043 m²	292	100 %	292	285
Turnhout (2300) Korte Gasthuistraat	Large food store	1966	2,503 m²	494	100 %	494	288
Uccle (1180) Avenue de Fré 82	Shopping arcade located on major thoroughfare	1970	4,170 m²	346	80 %	430	440
Walcourt (5650) Rue de la Forge 34	Large food store	2004	1,680 m²	145	100 %	145	143
Waremme (4300) Chaussée Romaine 189	Large food store	2003	2,043 m²	138	100 %	138	163
Wavre (1300) Avenue des Princes 9	Large food store	1986	2,358 m²	174	100 %	174	224
TOTAL RETAIL SITES BELGIUM			**282,571 m²**	**25,220**	**96.0 %**	**26,283**	**24,798**

COMMERCIAL PROPERTIES IN FRANCE - AVAILABLE FOR RENTAL

SITES (AT 30 SEPTEMBER 2018, THE FRENCH SITES WERE HELD BY 100 % SUBSIDIARIES OR BY THE FRENCH BRANCH OF ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPANCY	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
FRANCE							
Bourgoin Jallieu Rue Edouard Branly 1 (held by par la SCI La Pierre de l'Isle)	Property complex comprising three retail outlets	1975	4,961 m²	454	100 %	454	454
Brives Charensac (43700) Avenue Charles Dupuy 127 (held by SCI Candice Brives)	Large food store	2006	1,576 m²	255	100 %	255	255
Chalon sur Saône (71100) Rue René Cassin (held by SCI Les Portes du Sud)	Retail Park	2010	11,675 m²	1,309	98 %	1,339	1,352
Chanas Lieu dit Les Etises (held by SCI du Rond Point)	Property complex comprising two retail outlets	1997	1,750 m²	112	100 %	112	112
Chasse-sur-Rhône (38670) Lieudit les Charneveaux - Rue Pasteur (held by SCI du Rond Point)	Large food store	2002	1,394 m²	315	100 %	315	285
Choisey Rue du Mail - Zone Le Paradis (held by SCI Seynod Barral)	Large food store	2005	1,510 m²	324	100 %	324	303
Clermont Ferrand (63100) Rue Keppler 1 (held by SCI Clermont St Jean)	Large food store	2006	1,538 m²	311	100 %	311	298
Cormontreuil (51350) Avenue des Goisses (held by French branch)	Retail Park	2008	13,471 m²	1,426	100 %	1,426	1,372
Crèches-sur-Saône (71150) ZAC des Bouchardes (held by French branch)	Retail Park	2009	11,618 m²	1,332	97 %	1,372	1,349
Crèches-sur-Saône (71150) ZAC des Bouchardes (held by SCI Les Halles de Crèches)	Large food store	2009	1,403 m²	196	100 %	196	192
Echirolles (38130) Avenue de Grugliasco 13 (held by SCI Echirolles Grugliasco)	Large food store	2006	1,742 m²	338	100 %	338	319
Essey-lès-Nancy (57270) ZAC du Tronc qui Fume (held by SCI ZTF Essey les Nancy)	Large food store	2007	1,460 m²	227	100 %	227	227
Guyancourt (78280) Rt. de Dampierre et rue Denis Papin (held by SCI GFDI 37 Guyancourt)	Large food store	2015	1,794 m²	563	100 %	563	563
Houdemont (54180) Avenue des Erables 6 (held by French branch)	Household appliance store	2014	7,000 m²	600	100 %	600	650

SITES (AT 30 SEPTEMBER 2018, THE FRENCH SITES WERE HELD BY 100 % SUBSIDIARIES OR BY THE FRENCH BRANCH OF ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPANCY	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
Isle d'Abeau (38080) ZAC St Hubert - Secteur les Sayes (held by SCI La Pierre de l'Isle)	Large food store	2006	1,226 m²	250	100 %	250	229
Isle d'Abeau (38080) ZAC St Hubert - Secteur les Sayes (held by SCI La Pierre de l'Isle)	Property complex comprising two retail outlets	2013	1,050 m²	148	100 %	148	148
Le Cannet (06110) Boulevard Jean Moulin 17-21 (held by SCI Cannet Jourdan)	Large food store	2007	1,408 m²	271	100 %	271	262
Le Creusot (71200) Avenue de la République 83 (held by SCI Harfleur 2005)	Large food store	2006	1,545 m²	215	100 %	215	187
Le Pontet (84130) Chemin du Périgord 6 (held by French branch)	Retail Park	2012	6,185 m²	235	100 %	235	324
Lozanne (69380) Lieudit Vavre (held by SCI Les Halles de Lozanne)	Large food store	2010	1,585 m²	233	100 %	233	220
Marsannay-La-Côte (21160) Allée du Docteur Lépine (held by SCI de la Côte)	Large food store	2010	1,649 m²	269	100 %	269	239
Nîmes (30900) Route de Saint Gilles 1245 (held by SCI du Mas des Abeilles)	Large food store	2003	1,511 m²	222	100 %	222	210
Rots (14980) Delle de la Croix (held by French branch)	Retail Park	2011	19,629 m²	2,222	100 %	2,222	2,181
Saint Aunes (34130) Rue des Tamaris 200 (held by SCI Saint Aunès Retail Parc)	Retail Park	2012	9,726 m²	1,210	100 %	1,210	1,194
Seynod Barral (74600) ZI de Vovray Avenue Zanaroli 18 (held by SCI Seynod Barral)	Large food store	2004	1,062 m²	206	100 %	206	206
Seyssins (38180) Rue Henri Dunant 2 (held by SCI Kevin)	Large food store	1992	1,195 m²	199	100 %	199	191
Teste de Buch (33260) Avenue de Binghampton (held by SCI GFDI 62 La Teste de Buch)	Large food store	1997	1,922 m²	323	100 %	323	323
Viriat (01440) Rue du Plateau (held by SCI Viriat la Neuve)	Large food store	2009	1,406 m²	178	100 %	178	178
TOTAL RETAIL SITES FRANCE			**113,991 m²**	**13,943**	**99.5 %**	**14,013**	**13,823**

COMMERCIAL PROPERTIES IN SPAIN - AVAILABLE FOR RENTAL

SITES (AS AT 30 SEPTEMBER 2018 ALL SPANISH SITES WERE HELD BY ASCENCIO IBERIA SAU, A FULLY-OWNED SUBSIDIARY OF ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPANCY	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
SPAIN							
Sant Boi (08830, Barcelona) Centro Comercial Sant Boi C/ Hortells, 6-8	Retail area	2003	3,479 m²	630	100 %	630	631
San Sebastián de los Reyes (28703, Madrid) Centro Comercial Megapark Plaza del Comercio, 2	Retail area	2002	3,683 m²	759	100 %	759	819
Aldaia (46960, Valencia) Parque Comercial Bonaire Carretera N-III, Km. 345	Retail area	2005	5,091 m²	581	100 %	581	526
TOTAL RETAIL SITES SPAIN			**12,253 m²**	**1,970**	**100.0 %**	**1,970**	**1,976**

NON-COMMERCIAL PROPERTIES - AVAILABLE FOR RENTAL

SITES (AT 30 SEPTEMBER 2018 ALL NON-COMMERCIAL SITES WERE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION/ RENOVATION	SURFACE	CONTRACTUAL RENT (€000s)	% OCCUPATION	CONTRACTUAL RENT + ERV ON VACANT (€000s)	ESTIMATED RENTAL VALUE (ERV) (€000s)
BELGIUM							
Gosselies Aéropole (6041) Avenue Jean Mermoz	Semi-industrial buildings and offices	1992	6,807 m²	440	100 %	440	374
Hannut (4280) Route de Huy 54	Apartments	1986	296 m²	19	100 %	19	18
TOTAL OTHERS BELGIUM			**7,103 m²**	**459**	**100.0 %**	**459**	**392**
TOTAL PORTFOLIO			**415,918 m²**	**41,592**	**97.3 %**	**42,725**	**40,990**

Reporting the composition of the portfolio of property assets of Ascencio and its subsidiaries on an individual basis, or based on other criteria such as geography, sector or category of user or tenant is not justified.

The following assets and property complexes each represent more than 5 % of the consolidated assets of the Company and its subsidiaries:

- the Châtelineau retail park (BE). The main tenants are Decathlon, Brico Plan it, Quick, Tournesol;
- the La Louvière retail park (BE). The main tenants are Brico Plan it, Sportsdirect.com, Leenbakker, Mc Donald's;
- the Couillet Bellefleur retail park (BE). The main tenants are Krëfel, Orchestra, Action, Luxus Maniet, Ava papier;
- the Caen retail park (FR). The main tenants are Decathlon, Kiabi, Darty, Intersport, Foirfouille, Gémo.

The Company does not hold any property complex representing more than 20 % of its consolidated assets.

Experts' report[7]

Brussels 30 September 2018.

Dear Sir, Dear Madam:

In accordance to the article 47 of the law of 12 May 2014 on the Belgian Real Estate Investment Trusts (SIR/GVV), you asked Jones Lang LaSalle, CBRE and Cushman & Wakefield to value the buildings situated in Belgium, in France and in Spain and belonging to the BE-REIT.

Our mission has been realized in complete independence.

In accordance with established practice, our mission has been realised based on the information communicated by Ascencio regarding rental condition, charges and taxes carried by the lessor, work to be realized, as well as all other elements that might influence the value of the buildings. We suppose this information to be exact and complete. As stated explicitly in our valuation reports, this does not include in any way the valuation of structural and technical quality of the building, nor an analysis of the presence of any harmful material. These elements are known by Ascencio, that manages its portfolio in a professional manner and carries a technical and juridical due diligence before the acquisition of each building.

Every building has been visited by the experts. The details of our calculations, our comments on the real estate market and the conditions of our engagement are put in attachment. The experts work with the software "Circle Investment Valuer" or Excel.

The investment value can be defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The experts have adopted two different methods: the "Term and Reversion" method and the "Hardcore" method. Besides, they also did a control in terms of price per m^2.

According to the "Term and Reversion" method, the capitalization of the revenues takes into account the actual revenue until the end of the current contract, and then takes the estimated rental value in perpetuity. According to the "Hardcore" method, the estimated rental value is capitalized in perpetuity before looking at adjustments that take into account surfaces that are rented below or above their rental value, void, etc.

The yield, used for both methods, represents the expected yield for investors for this kind of properties. It reflects the intrinsic risks of the good and the sector (future void, credit risk, maintenance obligations, etc.). To determine this yield, experts based themselves on the most comparable transactions and current transactions in their investment department.

When there are unusual factors or specific factors applicable to a property, corrections will be applied (important renovations, non-recoverable costs…).

The sale of a property is in theory subjected to transaction costs. This amount depends among others on the method of transfer, the type of buyer and the geographic location of the property. This amount is known once the sale is closed. As independent real estate experts we can admit that based on a representative sample of transactions in the market between 2002 and 2005 (and recently revised for the period 2013-2016), the weighted average of the costs (average of the transaction costs) was 2.5 % (for goods with a net value superior to €2,500,000).

[7] Letter from the property experts of 30 September 2018 reproduced verbatim with their agreement.

The properties are considered as a portfolio.

Transaction costs for buildings located in France are generally 1.8 % when the building is less than five years old and 6.9 % otherwise.

Based on the remarks in the foregoing paragraphs, we confirm that the investment value of the real estate portfolio of Ascencio on 30 September 2018 amounts to:

€642,266,000

(Six hundred forty-two million two hundred sixty-six thousand euro)

This amount takes into account the value attributed to the buildings valued by the companies CBRE, Jones Lang LaSalle and Cushman & Wakefield.

After deduction of respectively 2.5 % for buildings located in Belgium (average rate of transaction costs defined by the experts of the BE-REITS), 1.8 %/6.9 % for buildings located in France and 2.5 % for buildings located in Spain, as transaction cost on the investment value, we obtain a Fair Value of:

€619,029,000

(Six hundred nineteen million and twenty-nine thousand euro)

This amount takes into account the value attributed to the buildings valuated by the companies CBRE, Jones Lang LaSalle and Cushman & Wakefield.

We stay at your entire disposition if any questions about the report would remain. In the meantime we offer you our kind salutations.

Ardalan Azari

Associate
Valuation & Advisory

Cushman & Wakefield Belgium

Rod Scrivener MRICS

Director
Valuations and Consulting

Jones Lang LaSalle

Pieter Paepen MRICS

Senior Director
Valuation Services

CBRE

Tony Loughran MRICS

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Cushman & Wakefield Spain

Valérie Parmentier MRICS

Director – Valuation France

Cushman & Wakefield France

Christophe Adam MRICS

Regional Director

Jones Lang LaSalle Expertises France

Summary of the consolidated financial statements

CONSOLIDATED RESULTS FOR FINANCIAL YEAR 2017/2018

CONSOLIDATED RESULTS (€000s)	30/09/2018	30/09/2017
RENTAL INCOME	**40,954**	**40,782**
Rental related charges	50	-330
Taxes and charges not recovered	-120	-155
PROPERTY RESULT	**40,884**	**40,297**
Property charges	-2,575	-2,694
Corporate overheads	-4,383	-3,397
Other income and operating costs	-15	10
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**33,912**	**34,216**
Operating margin[1]	82.8 %	83.9 %
Financial income	0	3
Net interest charges	-6,370	-7,165
Other financial charges	-410	-370
Taxes	-404	-417
EPRA EARNINGS[1]	**26,728**	**26,268**
Net gains and losses on disposals of investment properties	-15	0
Change in the fair value of investment properties	4,141	8,573
Other result on the portfolio	0	0
Portfolio result	4,126	8,573
Change in fair value of financial assets and liabilities	3,292	6,584
Exit Tax	0	0
Taxes on net gains and losses on disposals of investment properties	0	-40
Deferred tax	-122	-187
NET RESULT	**34,024**	**41,197**
EPRA EARNINGS PER SHARE[1]	**4.05**	**4.04**
EARNINGS PER SHARE (EPS)[1]	**5.16**	**6.34**
Number of shares	**6,595,985**	**6,497,594**

[1] Alternative Performance Measure (APM). See glossary at the end of the financial report.

Rental income for the year was up 0.4 % at €40.95 million compared with €40.78 million for the previous financial year.

Rental income for the year was up by 0.4 % at €40.95 million compared with €40.78 million for the previous financial year.

The following table shows rental income by country:

RENTAL INCOME (€000s)	30/09/2018		30/09/2017	
Belgium	25,240	62 %	25,070	61 %
France	13,803	34 %	13,911	34 %
Spain	1,912	5 %	1,801	4 %
TOTAL	**40,954**	**100 %**	**40,782**	**100 %**

On a like-for-like basis, rental income on the whole portfolio was down by 0.2 %. By country, the change on a like-for-like basis was as follows:

- Belgium: 0.0 %
- France: -1.3 %
- Spain: +6.2 %

The property result amounted to €40.9 million (up by 1.5 % on the year to 30 September 2017).

After deduction of property charges and corporate overheads, the **operating result before result on portfolio** was €33.91 million (€34.22 million for the year to 30 September 2017). **The operating margin**[2] came to 82.8%.

The decline in operating result was due to the due diligence and structuring costs of a major investment project studied during the third quarter of the financial year which did not come to fruition. These non-recurring costs amounted to €0.83 million.

Net interest charges, including the cash flows generated by interest rate hedging instruments, amounted to €6.37 million (11.1 % down on the previous financial year).

The **average cost of debt**[2] (2.69 % including margins and the cost of hedging instruments) was down compared with the year ended 30 September 2017 (2.94 %).

After deducting taxes on result from properties held in France and Spain and the subsidiary Rix Retail SA (owner of the Papeteries de Genval shopping centre), **EPRA earnings**[2] amounted to €26.73 million for the financial year ended 30 September 2018, compared with €26.27 million for the year to 30 September 2017.

Non-monetary items in the income statement comprised:

- +€4.1 million representing the change in fair value of investment properties (IAS 40) as a result of the higher appraisal values of the properties;
- +€3.3 million increase in the fair value of interest rate hedging instruments (IAS 39);
- -€0.1 million of deferred taxes relating to the deferred taxation (5 % withheld at source) of unrealised capital gains on French assets.

Net result came to €34.02 million, compared with €41.20 million for the year ended 30 September 2017.

[2] Alternative Performance Measure (APM). See glossary at the end of the financial report.

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2018

CONSOLIDATED BALANCE SHEET (€000s)	30/09/2018	30/09/2017
ASSETS	**631,258**	**625,414**
Investment properties	619,029	613,317
Other non-current assets	2,193	2,877
Trade receivables	4,307	4,000
Cash and cash equivalents	4,027	2,919
Other current assets	1,703	2,301
EQUITY AND LIABILITIES	**631,258**	**625,414**
Equity	364,026	346,281
Non-current financial debts	132,772	185,455
Other non-current liabilities	10,254	13,656
Current financial debts	114,698	69,183
Other current liabilities	9,508	10,839
DEBT RATIO (*)	**40.8 %**	**42.6 %**

(*) Calculated in accordance with the Royal Decree of 13 July 2014, as amended by the Royal Decree of 23 April 2018, on B-REITs.

Assets

At 30 September 2018, investment property was valued at its fair value (as defined by IAS 40) for an amount of €619.0 million, representing 98.1 % of consolidated assets, of which:

- €380.1 million for properties located in Belgium;
- €205.6 million for properties located in France;
- €33.3 million for properties located in Spain.

Liabilities & Equity

Financial debt amounted to €247.5 million (compared with €254.6 million as at 30 September 2017), of which:

- €132.8 million at more than one year;
- €114.7 million at less than one year.

Financial debts at less than one year consisted of:

- an amount of €50.0 million in commercial paper issued under a €50.0 million programme put in place in June 2016 with a view to reducing the company's average cost of financing;
- €64.7 million in credit lines maturing during financial year 2018/2019, of which €25.0 million have already been renewed.

The Company's debt ratio stood at 40.8 % at 30 September 2018 as against 42.6 % at 30 September 2017.

At 30 September 2018, Ascencio still had investment capacity of some €115 million before reaching the 50 % debt ratio threshold (before appropriation of profit).

At 30 September 2018, the occupancy rate of the portfolio stood at 97.3 %, compared with 97.0 % at 30 September 2017. Over the course of the past financial year, Ascencio re-let practically all the unoccupied floor space in its French property portfolio, bringing the occupancy rate to 99.5 % compared with 96.7 % at 30 September 2017.

PROPERTY PORTFOLIO AS AT 30 SEPTEMBER 2018

At 30 September 2018, the fair value of the property portfolio amounted to €619.0 million compared to €613.3 million as of September 30, 2017.

(€000s)	30/09/2018	30/09/2017
BALANCE AT BEGINNING OF THE PERIOD	**613,317**	**572,132**
Acquisitions	4,930	32,612
Disposals	-3,359	0
Transfer from assets held for sale	0	0
Change in fair value	4,141	8,573
BALANCE AT THE END OF THE PERIOD	**619,029**	**613,317**

Investments during the financial year:

During the financial year, Ascencio made €4.9 million of investments. These concerned:

- acquisition of the 1,963 m² store operated by Mr. Bricolage in the Bellefleur retail park in Couillet;
- completion of construction work on the Carrefour Market supermarket in Anderlecht as part of the Nautilus project;
- construction of an extension to the Grand Frais store in Chasse-sur-Rhône..

Divestments during the financial year:

On 9 March 2018, Ascencio sold the 9,259 m² mixed (offices and warehouse) property located in Overijse, in the context of its strategy of disposal of non-strategic assets.

Change in value on a like-for-like basis:

On a like-for-like basis, the fair value of the property portfolio increased by 0.6 % relative to 30 September 2017.

Geographical distribution of the portfolio:

As at 30 September 2018, the breakdown of the portfolio (not counting development projects) among the three countries in which Ascencio operates was as follows:

COUNTRY	INVESTMENT VALUE (€000s)	FAIR VALUE		CONTRACTUAL RENTS (€000s)	OCCUPANCY RATE (%)	GROSS YIELD (%)
		(€000s)	(%)			
Belgium	389,634	380,094	61.4 %	25,681	96.0 %	6.59 %
France	218,211	205,635	33.2 %	13,942	99.5 %	6.39 %
Spain	34,421	33,300	5.4 %	1,970	100.0 %	5.72 %
TOTAL	**642,266**	**619,029**	**100 %**	**41,593**	**97.3 %**	**6.48 %**

CONSOLIDATED DATA PER SHARE

NUMBER OF SHARES	30/09/2018	30/09/2017
Weighted average number of shares	6,595,985	6,497,594
Total number of existing shares	6,595,985	6,497,594

CONSOLIDATED RESULT PER SHARE (EUROS)	30/09/2018	30/09/2017
EPRA EARNINGS per share (€)	4.05	4.04
Earnings per share (EPS) (€)	5.16	6.34

	30/09/2018	30/09/2017
Net asset value (NAV) (€000s)	364,026	346,281
NAV per share (€)	**55.19**	**53.29**
Restatements :		
Deferred tax (€000s)	3,357	3,235
Fair value of hedging instruments (IRS and CAP) (€000s)	4,238	7,530
Net asset value (NAV) EPRA (€000s)	**371,620**	**357,046**
Number of shares	6,595,985	6,497,594
Net asset value (NAV) EPRA per share (€)	**56.34**	**54.95**

Increase of gross dividend by 3 %.

APPROPRIATION OF PROFIT FOR THE FINANCIAL YEAR

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 31 January 2019 that it approve the financial statements for the year ended 30 September 2018 (a summary of which is given in the section headed "Summary of the annual statutory accounts" in this Annual Report) and the distribution of a gross dividend of €3.40 per share.

Based on this proposal, the net statutory profit would be appropriated as shown in the following table:

PROPOSED APPROPRIATION (€000s)		30/09/2018	30/09/2017
A	**NET RESULT**	**34,024**	**41,197**
B	**TRANSFERS TO/FROM RESERVES**	**11,598**	**19,755**
1.	Transfer to/from reserves of net change in fair value of property assets (-/+)	4,141	8,572
	- accounting financial year	4,141	8,572
	- previous financial years	0	0
	- realisation of property assets	0	0
2.	Transfer to/from reserves of transaction costs resulting from hypothetical disposal of investment properties (-/+)	0	0
3.	Transfer to reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (-)	0	0
4.	Transfer from reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (+)	0	0
5.	Transfer to reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (-)	3,292	6,584
	- accounting financial year	3,292	6,584
	- previous financial years	0	0
6.	Transfer from reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (+)	0	0
	- accounting financial year	0	0
	- previous financial years	0	0
7.	Transfers to/from reserves of net differences on conversion of monetary assets and liabilities (-/+)	0	0
8.	Transfers to/from reserves of fiscal latencies related to investment properties abroad (-/+)	0	0
9.	Transfers to/from reserves of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10.	Transfers to/from reserves	4,165	4,599
11.	Transfer to/from the result carried forward of the previous years	0	0
C	**REMUNERATION OF CAPITAL (ART. 13, SECTION 1, PARA. 1)**	**12,334**	**21,033**
D	**REMUNERATION OF CAPITAL - OTHER THAN C**	**10,093**	**409**

In this way the Statutory Manager aims to maintain a dividend distribution policy based on the EPRA Earnings of the Company.

	30/09/2018	30/09/2017	30/09/2016
EPRA Earnings per share (€)	4.05	4.04	3.95
Gross dividend[1] per share	3.40	3.30	3.20

[1] For 2017/2018, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2019.

The proposed dividend complies with the provisions of Article 13, section 1, para. 1 of the Royal Decree of 13 July 2014 on B-REITs:

OBLIGATION TO DISTRIBUTE AS PER ROYAL DECREE OF 13 JULY 2014, AS AMENDED BY THE ROYAL DECREE OF 23 APRIL 2018, ON B-REITS		30/09/2018	30/09/2017
STATUTORY NET RESULT		**34,024**	**41,197**
(+)	Depreciation	61	65
(+)	Reductions in value	-24	185
(+/-)	Other non-monetary items (Change in value of financial interests)	-3,358	-2,413
(+/-)	Other non-monetary items (Change in value of financial instruments)	-3,292	-6,584
(+/-)	Other non-monetary items	0	0
(+/-)	Net gains/(losses) on disposals of property assets	15	0
(+/-)	Change in fair value of property assets	-783	-6,159
= CORRECTED RESULT (A)		**26,643**	**26,291**
(+/-)	Capital gains and losses realised(*) on property assets during the financial year	-3,749	0
(-)	Capital gains realised(*) on property assets during the financial year, exonerated from the distribution obligation, subject to reinvestment within 4 years	0	0
(+)	Capital gains realised on property assets earlier, exonerated from the distribution obligation and not reinvested within 4 years	0	0
	= NET CAPITAL GAINS ON THE REALISATION OF PROPERTY ASSETS NON-EXONERATED FROM THE DISTRIBUTION OBLIGATION (B)	**-3,749**	**0**
TOTAL ((A + B) x 80 %)		**18,315**	**21,033**
(-)	REDUCTION IN BORROWINGS	-5,982	0
OBLIGATION TO DISTRIBUTE		**12,334**	**21,033**
AMOUNT DISTRIBUTED		**22,426**	**21,442**
(*) Relative to the acquisition value plus capitalised renovation costs.			
% OF CORRECTED RESULT DISTRIBUTED		**84.17 %**	**81.56 %**

The following table shows equity not distributable under Article 617 of the Companies Code:

	30/09/2018	30/09/2017
Paid-up capital, or if greater, subscribed capital (+)	38,659	38,069
Share premium account unavailable for distribution according to the Articles of Association (+)	253,353	248,975
Reserve for the positive balance of changes in fair value of property assets (+)	47,086	39,096
Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties (-)	-10,221	-10,389
Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (+/-)	-4,451	-7,743
Equity not distributable under Article 617 of the Companies Code	**324,427**	**308,008**
Statutory equity after distribution	**341,435**	**324,674**
Remaining margin after distribution	**17,008**	**16,666**

EPRA

EPRA (the European Public Real Estate Association) is the voice of Europe's publicly traded real estate sector, representing more than 250 members and over €430 billion in real estate assets.

EPRA publishes recommendations for defining the main performance indicators applicable to listed real-estate companies. These recommendations are included in the report entitled "EPRA Reporting: Best Practices Recommendations Guidelines" ("EPRA Best Practices"). This report is available on the EPRA website (www.epra.com).

Since October 2017 Ascencio has been part of this move to standardise financial reporting with a view to improving the quality and the comparability of the information for investors.

On 5 September 2018 Ascencio received the EPRA Gold Award for its 2017/2018 annual financial report.

EPRA KEY PERFORMANCE INDICATORS

			30/09/2018	30/09/2017
1	EPRA Earnings (€000s) EPRA Earnings per share (€)	Earnings from operational activities.	26,728 4.05	26,268 4.04
2	EPRA NAV (000 EUR) EPRA NAV per share (€)	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.	371,620 56.34	357,046 54.95
3	EPRA NNNAV ((€000s) EPRA NNNAV per share (€)	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	363,043 55.04	344,604 53.04
4	EPRA Net Inital Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchaser's costs.	6.15 %	6.19 %
5	EPRA Topped-up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents.	6.22 %	6.24 %
6	EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	2.76 %	3.13 %
7	EPRA Cost Ratio (including direct vacancy costs)	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	17.20 %	16.10 %
8	EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.	16.37 %	15.41 %

These data are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The auditor verified (through a limited review) whether these data EPRA are calculated according to the definitions included in the EPRA Best Practices Recommendations Guidelines and whether the financial data used in the calculation of these figures comply with the accounting data included in the audited consolidated financial statements.

EPRA EARNINGS

(€000s)	30/09/2018	30/09/2017
EARNINGS (OWNERS OF THE PARENT) PER IFRS INCOME STATEMENT	**34,024**	**41,197**
ADJUSTMENTS TO CALCULATE EPRA EARNINGS	**-7,296**	**-14,930**
(i) Change in value of investment properties, development properties held for investment and other interests	-4,141	-8,573
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	15	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	40
(v) Negative Goodwill / Goodwill impairment	0	0
(vi) Change in fair value of financial instruments and associated close-out costs	-3,292	-6,584
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustements	122	187
(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)	**26,728**	**26,268**
Number of shares	6,595,985	6,497,594
EPRA EARNINGS PER SHARE (EPRA EPS - €/SHARE)	**4.05**	**4.04**

EPRA NET ASSET VALUE (NAV)

(€000s)	30/09/2018	30/09/2017
NAV PER THE FINANCIALS STATEMENTS (OWNERS OF THE PARENT)	**364,026**	**346,281**
Number of shares	6,595,985	6,497,594
NAV PER THE FINANCIALS STATEMENTS (€/SHARE) (OWNERS OF THE PARENT)	**55.19**	**53.29**
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	**364,026**	**346,281**
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	4,238	7,530
(v.a) Deferred tax	3,357	3,235
(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)	**371,620**	**357,046**
Number of shares	6,595,985	6,497,594
EPRA NAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)	**56.34**	**54.95**

EPRA TRIPLE NET ASSET VALUE (NNNAV)

(€000s)	30/09/2018	30/09/2017
EPRA NAV (OWNERS OF THE PARENT)	371,620	357,046
Include:	**-8,577**	**-12,442**
(i) Fair value of financial instruments	-4,238	-7,530
(ii) Fair value of debt	-983	-1,677
(iii) Deferred tax	-3,357	-3,235
EPRA NNNAV (OWNERS OF THE PARENT)	363,043	344,604
Number of shares	6,595,985	6,497,594
EPRA NNNAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)	55.04	53.04

EPRA NET INITIAL YIELD (NIY) AND EPRA TOPPED-UP NIY

(€000s)	30/09/2018			
	Belgium	France	Spain	TOTAL
Investment properties in fair value	380,094	205,635	33,300	619,029
Properties held for sale (+)	0	0	0	0
Developments (-)	0	0	0	0
PROPERTIES AVAILABLE FOR LEASE	380,094	205,635	33,300	619,029
Allowance for estimated purchasers' costs (+)	9,540	12,577	1,121	23,237
GROSS UP COMPLETED PROPERTY PORTFOLIO VALUATION	389,634	218,212	34,421	642,266
Annualised cash passing rental income (+)	25,383	13,942	1,970	41,296
Property outgoings[1] (-)	-1,447	-368	0	-1,815
ANNUALISED NET RENTS	23,936	13,574	1,970	39,480
Add : notional rent expiration of rent free periods or other lease incentives (+)	298	181	0	479
TOPPED-UP NET ANNUALISED RENT	24,234	13,755	1,970	39,960
EPRA NIY (%)	6.14 %	6.22 %	5.72 %	6.15 %
EPRA TOPPED-UP NIY (%)	6.22 %	6.30 %	5.72 %	6.22 %

[1] The scope of the real-estate charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "real-estate charges" as presented in the consolidated IFRS accounts.

(€000s)	30/09/2017			
	Belgium	France	Spain	TOTAL
Investment properties in fair value	381,191	203,203	28,923	613,317
Properties held for sale (+)	0	0	0	0
Developments (-)	-3,624	0	0	-3,624
PROPERTIES AVAILABLE FOR LEASE	**377,567**	**203,203**	**28,923**	**609,693**
Allowance for estimated purchasers' costs (+)	13,823	12,378	723	26,925
GROSS UP COMPLETED PROPERTY PORTFOLIO VALUATION	**391,390**	**215,582**	**29,646**	**636,618**
Annualised cash passing rental income (+)	25,481	13,664	1,823	40,967
Property outgoings1 (-)	-1,158	-375	0	-1,533
ANNUALISED NET RENTS	**24,323**	**13,289**	**1,823**	**39,434**
Add : notional rent expiration of rent free periods or other lease incentives (+)	227	83	0	310
TOPPED-UP NET ANNUALISED RENT	**24,550**	**13,372**	**1,823**	**39,745**
EPRA NIY (%)	**6.21 %**	**6.16 %**	**6.15 %**	**6.19 %**
EPRA TOPPED-UP NIY (%)	**6.27 %**	**6.20 %**	**6.15 %**	**6.24 %**

[1] The scope of the real-estate charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "real-estate charges" as presented in the consolidated IFRS accounts.

EPRA VACANCY RATE

(€000s)	30/09/2018			
	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	1,062	70	0	1,132
Estimated rental value (ERV) of total portfolio	25,190	13,823	1,976	40,989
EPRA VACANCY RATE (%)	**4.22 %**	**0.51 %**	**0.00 %**	**2.76 %**

(€000s)	30/09/2017			
	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	818	466	0	1,285
Estimated rental value (ERV) of total portfolio	25,201	13,880	1,938	41,020
EPRA VACANCY RATE (%)	**3.25 %**	**3.36 %**	**0.00 %**	**3.13 %**

Over the course of the past financial year, Ascencio re-let practically all the unoccupied floor space in its French property portfolio, bringing the EPRA vacancy rate to 0.51 % compared with 3.36 % at 30 September 2017.

PROPERTIES UNDER CONSTRUCTION OR IN DEVELOPMENT

(€000s)	30/09/2018						
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (m²)	ERV on completion
PROPERTIES BEING CONSTRUCTED OR DEVELOPED	-	-	-	-	-	-	-

(€000s)	30/09/2017						
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (m²)	ERV on completion
PROPERTIES BEING CONSTRUCTED OR DEVELOPED	**3,754**	**1,341**	-	**5,095**	**30/06/2018**	**2,000**	**260**

EPRA COST RATIOS

(€000s)	30/09/2018	30/09/2017
ADMINISTRATIVE/OPERATING EXPENSE LINE PER IFRS STATEMENT	**-7,042**	**-6,566**
Rental-related charges	50	-330
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	-176	-110
Other revenue and expenditure relating to rental	56	-45
Technical costs	-635	-998
Commercial costs	-124	-162
Charges and taxes on unlet properties	-337	-281
Property management costs	-1,163	-973
Other property charges	-315	-280
Corporate overheads	-4,383	-3,397
Other operating income and charges	-15	10
EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	**-7,042**	**-6,566**
Charges and taxes on unlet properties	337	281
EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	**-6,705**	**-6,285**
GROSS RENTAL INCOME	**40,954**	**40,782**
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (%)	**17.20 %**	**16.10 %**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (%)	**16.37 %**	**15.41 %**

Expenses incurred on works carried out on investment properties are charged to the property operating result if they do not add to the economic benefits. They are capitalised if they add to the expected economic benefits.

The increase in general expenses was mainly due to due diligence and structuring costs of a major investment project studied during the third quarter of the financial year which did not come to fruition. These non-recurring costs amounted to €0.83 million.

EPRA CAPEX

(€000s)	30/09/2018	30/09/2017
Investments relating to investment properties		
(1) Acquisitions	2,785	27,493
(2) Development	1,341	3,754
(3) Like-for-like portfolio	804	1,366
(4) Other	0	0
TOTAL	**4,930**	**32,612**

Expenses incurred on works carried out on investment properties are charged to the property operating result if they do not add to the economic benefits. They are capitalised if they add to the expected economic benefits.

During the financial year, Ascencio made €4.9 million of investments: These mainly concerned:

- acquisition of the 1,963 m² store operated by Mr. Bricolage in the Bellefleur retail park in Couillet;
- completion of construction work on the Carrefour Market supermarket in Anderlecht as part of the Nautilus project;
- construction of an extension to the Grand Frais store in Chasse-sur-Rhône.

Ascencio on the stock exchange

Ascencio's stock (ASC) has been listed on Euronext Brussels since 2007. It forms part of the BEL Mid Index.

KEY FIGURES

	30/09/2018	30/09/2017	30/09/2016
Total number of shares	6,595,985	6,497,594	6,364,686
Number of shares listed	6,595,985	6,497,594	6,364,686
Highest price (€)	61.13	64.93	64.99
Lowest price (€)	49.50	57.55	55.60
Closing price at 30/09 (€)	51.00	61.25	64.50
Stock market capitalisation[1]	336,395,235	397,977,633	410,522,247
Net asset value IFRS per share (€)	55.19	53.29	49.97
Net asset value EPRA per share (€)	56.34	54.95	52.26
Premium (+) Discount (-)[2]	-9.5 %	11.5 %	23.4 %
Annual volume	801,200	1,022,891	527,576
Velocity	12.1 %	15.7 %	8.3 %
Gross dividend per share (€)[3]	3.40	3.30	3.20
Gross yield[4]	6.7 %	5.4 %	5.0 %
Pay out ratio as compared to the corrected result[5]	84.2 %	81.6 %	79.4 %

[1] Based on the closing price at 30/09.

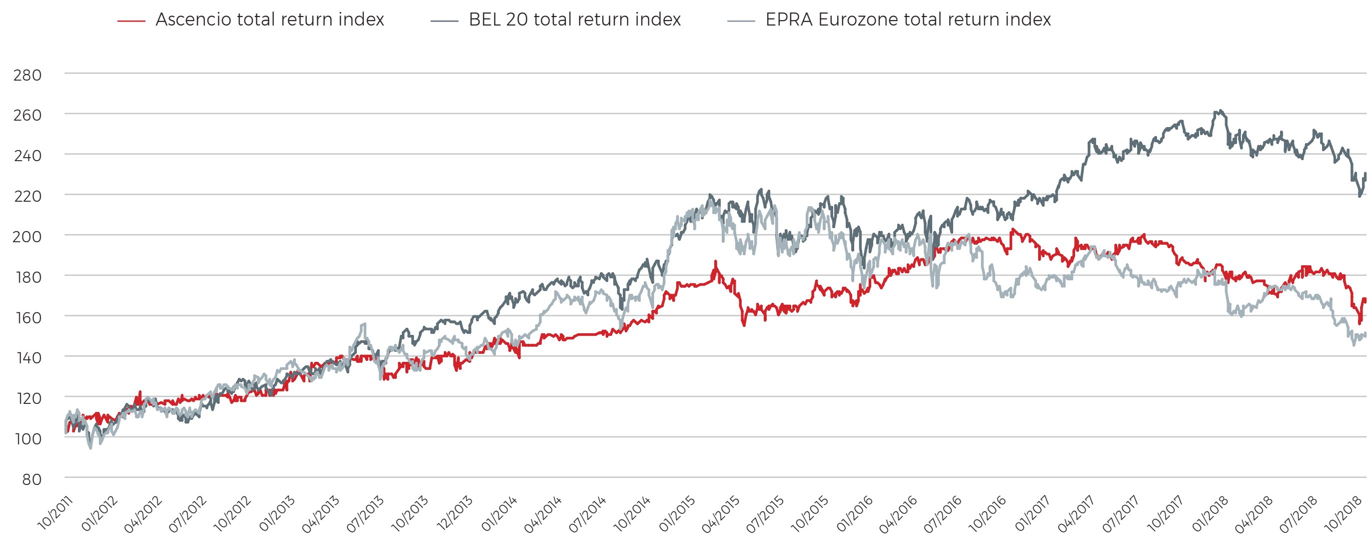
[2] Based on the closing price at 30/09, as compared to the Net asset value EPRA per share.

[3] For 2017/2018, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2019.

[4] Based on the closing price at 30/09.

[5] Corrected result as defined in art.13, section 1, para. 1 of the Royal Decree of 13 July 2014, as amended by the Royal Decree of 23 April 2018, on B-REITs.

EVOLUTION OF ASCENCIO'S TOTAL RETURN INDEX COMPARED WITH THOSE OF THE BEL 20 AND EPRA RETAIL EUROPE



EVOLUTION OF SHARE PRICE, VOLUMES AND NET ASSET VALUE (IFRS)

DIVIDEND POLICY

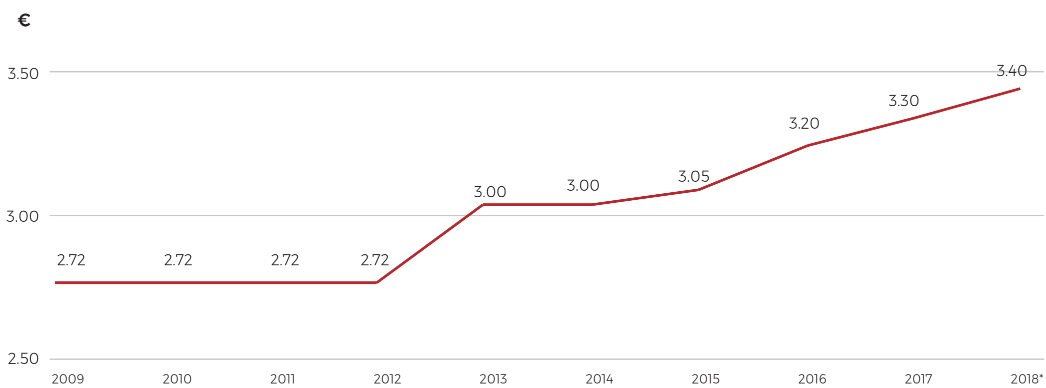
Obligation to distribute dividend

In accordance with the Royal Decree of 13 July 2014 as amended by the Royal Decree of 23 April 2018, on B-REITs, these companies are obliged to distribute at least 80% of the sum of corrected result and net capital gains on the realisation of non-exempt property assets. However, the net decrease in debt during the period may be deducted from the amount to be distributed.

Dividend

The Board will propose to the Ordinary General Meeting of Shareholders of 31 January 2019 that it approve the distribution of a gross dividend of €3.40 per share.

GROWTH IN GROSS DIVIDEND PER SHARE



* For 2017/2018, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2019.

SHAREHOLDING

Based on the declarations of transparency recorded as at 30 September 2018, the shareholding of Ascencio is as follows:

AG Finance SA[1]	12.10 %
Carl, Eric and John Mestdagh and Fidagh SA[2]	9.49 %
Free float	78.41 %
TOTAL	**100.00 %**

SHAREHOLDERS' DIARY[3]

Ordinary general meeting	31 January 2019 at 2.30 p.m.
Interim statement as at 31 December 2018	28 February 2019
Semi-annual financial report as at 31 March 2019	14 June 2019
Interim statement as at 30 June 2019	8 August 2019
Annual press release as at 30 September 2019	22 November 2019
Ordinary general meeting	31 January 2020 at 2.30 p.m.

[1] According to transparency declaration notified on 23/01/2015 on the basis of a denominator of 6,037,230 shares.
[2] According to transparency declaration notified on 07/03/2016 on the basis of a denominator of 6,364,686 shares.
[3] These dates are subject to change. Any changes will be announced to shareholders by press release or on Ascencio's website (www.ascencio.be).

Corporate Governance Declaration

CORPORATE GOVERNANCE

This corporate governance declaration is made under the provisions of the 2009 Belgian Code on Corporate Governance ("2009 Code")[1] and the Law of 6 April 2010 amending the Companies Code[2].

Ascencio strives to comply with the 2009 Code of ethics, but has concluded that the application of certain principles or lines of conduct in the Code is not appropriate to its particular structure.

Ascencio's consideration of its governance is constantly evolving and the Company would like to give a snapshot evaluation on this subject. Ascencio's rules of governance take account of the specific organisational characteristics of B-REITs, the form chosen by Ascencio, the close ties it intends to keep with its reference shareholders and its small size, while at the same time preserving its independence.

The corporate governance charter describes the main aspects of corporate governance of Ascencio SCA and of its Statutory Manager, Ascencio SA. It can be consulted on the Company's website www.ascencio.be.

The Charter is completed by the following documents, which form an integral part of it:

- the internal regulations of the Audit Committee;
- the internal regulations of the Nomination and Remuneration Committee;
- the internal regulations of the Investment Committee;
- the Remuneration Policy.

[1] The 2009 Belgian Code on Corporate Governance is available on the website www.corporategovernancecommittee.be or in the Moniteur Belge (official Belgian state gazette).

[2] Law of 6 April 2011 aimed at strengthening the corporate governance of listed companies and autonomous public enterprises and amending the system of professional prohibitions in the banking and finance sector, published in the Moniteur Belge (Official State Gazette) of 23 April 2011, 227709.

SCI SAINT AUNÈS RETAIL PARC*

SCI ECHIROLLES GRUGLIASCO*

SCI DU MAS DES ABEILLES*

SCI KEVIN*

SCI HARFLEUR 2005 *

SCI CLERMONT SAINT JEAN *

SCI DE LA COTE *

SCI ZTF ESSEY LES NANCY *

SCI LA PIERRE DE L'ISLE *

SCI CANDICE BRIVES*

SCI CANNET JOURDAN*

SCI DU ROND POINT*

SCI SEYNOD BARRAL*

SCI LES HALLES DE LOZANNE*

SCI LES HALLES DE CRÈCHES*

SCI LES PORTES DU SUD*

SCI VIRIAT LA NEUVE*

SCI GFDI 37 GUYANCOURT*

SCI GFDI 62 LA TESTE DE BUCH*

ASCENCIO SCA
French branch

ASCENCIO SCA

ETUDIBEL SA

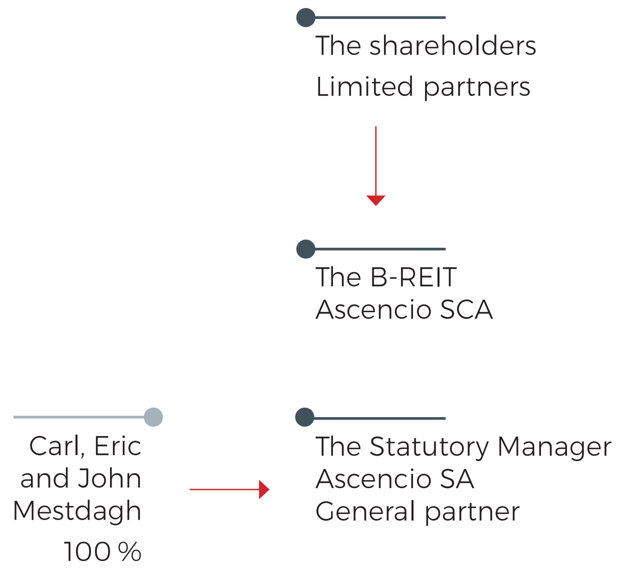
ASCENCIO IBERIA SA

BELGIUM

FRANCE

*SIIC STATUS

SPAIN



MANAGEMENT STRUCTURE OF THE COMPANY

Ascencio SCA is established in the form of a private company limited by shares, whose managing general partner, the general partner, is the public limited company Ascencio. The general partners are shareholders. They assume joint and several liability up to the amount of their participation only.

Ascencio's corporate governance structure comprises:

- the shareholders, limited partners;
- the management bodies, namely:
  - the Statutory Manager of Ascencio SCA: Ascencio SA;
  - the Board of Directors;
  - the specialist committees of the Board of Directors: the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee;
  - the executive managers of the Company.

SHAREHOLDING STRUCTURE

All shareholders of Ascencio SCA are treated in exactly the same way, and the Company respects their rights.

Shareholders have access to the "Investor Relations" section of the website, where they can find all the information needed to take informed decisions. They can also download the documents needed to take part in voting in the Company's General Meetings of Shareholders.

At 30 September 2018, the share capital stood at €39,575,910 represented by 6.595.985 ordinary shares fully paid up. Each share confers one vote in the General Meeting of Shareholders. There are no preferred shares.

In accordance with the conditions, time frames and methods stipulated by the Law of 2 May 2007 on the publication of significant shareholdings in issuers whose shares are admitted to trading on a regulated market, each natural or legal person who directly or indirectly acquires or sells shares in the Company conferring voting rights must inform the Company and the FSMA of the number and percentage of voting rights held following such acquisition or sale whenever the voting rights associated with the shares in that person's possession exceed or cease to exceed the legal threshold of 5 %. The Company has not established a statutory threshold lower than the legal one[3].

The Company's obligations and shareholders' rights regarding the General Meeting of Shareholders, its calling and participation in voting, are set out extensively in the Investor Relations section of Ascencio's website (www.ascencio.be). This information remains accessible on the website.

The shareholding of Ascencio SCA is as follows according to the transparency declarations recorded at the end of the reporting period:

AG Finance SA	12.10 %	798,224
Carl, Eric and John Mestdagh and Fidagh SA	9.49 %	625,809
Free float	78.41 %	5,171,952
TOTAL	**100 %**	**6,595,985**

THE STATUTORY MANAGER AND ITS BODY: THE BOARD OF DIRECTORS

In accordance with the Articles of Association, as Statutory Manager, Ascencio SA is empowered, in particular:

- to perform such acts as may be necessary or conducive to the fulfilment of the corporate object of Ascencio SCA;
- to draw up on the Company's behalf the interim statements, the annual and half-yearly financial reports and any prospectus or document publicly offering securities of the Company in accordance with the applicable legal and regulatory framework;

[3] Article 16 of the Articles of Association of Ascencio SCA.

- to appoint the property experts in accordance with applicable legislation on the Company's behalf;
- to increase the Company's authorised capital and to acquire shares in the Company or take them in guarantee on its behalf;
- to carry out any transactions with the purpose of bringing about an interest of the Company, by means of merger or otherwise, in any businesses having the same corporate object as that of the Company.

Resolutions of the Company's General Meeting of Shareholders, including amendments to the Articles of Association, are valid only if passed with the Manager's agreement.

In accordance with the Companies Code, Ascencio SA is represented in Ascencio SCA by a permanent representative, Vincent H. Querton. The permanent representative is responsible for implementing the resolutions passed by the Statutory Manager's Board of Directors in the name and on behalf of the Company.

Responsibilities of the Board of Directors

The functions and powers of the Manager of the Company are performed by the Board of Directors of Ascencio SA or under its responsibility.

The Board of Directors of the Statutory Manager is responsible for performing all such acts as may be necessary or conducive to the fulfilment of the corporate object of Ascencio SCA, and in particular:

- taking important decisions, notably those regarding strategy, investments and divestments, quality and occupancy of properties, financial conditions, long-term financing; approving the operating budget; and deciding on any initiatives submitted to the Board of Directors;
- putting in place the structures and procedures necessary for the Company's smooth operation and shareholders' trust, notably mechanisms for preventing and managing conflicts of interest and internal control mechanisms; dealing with conflicts of interest;
- approving the annual accounts and drawing up the semi-annual accounts of Ascencio SCA; drawing up the Management Report to the General Meeting of Shareholders; approving merger projects; ruling on the use of authorised capital and calling Ordinary and Extraordinary General Meetings of Shareholders;
- keeping a close watch on the rigour, accuracy and transparency of communications to shareholders, financial analysts and the public, e.g. prospectuses, annual and half-yearly reports and press releases;
- making sure the reference shareholders make judicious use of their position and ensuring dialogue between the promoters and Ascencio, complying with rules of corporate governance.

In addition to carrying out its general responsibilities described above, the Board of Directors of the Statutory Manager also pronounced on various matters during the past financial year, including:

- the Company's strategy;
- management of the Company and replacement of the CEO;
- organisation of the property department;
- the Company's financing and hedging policy;
- investment cases;
- a capital increase by increasing the authorised capital in the context of an optional dividend.

Functioning of the Board of Directors

The Board of Directors of the Statutory Manager meets at least four times a year when called by the Chairman. Additional meetings are held in accordance with the Company's requirements. During the past financial year the Board of Directors of Ascencio SA met nine times.

All resolutions of the Board of Directors relating to the management of Ascencio SA and, for as long as it is the Statutory Manager of the Company, relating to the management of the Company, are passed by simple majority vote of Directors present or duly represented, and in the event of one or more abstentions, by a majority of the remaining Directors. In the event of a tie, the Chairman of the Board does not have a casting vote.

The Board regularly evaluates its size, composition and performance and that of its committees, as well as its interaction with executive management. The Board carried out this evaluation process during the past financial year.

This evaluation pursues several objectives:

- to assess the operation and composition of the Board and its committees;
- to check to see whether important matters are appropriately prepared, documented, discussed and addressed;
- to assess the degree of constructive contribution and the attendance record of each Director.

Composition of the Board of Directors

The Board of Directors is composed of at least three directors. The directors of Ascencio SA are nominated in compliance with the principles summarised hereunder:

- the Board is composed of a majority of non-executive directors;
- the Board is composed of at least three independent directors in the meaning of the Belgian Companies and Corporate Governance Codes;
- the Board is composed of a majority of directors not linked to the promoters;
- the Board is composed of a majority of directors not linked to shareholders (other than promoters);

For as long as Groupe AG Insurance SA ("AGI"), a company forming part of the Ageas Group, of which AG Real Estate ("AGRE") also forms part, holds shares in Ascencio SCA representing at least 8 % of the total shares issued, the Board of Directors shall include two directors nominated by AGRE. This number will be reduced to one once the shares held by AGI represent less than 8 % but at least 5 % of the total shares issued.

The downward crossing of these thresholds shall entail the right to require the resignation of one of the directors or of the sole director as the case may be.

The nomination and remuneration committee, composed of two independent directors and the Chairman of the Board, sees to it that a permanent balance is maintained among the executive director, the independent non-executive directors and the other non-executive directors, while at the same time taking account of the principles of continuity and diversity.

The Board of Directors regularly evaluates, on the initiative of the nomination and remuneration committee, its size and composition taking account of the size of the B-REIT and its shareholding and making sure there is an appropriate distribution of skills.

Directors are appointed for a term of 4 years and may be re-elected. Their appointment may be revoked at will without compensation.

The term of office of all the Directors will expire at the Ordinary General Meeting of Shareholders of Ascencio SA called to ratify the financial statements at 31 December 2020 and 31 December 2021.

The Chairman of the Board of Directors

The Board of Directors elects its Chairman from among the directors nominated by Carl, Eric and John Mestdagh. The Board of Directors is chaired by Carl Mestdagh.

The Chairman takes the necessary steps to develop a climate of trust within the Board of Directors, contributing to open discussions, the constructive expression of divergent views and compliance with the decisions taken by the Board of Directors. He establishes the agenda for meetings after consulting with the CEO and the effective managers and sees to it that the procedures relating to the preparation, discussion, taking and execution of decisions are correctly applied.

More specifically, the Chairman of the Board of Directors:

- will be entrusted with specific assignments associated with the B-REIT's strategy and development;
- will establish close relations, depending on each case, with the CEO and the effective managers, providing them with support and advice while respecting their executive responsibilities;
- may at any time require from the CEO and effective managers a report on all or part of the Company's activities;
- will organise the meetings of the Board of Directors; will establish the calendar and agenda of Board meetings, in consultation with the CEO and the effective managers if necessary;
- will prepare, chair and direct meetings of the Board of Directors and make sure that the documents are distributed before the meetings so as to give recipients time to study them;
- will oversee and ensure the quality of interaction and ongoing dialogue at Board level;
- may at any time, without having to move from his office, obtain access to the books, correspondence, minutes and in general all the B-REIT's documents; in performing his functions, he may require from the B-REIT's directors, executives and employees all such explanations or information and carry out all such checks as he may deem necessary;
- will chair and direct the General Meetings of Shareholders of the B-REIT and ensure that they are efficiently run.

The Directors

- **Carl Mestdagh, Chairman of the Board of Directors, non-executive**
  Equilis Europe SA – Avenue Jean-Mermoz 4/1, 6041 Gosselies

  Carl Mestdagh[4] is Chairman of the Board of Directors of Mestdagh SA, CEO of Equilis SA and Chairman of the Board of Directors of Equilis Europe SA. After studying management and tax, Carl Mestdagh placed his property skills mainly at the service of companies linked to the Mestdagh group.
  Start of mandate: May 2008[5].
  End of term: June 2021.

- **Serge Fautré, Vice-President**
  AG Real Estate SA, avenue des Arts 58, 1000 Brussels

  Serge Fautré joined AG Real Estate as CEO in May 2012. He had previously been CEO of Cofinimmo (March 2002 – April 2012). Before that he had held positions with Belgacom, JP Morgan, Glaverbel and Citibank, having started his professional career in New York with J. Henry Schroder Bank and Trust Company. He holds a degree in economic sciences (UCL 1982) and a Masters in Business Administration (University of Chicago 1983). He also holds a diploma from the Dartmouth Executive Program 2009.
  Start of mandate: June 2012.
  End of term: June 2021.

[4] As a private individual or via SPRL CAI.
[5] Previously has exercised his functions as a natural person or via en personne physique ou via a SPRL.

Carl Mestdagh

Vincent H. Querton

Serge Fautré

Stéphanie Boniface

Laurence Deklerck

Benoît Godts

Yves Klein

Alexandra Leunen

Olivier Beguin

Patrick Tacq

- **Vincent H. Querton, CEO, executive**
  Ascencio SCA, Avenue Jean-Mermoz 4/1, 6041 Gosselies

  Vincent H. Querton holds a master degree in law and an MBA from INSEAD-CEDEP (Fontainebleau). Vincent H. Querton has recognised experience in the banking and property sectors in Belgium and abroad. In particular he was Senior Vice President with Fortis Real Estate from 1996 to 2002 and then worked for Jones Lang Lasalle from 2003 to February 2017 as International Director and CEO Benelux.
  Start of mandate: October 2018.
  End of term: June 2021.

- **Benoît Godts, non-executive Director**
  AG Real Estate SA, avenue des Arts 58, 1000 Brussels

  Benoît Godts holds a position in the Corporate Finance, Participations and Funds team of AG Real Estate. After studying law at UCL (1983), he held various positions of responsibility in the Bruxelles-Lambert Group. He joined the Bernheim-Comofi property group in 1992 as Secretary General, going on to develop real estate certificate transactions and participating in the creation of the B-REIT Befimmo.
  Start of mandate: May 2008.
  End of term: 29 November 2018 (Cfr. Page 9 "Significant event after reporting period).

- **Olivier Beguin, non-executive Director**
  Equilis Europe SA – avenue Jean-Mermoz 4/1, 6041 Gosselies

  Olivier Beguin is CEO of "Equilis Europe", a property development company. Olivier Beguin started out as a consultant at Fortis before moving on to head various projects within Arcelor International in Europe and in Iran. He joined Equilis in 2006. Olivier Beguin is a UCL management and commercial engineering graduate and holds an MBA from the Vlerick Business School (2015).
  Start of mandate: March 2018.
  End of term: June 2022.

- **Yves Klein, independent non-executive Director**
  Rue du Rond-Point 16, 6110 Montigny-le-Tilleul

  Yves Klein has a master degree from Liège University and has been active in the field of banking since 1984. He has held various positions, first with CBC, then with Dexia from 1999 to 2013 as manager of Corporate Banking for Wallonia. He is currently a member of the Management Committee of CPH.
  Start of mandate: July 2009.
  End of term: June 2021.

- **Laurence Deklerck, independent non-executive Director**
  Avenue des Chênes 19/A, 1180 Uccle

  Having graduated in law from the ULB (1980), Laurence Deklerck has been a barrister specialising in tax matters at the Brussels Bar since 1981. Laurence Declerck is also a member of the Tax Committee of the French Order of Lawyers of the Brussels Bar, Associate Professor at the EPHEC and head of courses of the EMI (Executive Master Immobilier) of Brussels.
  Start of mandate: January 2015.
  End of term: June 2021.

- **Patrick Tacq, independent non-executive Director**
  Zwanenlaan 28 - 2610 Wilrijk

  Patrick Tacq holds a law degree from the VUB (1982) and is the founder of Zurich-based advisory firm Shalita GmbH. After obtaining a master's degree from the George Washington University (national law center), he held various posts with InterTan Europe. He subsequently worked for a number of different companies specialising in property, such as LRE Consulting Services, C&T Retail and latterly CB Richard Ellis.
  Start of mandate: June 2017.
  End of term: June 2021.

- **Stéphanie Boniface, independent non-executive Director**
  Rue Jean Baptiste Lebas 74 - 59 493 - Villeneuve D'Ascq - France

  Stéphanie Boniface has extensive expertise in the French retail property market. After completing a master's degree in business management and administration at the Lille Law School, Stéphanie Boniface worked for the Sedaf Group as a commercial property consultant. She then joined Immochan in 2007 as North East Region sales manager for Projects and Renovations.
  Start of mandate: March 2018.
  End of term: June 2022.

- **Alexandra Leunen, independent non-executive director**
  Rue Van Hammée 41 - 1030 Brussels

  Alexandra Leunen has proven experience in the Lean UX approach and digital transformation (Manager of the Anais Digital UX Department - Founder and Managing Partner of Lemon Crush). Alexandra Leunen graduated in marketing from EPHEC, holds a certificate in User Research & Design from the Université Libre de Bruxelles, and is a qualified member of the International Advertising Association. She is a director of various companies, including Smartphoto Group.
  Start of mandate: March 2018.
  End of term: June 2022.

THE COMMITTEES

The Board of Directors of the Statutory Manager has set up three committees.

Ascencio has established an Audit Committee in accordance with Article 526*bis* introduced by the Law of 17 December 2008 to the Companies Code and a Nomination and Remuneration Committee in accordance with Article 526*quater* introduced by the Law of 6 April 2010 on corporate governance.

In accordance with its Corporate Governance Charter, Ascencio has created an Investment Committee.

The Audit Committee

The Audit Committee is composed of three non-executive Directors: Laurence Deklerck, Benoît Godts and Yves Klein. Two of them are independent Directors and have the qualities and skills required in the field of auditing and accounting. Their terms of office expire at the same time as their terms of office as Directors.

The Audit Committee meets at least four times a year, at each quarterly closing, after which it reports to the Board of Directors of the managing general partner. It met six times during the past financial year.

Amongst the responsibilities of the Audit Committee:

- to monitor the process of drawing up the financial information;
- to monitor the effectiveness of the company's internal control, internal audit and risk management systems;
- to oversee the legal control of the annual financial statements and the consolidated financial statements, and to follow up on questions and recommendations made by the Statutory Auditor;
- to examine and monitor the independence of the Statutory Auditor, particularly as regards the provision of additional services to the company.

The Audit Committee reports regularly to the Board of Directors on the performance of its responsibilities, and at least at the time the Board approves the annual and half-yearly accounts, the consolidated accounts and, if applicable, the abridged financial statements for publication.

The Company's Statutory Auditor reports to the Audit Committee on important matters coming to light in the exercise of its legal audit of the accounts. The Audit Committee informs the Board of Directors of this report.

During the past financial year, the Audit Committee addressed the following matters in particular:

- quarterly, half-yearly and annual accounting positions and related financial communication;
- financing and interest rate hedging policy;
- examination of key performance indicators;
- budget and outlook;
- independent internal auditor's report;
- internal control policy and executive managers' report on internal control;
- summary of disputes and appropriate provisions;
- compliance programme.

The Audit Committee's internal regulations, which form an integral part of Ascencio's Corporate Governance Charter, set out in detail the responsibilities of the Audit Committee and are available on Ascencio's website (www.ascencio.be).

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of three non-executive Directors: Carl Mestdagh, Laurence Deklerck and Patrick Tacq. Their term of office expires at the same time as their term of office as Directors.

The Nomination and Remuneration Committee meets whenever it considers it is necessary in order to perform its responsibilities, and in principle at least twice a year. It met four times during the past financial year.

The role of the Nomination and Remuneration Committee is to advise and assist the Board of Directors of the Statutory Manager. The Nomination and Remuneration Committee performs its duties under the supervision and responsibility of the Board of Directors of the Statutory Manager.

The Nomination and Remuneration Committee assists and reports to the Board of Directors in all matters relating to the nomination and remuneration of the Company's Directors, CEO, executive managers and, where applicable, members of management.

In particular, the committee is responsible for:

1. As regards nominations and renewals of terms of office:

a. periodically assessing the optimal size and composition of the Board of Directors and its committees and submitting opinions to the Board of Directors on any proposed changes, complying with the relevant legal rules and Articles of Association;

b. conducting, under the direction of its Chairman, the process of searching for candidates, where necessary with the help of consultants, and examining the candidacies presented by shareholders, Directors or any other person as well as spontaneous candidacies;

c. managing the process of renewing terms of office and proposing succession solutions to the Board of Directors in the case of foreseeable vacancies in order to ensure the continuity of the work of the Board of Directors and its committees and to maintain the balance of skills and experience;

d. making sure that new Directors are properly informed and trained so that they can quickly familiarise themselves with the characteristics of the Company, its activities and its business environment and so perform their office optimally without delay.

2. As regards remunerations:

a. making proposals to the Board of Directors on the policy regarding remuneration of Directors, the CEO, the executive managers and, if applicable, members of management;

b. making proposals to the Board of Directors on the individual remuneration of Directors, the CEO, the executive managers and, if applicable, members of management, including, for these last-named, variable remuneration and long-term performance bonuses – share-based or otherwise – granted in the form of stock options or other financial instruments and end-of-service indemnities;

c. making proposals to the Board of Directors on the setting and evaluation of performance objectives linked to individual remuneration of Directors, the CEO, the executive managers and, if applicable, members of management;

d. preparing the remuneration report in accordance with Article 96 § 3 of the Companies Code with a view to its inclusion in the Corporate Governance Declaration in the Annual Report;

e. commenting on the remuneration report in the Ordinary General Meeting of Shareholders of the Company;

f. submitting proposals to the Board of Directors regarding the terms and conditions of contracts of Directors, the CEO, the executive managers and, if applicable, members of management.

3. As regards assessment of the Board of Directors and its committees:

a. evaluating the functioning, performance and effectiveness of the Board of Directors and its committees and their interactions with the Board of Directors;

b. ensuring that these evaluations are carried out regularly, at least once every three years;

c. putting in place a smooth evaluation process and appropriate questionnaires;

d. submitting to the Board of Directors the conclusions of these evaluations and the measures for improvement proposed;

e. re-examining internal regulations and recommending any necessary adjustments to the Board of Directors.

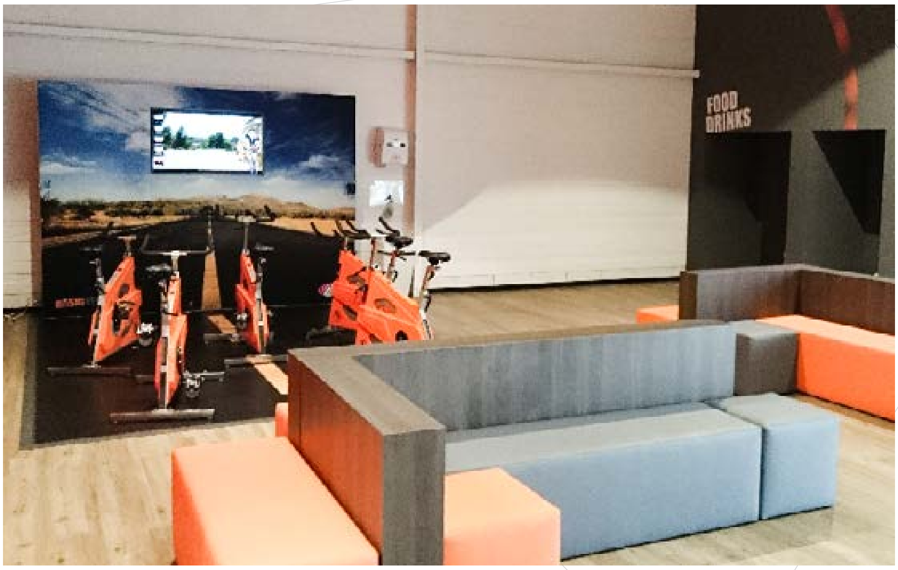
Activities of the Nomination and Remuneration Committee during the past financial year notably included:

- supporting the recruitment process for the new CEO;
- supporting the recruitment process for the new directors;
- evaluating performance objectives and the related criteria linked to executive managers' variable remuneration;
- preparing the remuneration report.

The Nomination and Remuneration Committee's internal regulations are available on Ascencio's website (www.ascencio.be).

The Investment Committee

The investment committee consists of the Chairman of the Board of Directors, Carl Mestdagh, three non-executive Directors (Benoît Godts, Patrick Tacq and Stéphanie Boniface), and one non executive Director linked to the promoters Carl, Éric and John Mestdagh (Olivier Beguin), the effective managers, the Manager of Asset Management & Acquisitions and the Head of Property Management & Development. The Investment Committee may also invite anyone whose presence it considers useful to its meetings.



The Investment Committee meets as often as required for the performance of its responsibilities. It met three times during the past financial year.

The Investment Committee is a consultative committee whose responsibility is to give advice to the Board of Directors on all investment cases submitted to it.

The aim in creating the Investment Committee was to optimise the Company's decision making process as regards investment and divestment proposals.

The Investment Committee performs its duties under the supervision and responsibility of the Board of Directors.

The Investment Committee performs its duties in strict compliance with the rules of good corporate governance laid down in the Ascencio Charter.

The Investment Committee's internal regulations are available on Ascencio's website (www.ascencio.be).

Executive Managers

In accordance with the B-REITs Act, executive management has been entrusted for an indefinite period to three executive managers):

Apart from Vincent H. Querton, who assumes the function of CEO, the effective managers are:

- **Michèle Delvaux, Chief Financial Officer**
  Michèle Delvaux joined Ascencio in 2012 as Chief Financial Officer.
  Previously she had worked in the Corporate Finance department of Banque Degroof, then as Chief Financial Officer of City Hotels and lastly as Finance Manager with the B-REIT Befimmo. She started her professional career in the field of auditing, with Arthur Andersen. She holds commercial engineering qualifications (Solvay Business School, 1983), and a financial analyst diploma (Belgian Association of Financial Analysts, 1988).
- **Stéphanie Vanden Broecke, Secretary General & General Counsel**
  Stéphanie Vanden Broecke joined Ascencio in 2008. After several years of experience at the Brussels Bar with law firms specialising in property law, in 2003 Stéphanie Vanden Broecke joined the Lhoist Group, world leaders in lime and dolomite. As head of corporate housekeeping for the group's subsidiaries, she gained great experience in company law and corporate governance. She holds a law degree from the ULB and a Master's in International Relations from the Catholic University of Leuven. She also holds a diploma in Risk Management from the ICHEC Brussels Management School.

Responsibility and functioning

Members of executive management are responsible for the operation of the company and for determining its policy, in accordance with the decisions of the Board of Directors of the Statutory Manager.

The effective managers are also responsible, under the oversight of the Board of Directors, for taking the measures necessary to ensure compliance with the rules relating to the structure of management and organisation, internal control, internal audit, compliance and risk management. They must report at least once a year to the Board of Directors, the FSMA and the Statutory Auditor.

As main points of contact for the FSMA, they organise themselves so as to be permanently available.

The members of the executive management work in close collaboration and in a collegial manner. Their decisions are taken by majority vote. The effective managers meet as often as needed with the management team of Ascencio.

The effective managers prepare the cases for submission to the Board of Directors of the Statutory Manager and report to it on their activities.

REMUNERATION REPORT

This report falls within the framework of Article 96 § 3 of the Companies Code.

Information relating to the general principles of the remuneration policy

The remuneration policy forms an integral part of the Company's Corporate Governance Charter, which is published on Ascencio's website (www.ascencio.be).

The remuneration policy has been established in accordance with the provisions of the Law of 6 April 2010 on the strengthening of corporate governance in listed companies and with the recommendations of the Belgian Corporate Governance Code ("Code 2009").

It aims to remunerate the various persons involved in the management of Ascencio SCA and its subsidiaries in a way that makes it possible to attract, retain and motivate them while at the same time maintaining sound and effective risk management and keeping the cost of the various kinds of remuneration under control.

This report on remuneration mentions the main principles of this policy and how they were applied during the past financial year.

Any significant deviation during the year relative to the remuneration policy, and any significant changes made to this policy are mentioned explicitly.

Information on the remuneration of the Statutory Manager, the Directors and the effective managers

The remuneration and benefits shown hereunder are in accordance with the remuneration policy established by Ascencio. There is no stock option or purchase plan in place for Directors or executive managers.

- **The Statutory Manager, Ascencio SA**

The means of remuneration of the statutory manager are described in the Articles of Association of Ascencio SCA. They can therefore be changed only by a resolution to amend the Articles of Association passed by the General Meeting of Shareholders of Ascencio SCA.

The Manager receives a portion of the B-REIT's profits. It is further entitled to reimbursement of all expenses directly linked to the management of the B-REIT. The Manager's share is calculated each year depending on the gross dividend for the accounting financial year concerned, as approved by the Company's General Meeting of Shareholders. This share is equal to 4 % of the gross dividend distributed. The share thus calculated is due on the last day of the financial year concerned, but is not payable until the dividend has been approved by Company's General Meeting of Shareholders.

The calculation of the Manager's share is subjected to checks by the Statutory Auditor.

The interests of Ascencio SA, whose remuneration is linked to the B-REIT's results, are thus aligned with those of all the shareholders.

For the financial year last ended, the Manager's remuneration was €898,000.

- **Non-executive Directors of Ascencio SA**

The remuneration of the non-executive Directors of Ascencio SA is established by the General Meeting of Shareholders of Ascencio SA at the proposal of its Board of Directors, which in turn is based on the proposals of the Nomination and Remuneration Committee. This remuneration is charged to Ascencio SCA.

Remuneration consists of:

- a fixed annual amount;
- attendance fees.

The basic remuneration of the Chairman of the Board of the Statutory Manager is €15,000 per year excl. VAT. That of the other non-executive directors is €6,000 per year excl. VAT.

Attendance fees are €1,500 for each attendance of a Board meeting of the Statutory Manager or meeting of the Audit Committee, Nomination and Remuneration Committee or Investment Committee.

No employment contracts have been entered into with Directors. The Directors' remuneration is not linked directly or indirectly to transactions carried out by the Company.

For the financial year last ended, the members of the Board of Directors will receive a total amount of €214,000. This will be paid in June 2019 after the Ordinary General Meeting of Shareholders of the Statutory Manager.

Non-executive Directors do not receive performance-linked remuneration such as bonuses or long-term incentives, nor do they receive benefits in kind or benefits linked to pension schemes.

In accordance with the law, Directors can be removed at will without compensation.

- **The Chief Executive Officer (CEO)**

The CEO of Ascencio SA, the only executive Director, performs the function of CEO. He is also the permanent representative of the statutory manager and an executive manager of Ascencio SCA in the meaning of Article 14 § 3 of the law on Regulated Property Companies (the "B-REITS Act").

The office of the CEO in his capacity as an executive Director of Ascencio SA is not remunerated.

His remuneration as CEO is set by the Board of Directors at the proposal of the Nomination and Remuneration Committee and is paid by Ascencio SCA. This remuneration consists of a fixed portion and a variable portion.

The fixed remuneration is determined on the basis of comparisons with fixed remuneration in the market for comparable positions in companies of comparable size. It is paid irrespective of results and is not indexed. Variable remuneration rewards quality performance meeting expectations as regards results, professionalism and motivation. It cannot be more than 25 % of total remuneration (fixed plus variable). Variable remuneration will be paid by Ascencio before the end of the calendar year.

In order to determine the amount of the variable remuneration to be granted, if any, the Board of Directors - at the proposal of the Nomination and Remuneration Committee - evaluates the CEO's performance, before the end of each financial year, relative to the objectives set for the financial year in question. This involves a combination of quantitative and qualitative financial and property objectives, to which weightings are assigned.

Ascencio bears the operational expenses reasonably incurred by the CEO in the performance of his office, against presentation of documentary evidence and subject to the prior agreement of Ascencio if the nature and amount of such expenses so require. These expenses may not exceed the amount of a budget which is established each year by the Board of Directors of Ascencio SA.

Apart from being provided with a laptop computer and a secure Internet connection, the CEO does not receive any other benefit in kind.

In the event of the early termination of the agreement between the CEO and Ascencio SCA on Ascencio SCA's initiative and with the exception of the cases provided contractually, in which no indemnity is due, the CEO is contractually entitled to an end-of-service indemnity equal to twelve months' remuneration, corresponding to the monthly average of the fixed and variable remuneration during the twelve months preceding the termination.

For the financial year last ended, the Manager's fixed annual remuneration was €293,000[5].

	Mestdagh Carl	Godts Benoît	Fautré Serge	Deklerck Laurence	Klein Yves	Tacq Patrick	Beguin Olivier	Boniface Stéphanie	Leunen Alexandra	Querton Vincent H.	Total
Board of Directors	6	8	5	7	9	9	5	4	5	0	
Audit Committee	0	5	0	4	6	0	0	0	0	0	
Investment Committee	1	3	0	0	0	3	2	2	0	0	
Nomination and remuneration committee	4	0	0	5.5	0	3	0	0	0	0	
Independent Directors Committee	0	0	0	1	2	4	0	3	0	0	
Total attendances to 30/09/2018	**11**	**16**	**5**	**17.5**	**17**	**19**	**7**	**9**	**5**	**0**	
Basic remuneration (€)	15,000	6,000	6,000	6,000	6,000	6,000	3,000	3,000	3,000	0	54,000
Attendance fees (€1,500/meeting)	16,500	24,000	7,500	26,250	25,500	28,500	10,500	13,500	7,500	0	159,750
Total remuneration for financial year to 30/09/2018 (€)	**31,500**	**30,000**	**13,500**	**32,250**	**31,500**	**34,500**	**13,500**	**16,500**	**10,500**	**0**	**213,750**

In the financial year last ended the CEO's variable remuneration was decided taking account of the quantitative and qualitative target plans and performance criteria (EPRA earnings, property performance of the portfolio, cost of financing and management of human resources). Objectives specific to the financial year last ended were also used (organisation of the real estate division, development of the marketing and communication policy, sales policy and development of the Company's strategic vision). The CEO's variable remuneration for the financial year last ended amounted to €88,000.

- **Other effective managers of Ascencio SCA**

The other effective managers are paid on the basis of employment contracts. The Board of Directors decides on the recruitment, promotion and fixed and variable remuneration of each of these "other" managers of Ascencio SCA, at the proposal of the Nomination and Remuneration Committee, which will itself have previously consulted the CEO on the subject.

The fixed remuneration is determined on the basis of information relating to the levels of remuneration applied to comparable positions and for comparable profiles in comparable companies, particularly in the financial and property sectors. This information is collected by the Nomination and Remuneration Committee.

Fixed remuneration is paid monthly in arrears and is adjusted every January by reference to indexation.

Variable remuneration rewards quality performance meeting expectations as regards results, professionalism and motivation. In order to determine the amount of the variable remuneration to be granted, if any, the Board of Directors – at the proposal of the Nomination and Remuneration Committee, which will itself have previously consulted the CEO on the subject – evaluates the other effective managers' performance, before the end of each financial year, relative to the objectives set them for the financial year in question. This involves a combination of quantitative and qualitative financial and property objectives, to which weightings are assigned.

Verification of the degree of fulfilment of the financial evaluation criteria was carried out in light of the financial statements. The qualitative evaluation criteria are subjected to an overall assessment by the Nomination and Remuneration Committee, which then submits its opinion to the Board of Directors.

For the past financial year, the variable remuneration of the other effective managers was decided taking account of recurring criteria linked to their function. Complementary individual objectives were also used, corresponding to the specific operational responsibilities of each one of them.

There is no provision for a right of claw-back for the Company or the effective managers if variable remuneration should prove to have been granted on the basis of erroneous financial information.

Other effective managers have the use of a company car and the accessories normally associated with it. They are also provided with a mobile phone, a laptop computer and an entertainment allowance. The employer makes contributions to health insurance and group insurance policies.

The indefinite duration employment contracts entered into with the other effective managers do not contain specific end-of-contract provisions.

Fixed and variable remuneration of the other effective managers for the past financial year amounted to €408,000, including benefits in kind with a total cost estimated at €56,000.

[5] This amount includes the remuneration received by ANEMO s.p.r.l. for the specific assignments that it carries out for the French branch of Ascencio SCA (investment strategy, development support, searching for investment and asset management projects).

SETTLEMENT OF CONFLICTS OF INTEREST

Principles

As regards the prevention of conflicts of interest, Ascencio is governed simultaneously by:

- the relevant applicable legal provisions common to listed companies as provided in Articles 523, 524 and 524*ter* of the Companies Code;
- a specific regime provided by Article 37 of the law of 12 May 2014 on REITs, notably establishing the obligation to inform the FSMA in advance of certain transactions with the persons referred to in provision, to carry out these transactions on normal market terms and to disclose them publicly;
- and also by the rules provided in its Corporate Governance Charter.

These rules, and their application over the course of the financial year last ended, are described hereunder.

Applicable legal provisions

I. Article 523 of the Companies Code

In accordance with Article 523 of the Companies Code, if a Director has a direct or indirect financial or equity interest that is in conflict with a decision or a transaction falling within the remit of the Board of Directors, he must report this to the other members before the matter is debated in the Board. His declaration, and the reasons behind the conflict of interest, must appear in the minutes of the Board meeting passing the relevant decision. The Company's Statutory Auditor must be informed of this and the Director concerned may not attend the deliberations of the Board of Directors relating to the transactions or decisions concerned or take part in the voting. The relevant minutes must subsequently be reproduced in the management report.

II. Article 524 of the Companies Code

If a listed company envisages carrying out a transaction with a related company (subject to certain exceptions), Article 524 of the Companies Code requires an ad hoc Committee composed of three independent Directors to be put in place; this Committee, assisted by an independent expert, must communicate a reasoned assessment of the transaction envisaged to the Board of Directors, which cannot take its decision before it has taken note of this report. The Statutory Auditor must deliver an assessment as to the consistency of the information contained in the Committee's opinion and in the minutes of the Board of Directors meeting. The Board of Directors then specifies in its minutes whether the procedure was complied with and, if applicable, the reasons why the Committee's opinion was derogated from. The Committee's decision, the extract of the minutes of the Board meeting and the Statutory Auditor's assessment are covered in the management report.

III. Articles 37 and 49 § 2 of the B-REITs Act

Article 37 of the B-REIT Act obliges public REITs, with certain exceptions, to inform the FSMA in advance of any transaction that they propose to carry out with a related company, a company with which the B-REiT has an equity link, the other shareholders of a company in the consolidation scope of the B-REIT, Directors, managers or members of the Management Committee of the B-REIT. The Company must establish that the transaction envisaged if of benefit to it and is in line with its strategy and that the transaction will be carried out on normal market terms. If the transaction concerns property, by virtue of Article 49 § 2 of the B-REIT Act, the independent property expert must evaluate its fair value, which constitutes the minimum price at which this asset can be sold or the maximum price for which it can acquired. The B-REIT must inform the public at the time the transaction is entered into and comment on this information in its Annual Financial Report.

IV. Obligatory references

During the past financial year one resolution of the Board of Directors gave rise to the application of the procedure referred to in Article 523 of the Companies Code.

- At the meeting of the Board of Directors of 2 February 2018, Carl Mestdagh abstained from the deliberations and the voting on a request for a reduction in rental by Mestdagh SA for five stores.

  The following is an extract from the minutes of the meeting:

  "After a brief description of the properties concerned and their commercial environment, the Board decided, in the light of financial particulars communicated and possibilities of re-letting referred to, that the requests made by Mestdagh SA could not be granted, except as regards the Frameries site, where the reduced annual rental is still higher than the ERV. This decision is unlikely to cause harm to the Company and its shareholders since, for the Frameries site, the transaction is carried out on normal market terms for requests of the same kind."

During the past financial year the Company did not carry out any transaction referred to in Article 524 of the Companies Code.

During the past financial year the Company did not carry out any transaction referred to in Article 37 of the B-REIT Act.

Provisions of the Charter of Governance

I. Policy of Ascencio SCA regarding transactions with a Director not covered by Article 523 of the Companies Code (with the exception of corporate opportunities)

If Ascencio SCA proposes to agree with a Director or a company linked to a Director on a transaction that is not covered by Article 523 of the Companies Code (with the exception of corporate opportunities, to which only the rules of this Charter apply, without prejudice to the legal provisions on conflicts of interest), Ascencio SCA nevertheless considers it necessary that this Director inform the other Directors of it before the Board of Directors deliberate on it; that his declaration and the reasons justifying non-application of Article 523 of the Companies Code appear in the minutes of the Board meeting taking the decision; that said Director abstain from attending the deliberation of the Board of Directors relating to this transaction and from taking part in the vote; and that when it would be contrary to the interests of Ascencio SCA for the Director concerned to be informed of the conditions on which Ascencio SCA would be prepared to undertake the transaction in question, the preparatory notes not be sent to him and the item be the subject of an appendix to the minutes which is not communicate to him.

In any case such transaction must be entered into on normal market conditions.

Such transaction will be mentioned in the chapter headed “Corporate Governance” of the annual report, but without the entire minutes relating to the transaction concerned having to be reproduced there.

II. Corporate opportunities

The Directors of Ascencio SA being appointed largely in view of their skill and experience in the field of real estate, it is possible that they perform corporate offices or functions in other real estate companies or companies controlling real estate companies.

It may therefore happen that a transaction submitted to the Board of Directors (for example acquisition of a property in the context of an auction process) is likely to be of interest to another company in which a Director performs a corporate office. In such a case, which may involve a conflict of functions, Ascencio SCA has decided to apply a procedure based largely on that provided by Article 523 of the Companies Code regarding conflicts of interest.

The Director concerned immediately informs the Chairman of the Board of Directors of the existence of such a situation. The Chairman also keeps a watching brief to detect the existence of any such situation.

Once the risk has been identified the Director concerned and the Chairman of the Board of Directors examine together the procedures for “Chinese walls” adopted within the entity to which the Director concerned belong to see whether they allow it to be considered that he may, on his sole responsibility, attend meetings of the Board of Directors. Where such procedures have not been put in place, or if the Director concerned considers it judicious to abstain, he will withdraw from the process of deliberation and voting: the board meeting papers will not be sent to him and he will withdraw from the meeting when the agenda item is discussed. This agenda item will be reported in an appendix to the minutes which will not be shown to him.

The minutes of the Board meeting will either record compliance with this procedure or explain why it has not been applied.

This procedure ceases to apply once the risk ceases to exist (for example because either Ascencio SCA or the competing company decides not to submit an offer).

This procedure is applied in addition to Article 523 of the Companies Code when it is applicable (for example because the Director in question has an equity interest in conflict with that of Ascencio SCA, in the transactions’ being carried out by a company other than Ascencio SCA). In this latter case, the passages of the minutes of the Board meeting relating to the transaction must be reproduced in full in the management report.

INTERNAL CONTROL

General

Ascencio has organised a system of internal control under the responsibility of the Board of Directors of the Statutory Manager. The Board is assisted by the Statutory Auditor, the Audit Committee and an independent internal auditor.

The organisation of the Company's internal control system is based on the COSO 2013 ("*Committee of Sponsoring Organizations of the Treadway Commission*") Framework. COSO is a private international body recognised in the field of internal control and risk management.

Internal control comprises a set of means, behaviours, procedures and actions adapted to the particular characteristics of the company, which:

- contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources; and
- allows it to take account appropriately of significant risks, be they operational, financial or compliance-related.

Specifically, internal control aims to ensure:

- the reliability and integrity of financial reporting such that in particular the annual and half-yearly financial statements and reports comply with the regulations in force;
- the orderly and prudent conduct of business within well-defined objectives;
- the economic and effective use of the resources committed;
- the implementation of general policies, internal plans and procedures;
- compliance with laws and regulations.

In order to ensure an effective approach to risk management and the control environment, the Board of Directors and the effective managers based themselves on international recommendations and best practices as well as on the model of the three lines of defence:

- the first line of defence is that of operations;
- the second line of defence is formed by the "*Risk Manager and Compliance Officer functions*";
- the third line of defence is the independent assurance provided by the internal audit.

These functions are performed appropriately and with the required independence bearing in mind the size of the business and its resources as described later.

In accordance with the Law, the effective managers draw up a report on internal control in the month following the end of the financial year for the attention of the FSMA and the Company's Statutory Auditor. This report contains descriptions of the Company's internal control process and its key procedures and an assessment of the process based on the 17 principles laid down by the COSO.

In accordance with Article 17 of the law of 12 May 2014, the "B-REIT Act", the Company has the three internal control functions, namely a Compliance Officer, a Risk Manager and an independent internal auditor.

"Compliance Officer"

The Compliance Officer is responsible for supervising compliance with the laws, regulations and rules of conduct applicable to the Company, in particular the rules associated with the integrity of the Company's activities and compliance with the obligations regarding transactions with the Company's shares.

Stéphanie Vanden Broecke has been appointed Compliance Officer.

Policy of integrity

Ascencio's integrity policy is an important part of its good governance.

Ascencio implements, manages and evaluates a set of instruments aimed at standardising conduct, so as to ensure that conduct is consistent with the pursuit of the goals of the organisation and its values.

Corporate ethics

Ascencio observes ethics to the greatest extent possible, emphasising the values of honesty, integrity and fairness in all its activities.

It does not tolerate any form of corruption and refuses to deal with people involved in illegal activities or those suspected of being so.

Political activities

Ascencio operates in a socially responsible manner, in accordance with the laws of the country in which it operates, and pursues legitimate commercial objectives. It does not finance and does not belong to any political party or organisation.

Conflicts of interest

Ascencio ensures that every person working for it behaves ethically and accordingly to the principles of good conduct in business and professional secrecy. Any member of staff with a conflict of interest has the duty to immediately advise his or her manager. Similarly, a Director must inform the Chairman of the Board of Directors of any such situation, and abstain from participating in the decision-making process. Lastly, a Director faced with a "*corporate opportunity*" must immediately inform the Chairman and apply the "*Chinese wall*" procedure.

For further information on the preventive rules in the area of conflicts of interest, we refer you to the details in the section devoted to this in this report.

Prevention of insider trading

Members of the company's corporate bodies and employees intending to carry out transactions with Ascencio shares must declare this to the Compliance Officer beforehand. They are strictly prohibited from buying or selling shares during closed periods. They are also prohibited from communicating this information to third parties – including family members.

Rules to prevent market abuse

In application of the EU Regulation[6] (hereinafter the "Regulation") and of the Law[7] (hereinafter the "Law") on market abuse, the Company in its capacity as issuer has defined a policy for the prevention of the misuse of privileged information relating to its financial instruments.

These rules apply:

- to members of the governing body of Ascencio's Statutory Manager;
- to senior executives who, while not members of the above-mentioned body, have regular access to privileged information directly or indirectly concerning the Company and the power to take management decisions concerning the future development of the Company and its business strategy;

hereinafter the "managers"

- to persons likely to come into possession of privileged information by reason of their involvement in the preparation of a given transaction.

Privileged information

"*Any information of a precise nature which has not been made public, relating, directly or indirectly, to [the Company] or to one or more financial instruments and which, if it were made public, could have a significant effect on the evolution and forming of the prices of the financial instruments concerned or of related derivative financial instruments.*"

Ascencio sees to it that privileged information is made public as soon as possible and in such a way as to allow quick and complete access to and assessment of it by the public.

Ascencio posts all privileged information that it is obliged to publish on its website and leaves it there for at least five years.

Ascencio may defer publication of privileged information, under its own responsibility, providing all the following conditions are met:

- immediate publication would be likely to harm the issuer's legitimate interests;
- the delay in publication is not likely to mislead the public;
- the issuer is in a position to ensure the confidentiality of the information.

[6] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

[7] Law of 27 June 2016 amending, with a view to transposing Directive 2013/50/EU and implementing Regulation 596/2014, the law of 2 August 2002 on supervision of the finance sector and financial services, the law of 16 June 2006 on public offers of investment instruments and the admission of investment instruments to trading on regulated markets, as well as the law of 2 May 2007 on disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market.

When the issuer has deferred publication of privileged information, it must inform the FSMA in writing immediately after the publication of the information.

Insider trading

No person in possession of privileged information may:

- make use of the privileged information to acquire or sell financial instruments on his own behalf or on behalf of a third party;
- make use of the privileged information to cancel or alter a stock exchange order that has been given before the person came into possession of the privileged information;
- recommend, on the basis of this privileged information, to another person that he acquire or sell the Financial Instruments concerned or encourage such person to make such an acquisition or sale;
- recommend, on the basis of this privileged information, to another person that he cancel or alter an existing stock exchange order or encourage such person to carry out such a cancellation or alteration;
- disclose the privileged information to another person, except if:
    - such disclosure takes place in the normal course of the performance of his or her work, profession or duties;
    - the recipient of the information is subject to a legal, regulatory, statutory or contractual obligation of confidentiality; and
    - such disclosure is limited on a "*need to know*" basis.

List of insiders

The Compliance Officer draws up a list of all persons with access to privileged Information, and keeps it updated. This list will include a section called "permanent insiders", containing all the persons who by reason of their function or position have permanent access to all the Company's privileged information.

The Compliance Officer will take all reasonable steps to ensure that the persons on the list of insiders acknowledge in writing the legal and regulatory obligations deriving from such access and confirm that they are aware of the sanctions applying to insider trading or the disclosure of privileged information.

Disclosure of transactions carried out by persons with management responsibilities

Managers and closely related persons must inform the Compliance Officer and the FSMA of any transaction[8] carried out on their behalf and relating to the Company's financial instruments not later than three business days after the date of the transaction, by means of an online notification using the application available on the FSMA's website.

These transactions will then be published on the FSMA's website.

Closed and prohibited periods

In addition to the prohibitions set out above, managers may not carry out transactions with financial instruments, whether on their own behalf or that of third parties, directly or indirectly, during a closed period, namely:

- the 30 calendar days preceding the date of publication of the annual results;
- the 30 calendar days preceding the date of publication of the half-yearly results, it being understood that to each period is added the stock exchange day during which publication of the results takes place.

Furthermore, managers may not carry out transactions with financial instruments, whether on their own behalf or that of third parties, directly or indirectly, during a period in which the Company and/or certain managers are in possession of privileged information.

"Risk Manager"

Stéphanie Vanden Broecke, an executive manager, assumes the function of Risk Manager in Ascencio.

The risk management policy forms an integral part of Ascencio's strategy and corporate governance. It is an ongoing process whereby the Company deals methodically with the risks inherent in or external to its activities as part of its pursuit of sustainable performance.

The risk management policy and the methodology developed consist in identifying, analysing and dealing with the risks in accordance with an annual process carried out by the Risk Manager in collaboration with Ascencio's key executives and as a function of the competences and responsibilities of each one in the organisation.

The risk management process must allow the risks and opportunities presented by factors affecting the Company's activities or strategy to be identified and assessed.

A structured approach to risk management requires correct interpretation of the guidelines, standards and reference framework of risk management and implementation of various tools such as risk mapping and the risk register.

Risks are assessed annually and followed up periodically in meetings of the effective managers, the Audit Committee and the Board of Directors of the Statutory Manager

[8] i.e. all subsequent transactions once the amount of €5,000 has been reached during a calendar year.

The various lines of this assessment are:

- the Company's general environment ("The Market");
- its core business ("Transactions");
- management of its financial resources;
- changes in laws and regulations applicable to the Company and its activities in Belgium, France and Spain.

For further information on risk management we refer you to the section headed "Risk factors" in this report.

"Independent internal audit"

The internal audit function was entrusted for a term of three years, until 30 September 2017, to Mr. Christophe Quiévreux of BDO. This term of office was extended by one year, to 30 September 2018.

Michèle Delvaux, executive manager, has been designated as internally responsible for the internal audit function.

The internal auditor performs a controlling and advisory role and makes sure that the business is properly managed in terms of adherence to its procedures.

This assignment is carried out in three phases:

- a preparatory phase in which the auditor familiarises himself with the context and the reference framework applicable (procedures, regulations, best practices and control environment). Starting out from objectives of good management, he evaluates the apparent strengths and weaknesses;
- the actual audit phase: the auditor implements the procedures and verifies their effectiveness in the various operational, financial and management areas. In doing so he has extensive access to all relevant information. No activity or entity of the Company is excluded from his field of investigation;
- a phase of summarising and making recommendations to the Company's governing bodies. In this regard, the internal auditor has a direct line of communication with the Audit Committee, the Board of Directors and its Chairman as well as with the Statutory Auditor. His summary report is presented to the Audit Committee, which forwards it to the Board of Directors.

On an annual basis, the internal auditor evaluates:

- the function of Compliance Officer;
- the function of Risk Manager;
- compliance with the delegations of powers for the main contracts and payment (purchase, investment and main disbursements);
- the review of the main financial risks.

Over a three-year cycle, the internal audit will cover:

- year one: the rental process;
- year two: the investment, renovation and works processes;
- year three: the support functions (IT, Legal and Insurance).

The complete cycle was closed on 30 September 2017 and the internal auditor's report on the financial year last ended concerned the rental process. This report was presented to the Audit Committee, which forwarded it to the Board of Directors.

Factors likely to have an effect in the event of a takeover bid

Ascencio sets out hereunder the factors which, by virtue of Article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market, could have an effect in the event of a takeover bid.

1. *the capital structure, with an indication of the different categories of shares if applicable and, for each category of shares, the rights and obligations attaching to it and the percentage of the total share capital that it represents;*
2. *any legal or statutory restrictions on the transfer of shares;*
3. *the holders of any securities conferring special rights of control, and a description of these rights;*
4. *the control mechanism provided for in any employee shareholding scheme if the rights of control are not exercised directly by employees;*
5. *any legal or statutory restrictions on the exercise of voting rights.*

   The share capital of Ascencio SCA amounted to €39,575,910 and was represented by 6,595,985 shares at 30 September 2018. The shares are registered or paperless, all fully paid up and without specified nominal value. There is only one category of shares.

   There are no legal or statutory restrictions on the transfer of shares.

   There are no holders of securities conferring special rights.

   There is no employee shareholding scheme.

   There are no legal or statutory restrictions on voting rights.

6. *agreements among shareholders known to the issuer and which might entail restrictions on the transfer of securities and/or the exercise of voting rights;*

   There is no restriction concerning the sale of their holding in the Company's share capital.

7. *the rules applicable to the appointment and replacement of members of the governing body and to amendments of the issuer's Articles of Association;*

   As regards the rules applicable to the nomination and replacement of members of the governing body, please refer to the section on the "*Composition of the Board of Directors*" in this report.

   As regards the rules applying to amendments of the Articles of Association, in accordance with B-REITs legislation any proposed amendment to the Articles of Association must first be submitted to the FSMA for approval. Furthermore, the rules set out in the Companies Code also apply.

8. *powers of the governing body, in particular concerning the power to issue or buy back shares;*

   In accordance with Article 8 of the Articles of Association of Ascencio SCA, the Manager is authorised to increase the share capital on such dates and conditions as it may establish in one or more times, with a maximum of €36,223,380. This authorisation is valid for five years from the date of publication in the Moniteur Belge (official state gazette) of the authorisation granted, namely 27 January 2015. This authorisation is renewable. The balance of the authorised capital at 30 September 2018 stood at €33,744,078.

   In accordance with Article 12 of the same Articles of Association, the authorisation given to the Manager to acquire or dispose of the Company's fully paid up shares when such acquisition or disposal is necessary in order to avoid serious and imminent damage to the Company has expired.

   For further information, we refer you to the section headed "Corporate Governance Declaration" in this report.

9. *all the important agreements to which the issuer is party and which come into effect, are amended or come to an end in the event of a change of control of the issuer following a takeover bid, and their effects, except when their nature is such that their disclosure would seriously harm the issuer; this exception is not applicable when the issuer is specifically obliged to disclose this information by virtue of legal requirements;*

   In accordance with common practice, the Company has included change of control clauses in its financing agreements allowing the bank to demand early repayment of loans in the event of a change of control of the Company. Activation of these clauses could have a negative impact on the Company. These clauses are approved by the General Meeting of Shareholders in accordance with Article 556 of the Companies Code.

10. *all agreements between the issuer and members of its governing body or personnel which provide for indemnities if members of the governing body resign or have to leave their positions without good reason or if the employment of members of the personnel is terminated as a result of a takeover bid.*

    There is an agreement between Vincent H. Querton and Ascencio SCA in respect of the event in which the Company were unilaterally to early-terminate the management agreement between them. For an assessment of this potential indemnification, we refer you to the section headed “Remuneration report” in this report.

“We think of our ***#RetailParks*** *as being living spaces where* ***#SocialTies*** *are formed. To achieve this, we place the stress on tree-lined perimeters and a mix of shopping and leisure spaces designed to cater to all tastes.”*

Here, the ***#ParcCommercialDesCyprès*** *(France), with easy parking, is surrounded by a partly shaded walkway and gardens featuring typical plants of the South of France.*

Financial report

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS (€000s)		Note	30/09/2018	30/09/2017
ASSETS				
I	**NON-CURRENT ASSETS**			
A	Goodwill		0	0
B	Intangible assets	5	0	41
C	Investment properties	6	619,029	613,317
D	Other tangible assets	7	1,168	1,594
E	Non-current financial assets	8	1,025	1,242
F	Finance lease receivables		0	0
G	Trade receivables and other non-current assets		0	0
H	Deferred tax assets		0	0
TOTAL NON-CURRENT ASSETS			621,222	616,194
II	**CURRENT ASSETS**			
A	Assets held for sale		0	0
B	Current financial assets		0	0
C	Finance lease receivables		0	0
D	Trade receivables	10	4,307	4,000
E	Tax receivables and other current assets	11	1,392	1,972
F	Cash and cash equivalents		4,027	2,919
G	Deferred charges and accrued income	12	311	329
TOTAL CURRENT ASSETS			10,037	9,220
TOTAL ASSETS			**631,258**	**625,414**

	EQUITY AND LIABILITIES (€000s)	Note	30/09/2018	30/09/2017
EQUITY				
I	**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY**		**364,026**	**346,281**
A	Capital	13	38,659	38,069
B	Share premium account	13	253,353	248,975
C	Reserves		37,989	18,040
	b. Reserve for changes in fair value of properties		39,770	27,347
	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		-10,221	-10,389
	e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied		-7,743	-14,327
	m. Other reserves		16,182	15,409
D	Net result for the financial year		34,024	41,197
II	**NON-CONTROLLING INTERESTS**		**0**	**0**
TOTAL EQUITY			364,026	346,281
LIABILITIES				
I	**NON-CURRENT LIABILITIES**		**143,026**	**199,111**
A	Provisions	14	21	105
B	Non-current financial debts		132,772	185,455
	a. Credit institutions	15	132,227	183,887
	b. Finance leases	15	544	1,568
C	Other non-current financial liabilities	16-17	6,876	10,316
D	Trade debts and other non-current debts		0	0
F	Deferred tax liabilities	18	3,357	3,235
	a. Exit tax		2,696	2,696
	b. Other		661	539
II	**CURRENT LIABILITIES**		**124,206**	**80,022**
B	Current financial debts		114,698	69,183
	a. Credit institutions	15	63,660	25,590
	b. Finance leases	15	1,038	593
	c. Others	15	50,000	43,000
C	Other current financial liabilities		0	0
D	Trade debts and other current debts		7,837	9,239
	a. Exit tax		0	428
	b. Other	19	7,837	8,811
F	Accrued charges and deferred income	20	1,671	1,600
TOTAL LIABILITIES			267,232	279,133
TOTAL EQUITY AND LIABILITIES			**631,258**	**625,414**

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED NET RESULT (€000s)		Note	30/09/2018	30/09/2017
I	Rental income	21	40,954	40,782
III	Rental related charges	22	50	-330
NET RENTAL RESULT			**41,004**	**40,452**
IV	Recovery of property charges		0	0
V	Recovery of rental charges and taxes normally paid by tenants on let properties	23	6,493	6,168
VII	Rental charges and taxes normally paid by tenants on let properties	24	-6,668	-6,278
VIII	Other revenue and rental related charges		56	-45
PROPERTY RESULT			**40,884**	**40,297**
IX	Technical costs	25	-635	-998
X	Commercial costs	26	-124	-162
XI	Rental charges and taxes on unlet properties		-337	-281
XII	Property management costs	27	-1,163	-973
XIII	Other property charges	28	-315	-280
	PROPERTY CHARGES		**-2,575**	**-2,694**
PROPERTY OPERATING RESULT			**38,310**	**37,603**
XIV	Corporate overheads	29	-4,383	-3,397
XV	Other operating income and charges	30	-15	10
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**33,912**	**34,216**
XVI	Net gains and losses on disposals of investment properties	31	-15	0
XVIII	Changes in the fair value of investment properties	32	4,141	8,573
XIX	Other result on the portfolio		0	0
OPERATING RESULT			**38,038**	**42,789**
XX	Financial income	33	0	3
XXI	Net interest charges	34	-6,370	-7,165
XXII	Other financial charges	35	-410	-370
XXIII	Changes in fair value of financial assets and liabilities	36	3,292	6,584
FINANCIAL RESULT			**-3,488**	**-948**
RESULT BEFORE TAX			**34,550**	**41,841**
XXV	Corporate tax	37	-526	-644
XXVI	Exit Tax		0	0
TAXES			**-526**	**-644**
NET RESULT			**34,024**	**41,197**
	- Net result - group share		**34,024**	**41,197**
	- Net result - Non-controlling interests		0	0
BASIC NET RESULT AND DILUTED (€/SHARE, GROUP SHARE)		38	**5.16**	**6.34**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	STATEMENT OF COMPREHENSIVE INCOME (€000s)	Note	30/09/2018	30/09/2017
I	**NET RESULT**		**34,024**	**41,197**
II	**OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT**			
A	Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		168	0
H	Other comprehensive income for the year, net of tax (*)	7	26	-113
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**34,219**	**41,084**
	Attributable to - Group share		34,219	41,084
	- Non-controlling interests		0	0

(*) Revaluation at fair value of the property occupied by Ascencio

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOW (€000s)	30/09/2018	30/09/2017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**2,919**	**3,341**
Result for the financial year	34,024	41,197
Financial result	3,488	948
Net capital gains or losses realised on disposal of assets	15	0
Income tax expense (- tax income)	526	644
Income statement items without treasury impact	-4,130	-8,178
+/- Change in the fair value of investment properties	*-4,141*	*-8,573*
+ Depreciation	*61*	*65*
+ Reductions in value	*-50*	*330*
Change in working capital requirement	-818	670
+/- Change in trade receivables	*-257*	*273*
+/- Change in tax receivables and other current assets	*580*	*-1,091*
+/- Change in deferred charges and accrued income	*18*	*19*
+/- Change in trade debts and other current debts	*-1,230*	*1,149*
+/- Change in accrued charges and deferred income	*71*	*320*
Change in non-current operating assets and liabilities	0	2,164
+/- Change in non-current financial assets	*0*	*-104*
+/- Change in trade debts and other non-current debts	*0*	*-428*
+/- Change in non-current deferred tax liabilities	*0*	*2,696*
Change in provisions and other non-monetary items	-84	-151
Taxes paid	-576	-2,945
NET CASH FLOW FROM OPERATING ACTIVITIES	**32,447**	**34,349**
- Acquisition of investment properties	-4,930	-1,544
- Projects in course of development	0	-3,754
- Acquisition of real estate companies	0	-14,187
- Acquisition of intangible assets	0	0
- Acquisition of tangible assets	432	-508
+ Disposals of investment properties	3,600	0
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**-898**	**-19,992**
Disposals of investment properties	-32	-36
Disposals of investment properties	-7,169	19,143
Reimbursement of financial debts and working capital of acquired companies	0	-13,584
Other changes in financial assets and liabilities	-56	29
Gross dividends paid	-16,442	-12,799
Finance charges paid	-6,743	-7,532
NET CASH FLOW FROM FINANCING ACTIVITIES	**-30,441**	**-14,779**
Cash and cash equivalents at the end of the financial year	4,027	2,919

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€000s)	Capital	Share premium account	Reserves* C.b.	C.c.	C.e.	C.m.	Result for the financial year	Total equity
BALANCE AT 30/09/2016	**37,271**	**242,240**	**10,337**	**-10,389**	**-14,489**	**12,825**	**40,237**	**318,032**
Distribution of dividends							-12,799	-12,799
Appropriation to reserves			15,005		162	4,703	-19,870	0
Capital increase	797	6,735					-7,568	-36
Net result							41,197	41,197
Other elements recognised in the global result			-113					-113
Reclassification of reserves			2,119			-2,119		0
Adjustment to reserves								0
BALANCE AT 30/09/2017	**38,069**	**248,975**	**27,347**	**-10,389**	**-14,327**	**15,409**	**41,197**	**346,281**

(€000s)	Capital	Share premium account	Reserves* C.b.	C.c.	C.e.	C.m.	Result for the financial year	Total equity
BALANCE AT 30/09/2017	**38,069**	**248,975**	**27,347**	**-10,389**	**-14,327**	**15,409**	**41,197**	**346,281**
Distribution of dividends							-16,443	-16,443
Appropriation to reserves			8,573		6,584	4,597	-19,754	0
Capital increase	590	4,378					-5,000	-32
Net result							34,024	34,024
Other elements recognised in the global result			26	168				194
Reclassification of reserves			3,824			-3,824		0
Adjustment to reserves								0
BALANCE AT 30/09/2018	**38,659**	**253,353**	**39,770**	**-10,221**	**-7,743**	**16,182**	**34,024**	**364,026**

* Reserves:
C.b. : Reserve for changes in fair value of properties

C.c. : Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties

C.e. : Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied

C.m. : Other reserves

Capital increase:

On 27 February 2018, Ascencio carried out a capital increase of €5,000,230.62 by capitalising dividend receivables and issuing 98,391 new shares.

Based on the accounting par value of the shares (€6.00), the amount of the transaction broke down as follows:

- To share capital: €590,346.00
- To issue premium: €4,409,884.62 less €31,620.28 to cover transaction costs, giving a net amount of €4,378,264.34

Reclassification of reserves

- **Reclassification of reserves for changes in fair value of properties sold:**
  - During the financial year 2016/2017, Ascencio reclassified a negative amount of €2,119,000 from "Reserve for changes in Fair Value of Properties" to "Other Reserves". This amount concerns changes in the value recognised in financial year 2015/2016 for properties sold on 26 September 2016.
  - During the financial year 2017/2018, Ascencio reclassified a negative amount of €3,824,000 from "Reserve for changes in Fair Value of Properties" to "Other Reserves". This amount concerns the balance of cumulative changes in value at 30 Sept. 2017 in respect of the Overijse property sold on 9 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION AND ACCOUNTING METHODS

GENERAL INFORMATION

Ascencio SCA (hereinafter referred to as "Ascencio SCA " or the "Company") is an SIR (Société Immobilière Réglementée or Regulated Property Company, hereinafter referred to in the English translation as a "B-REIT" (Belgian real estate investment trust) incorporated under Belgian law. The consolidated financial statements of the Company at 30 September 2018 covering the period from 1 October 2017 to 30 September 2018 were approved by the Board of Directors of the Statutory Manager in its meeting of 29 November 2018.

The figures presented for the previous financial year cover the period from 1 October 2016 to 30 September 2017.

All amounts are expressed in thousands of euros unless otherwise stated.

BASIS OF PREPARATION AND ACCOUNTING METHODS

A. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as published and effective at 30 September 2018 and adopted by the European Union.

The consolidated financial statements have also been prepared in accordance with the provisions of the Royal Decree of 13 July 2014, as amended by the Royal Decree of 23 April 2018, on regulated property companies.

Standards and interpretations applicable to the annual period starting on 1 October 2017

- Amendment to IAS 7: Disclosure Initiative;
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses;
- IFRS Annual Improvements Cycle 2014-2016 published in December 2016 (partly applicable from 1 October 2017 and 1 October 2018);

These news standards and interpretations have not had any impact on these consolidated financial statements.

New standards, amendments and interpretations not yet adopted for the annual period starting 1 October 2017

- New interpretation IFRIC 22: Foreign Currency Transactions and Advance Consideration (applicable from 1 October 2018);
- New interpretation IFRIC 23: Uncertainty over Income Tax Treatments (applicable from 1 October 2019 subject to adoption by the EU);
- New standard IFRS 9: Financial Instruments (applicable from 1 October 2018);
- New standard IFRS 15: Revenue from Contracts with Customers (applicable from 1 October 2018);
- New standard IFRS 16: Leases (applicable from 1 October 2019);
- New standard IFRS 17: Insurance Contracts (applicable to annual periods starting on or after 1 October 2021, subject to adoption by the EU);
- Amendment to IAS 19: Plan Amendment, Curtailment or Settlement (applicable from 1 October 2019 subject to adoption by the EU);
- Amendment to IAS 28: Long-term Interests in Associates and Joint Ventures (applicable from 1 October 2019, subject to adoption by the EU);
- Amendment to IAS 40: Transfers of Investment Property (applicable from 1 October 2018);
- Amendment to IFRS 2: Classification And Measurement of Share Based Payment Transactions (applicable from 1 October 2018);
- Amendment to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable from 1 October 2018);
- Amendment to IFRS 9: Prepayment Features with Negative Compensation (applicable from 1 October 2019);

- Amendment to IFRS 15: Revenue from Contracts with Customers (applicable from 1 October 2018);
- Clarification of IFRS 15: Revenue from Contracts with Customers (applicable from 1 October 2018);
- Amendments to References to the Conceptual Framework in IFRS Standards issued in March 2018 (applicable from 1 October 2020, subject to adoption by the EU);
- IFRS Annual Improvements Cycle 2014-2016 published in December 2016 (partly applicable from 1 October 2017 and 1 October 2018);
- IFRS Annual Improvements Cycle 2015-2017 published in December 2017 (applicable from 1 October 2019, subject to adoption by the EU);

The group is in the process of assessing the consequences of the changes listed above. The following are the most pertinent aspects for Ascencio:

- IFRS 9: Financial Instruments (applicable from 1 October 2018);

  IFRS 9 was finalised and published by the IASB in July 2014 and adopted by the EU in November 2016. IFRS 9 contains requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and general hedge accounting. It will replace most of IAS 39 Financial Instruments: Recognition and Measurement.

  Based on an analysis of Ascencio's situation as at 30 September 2018, IFRS 9 should not have a material impact on the statutory or consolidated financial statements. As regards impairment of financial assets measured at amortised cost, including trade receivables, initial application of the expected credit losses model as per IFRS 9 will lead to credit losses being recognised sooner than under the credit losses incurred model currently applied under IAS 39. In view of the relatively small amounts of trade receivables and the low degree of associated credit risk, Ascencio does not anticipate a material impact on the statutory or consolidated financial statements.

- IFRS 15: Revenue from Contracts with Customers (applicable from 1 October 2018);

  IFRS 15 establishes a single comprehensive model for recognising revenue from ordinary activities deriving from contracts with customers. When it comes into force the new standard will replace IAS 18 which covers revenues from sales of goods and services, IAS 11 which deals with construction contracts and the associated interpretations.

  IFRS 15 is unlikely to have a material impact on Ascencio's statutory or consolidated financial statements, since rental contracts, which represent Ascencio's main source of revenue, are excluded from its scope of application. The principles of IFRS 15 are nonetheless applicable to such non-rental components as might be included in rental contracts or separate agreements, such as maintenance services charged to tenants. However, given that these non-rental components are relatively limited and mainly concern services recognised gradually over time, Ascencio does not anticipate any material impact either in terms of IFRS 15 or of IAS 18 in this regard.

- IFRS 16: Leases (applicable from 1 October 2019):

  IFRS 16 provides a comprehensive model for identifying lease contracts and their treatment in the financial statements of lessee and lessor. It will replace IAS 17 Leases and the associated interpretations when it comes into force.

  IFRS 16 introduces significant changes in lessee accounting, with the removal of the distinction between operating and finance leases, with assets and liabilities for all leases now recognised in the balance sheet (with some exceptions limited to short-term leases and leases of low-value assets). In contrast with lessee accounting, IFRS 16 maintains in essence the provisions of IAS 17 as regards lessor accounting and maintains the lessor's obligation to classify leases as operating or finance.

  Since Ascencio acts almost exclusively as lessor, IFRS16 should not have a material impact on its statutory or consolidated financial statements. In the few cases where Ascencio is the lessee in contracts classed as operating leases as per IAS 17 and not subject to exemptions from IFRS 16 (such as in the case of the lease of cars, buildings used by the Group, etc.), an asset in respect of the right of use and an associated liability will be recognised in the consolidated balance sheet.

B. BASIS OF PRESENTATION

The financial information is presented in thousands of euros. The financial statements have been prepared on the historical cost basis with the exception of the following assets and liabilities which have been measured at their fair value: investment property[1], the property occupied by Ascencio (recognised in Other property, plant & equipment), held-for-sale investment property and financial assets and liabilities held for hedging or transaction purposes.

The basic principles applied in preparing the consolidated financial statements are as follows.

C. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and those of the entities over which it has control and its subsidiaries. The Company has control when:

- it holds power over the issuing entity;
- it is exposed to, or has rights to, variable returns from its involvement with the entity;
- it has the ability to affect those returns through its power over the entity.

Companies controlled by the Company are fully consolidated. Full consolidation involves incorporating all the assets and liabilities of the consolidated entities as well as their revenue and expenditure, after elimination of the necessary items. Control constitutes the power to direct the financial and operating policies of an entity so as to obtain benefits from its activities. Consolidation of subsidiaries starts on the date on which Ascencio SCA acquires control of the entity and ends on the date on which that control ceases.

D. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments in order to hedge its exposure to the interest rate risk arising from the financing of its activities.

The accounting treatment of derivative financial instruments depends on whether or not they are classed as hedging instruments and on the type of hedge. Derivatives are initially recognised at cost on the date on which the derivative contract is entered into. Subsequently, they are measured at fair value at closing date. Gains or losses arising from the application of fair value are recognised immediately in the income statement, unless the derivative is classed as a hedging instrument and meets the eligibility criteria for hedge accounting as per IAS 39.

If a derivative financial instrument meets the hedge accounting criteria as per IAS 39, the portion of the gain or loss on the hedging instrument that is defined as being effective is recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement.

The fair value of derivative financial instruments is the amount that the Company would expect to receive or pay if the derivative financial instrument had to be sold at closing date.

Derivative financial instruments are recognised as financial assets if their value is positive, and as financial liabilities if their value is negative. Derivatives maturing at over twelve months are generally shown as non-current in the balance sheet, whereas remaining derivatives are shown as current.

E. GOODWILL

When the Company acquires control of a business as defined by IFRS 3 – Business combinations, the identifiable assets, liabilities and contingent liabilities of the business acquired are recognised at their fair value on acquisition date.

The positive difference between the cost of acquisition and the proportional part of the fair value of the net assets acquired is recognised as goodwill on the asset side of the balance sheet.

If this difference is negative, the surplus (often referred to as "negative goodwill" or "badwill") is recognised directly in the income statement after confirmation of the values.

Goodwill is subjected to an impairment test at least once a year in accordance with IAS 36 – Impairment of assets.

[1] Investment properties include the fair value of projects in the course of development

F. IMPAIRMENT OF ASSETS

At each closing date, the Company reviews the carrying amounts of its assets (with the exception of investment properties) in order to assess whether there are any indications that an asset may have suffered a loss in value, in which case an impairment test is carried out.

An asset is impaired when its carrying amount is higher than its recoverable amount. The recoverable amount of an asset or of a cash generating unit (CGU) is the higher of its fair value less selling costs and its value in use.

If the carrying amount of an asset or a CGU exceeds its recoverable amount, the excess constitutes a loss in value, which is recognised directly as an expense and applied first in reduction of the goodwill allocated to the [asset or] CGU.

At each closing date the Company assesses whether there is any indication that a loss recognised in any previous period(s) on an asset other than goodwill is likely no longer to exist or to have diminished. If there is such an indication, the Company estimates the recoverable amount of the asset. The new carrying amount of this asset, as increased by the reversal of a loss of value, may not exceed the carrying amount that would have applied, net of depreciation or amortisation, if no loss of value had been recognised in respect of this asset in previous financial years. Losses of value on goodwill are never reversed.

G. INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS

Measurement on initial recognition

Investment properties are initially valued at acquisition cost including associated expenses. For properties acquired by merger, split or contribution, taxes due on the capital gains of the absorbed companies are included in the cost of acquisition.

Measurement subsequent to initial recognition

After initial recognition, properties are measured at their fair value.

At the end of each quarter, an independent real estate expert carries out a precise valuation of the following items:

- property assets, other assets attached to them and rights in rem to property assets held by Ascencio SCA and the real estate companies controlled by it;
- options on property assets held by Ascencio SCA and the real estate companies controlled by it, as well as the property assets to which these options refer;
- the rights deriving from the agreements whereby one or more property assets are leased to Ascencio SCA and the real estate companies controlled by it as well as the underlying property.

The experts carry out their valuation in accordance with national and international standards. The fair value, which is calculated by deducting an estimated amount for transfer expenses from the investment value, is defined as the most likely value that can reasonably be obtained between informed parties acting in good faith in normal selling conditions.

The amount estimated for transfer expenses is

- 2.5% for properties located in Belgium with a value of more than €2.5 million (being the average rate for transaction costs defined by BEAMA, the Belgian Asset Managers Association) and between 10% and 12.5 % for properties valued at less than this, depending on their location. Ascencio considers its real estate portfolio as a whole, which can be sold in whole or in part, and applies a deduction of 2.5 % for all its properties.
- from 1.8% to 6.9 % for properties located in France, i.e. the rate of transfer expenses applicable locally depending on whether the property is more or less than five years old.
- at 2.5% for properties located in Spain, which is the average rate of transfer expenses applicable in Spain.

Method applied until 30 September 2016:

Upon acquisition, the stamp duty that would be payable on a hypothetical subsequent sale is recognised directly in equity through the consolidated statement of comprehensive income (heading “II.A. Effect on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties”). Any subsequent adjustment to fair value is recognised in the income statement in the period in which it arises and applied to non-distributable reserves when appropriating profits. Subsequent adjustments to fair value do not affect the reserve for transfer expenses and stamp duty in equity.

Method applied since 1 October 2016:

Since 1 October 2016 stamp duty on acquisition, as well as any change in the fair value of the properties during the financial year, has been recognised in the income statement.

The purpose of this change is to (i) simplify accounting recognition of stamp duty and (ii) bring accounting practices into line with those of other Belgian REITs and other comparable companies abroad.

Accounting upon sale of a property

Upon sale of a property, realised gains or losses are recognised in the income statement under the heading "XVI Net gains and losses on disposals of investment properties". The amount initially recognised in equity in the reserves for estimated transaction costs resulting from hypothetical disposal of investment properties is reversed out.

Expenses incurred on works carried out on investment properties

Expenses incurred on works carried out on investment properties are charged to the property operating result if they do not add to the economic benefits. They are capitalised if they add to the expected economic benefits.

Sale of investment properties

Gains and losses on the sale of investment properties are recognised in the income statement for the period under “Net gains and losses on disposals of investment properties”. Commissions paid for the sale of properties, transaction costs and obligations assumed form an integral part of the gain or loss realised on the sale.

Development projects

Properties being built or developed with a view to future use as investment properties are classified as development projects and measured at their fair value until construction or development is completed.

At that time they are reclassified and recognised as properties available for lease, still at fair value.

H. OTHER PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment other than property assets, the use of which is limited in time, are measured at their acquisition cost less straight-line depreciation over their estimated useful lives and any impairment.

The property occupied by the Company is measured at its fair value as per IAS 16.

During the financial year in which the investment is made, depreciation is recognised in proportion to the number of months during which the asset is in use.

Annual depreciation rates:

- Installations, machines and tooling: 20 %
- Fixtures and fittings: 10 %
- Computer equipment: 33 %
- Standard software applications: 33 %

If there are citations that an asset may have suffered a loss of value, its carrying amount is compared with its recoverable amount. If the carrying amount is more than the recoverable amount, a loss of value is recognised.

At the time of disposal or derecognition of property, plant and equipment, the acquisition values and associated depreciation or, for properties, their fair values, are removed from the balance sheet and the realised capital gains or losses are recognised in the income statement.

I. CURRENT ASSETS

Trade receivables are measured at amortised cost less any impairments for bad and doubtful debts. Cash investments are measured at the lower of acquisition or market value. Associated expenses are charged directly to the income statement.

J. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise accounts at sight, cash and short-term investments. Since they are subject to only negligible changes in value, they are measured at nominal value.

K. EQUITY

Equity instruments issued by the Company are recognised at the value of the consideration received, net of issuance expenses.

Dividends are not recognised until they have been approved by the General Meeting of Shareholders.

L. PROVISIONS

A provision is recognised in the balance sheet when:

- Ascencio SCA or one of its subsidiaries has to fulfil an obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are measured by discounting the expected future cash flows to their present value at market rate and reflecting any risks specific to the obligation.

M. TRADE PAYABLES

Trade payables are measured at amortised cost at balance sheet date.

N. INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are measured at the amount of proceeds received less directly attributable costs. They are subsequently recognised at amortised cost, the difference between the cost and the redemption value being charged to the income statement over the life of the borrowing in accordance with the effective interest rate method.

O. REVENUES

Revenues include gross rental income and revenue from services and property management, and are measured at the fair value of the consideration received. Rent-free periods and incentives granted to clients are recognised as deductions from rental revenue over the duration of the lease agreement (which is defined as the period between the date on which it comes into force and the first termination date of the agreement).

P. CHARGES

Costs incurred for services, including those borne on behalf of tenants, are included in direct rental charges. Their recovery from tenants is presented separately.

Q. COMMISSIONS PAID TO REAL-ESTATE AGENTS AND OTHER TRANSACTION COSTS

Commissions relating to property leases are expensed as incurred.

Commissions paid in respect of the acquisition of properties, registration fees, notaries' fees and other associated costs are considered as transaction costs and included in the acquisition cost of the properties acquired.

R. TAXES

Tax on income for the financial year comprises current tax and deferred tax. Taxes are recognised in the income statement except where they relate to items recognised directly in equity, in which case they too are recognised in equity. Current tax is the estimated tax on taxable income for the past year, using the tax rate in force at balance sheet, and any adjustment to tax liabilities in respect of previous years.

Exit tax is a tax on the capital gain resulting from the merger of a company that does not have the same tax status as the Company.

NOTE 2: MAIN SOURCES OF UNCERTAINTY REGARDING ESTIMATES AND SIGNIFICANT ACCOUNTING JUDGEMENTS

Investment properties, which constitute almost the entire assets of the Company, are measured at their fair value as determined by an independent expert (see note 6).

The fair value of interest rate swaps is the estimated amount that Ascencio would receive or pay to close the position at balance sheet date, based on the spot and forward interest rates in force at that date, the value of the option and the solvency of the counterparties. The fair value of interest rate hedging instruments is calculated on each accounting closing date by the financial institutions from which these instruments were acquired. (See note 16).

Any provisions recognised are estimated on the basis of the Company's experience, assistance from third parties (experts and lawyers) and any other source that the Company deems relevant (see the section headed Risk factors – Possible changes in environmental legislation).

In preparing its consolidated financial statements, the Company is required to make a number of significant judgements in applying accounting principles (for example when identifying business combinations or calculating deferred taxation) and to make a number of estimates. In arriving at these assumptions, management can rely on its experience, on the assistance of third parties (notably property experts) and on other factors judged to be pertinent. The actual results may differ from these estimates. These estimates are regularly reviewed, and modified if necessary.

NOTE 3: MANAGEMENT OF FINANCIAL RISKS

The financial risks to which the Company is exposed are also described in the section headed "Risk factors" in the annual report.

DEBT STRUCTURE AND DEBT RATIO

The debt structure as at 30 September 2018 is described in Note 15.

The Company's debt ratio must be held below the maximum authorised for B-REITs (65 %) in accordance with Article 23 of the Royal Decree of 13 July 2014 as amended by the Royal Decree of 23 April 2018. Moreover, Article 24 of the Royal Decree of 13 July 2014 requires B-REITs to submit a financial plan to the FSMA (Financial Services and Markets Authority) in the event that the consolidated debt ratio should exceed 50 %.

As at 30 September 2018, Ascencio's debt ratio as defined by the Royal Decree of 13 July 2014 stood at 40.8 % on a consolidated basis and 39.0 % for the company alone.

After distribution of the dividend proposed to the General Meeting of Shareholders of 31 January 2019, the consolidated debt ratio will, ceteris paribus, come to 44.4 % (assuming the dividend is paid entirely in cash, i.e. in the absence of optional stock dividend).

INTEREST RATE RISK

As at 30/09/2018, 77.8 % of financial liabilities were at floating rates and as such exposed to changes in interest rates. In order to hedge this risk of an increase in interest rates, Ascencio pursues a policy aimed at securing the interest rates on a minimum of 70 % of its financial borrowings on a horizon of several years.

The financial instruments that Ascencio has available to hedge the interest rate risk are described in Note 16.

Based on total financial indebtedness at 30 September 2018 (€247.47 million) and the hedges in place at that date, a portion of the debt equal to €167.50 million, representing 67.7 % of total debt, was financed at fixed rates (agreed fixed rates or rates fixed by means of IRS (interest rate swaps). The remainder of the indebtedness, €79.97 million, was at variable rates, of which €55,00 million were hedged by a CAP option.

Based on the hedging in place (IRS and CAPs), the structure and level of financial debt at 30 September 2018, a rise in interest rates of 100 basis points would lead to an increase in financial charges estimated at €0.25 million.

With a view to benefiting from the particularly low level of interest rates, in October 2015 Ascencio entered into interest rate hedging contracts (IRS and CAPs) with deferred start dates for periods up to 2023. Details of the contracts entered into are shown in Note 16.

Since the hedging instruments in place do not meet the criteria for hedge accounting as laid down by IAS 39, changes in the fair value of financial hedging instruments are recognised in the income statement (IAS 39 – Changes in the fair value of financial instruments). Shifts in the interest rate curve during the financial year 2017/2018 translated into a positive change of €3.29 million in the fair value of Ascencio's financial hedging instruments. At 30 September 2018, these contracts had a negative value of - €4.24 million, representing the amount that the Company would have to pay if it decided to unwind these contracts.

A simulation indicates that a fall of 25 basis points in long-term (ten-year) interest rates would translate into a new (non-monetary) charge of €1.62 million, corresponding to the negative change in the fair value of the hedging instruments.

RISK ASSOCIATED WITH CHANGES IN CREDIT MARGINS

The Company's average cost of debt also depends on the credit margins required by banks and in the financial markets. These margins evolve as a function of the global economic situation, but also of regulations applicable to the banking sector. The risk of an increase in the average cost of debt as a result of an increase in bank margins arises notably upon renewal or establishment of credit lines.

An increase in credit margins would lead to an increase in financial charges.

In order to limit this risk, the Company spreads the maturities of its financing over time and diversifies its sources of financing.

FINANCIAL LIQUIDITY RISK

Ascencio is exposed to a liquidity risk associated with the renewal of its borrowings at due date or any additional borrowings that might be needed to meet its commitments. The Company could also be faced with this risk in the event of the termination of any of its borrowing agreements.

If any of these situations were to arise, the Company might also be obliged to put in place new financing arrangements at a higher cost, or to dispose of certain assets on less than ideal terms.

In order to limit this risk, Ascencio diversifies its sources of financing. The Company currently finances itself by means of bank borrowing from about ten Belgian and French banks which form a diversified pool, and by means of commercial paper.

- At 30 September 2018, Ascencio had €290.5 million in credit lines with four Belgian financial institutions and two French banks, available in the form of fixed term advances with due dates ranging from 2018 to 2025. At 30 September 2018, Ascencio had available to it €102.3 million in undrawn balances under these credit lines.
- Ascencio has investment credits available with French banks on certain assets held in France and finance leases on certain Belgian properties.
- In order to reduce the cost of its financing, Ascencio has had, since June 2016, a commercial paper programme for up to €50,00 million. At 30 September 2018 this programme was used for short-term issues amounting to €50,00 million. In order to hedge the risk of non-renewal of commercial paper issued, Ascencio makes sure that, under its credit lines available by way of fixed term loans, it always has undrawn balances at least equal to its outstanding commercial paper .

At 30 September 2018, total financial liabilities amounted to €247.47 million. The principal repayment schedule of these borrowings is as follows:

- 2018/2019 : €114.70 million
- 2019/2020 : € 31.43 million
- 2020/2021 : € 1.39 million
- 2021/2022 : € 26.18 million
- 2022/2023 : € 61.14 million
- 2023/2024 : € 1.08 million
- 2024/2025 : € 10.56 million
- >2024/2025 : € 0.99 million

FINANCIAL COUNTERPARTY RISK

Entering into a financing agreement or hedging contract with a financial institution creates a counterparty risk of the institution's defaulting. The Company could find itself in a situation in which it is unable to use the financing put in place or to receive the cash flows to which it is entitled by virtue of hedging instruments.

In order to limit this risk, Ascencio takes care to diversify its banking relationships. As at 30 September 2018, the Company had business relations with various banks:

- As at 30 September 2018, the banks that were counterparties in bank financing arrangements were, in alphabetical order, Banque Populaire Loire et Lyonnais, BECM, Belfius, BNP Paribas Fortis, Caisse d'Epargne Nord Europe, CBC, CIC, Crédit Agricole and ING.
- As at 30 September 2018, the banks that were counterparties for interest rate hedging instruments were, in alphabetical order, Belfius, BNP Paribas Fortis, CBC, ING and Natixis.

RISK ASSOCIATED WITH OBLIGATIONS CONTAINED IN FINANCING AGREEMENTS

The Company is exposed to the risk of its financing agreements being cancelled, renegotiated or terminated early in the event that it were to fail to comply with the undertakings given upon signing these agreements, particularly as regards certain financial ratios (covenants). These undertakings are in line with market practice for similar financing agreements.

The Company is also exposed to the risk of having to repay its financing contracts early in the event of a change of control or if it were to fail to comply with its obligations and more generally in the event of a situation of default as referred to by these contracts. A situation of default on one contract may lead to a situation of default on all contracts (cross-default clauses). Although based on the information in its possession and such forecasts that can reasonably be made on this basis the Company is not currently aware of anything that would lead it to conclude that one or more of these commitments might not be met in the foreseeable future, the risk of non-compliance with commitments cannot be ruled out. Furthermore, the Company has no control over compliance with certain commitments that might lead to the early termination of loan agreements, such as a change of control.

In order to limit this risk, Ascencio negotiates with its counterparties levels of covenants compatible with its forecast estimates and regularly monitors trends in the relevant ratios.

Moreover, some financing agreements provide for the payment of a penalty in the event that early termination should be necessary.

If a financing agreement were to be called into question, the Company would have to put in place alternative financing, possibly at a higher cost.

EXCHANGE RISK

Ascencio obtains all its revenues and incurs all its expenses in the euro zone. Its financing is all provided in euros. Ascencio is therefore not exposed to any exchange risk.

NOTE 4: SECTOR INFORMATION

Ascencio specialises in investment in out-of-town commercial property.

Ascencio is active in Belgium, France and Spain.

As at 30 September 2018, commercial properties represented 99.3% of the fair value of the portfolio of investment properties. The remainder consists of a mixed-use offices and warehouses property and two apartments.

As at 30 September 2018, properties located in Belgium accounted for 61.4 % of the fair value of the total holdings, those located in France for 33.2 % and those in Spain 5.4 %.

As per IFRS 8, the following operating segments have been identified:

- Belgium: properties located in Belgium;
- France: properties located in France;
- Spain: properties located in Spain.

This segmentation is consistent with the group's organisation and the Company's internal reporting provided to the General Management (see the Section Declaration of corporate governance, Management). The accounting methods described in Note 1 to the financial statements are used for internal reporting and this also for reporting operating segments as presented hereunder.

All revenues come from external clients.

All assets held in France and Spain are properties for commercial use.

For the year ended 30 September 2018, two tenants each accounted for 10 % or more of consolidated rental income:

- Grand Frais: 11.7%
- Mestdagh: 10.3%

(€000s)		Belgium		France		Spain		Unallocated		Total	
		30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017
I	Rental income	25,240	25,070	13,803	13,911	1,912	1,801	0	0	40,954	40,782
III	Rental related charges	44	-111	6	-219	0	0	0	0	50	-330
NET RENTAL RESULT		**25,283**	**24,959**	**13,809**	**13,692**	**1,912**	**1,801**	**0**	**0**	**41,004**	**40,452**
V	Recovery of rental charges and taxes normally paid by tenants on let properties	3,828	3,706	2,469	2,273	196	189	0	0	6,493	6,168
VII	Recovery of rental charges and taxes normally paid by tenants on let properties	-4,012	-3,788	-2,460	-2,301	-196	-189	0	0	-6,668	-6,278
VIII	Other revenue and rental related charges	56	-45	0	0	0	0	0	0	56	-45
PROPERTY RESULT		**25,155**	**24,832**	**13,817**	**13,664**	**1,912**	**1,801**	**0**	**0**	**40,884**	**40,297**
IX	Technical costs	-515	-837	-80	-161	-40	0	0	0	-635	-998
X	Commercial costs	-82	-102	-42	-42	0	-18	0	0	-124	-162
XI	Rental charges and taxes on unlet properties	-277	-183	-60	-98	0	0	0	0	-337	-281
XII	Property management costs	-967	-788	-195	-185	0	0	0	0	-1,163	-973
XIII	Other property charges	-202	-187	-113	-93	0	0	0	0	-315	-280
PROPERTY CHARGES		**-2,044**	**-2,097**	**-490**	**-579**	**-40**	**-18**	**0**	**0**	**-2,575**	**-2,694**
PROPERTY OPERATING RESULT		**23,111**	**22,735**	**13,327**	**13,085**	**1,872**	**1,783**	**0**	**0**	**38,310**	**37,603**
XIV	Corporate overheads	0	0	0	0	0	0	-4,383	-3,397	-4,383	-3,397
XV	Other operating income and charges	-14	9	-1	1	0	0	0	0	-15	10
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**23,097**	**22,744**	**13,326**	**13,086**	**1,872**	**1,783**	**-4,383**	**-3,397**	**33,912**	**34,216**
XVI	Net gains and losses on disposals of investment properties	-15	0	0	0	0	0	0	0	-15	0
XVIII	Change in the fair value of investment properties	-1,864	3,659	1,823	3,766	4,181	1,148	0	0	4,141	8,573
XIX	Other result on the portfolio	0	0	0	0	0	0	0	0	0	0
OPERATING RESULT		**21,218**	**26,403**	**15,150**	**16,852**	**6,053**	**2,931**	**-4,383**	**-3,397**	**38,038**	**42,789**

(€000s)		Belgium		France		Spain		Unallocated		Total	
		30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017
XX	Financial income	0	0	0	0	0	0	0	3	0	3
XXI	Interest charges	0	0	0	0	0	0	-6,370	-7,165	-6,370	-7,165
XXII	Other financial charges	0	0	0	0	0	0	-410	-370	-410	-370
XXIII	Change in fair value of financial assets and liabilities	0	0	0	0	0	0	3,292	6,584	3,292	6,584
FINANCIAL RESULT		**0**	**0**	**0**	**0**	**0**	**0**	**-3,488**	**-948**	**-3,488**	**-948**
RESULT BEFORE TAX		**21,218**	**26,403**	**15,150**	**16,852**	**6,053**	**2,931**	**-7,871**	**-4,345**	**34,550**	**41,841**
XXV	Corporate tax	-25	-81	-237	-341	-264	-222	0	0	-526	-644
XXVI	Exit Tax	0	0	0	0	0	0	0	0	0	0
TAXES		**-25**	**-81**	**-237**	**-341**	**-264**	**-222**	**0**	**0**	**-526**	**-644**
NET RESULT		**21,193**	**26,322**	**14,913**	**16,511**	**5,789**	**2,709**	**-7,871**	**-4,345**	**34,024**	**41,197**

(€000s)	Belgium		France		Spain		Unallocated		Total	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Intangible assets	0	41	0	0	0	0	0	0	0	41
Investment properties	380,094	381,191	205,635	203,203	33,300	28,923	0	0	619,029	613,317
Other tangible assets	1,168	1,101	0	493	0	0	0	0	1,168	1,594
Other non-current assets	621	837	9	9	396	396	0	0	1,025	1,242
Current assets	4,204	4,646	5,636	4,475	197	99	0	0	10,037	9,220
TOTAL ASSETS	**386,086**	**387,816**	**211,280**	**208,180**	**33,893**	**29,418**	**0**	**0**	**631,258**	**625,414**

NOTE 5: INTANGIBLE ASSETS

(€000s)	30/09/2018	30/09/2017
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**41**	**81**
Transfer from tangible assets	0	0
Acquisitions	0	0
Depreciation	-41	-40
BALANCE AT THE END OF THE FINANCIAL YEAR	**0**	**41**

Intangible assets at 30 Sept. 2017 comprised software applications (property management and accounting) acquired and developed in 2012 and 2013.

NOTE 6: INVESTMENT PROPERTIES

(€000s)	30/09/2018	30/09/2017
Properties available for rental	619,028	609,693
Development projects	0	3,624
Assets held for own use	0	0
Other	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**619,028**	**613,317**

Investment properties comprise properties available for rental (see point A hereunder) and development projects (see point B hereunder).

A. Investment Properties available to let

(€000s)	30/09/2018	30/09/2017
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**609,693**	**572,132**
Acquisitions	3,589	28,859
Transfer from development projects	5,051	0
Disposals	-3,359	0
Transfer from assets held for sale	0	0
Change in fair value	4,055	8,702
BALANCE AT THE END OF THE FINANCIAL YEAR	**619,028**	**609,693**

Changes in the fair value of investment properties available for rental reflect the investments and divestments made during the financial year as well as the change in fair value of the properties.

Investments during the financial year:

During the financial year, Ascencio made €4.9 million of investments. These concerned:

- acquisition of the 1,963 m² store operated by Mr. Bricolage in the Bellefleur retail park in Couillet;
- completion of construction work on the Carrefour Market supermarket in Anderlecht as part of the Nautilus project;
- construction of an extension to the Grand Frais store in Chasse-sur-Rhône.

Divestments during the financial year:

On 9 March 2018, Ascencio sold the 9,259 m² mixed (offices and warehouses) property located in Overijse, in the context of its strategy of disposal of non-strategic assets.

Change in value on a like-for-like basis:

On a like-for-like basis, the value of the portfolio increased by 0.6 %.

Properties held under leases:

As at 30 September 2018, Ascencio held three properties under finance leases for which a purchase option has to be exercised at the end of the lease in order to acquire freehold of the properties. These purchase options amount to a total of €771,000 and are recognised as liabilities in the annual accounts at 30 September 2018.

B. Development projects

(€000s)	30/09/2018	30/09/2017
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**3,624**	**0**
Investments	1,341	0
Acquisitions	0	3,753
Transfer to investment properties	-5,051	0
Disposals	0	0
Change in fair value	86	-129
BALANCE AT THE END OF THE FINANCIAL YEAR	**0**	**3,624**

Projects in course of development are works in progress by way of investments in various properties. Projects in course of development do not form part of the calculation of the occupancy rate.

At 30 September 2017 a development project was under way, concerning the acquisition of a Carrefour Market supermarket located in Anderlecht as part of the Nautilus project, which was under construction. This store has been operated by the Mestdagh group since July 2018. It will generate rental income of €0.26 million per year.

FAIR VALUE MEASUREMENT

Investment properties were appraised at 30 September 2018 by independent experts (CBRE, Jones Lang LaSalle and Cushman & Wakefield) at their fair value. The fair value of a property corresponds to its investment value, i.e. its value including registration fees and other transaction costs, from which is deducted a provision for transfer expenses (see Note 1.G)

All investment properties have been classified since first adoption of IFRS 13 as level 3 in the fair value hierarchy defined in IFRS 13. This hierarchy has three levels:

- Level 1: observable prices quoted on active markets
- Level 2: observable inputs other than the quoted prices referred to in Level 1
- Level 3: unobservable inputs

During the financial year 2017/2018 there were no transfers among levels 1, 2 and 3.

VALUATION METHODS USED

Two valuation methods are used by Ascencio's independent experts to determine the fair value of the portfolio properties: the term and reversion method and the hardcore method. They also carried out a check in terms of price per square metre.

Under the term and reversion method, the capitalisation of revenues first takes account of current revenue until the end of the current lease agreement and then takes the estimated rental value (ERV) in perpetuity. Under the hardcore method, the estimated rental value is capitalised in perpetuity, after which adjustments are made to take account of the areas let above or below their rental value, void periods, etc.

The yield used for both methods represents the yield expected by investors on this type of asset. It reflects the risks intrinsic to the asset and the sector (future rental vacancies, credit risk, maintenance obligations, etc.) To determine this yield, the experts based themselves on the most comparable transactions and on transactions currently under way in their investment departments.

When there are unusual factors specific to the asset, corrections are applied (major renovations, non-recoverable costs, etc.)

QUANTITATIVE INFORMATION CONCERNING FAIR VALUE MEASUREMENTS USING UNOBSERVABLE INPUTS

The main quantitative information relating to the establishment of the fair value of investment properties based on unobservable inputs (level 3) presented below have been extracted from the reports drawn up by the independent property experts:

COUNTRY	FAIR VALUE 30/09/2018 (€000s)	EVALUATION METHOD	UNOBSERVABLE DATA	MIN	MAX	WEIGHTED AVERAGE
Belgium	380,093	Capitalisation	Estimated rental value	47 €/m²	175 €/m²	97 €/m²
			Capitalisation rate	5.00%	8.76%	6.46%
France	205,635	Capitalisation	Estimated rental value	52 €/m²	314 €/m²	135 €/m²
			Capitalisation rate	5.64%	7.65%	6.28%
Spain	33,300	Capitalisation	Estimated rental value	103 €/m²	222 €/m²	177 €/m²
			Capitalisation rate	5.78%	6.54%	5.99%
TOTAL	**619,028**					

COUNTRY	FAIR VALUE 30/09/2017 (€000s)	EVALUATION METHOD	UNOBSERVABLE DATA	MIN	MAX	WEIGHTED AVERAGE
Belgium	377,567	Capitalisation	Estimated rental value	47 € /m²	176 € /m²	96 € /m²
			Capitalisation rate	3.76%	8.97%	6.45%
France	203,203	Capitalisation	Estimated rental value	57 € /m²	234 € /m²	122 € /m²
			Capitalisation rate	5.79%	9.39%	6.38%
Spain	28,923	Capitalisation	Estimated rental value	103 € /m²	215 € /m²	173 € /m²
			Capitalisation rate	5.90%	6.75%	6.14%
TOTAL	**609,693**					

The estimated rental value (ERV) of a property depends on several factors, mainly its location (major cities, secondary provincial cities), the quality of the property, the nature of the areas (sales, storage, etc.) and the size of the areas let. These factors explain the gap between the lowest and highest ERVs.

The residual duration of agreements and the areas let can be found in the foregoing management report – property report.

SENSITIVITY OF FAIR VALUE OF PROPERTIES TO CHANGES IN UNOBSERVABLE INPUTS

- An increase of 5 % in the estimated rental values (ERVs) of the properties would lead to an increase of €14,715,000 in the fair value of the portfolio.
- A decrease of 5 % in the estimated rental values (ERVs) of the properties would lead to a decrease of €15,023,000 in the fair value of the portfolio.
- An increase of 0.5 % in the capitalisation rate would lead to a decrease of €43,111,000 in the fair value of the portfolio.
- A decrease of 0.5 % in the capitalisation rate would lead to an increase of €40,289,000 in the fair value of the portfolio.

There may also be correlations among unobservable inputs, since they are partly determined by market conditions. This correlation was not taken into account however in the aforementioned sensitivity test, which refers to changes that are independent of the rise and fall of these two parameters.

VALUATION PROCESS

The property valuation process is carried out quarterly in the following manner:

- At the end of each quarter the Company sends detailed information on the rental situation of the portfolio to the experts (areas let, leases in progress, break dates and expiries of contracts, investments to be made, etc. These data are extracted from the property management systems. Rental contracts for new acquisitions and addenda to existing ones are also sent to the experts.
- The experts then incorporate this information into their valuation model. Based on their market experience, they maintain or modify the valuation parameters used in their model, mainly in terms of estimated rental value (ERV), capitalisation rate and assumptions on rental vacancies.
- The experts then inform the Company of the individual valuations of the real estate portfolio as produced by their model.
- The valuations are reviewed by the finance and property departments to ensure that the Company has a good understanding of the assumptions used by the experts.
- The summary tables of the individual property valuations are sent to the accounting department for them to pass the necessary entries for the quarterly re-evaluation of the portfolio.
- The portfolio values thus recognised are submitted to the Audit Committee before the financial statements are submitted to the Board of Directors for approval.

USE OF PROPERTIES

The Company considers that the current use of the investment properties shown at fair value in the balance sheet is optimal, bearing in mind their technical characteristics and the possibilities offered by the rental market.

NOTE 7: OTHER TANGIBLE ASSETS

(€000s)	Assets held for own use		Others		Total	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**1,069**	**1,182**	**525**	**41**	**1,594**	**1,224**
Acquisitions	0	0	60	508	60	508
Disposals	0	0	-493	0	-493	0
Depreciation	0	0	-20	-25	-20	-25
Change in value	26	-113	0	0	26	-113
BALANCE AT THE END OF THE FINANCIAL YEAR	**1,095**	**1,069**	**73**	**525**	**1,168**	**1,594**

The item "Property for own use" includes the part of the property located at Avenue Jean-Mermoz, Gosselies, used by the Company as its head office, for an amount of €1,095,000. The carrying amount of this part-property was revalued by €26,000 in order to bring it into line with its fair value at 30 September 2018. The fair value of the part used by Ascencio was determined in proportion to the fair value determined by the expert for the part occupied not by Ascencio but by a third party.

None of these assets is encumbered.

NOTE 8: CURRENT AND NON-CURRENT FINANCIAL ASSETS

(€000s)	30/09/2018	30/09/2017
Held-to-maturity assets	0	0
Available-for-sale assets	0	0
Assets at fair value through the income statement	556	772
Loans and receivables	0	0
Other	470	470
NON-CURRENT FINANCIAL ASSETS	**1,025**	**1,242**
CURRENT FINANCIAL ASSETS	**0**	**0**

The heading “Assets at fair value with changes through the income statement” reflects the measurement of the fair value of derivative financial instruments in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”, which have a positive value. If they do not have a positive value, their value is shown in the equivalent heading of liabilities (see Note 17).

NOTE 9: CATEGORIES AND DESIGNATION OF FINANCIAL INSTRUMENTS

(€000s)	30/09/2018		30/09/2017		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT ASSETS	**1,025**	**1,025**	**1,242**	**1,242**	
Deposits in guarantee lodged	470	470	470	470	Level 2
Derivative instruments (IRS) at fair value through the income statement	556	556	772	772	Level 2
CURRENT ASSETS	**9,377**	**9,377**	**7,936**	**7,936**	
Trade receivables	4,307	4,307	4,000	4,000	Level 2
Tax receivables and other current assets	1,043	1,043	1,017	1,017	Level 2
Cash and cash equivalents	4,027	4,027	2,919	2,919	Level 2
TOTAL	**10,402**	**10,402**	**9,178**	**9,178**	

(€000s)	30/09/2018		30/09/2017		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT LIABILITIES	**139,647**	**140,630**	**195,771**	**197,447**	
Bank borrowings	132,771	133,754	185,455	187,131	Level 2
Derivative instruments (IRS) at fair value through the income statement	4,793	4,793	8,302	8,302	Level 2
Guarantees received	2,083	2,083	2,014	2,014	Level 2
CURRENT LIABILITIES	**122,535**	**122,535**	**77,994**	**77,994**	
Bank borrowings	64,698	64,698	26,183	26,183	Level 2
Others current financial debts	50,000	50,000	43,000	43,000	Level 2
Trade debts	5,649	5,649	6,292	6,292	Level 2
Other current debts	2,188	2,188	2,519	2,519	Level 2
TOTAL	**262,182**	**263,165**	**273,765**	**275,441**	

The fair value of financial instruments can be ranked in a hierarchy of three levels (1, 2 and 3) each corresponding to a degree of observability of fair value:

- Level 1 fair value measurements are those established based on unadjusted prices quoted on active markets for identical assets or liabilities;
- Level 2 fair value measurements are those established on the basis of inputs other than quoted prices as per level 1 but which are observable for the asset or liability concerned, either directly (i.e. from prices) or indirectly (from data deriving from prices);
- Level 3 fair value measurements are those established on the basis of valuation techniques comprising data relating to the asset or liability which are not based on observable market data (unobservable inputs).

There were no transfers between levels during the financial year.

The fair value of financial instruments has been determined in accordance with the following methods:

- For short-term financial instruments such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount as a function of the amortised cost;
- For floating rate borrowings, the fair value is considered not to be significantly different from the carrying amount as a function of the amortised cost;
- For fixed rate borrowings, the fair value corresponds to the net present value of the future flows of principal and interest;
- For derivatives, the fair value is determined by discounting the estimated future cash flows to their net present value based on interest rate curves.

NOTE 10: CURRENT TRADE RECEIVABLES

(000 EUR)	More than 90 days	From 30 to 90 days	From 0 to 30 days	Total
Non-doubtful receivables	197	138	3,925	4,260
Doubtful debtors	242	0	0	242
Write-downs on doubtful debtors	-195	0	0	-195
BALANCE AT 30/09/2018	**244**	**138**	**3,925**	**4,307**
Non-doubtful receivables	93	43	3,692	3,828
Doubtful debtors	660	0	0	660
Write-downs on doubtful debtors	-488	0	0	-488
BALANCE AT 30/09/2017	**265**	**43**	**3,692**	**4,000**

The carrying amount of trade receivables should be recovered in twelve months. This carrying amount constitutes an approximation to the fair value of the assets, which do not bear interest.

The credit risk associated with trade receivables is limited thanks to the diversity of the customer base and the rental guarantees established by tenants to cover their commitments. The amounts shown in the balance sheet are net of value reductions for doubtful debts. As a result, the exposure to credit risk is reflected by the carrying amount of the receivables in the balance sheet.

At 30 September 2018, doubtful accounts amounted to €242,000 (compared with €660,000 at 30 September 2017). Doubtful accounts were been reduced in value by €195,000 at 30 September 2017 (compared with €488,000 at 30 September 2017). This amount represents the risk of default estimated at 30 September 2018 on the basis of the analysis of trade receivables at that date. The non-impaired portion of these doubtful accounts (€47,000) is either covered by guarantees established by tenants or corresponds to French VAT due only in the event of actual payment of the receivable.

The risk associated with trade receivables (risk of tenants' insolvency) is described in the section headed "Risk factors - Risk of tenants' insolvency" in the Annual Report.

The breakdown of tenants (by rents received) is shown in the section headed "Real estate report" of the Annual Report.

Reductions in value have evolved as follows:

(€000s)	30/09/2018	30/09/2017
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**488**	**250**
Additions	0	323
Charged to provisions	-244	-84
Reversals	-49	-1
Acquisitions of subsidiaries	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**195**	**488**

NOTE 11: TAX RECEIVABLES AND OTHER CURRENT ASSETS

(€000s)	30/09/2018	30/09/2017
Taxes	349	955
Salaries and social charges	0	0
Other	1,043	1,017
TOTAL	**1,392**	**1,972**

The heading "Taxes" comprises amounts of VAT to be recovered.

The heading "Other" consists mainly of French property managers' calls for provisions in respect of charges invoiced to tenants.

NOTE 12: DEFERRED CHARGES AND ACCRUED INCOME

(€000s)	30/09/2018	30/09/2017
Accrued rental income	0	0
Rent-free periods and incentives granted to tenants to be spread	0	0
Prepaid property charges	0	0
Prepaid interest and other financial charges	80	95
Other	231	234
TOTAL	**311**	**329**

NOTE 13: SHARE CAPITAL, SHARE PREMIUM AND RESERVES

(€000s)	30/09/2018	30/09/2017
Subscribed capital	39,576	38,986
Costs of capital increase	-917	-917
TOTAL	**38,659**	**38,069**

At 30 September 2018 the share capital stood at €39,576,000 represented by 6.595.985 shares with no nominal value. Issue premiums amounted to €256,252,000.

After deduction of capital increase expenses (on creation of the Company and on the occasion of subsequent capital increases), the capital and share premium as shown in the consolidated financial statements at 30 September 2018 amounted to €38,659,000 and €253,353,000 respectively.

Changes in the number of shares since the company's establishment can be summarised as follows:

Number of shares at the time of establishment of the Company	2,500
Stock split (by 4) dated 23 October 2006	10,000
Shares created when constituting the Company's assets in 2006	2,968,125
New shares issued on the occasion of the capital increase of 3 November 2010	1,192,250
New shares issued on the occasion of the capital increase of 17 December 2012	53,186
New shares issued on the occasion of the capital increase of 31 March 2014	1,811,169
New shares issued on the occasion of the capital increase of 26 February 2015	145,538
New shares issued on the occasion of the capital increase of 26 February 2016	181,918
New shares issued on the occasion of the capital increase of 19 December 2016	132,908
New shares issued on the occasion of the capital increase of 27 February 2018	98,391
NUMBER OF SHARES AT 30 SEPTEMBER 2018	**6,595,985**

The Statutory Manager declares that there are no different voting rights attaching to shares in the Company.

NOTE 14: PROVISIONS

(€000s)	30/09/2018	30/09/2017
Pensions	0	0
Other	21	105
TOTAL	**21**	**105**

At 30 September 2017 and 30 September 2018 the provisions consisted exclusively of the amount relating to the remaining clean-up works at one site, as described in the section headed "Risk factors - 4. Risks associated with regulation and others" in the annual report.

(€000s)	30/09/2018	30/09/2017
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**105**	**256**
Additions	0	0
Charged to provisions	-84	-151
Reversals	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**21**	**105**

NOTE 15: CURRENT AND NON-CURRENT FINANCIAL DEBT

(€000s)	30/09/2018	30/09/2017
Non-current financial debts	**132,772**	**185,455**
a. Credit institutions	132,227	183,887
b. Finance leases	544	1,568
Current financial debts	**114,698**	**69,183**
a. Credit institutions	63,660	25,590
b. Finance leases	1,038	593
c. Other - Commercial paper	50,000	43,000
TOTAL	**247,469**	**254,638**

At 30 September 2018, financial liabilities totalled €247,469,000 They are divided into four types of financing:

- credit lines available in the form of fixed term advances: €188.200,000
- liabilities under finance leases: €1,582,000
- investment loans: €7,687,000
- commercial paper: €50,000,000

The principal maturities of these financial liabilities are as follows:

(€000s)	Date	Total	Falling due within 1 year	Falling due from 1 to 5 years	Falling due over 5 years
Fixed term advances	30/09/2017	199,900	23,700	105,000	71,200
	30/09/2018	188,200	62,300	115,400	10,500
Liabilities under finance leases	30/09/2017	2,161	578	1,582	0
	30/09/2018	1,582	1,038	544	0
Investment credits	30/09/2017	9,577	1,890	4,823	2,865
	30/09/2018	7,687	1,360	4,206	2,121
Commercial paper	30/09/2017	43,000	43,000	0	0
	30/09/2018	50,000	50,000	0	0
TOTAL	**30/09/2017**	**254,638**	**69,168**	**111,405**	**74,065**
	30/09/2018	**247,469**	**114,698**	**120,150**	**12,621**

The following table shows, for information purposes, the future cash flows of principal and interest relating to these financial liabilities, not discounted to present value, based on market rates and the conditions of the credit lines as at 30 September 2018.

(€000s)	Falling due within 1 year	Falling due from 1 to 5 years	Falling due over 5 years	Total
At 30/09/2017	71,928	118,291	74,835	265,054
At 30/09/2018	**117,242**	**125,194**	**12,939**	**255,374**

Credit lines available in the form of fixed term advances:

At 30 September 2018, Ascencio had €290.5 million in credit lines with six banks (BNP Paribas Fortis, ING, CBC, Belfius, Caisse d'Epargne Nord Europe and Société Générale) available in the form of fixed term advances with due dates ranging from 2018 to 2025.

At 30 September 2018, the unutilised portion of these lines amounted to €102.3 million.

Investment loans:

At 30 September 2018, Ascencio had €7.7 million in investment loans from French banks, with maturities ranging from 2018 to 2027. The majority of these investment loans are at fixed rates of interest.

Commercial paper:

In order to reduce its average cost of debt, Ascencio has had, since June 2016, a commercial paper programme for up to €50 million. At 30 September 2018 this programme was used for short-term issues amounting to €50 million. In order to hedge the risk of non-renewal of commercial paper issued, Ascencio makes sure that, under its credit lines available by way of fixed term loans (see above), it always has undrawn balances at least equal to its outstanding commercial paper.

Fixed rate borrowings – Variable rate borrowings

As at 30 September 2018, financial liabilities consisted of:

- €192,469,000 of floating rate debt (before taking account of IRS (interest rate swaps)).
- €55,000,000 of fixed-rate debt.

The carrying amount of the variable rate financial liabilities is an approximation to their fair value. Based on Ascencio's financing conditions and market rates as at 30 September 2018, the fair value of fixed rate financial liabilities is estimated at €55,983,000. This estimate is mentioned for information purposes.

The carrying amount of fixed-rate liabilities corresponds to their amortised cost.

Average cost of financial debts

During financial year 2017/2018 the average cost of debt (including margins, non-utilisation commissions and upfront opening fees) declined further, amounting to:

- 2.69 % after the impact of interest rate hedging instruments (i.e. including interest charges paid in respect of IRS)
- 1.19 % before the impact of interest rate hedging instruments (i.e. before interest charges paid in respect of IRS).

The liquidity and counterparty risks and the risk associated with the cost of financing are described in Note 3 – Management of financial risks.

NOTE 16: DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2018, 77.8 % of the Company's borrowings were at variable rates. With a view to limiting the interest rate risk associated with this type of financing, the Company has put in place an interest rate risk hedging policy which aims to lock in interest rates on at least 70 % of its financial debt at a horizon of several years.

At 30 September 2018, interest rate hedging was composed of:

- 23 IRS (interest rate swap) contracts on a total notional amount of €332.5 million, of which €112.5 million was effective at 30 September 2018 and €220.0 million will be effective at a later date.
- 6 CAP option contracts on a notional amount of €90.0 million, of which €55.0 million was effective at 30 September 2018 and €35.0 million will be effective at a later date.

Based on financial indebtedness at 30 September 2018 and the interest rate hedging instruments active at that date, the hedging ratio[2] was 89.9 %.

[2] Hedging ratio = (Fixed rate borrowings + Notional amount of IRS + Notional amount of CAPs) / Total financial liabilities.
The hedging ratio is an APM (alternative performance measure) used by Ascencio. The calculation of this APM is shown at the end of this annual report.
This is not the indicator referred to in Article 8 of the B-REITs Act.

Type	Notional amount (€000s)	Start date	End date	Interest rate	Floating reference rate	Fair value (€000s)	
						30/09/2018	30/09/2017
IRS	10,000	29/02/2012	28/02/2019	1.80%	3-month Euribor	-106	-318
IRS	5,000	29/02/2012	28/02/2019	1.81%	3-month Euribor	-53	-160
IRS	10,000	30/06/2013	30/06/2020	1.50%	3-month Euribor	-302	-463
IRS	10,000	03/07/2013	30/06/2020	1.50%	3-month Euribor	-302	-463
IRS	7,500	12/08/2011	12/08/2021	2.76%	3-month Euribor	-638	-850
IRS	20,000	28/09/2007	30/09/2022	3.70%	3-month Euribor	-2,863	-3,616
IRS	20,000	29/06/2018	30/06/2020	0.38%	3-month Euribor	-203	-191
IRS	10,000	29/06/2018	30/06/2020	0.29%	3-month Euribor	-86	-77
IRS	20,000	29/06/2018	30/06/2019	0.19%	3-month Euribor	-73	-81
IRS	30,000	30/06/2019	30/06/2020	0.28%	3-month Euribor	-120	-75
IRS	15,000	31/12/2019	31/12/2022	0.34%	3-month Euribor	38	62
IRS	10,000	30/09/2019	31/12/2023	0.39%	3-month Euribor	58	78
IRS	10,000	30/09/2019	31/12/2023	0.40%	3-month Euribor	49	77
IRS	10,000	30/06/2020	30/06/2023	0.35%	3-month Euribor	70	83
IRS	15,000	30/06/2020	30/06/2023	0.15%	3-month Euribor	196	213
IRS	30,000	30/06/2020	31/12/2021	0.18%	3-month Euribor	74	96
IRS	20,000	30/06/2020	30/06/2021	0.26%	3-month Euribor	0	12
IRS	20,000	30/06/2020	30/06/2023	0.62%	3-month Euribor	-21	21
IRS	10,000	30/06/2021	31/12/2022	0.83%	3-month Euribor	-25	-22
IRS	10,000	30/06/2021	31/12/2022	0.63%	3-month Euribor	7	10
IRS	15,000	31/12/2021	30/06/2023	0.72%	3-month Euribor	20	26
IRS	15,000	31/12/2021	31/03/2023	0.67%	3-month Euribor	23	23
IRS	10,000	30/06/2022	30/06/2023	0.80%	3-month Euribor	10	0
IRS (*)	10,000	30/09/2021	30/09/2023	0.65%	3-month Euribor	-	-
IRS (*)	10,000	30/09/2022	30/09/2023	0.73%	3-month Euribor	-	-
CAP purchased	20,000	30/06/2017	30/06/2020	0.15%	3-month Euribor	8	47
CAP purchased	20,000	31/12/2017	31/12/2018	0.45%	3-month Euribor	0	1
CAP purchased	15,000	30/06/2018	31/12/2019	0.45%	3-month Euribor	0	9
CAP purchased	10,000	31/12/2018	31/12/2019	0.25%	3-month Euribor	0	8
CAP purchased	10,000	31/12/2018	30/09/2019	0.25%	3-month Euribor	0	5
CAP purchased	15,000	28/02/2019	30/06/2019	0.45%	1-month Euribor	0	2

(*) IRS concluded after 30/09/2018

These hedging instruments are measured at their fair value at the end of each quarter as calculated by the issuing financial institution.

Ascencio does not apply hedge accounting to the financial hedging instruments that it holds. Therefore these instruments are considered as instruments held for trading under IFRS, and changes in their market value are recognised directly and in full in the income statement.

The market value of derivative financial instruments is advised on each accounting closing date by the financial institutions from which these instruments were acquired.

For the financial year ended 30 September 2018, the financial result was income of €3.29 million (as against income of €6.58 million for the year ended 30 September 2017), representing the change in fair value of financial instruments to which hedge accounting in the meaning of IAS 39 is not applied. This income item does not affect the Company's cash flow.

At the final expiry date of each financial instrument, its value will be zero and the changes in value recognised from one financial year to another will have been entirely reversed out of the income statement.

A simulation carried out indicates that an additional fall of 25 basis points in long-term (10-year) interest rates would lead to a (non-monetary) charge of €1,620,000.

The risk associated with hedging instruments is described in Note 3 – Management of financial risks.

These financial instruments are all "level 2" derivative products in the meaning of IFRS 7.

The net cash flows, not discounted to present value, of the financial hedging instruments at balance sheet date were as follows:

- Falling due within one year: €2,015,000
- Falling due at between one and five years: €7,529,000
- Falling due at more than five years: €771,000

NOTE 17: OTHER NON-CURRENT FINANCIAL LIABILITIES

(€000s)	30/09/2018	30/09/2017
Authorised hedging instruments	4,793	8,302
Other	2,083	2,014
TOTAL	**6,876**	**10,316**

The heading “Other” basically consists of rental guarantees received.

NOTE 18: DEFERRED TAX LIABILITIES

This heading comprises:

- the deferred tax relating to the deferred taxation (5% withheld at source) of unrealised capital gains on the French assets.
  - 30 September 2017: €539,000
  - 30 September 2018: €661,000
- The estimated amount of exit tax that would be due in the event of the merger of subsidiary Rix Retail S.A. into Ascencio, namely €2,696,000.

NOTE 19: TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(€000s)	30/09/2018	30/09/2017
Suppliers	4,659	5,560
Tenants	990	732
Taxes, salaries and social charges	2,188	2,519
TOTAL	**7,837**	**8,811**

The heading “Taxes, salaries and social charges” basically consists of

- VAT payable, mainly in respect of rental of properties in France. In France, unlike Belgium, rentals for commercial properties are subject to VAT.
- tax due by the French branch (5 % withholding on the statutory result established on the basis of French accounting standards).
- tax due by the Belgian and Spanish subsidiaries which are subject to ordinary local rates of corporation tax.
- provisions for holiday allowances and end-of-year bonuses.

NOTE 20: ACCRUED CHARGES AND DEFERRED INCOME

(€000s)	30/09/2018	30/09/2017
Property income received in advance	139	35
Accrued interest and other charges not yet dues	1,533	1,565
Other	0	0
TOTAL	**1,671**	**1,600**

The heading “Accrued interest and other charges not yet dues” mainly concerns the Statutory Manager's remuneration, the Statutory Manager's directors' remuneration and pro-rata of interest.

NOTE 21: RENTAL INCOME

(€000s)	30/09/2018	30/09/2017
Rents	41,252	41,009
Guaranteed income	0	0
Cost of rent-free periods	-298	-227
Concessions granted to tenants (incentives)	0	0
Indemnification for early termination of rental contracts	0	0
Finance lease fees and similar	0	0
TOTAL	**40,954**	**40,782**

NOTE 22: RENTAL RELATED CHARGES

(€000s)	30/09/2018	30/09/2017
Rents payable on rented premises	0	0
Write-downs on trade receivables	-19	-331
Write-back of write-downs on trade receivables	69	1
TOTAL	**50**	**-330**

NOTE 23: RECOVERY OF RENTAL CHARGES AND TAXES NORMALLY ASSUMED BY THE TENANT ON LET PROPERTIES

(€000s)	30/09/2018	30/09/2017
Rebilling of rental charges invoiced to the landlord	2,502	2,277
Rebilling of property taxes and other taxes on let properties	3,990	3,891
TOTAL	**6,493**	**6,168**

For certain tenants, rental charges are periodically invoiced in the form of provisions and are thus recovered from the tenants before being effectively incurred by the Company. There may be a slight timing mismatch between charges actually billed to tenants and those effectively incurred by the Company, since the regularisation is performed annually.

NOTE 24: RENTAL CHARGES AND TAXES NORMALLY ASSUMED BY THE TENANT ON LET PROPERTIES

(€000s)	30/09/2018	30/09/2017
Rental charges invoiced to the landlord	-2,486	-2,389
Property taxes and other taxes on let properties	-4,182	-3,889
TOTAL	**-6,668**	**-6,278**

NOTE 25: TECHNICAL COSTS

(€000s)	30/09/2018	30/09/2017
Recurring technical costs		
- Repairs	-525	-690
- Total-guarantee charge	0	0
- Insurance premiums	0	0
Non-recurring technical costs		
- Major repairs	-110	-308
- Damage expenses	0	0
TOTAL	**-635**	**-998**

Technical costs represent expenses incurred for works on investment properties. They are charged to the property operating result if they do not bring about economic benefits.

NOTE 26: COMMERCIAL COSTS

(€000s)	30/09/2018	30/09/2017
Letting fees paid to real estate brokers	-60	-87
Advertising and marketing costs relating to the properties	-41	-7
Fees paid to lawyers and other legal costs	-23	-68
TOTAL	**-124**	**-162**

NOTE 27: PROPERTY MANAGEMENT COSTS

(€000s)	30/09/2018	30/09/2017
Fees paid to external managers	-115	-108
Internal property management charges	-1,048	-865
TOTAL	**-1,163**	**-973**

NOTE 28: OTHER PROPERTY CHARGES

(€000s)	30/09/2018	30/09/2017
Insurance	-57	-36
Taxes and duties for landlord's account	-39	-63
Property renting, emphyteuses, rental charges	-219	-181
Other	0	0
TOTAL	**-315**	**-280**

NOTE 29: CORPORATE OVERHEADS

(€000s)	30/09/2018	30/09/2017
Employee benefits	-1,009	-975
Remuneration of the Statutory Manager	-897	-858
Remuneration of Directors	-214	-147
Operating costs	-534	-596
Fees	-1,358	-460
Tax on UCIs	-310	-295
Depreciation	-61	-65
TOTAL	**-4,383**	**-3,397**

The increase in general expenses was mainly due to due diligence and structuring costs of a major investment project studied during the third quarter of the financial year which did not come to fruition. These non-recurring costs amounted to €0.83 million.

NOTE 30: OTHER OPERATING INCOME AND CHARGES

(€000s)	30/09/2018	30/09/2017
Other operating income	7	13
Other operating charges	-21	-3
TOTAL	**-15**	**10**

NOTE 31: NET GAINS AND LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

(€000s)	30/09/2018	30/09/2017
Losses on disposals of investment properties	-15	0
Gains on disposals of investment properties	0	0
TOTAL	**-15**	**0**

(€000s)	30/09/2018	30/09/2017
Net sales of properties (selling price - transaction costs)	3,513	0
Carrying amount of properties sold	-3,527	0
TOTAL	**-15**	**0**

NOTE 32: CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

(€000s)	30/09/2018	30/09/2017
Positive changes in the fair value of investment properties	15,906	14,254
Negative changes in the fair value of investment properties	-11,765	-5,681
TOTAL	**4,141**	**8,573**

NOTE 33: FINANCIAL INCOME

(€000s)	30/09/2018	30/09/2017
Interest and dividends received	0	3
TOTAL	**0**	**3**

NOTE 34: NET INTEREST CHARGES

(€000s)	30/09/2018	30/09/2017
(-) Nominal interest on borrowings	-2,592	-2,849
(-) Reconstitution of the face value of financial debts	0	0
(-) Charges arising from authorised hedging instruments	-3,779	-4,316
Authorised hedging instruments to which IFRS hedge accounting is not applied	-3,779	-4,316
(+) Income arising from authorised hedging instruments	0	0
(-) Other interest expense	0	0
TOTAL	**-6,370**	**-7,165**

NOTE 35: OTHER FINANCIAL CHARGES

(€000s)	30/09/2018	30/09/2017
Bank charges and other commissions	-410	-370
TOTAL	**-410**	**-370**

NOTE 36: CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(€000s)	30/09/2018	30/09/2017
Authorised hedging instruments		
Authorised hedging instruments to which IFRS hedge accounting is not applied	3,292	6,584
TOTAL	**3,292**	**6,584**

NOTE 37: CORPORATE TAX

	30/09/2018	30/09/2017
PARENT COMPANY		
Pre-tax result	34,263	41,529
Result exempted from income tax due to the RREC regime	-34,263	-41,529
Taxable result	0	0
Tax at standard rate	0	0
Other taxes	-108	-145
Deferred tax	-122	-187
SUBSIDIARIES		
Current tax	-297	-312
TOTAL	**-526**	**-644**

Ascencio has the status of a public B-REIT. This status provides for the application of Belgian corporation tax at the standard rate of 33.99 % to a reduced tax base, i.e. mainly on its non-allowable expenses.

The heading "Parent company - Other taxes" comprises the 5 % withholding tax at source on the statutory profit of the French branch established on the basis of French accounting standards.

Subsidiaries' tax payable consists of corporation tax of subsidiaries not operating under the same tax regime as the Company:

- the Belgian subsidiary Rix Retail SA is subject to the ordinary Belgian corporation tax regime (33.99 %).
- the Spanish subsidiary Ascencio Iberia S.A. is also subject to the ordinary income tax regime in Spain (25 %).

Deferred taxation represents the change relative to the previous year in the estimated amount of deferred taxation (5 % withholding at source) on unrealised capital gains on French assets.

NOTE 38: EARNINGS PER SHARE

The basic EPS is obtained by dividing the net result for the financial year (numerator) by the weighted average number of shares in circulation during the financial year (denominator).

The diluted EPS is identical, since the Company has no diluting instruments.

	30/09/2018	30/09/2017
Net result for the financial year (€000s)	34,024	41,197
Weighted average number of shares in circulation	6,595,985	6,497,594
Basic and diluted EPS (euros)	**5.16**	**6.34**

The weighted average number of shares during the financial year ended 30 September 2018 consisted of

- the 6,497,594 shares in existence at the beginning of the financial year;
- the 98,391 new shares issued on 27 February 2018, entitled to dividends from 01/10/2017 and weighted 100 %.

The weighted average number of shares during the financial year ended 30 September 2017 consisted of

- the 6,364,686 shares in existence at the beginning of the financial year;
- the 132,908 new shares issued on 19 December 2016, entitled to dividends from 01/10/2016 and weighted 100 %.

NOTE 39: INFORMATION ON RELATED PARTIES

We report hereunder the amounts of transactions carried out with co-promoters Carl Mestdagh, Eric Mestdagh and John Mestdagh on the one hand and AG Real Estate on the other, as well as with parties related to the co-promoters.

(€000s)	30/09/2018	30/09/2017
Rental income		
Mestdagh SA	3,979	4,020
Equilis SA	72	70
Purchase of services		
Equilis SA	0	0
Remuneration of the Manager	897	858
Remuneration of Manager's Directors	214	147
Assets		
Trade receivables Mestdagh SA	409	441
Trade receivables Equilis SA	20	9

The remuneration granted to executives of the Statutory Manager is referred to in Note 40 hereunder.

NOTE 40: MANAGERS' REMUNERATION

The remuneration of Ascencio S.A., the Statutory Manager, is set at 4% of the amount of the gross dividend distributed, namely €897,000 for the financial year last ended (€858,000 for the previous financial year). This amount will not be paid until after the Ordinary General Meeting of Shareholders of Ascencio SCA.

Additionally, basic remuneration and attendance fees paid by Ascencio S.A. to its directors for their attending Board, Audit Committee and Nomination and Remuneration Committee and Investment Committee meetings amounted to €214,000 for the financial year last ended (€147,000 for 2016/2017). These amounts are passed on by Ascencio S.A. to the Company. The breakdown of these amounts is shown in the report on remuneration above. This remuneration will not be paid until after the Ordinary General Meeting of Shareholders of Ascencio SCA.

Lastly, remuneration of the Company's *dirigeants effectifs* (executive managers), Vincent H. Querton, Stéphanie Vanden Broecke and Michèle Delvaux, amounted to €800,000 for the financial year last ended.

NOTE 41: SUBSIDIARIES

SUBSIDIARIES	Held directly	Held indirectly
ETUDIBEL S.A. - Avenue Jean mermoz 1 Bte 4 - 6041 Gosselies Numéro d'entreprise BE 883 633 970	100%	None
RIX RETAIL S.A. - Avenue Jean mermoz 1 Bte 4 - 6041 Gosselies Numéro d'entreprise BE 536 582 323	100%	None
SCI CANDICE BRIVES - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI ECHIROLLES GRUGLIASCO - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI HARFLEUR 2005 - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI KEVIN - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI LA PIERRE DE L'ISLE - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI MAS DES ABEILLES - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI ZTF ESSEY LES NANCY - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI CANNET JOURDAN - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI DE LA COTE - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI DU ROND POINT - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI SEYNOD BARRAL - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI CLERMONT SAINT JEAN - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI SAINT AUNES RETAIL PARK - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI LES HALLES DE CRECHES - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI LES HALLES DE LOZANNE - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI LES PORTES DU SUD - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI GUYANCOURT - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI TESTE DE BUCH - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI VIRIAT - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SAU ASCENCIO IBERIA Calle Hermosilla 11 Planta 3A - 28001 Madrid - Espagne	100%	None

NOTE 42: FEES OF THE STATUTORY AUDITOR

(€000s)	30/09/2018	30/09/2017
Audit of the financial statements	44	42
Other assignments carried out by the Statutory Auditor	11	5
TOTAL	**55**	**47**

NOTE 43: EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period at the date on which this report was prepared.

REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

In the context of the statutory audit of the consolidated financial statements of Ascencio SCA (“the company”) and its subsidiaries (jointly “the Group”), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders’ meeting of 31 January 2017 in accordance with the proposal of the board of directors issued upon recommendation of the Audit Committee. Our mandate will expire on the date of the shareholders’ meeting approving the consolidated financial statements for the year ending 30 September 2019. We have performed the statutory audit of the consolidated financial statements of Ascencio SCA for 11 subsequent years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated balance sheet as at 30 September 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flow for the year then ended and the consolidated statement of changes in equity, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 631.258 (000) EUR and the consolidated income statement a consolidated net profit for the year then ended of 34.024 (000) EUR.

In our opinion, the consolidated financial statements of Ascencio SCA give a true and fair view of the Group’s net equity and financial position as of 30 September 2018 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the “Responsibilities of the statutory auditor for the audit of the consolidated financial statements” section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company’s officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit adressed the key audit matters ?
Valuation of investment properties • Ascencio owns and manages a portfolio of investment properties valued at EUR 619 million as at September 30, 2018 representing 98% of the total consolidated balance sheet. Changes in the value of the real estate portfolio have a significant impact on consolidated net income and shareholders' equity. • The portfolio includes leased buildings and buildings under construction. • The Group uses independent real estate experts each quarter to value its investment property portfolio at fair value. These experts are appointed by the Group Management. They have a confirmed knowledge of the real estate markets in which the Group operates. • The portfolio (excluding development projects) is valued at fair value. Development projects are valued according to the same methodology but taking into account all the costs necessary for the finalization of the development project as well as a risk premium related to the risks of project realization. The key data of the valuation exercise are the capitalization rates as well as current market rents, which are influenced by market trends, comparable transactions and the specific characteristics of each building in the portfolio. • The valuation of the portfolio is subject to significant judgments and is based on a number of assumptions. The uncertainties related to estimates and judgments, combined with the fact that a small percentage difference in individual property valuations could have, in aggregate, a significant impact on the income statement and on the balance sheet, require a particular attention in the context of of our audit work.	• We evaluated the process of reviewing and approving the work of real estate experts set up by the Group. • We assessed the competence, independence and integrity of the real estate experts. • We also reviewed the key assumptions by comparing them with market data or comparable real estate transactions provided by real estate experts, particularly with respect to the capitalization rate. • We compared the amounts included in the valuation reports of real estate experts to the accounting data and then reconciled them to the financial statements. • We reviewed and challenged the valuation process, portfolio performance, significant assumptions and judgments especially for capitalization rates and rents. • As part of our audit procedures performed on acquisitions and disposals of investment properties, we reviewed significant contracts and documentation of the accounting treatment applied to these transactions. • We conducted audit procedures to assess the integrity and completeness of the information provided to the independent experts on rental income, key characteristics of leases and tenancies. • We refer to the financial statements, including the notes to the financial statements: Note 1, General Information and Accounting Policies and Note 6, Investment Property.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, if a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements and other matters disclosed in this report.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian (revised) standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements and other matters disclosed in the annual report, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other matters disclosed in this report

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, the directors' report on the consolidated financial statements is consistent with the consolidated financial statements for the same year and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

Statements regarding independence

We did not perform any services that are incompatible with the statutory audit of the consolidated financial statements and remained independent from the company during the performance of our mandate.

The fees for the non-audit services compatible with the statutory audit of the consolidated financial statements as defined in article 134 of the Companies Code have been properly disclosed and disaggregated in the disclosures to the consolidated financial statements.

Other statements

This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 20 December 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d’Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Kathleen De Brabander

STATUTORY ACCOUNTS

ASSETS (€000s)		30/09/2018	30/09/2017
ASSETS			
I	**NON-CURRENT ASSETS**		
A	Goodwill	0	0
B	Intangible assets	0	41
C	Investment properties	443,983	442,311
D	Other tangible assets	1,168	1,102
E	Non-current financial assets	106,286	98,461
F	Finance lease receivables	0	0
G	Trade receivables and other non-current assets	0	0
H	Deferred tax assets	0	0
TOTAL NON-CURRENT ASSETS		**551,437**	**541,915**
II	**CURRENT ASSETS**		
A	Assets held for sale	0	0
B	Current financial assets	0	0
C	Finance lease receivables	0	0
D	Trade receivables	3,478	2,787
E	Tax receivables and other current assets	50,289	52,012
F	Cash and cash equivalents	2,227	2,457
G	Deferred charges and accrued income	168	147
TOTAL CURRENT ASSETS		**56,162**	**57,403**
TOTAL ASSETS		**607,599**	**599,317**

EQUITY AND LIABILITIES (€000s)		30/09/2018	30/09/2017
EQUITY			
A	Capital	38,659	38,069
B	Share premium account	253,353	248,975
C	Reserves	37,825	17,875
	a. Legal reserve	*0*	*0*
	b. Reserve for changes in fair value of properties	*42,945*	*30,522*
	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-10,221*	*-10,389*
	e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied	*-7,743*	*-14,327*
	m. Other reserves	*12,843*	*12,070*
D	Net result for the financial year	34,024	41,197
NON-CONTROLLING INTERESTS		**363,862**	**346,116**
LIABILITIES			
I	**NON-CURRENT LIABILITIES**	**121,942**	**176,042**
A	Provisions	21	105
B	Non-current financial debts	116,044	166,568
	a. Credit institutions	*115,500*	*165,000*
	b. Finance leases	*544*	*1,568*
C	Other non-current financial liabilities	5,216	8,831
D	Trade debts and other non-current debts	0	0
E	Other non-current liabilities	0	0
F	Deferred tax liabilities	661	538
II	**CURRENT LIABILITIES**	**121,796**	**77,159**
A	Provisions	0	0
B	Current financial debts	113,338	67,293
	a. Credit institutions	*62,300*	*23,700*
	b. Finance leases	*1,038*	*593*
	c. Other	*50,000*	*43,000*
C	Other current financial liabilities	0	0
D	Trade debts and other current debts	6,885	8,282
	a. Exit tax	*0*	*0*
	b. Other	*6,885*	*8,282*
E	Autres passifs courants	0	0
F	Accrued charges and deferred income	1,574	1,584
TOTAL LIABILITIES		**243,739**	**253,201**
TOTAL EQUITY AND LIABILITIES		**607,599**	**599,317**

(€000s)		30/09/2018	30/09/2017
I	Rental income	29,609	29,847
III	Rental related charges	24	-185
NET RENTAL RESULT		**29,633**	**29,662**
V	Recovery of rental charges and taxes normally paid by tenants on let properties	4,590	4,339
VII	Rental charges and taxes normally paid by tenants on let properties	-4,707	-4,433
VIII	Other revenue and rental related charges	58	-44
PROPERTY RESULT		**29,574**	**29,524**
IX	Technical costs	-382	-737
X	Commercial costs	-82	-97
XI	Rental charges and taxes on unlet properties	-302	-261
XII	Property management costs	-1,143	-951
XIII	Other property charges	-106	-122
PROPERTY CHARGES		**-2,015**	**-2,168**
PROPERTY OPERATING RESULT		**27,559**	**27,356**
XIV	Corporate overheads	-4,204	-3,225
XV	Other operating income and charges	425	366
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**23,779**	**24,498**
XVI	Net gains and losses on disposals of investment properties	-15	0
XVIII	Change in the fair value of investment properties	783	6,159
OPERATING RESULT		**24,547**	**30,657**
XX	Financial income	9,367	8,901
XXI	Net interest charges	-5,918	-6,677
XXII	Other financial charges	-383	-349
XXIII	Change in fair value of financial assets and liabilities	6,650	8,997
	- Change in value of hedging instruments	3,292	6,584
	- Proportional part of the change in value of financial equity interests linked to properties	3,358	2,413
FINANCIAL RESULT		**9,716**	**10,872**
PRE-TAX RESULT		**34,263**	**41,529**
XXV	Corporate tax	-239	-332
XXVI	Exit Tax	0	0
TAXES		**-239**	**-332**
NET RESULT		**34,024**	**41,197**
BASIC NET RESULT AND DILUTED (€/SHARE)		5.16	6.34

STATEMENT OF COMPREHENSIVE INCOME (€000s)		30/09/2018	30/09/2017
I	**NET RESULT**	**34,024**	**41,197**
II	**OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT**		
A	Impact on fair value of estimatedtransaction costs resulting from hypothetical disposal of investment properties	168	0
B	Other comprehensive income (*)	26	-113
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**34,219**	**41,084**

(*) Revaluation at fair value of the property occupied by Ascencio

PROPOSED APPROPRIATION (€000s)		30/09/2018	30/09/2017
A	**NET RESULT**	**34,024**	**41,197**
B	**TRANSFERS TO/FROM RESERVES**	**11,598**	**19,755**
1.	Transfer to/from reserves of net change in fair value of property assets (-/+)	4,141	8,572
	- accounting financial year	4,141	8,572
	- previous financial years	0	0
	- realisation of property assets	0	0
2.	Transfer to/from reserves of transaction costs resulting from hypothetical disposal of investment properties (-/+)	0	0
3.	Transfer to reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (-)	0	0
4.	Transfer from reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (+)	0	0
5.	Transfer to reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (-)	3,292	6,584
	- accounting financial year	3,292	6,584
	- previous financial years	0	0
6.	Transfer from reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (+)	0	0
	- accounting financial year	0	0
	- previous financial years	0	0
7.	Transfers to/from reserves of net differences on conversion of monetary assets and liabilities (-/+)	0	0
8.	Transfers to/from reserves of fiscal latencies related to investment properties abroad (-/+)	0	0
9.	Transfers to/from reserves of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10.	Transfers to/from reserves	4,165	4,599
11.	Transfer to/from the result carried forward of the previous years	0	0
C	**REMUNERATION OF CAPITAL (ART. 13, SECTION 1, PARA. 1)**	**12,334**	**21,033**
D	**REMUNERATION OF CAPITAL - OTHER THAN C**	**10,093**	**409**

	OBLIGATION TO DISTRIBUTE AS PER ROYAL DECREE OF 13 JULY 2014, as amended by the Royal Decree of 23 April 2018, on B-REITs.	30/09/2018 (000 EUR)	30/09/2017 (000 EUR)
STATUTORY NET RESULT		**34,024**	**41,197**
(+)	Depreciation	61	65
(+)	Reductions in value	-24	185
(+/-)	Other non-monetary items (Change in value of financial interests)	-3,358	-2,413
(+/-)	Other non-monetary items (Change in value of financial instruments)	-3,292	-6,584
(+/-)	Other non-monetary items	0	0
(+/-)	Net gains/(losses) on disposals of property assets	15	0
(+/-)	Change in fair value of property assets	-783	-6,159
= CORRECTED RESULT (A)		**26,643**	**26,291**
(+/-)	Capital gains and losses realised(*) on property assets during the financial year	-3,749	0
(-)	Capital gains realised(*) on property assets during the financial year, exonerated from the distribution obligation, subject to reinvestment within 4 years	0	0
(+)	Capital gains realised on property assets earlier, exonerated from the distribution obligation and not reinvested within 4 years	0	0
=	**NET CAPITAL GAINS ON THE REALISATION OF PROPERTY ASSETS NON-EXONERATED FROM THE DISTRIBUTION OBLIGATION (B)**	**-3,749**	**0**
TOTAL ((A + B) x 80%)		**18,315**	**21,033**
(-)	**REDUCTION IN BORROWINGS**	**-5,982**	0
OBLIGATION TO DISTRIBUTE		**12,334**	**21,033**

AMOUNT DISTRIBUTED	**22,426**	**21,442**
(*) Relative to the acquisition value plus capitalised renovation costs.		
% OF CORRECTED RESULT DISTRIBUTED	**84.17%**	**81.56%**

(000 EUR)			Reserves *					
	Capital	Share premium account	C.b.	C.c.	C.e.	C.m.	Result for the financial year	Total equity
BALANCE AT 30/09/2016	**37,271**	**242,240**	**13,511**	**-10,389**	**-14,489**	**9,486**	**40,237**	**317,867**
Distribution of dividends							-12,799	-12,799
Appropriation to reserves			15,005		162	4,703	-19,870	0
Capital increase	797	6,735					-7,568	-36
Net result							41,197	41,197
Other elements recognised in the global result			-113					-113
Reclassification of reserves			2,119			-2,119		0
Adjustment to reserves								0
BALANCE AT 30/09/2017	**38,069**	**248,975**	**30,522**	**-10,389**	**-14,327**	**12,070**	**41,197**	**346,116**

(000 EUR)			Reserves *					
	Capital	Share premium account	C.b.	C.c.	C.e.	C.m.	Result for the financial year	Total equity
BALANCE AT 30/09/2017	**38,069**	**248,975**	**30,522**	**-10,389**	**-14,327**	**12,070**	**41,197**	**346,116**
Distribution of dividends							-16,443	-16,443
Appropriation to reserves			8,573		6,584	4,597	-19,754	0
Capital increase	590	4,378					-5,000	-32
Net result							34,024	34,024
Other elements recognised in the global result			26	168				194
Reclassification of reserves			3,824			-3,824		0
Adjustment to reserves								0
BALANCE AT 30/09/2018	**38,659**	**253,353**	**42,945**	**-10,221**	**-7,743**	**12,843**	**34,024**	**363,861**

* Reserves:
C.b. : Reserve for changes in fair value of properties

C.c. : Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties

C.e. : Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied

C.m. : Other reserves

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES (APMS)

An APM is a financial indicator, historical or forward-looking, of the performance, financial situation or cash flows other than a financial indicator defined or described by the applicable accounting standards.

In its financial reporting Ascencio has for many years used APMs (Alternative Performance Measures) within the meaning of the guidelines recently laid down by the European Securities and Markets Authority, ESMA. These APMs have been defined by Ascencio with a view to offering the reader a better understanding of its results and performances. Performance indicators defined by IFRS or by law are not considered to be APMs. Nor are indicators that are not based on balance sheet or income statement account headings.

CONTRACTUAL RENTS

Definition:
The sum of the rents on an annual basis at the balance sheet closing date, as defined contractually in the lease agreements, after deduction of any rental discounts granted to tenants.

Use:

- This APM allows us to estimate the rents to be generated by the property portfolio over the coming 12 months from the closing date based on the rental situation at that date;
- it allows us to calculate the gross yield on the portfolio at a given date (Contractual rents / Investment value).

AVERAGE COST OF DEBT

Definition:
This is the average cost of the financial debts, obtained by dividing the annual charges on these debts by the weighted average debt outstanding during the period.

The numerator is the sum

- net interest charges shown under the heading XXI in the income statement, annualised
- plus commissions on undrawn balances of credit facilities and opening commissions and charges on credit facilities, annualised.

The denominator is the average level of financial debts by reference to daily drawings of the various facilities (bank loans, finance leases and commercial paper).

The components of this APM relate to the last period ended on the closing date of the financial year.

Use:
The Company finances itself partly by means of financial debt. This APM allows us to measure the cost of this source of financing and its effect on the results. It also allows an analysis of how it evolves over time.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

		30/09/2018	30/09/2017
Net interest charges (heading XXI) (€000S)		6,370	7,165
Commissions on undrawn balances under credit facilities		331	294
Opening commission and charges for credit facilities		37	34
Change in fair value of caps		62	0
TOTAL COST OF FINANCIAL DEBTS	**= A**	**6,800**	**7,493**
WEIGHTED AVERAGE DEBT FOR THE PERIOD	**= B**	**253,138**	**254,639**
AVERAGE COST OF DEBT	**= A / B**	**2.69%**	**2.94%**

HEDGING RATIO

Definition:
This is the percentage of financial debts the interest rate of which is fixed or capped relative to total financial debts.

The numerator is the sum

- of fixed-rate financial debts,
- variable-rate financial debts converted into fixed-rate debts by means of IRS,
- and variable-rate financial debts converted into fixed-rate debts by means of CAPs.

The denominator is the total amount of financial debts.

The components of this APM relate to the debts and hedging instruments as at the closing date of the financial year.

Use:
A significant portion of the Company's financial debts is at variable rates. This APM measures the risk associated with interest rate fluctuations and its potential effect on the results.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

(€000s)		30/09/2018	30/09/2017
Fixed-rate financial debts		55,000	56,784
Financial debts converted into fixed-rate debts by means of IRS		112,500	120,000
Financial debts converted into capped-rate debts by means of caps		55,000	40,000
TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS	**= A**	**222,500**	**216,784**
TOTAL VARIABLE RATE FINANCIAL DEBTS		**24,969**	**37,854**
TOTAL FINANCIAL DEBTS	**= B**	**247,469**	**254,638**
HEDGING RATIO	**= A / B**	**89.91%**	**85.13%**

OPERATING MARGIN

Definition:
This is the operating result before result on portfolio divided by rental income.

The components of this APM relate to the last period ended on the closing date of the financial year.

Use:
This APM allows us to measure the operating profitability of the Company as a percentage of rental income.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

		30/09/2018	30/09/2017
Operating result before result on portfolio (€000S)	= A	33,912	34,216
Rental income (€000S)	= B	40,954	40,782
OPERATING MARGIN	**= A / B**	**82.8%**	**83.9%**


”The food sector
is part of our DNA
(30 % of Ascencio’s property
portfolio).
With fresh, quality food
as its core business, French
supermarket chain **#GrandFrais**
(12 % of the portfolio) was
again named France’s
favourite brand
in 2018.”

Risk factors

In this chapter the main risks to which Ascencio is exposed are described, together with a number of measures aimed at offsetting and/or limiting the potential impact of the risks identified. If some of these risks were to materialise, it is likely that Ascencio's results would be negatively affected.

1. MARKET RISKS

The property market is affected by general developments in the economic situation, considered as systemic risk.

Although the commercial property market is relatively healthy, quality supply from competitors is constantly increasing, while consumer trends are evolving rapidly. For example, the growth in online sales might lead major retailing chains to question the need to open (or retain) physical stores. In order to respond to these trends, Ascencio pays close attention to the quality of the sites made available to its tenants, promoting the profile of its major retail parks, particularly through online marketing.

The broad trends in the commercial property market in Belgium, France and Spain are covered in the section headed "Property report".

The main risks associated with the market, their potential impact and the mitigation and control measures put in place are set out hereunder.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
The economic situation Substantial deterioration of the economic situation.	1. Fall in demand for renting and increased rental vacancy. 2. Fall in rentals: pressure on rentals when negotiating new leases or (re)-negotiation downwards of rentals before expiry of contracts. 3. Freeze on rent indexation. 4. Tenants' insolvency and/or bankruptcy. 5. Fall in the fair value of the properties.	1. Ongoing dialogue with tenants aimed at finding solutions allowing the Interests of both/all parties to be protected. For this, Ascencio has a dynamic team of rental and property managers. 2. Regional diversification of properties. 3. Diversification by sector: food, DIY, clothing, leisure. 4. Average market rental. 5. Defensive nature of the food sector in Ascencio's portfolio.
The commercial property market Fall in demand for retail property, rental vacancy, pressure on rental conditions.	1. Fall in occupancy rate. 2. Fall in rental income. 3. Increase in direct costs associated with rental vacancy (charges and taxes on unlet properties) and marketing expenses. 4. Fall in the fair value of the properties.	1. Close watch on sales competition. 2. Investment strategy aimed at acquiring sites in prime locations and rejuvenating the property portfolio, in particular by acquiring new or recent projects representative of the new generation of retail parks in outlying urban areas. 3. Continuous improvement of accessibility, visibility and commercial attractiveness. 4. A flexible player in the commercial property market in responding to clients' need.
E-commerce	1. Fall in demand for renting and increased rental vacancy. 2. Fall in rents: pressure on rents when negotiating new leases or (re)-negotiation downwards of rentals before expiry of contracts.	1. Constant reflection on strategy. 2. Proximity to tenants, incorporating omnichannel facilities into existing stores. 3. Modular approach to units and adaptation of sites and car parks. 4. Resilience of the food sector. 5. Proactive rental management. 6. Marketing of sites.
Risk of deflation Ascencio's leases are indexed to the Health Index (CPI minus products detrimental to health) in Belgium, the Construction Costs Index ("ICC") or the Commercial Rentals Index ("ILC") in France, and the CPI in Spain, so these revenues are exposed to the risk of deflation.	1. Deterioration of the Company's earnings.	1. Ascencio protects itself contractually whenever the law allows against the risk of negative indexation, and its standard leases contain "floor" rental clauses.
Liquidity risk in respect of Ascencio's shares Ascencio's shares still suffer from limited liquidity. For further information on the liquidity of the shares, please refer to the chapter headed "Ascencio on the stock exchange" in this report.	1. Difficulty in accessing capital markets. 2. Impact in terms of image.	1. Frequent dialogue with the capital markets through financial analysts or by holding road shows in order to raise the company's profile with institutional investors and the general public. 2. Continuous listing of the stock and signing of "*liquidity provider*[1]" agreements with Petercam and Kempen. 3. Building trust-based relationships with existing shareholders.

[1] This contract provides for a watch to be kept on the circulation of the shares and possible intervention to avoid as far as possible an accidental and transitory imbalance between supply and demand leading to a significant and unwarranted change in the share price.

2. OPERATIONAL RISKS

Implementation of the Company's investment strategy leads to a property portfolio that is diversified geographically and across sectors. Ascencio's portfolio is mainly managed in-house in Belgium and Spain, at both rental and technical level, while in France it is partly managed externally. The operational risks are associated either with the property portfolio or with its management.

The main operational risks, their potential impact and the mitigation and control measures put in place are set out hereunder.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Strategy Inappropriate choice of investments.	1. Forecast returns not attained. 2. Portfolio not matching demand. 3. Rental vacancy. 4. Fall in the fair value of the portfolio.	1. Establishment and implementation of a clear and coherent investment strategy. 2. Directors' and managers' experience. 3. Sound procedures for approval by the Board of Directors based on recommendations of the Investment Committee. 4. Strategic analysis of the risks attaching to each acquisition. 5. Internal and external assessment and audit of each acquisition.
Analysis of investments Failings in the analysis of technical, legal, financial, tax or environmental aspects of an acquisition and risk of hidden liabilities resulting from merger, split or contribution transactions.	1. Estimated returns not attained. 2. Buildings not conforming to the Company's standards and quality requirements.	1. Strategic and real estate analysis by management and the Board of Directors. 2. Rigorous due diligence of technical, legal, financial, tax and environmental aspects, adapted to the market standards and the specific characteristics of each acquisition. 3. Appraisal of the asset by the Company's property expert. 4. Negotiation with vendors of guarantees of assets/ liabilities and specific guarantees depending on use.
Projects in state of future completion, redevelopment or change of use Risk associated with acquisitions of projects in state of future completion, with the management of redevelopments and the obtainment of all the town planning and/or operating approvals required.	1. Impossibility of obtaining building and/or operating permits. 2. Significant unwarranted delays and budget overruns. 3. Bankruptcy of subcontractors. 4. Estimated returns not attained.	1. Support from external advisers specialising in redevelopments or changes of use. 2. Commitments of experienced businesses offering sufficient guarantees in terms of professionalism and solvency. 3. Ascencio does not invest in high-risk projects. Projects are not acquired or commenced until the permits for selling the floor space have been obtained. 4. Negotiation with subcontractors or vendors of sufficient clauses and guarantees aimed at ensuring the successful completion of the works and timely handover to the retail chains.
Risk of decline in the fair value of the property assets influenced by supply and demand in the buying and rental property markets	1. Negative impact on net result, net asset value (NAV) per share and debt ratio. 2. Impact on dividend distribution capacity if cumulative changes exceed distributable reserves.	1. Quarterly valuation of the portfolio carried out by several independent experts, recommending corrective measures where necessary. 2. Investment strategy focusing on “prime” out-of-town retail at quality sites in terms of visibility, surface, catchment area, road infrastructure and means of transport reinforcing sites' accessibility. 3. Diversified portfolio comprising different types of assets subject to different trends.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Risk of rental vacancy Unforeseen circumstances such as bankruptcies, moves,... . Non-renewal at maturity. High risk resulting from the imperative right to terminate commercial leases at each three-year maturity.	1. Fall in rental income. 2. Fall in the fair value of the portfolio. 3. Increase in direct costs associated with rental vacancy (charges and taxes on unlet properties) and marketing expenses.	1. Support for tenants' commercial projects from a dynamic in-house team and tangible action by the landlord in terms of commercial coordination as regards site cleanliness, aesthetics and safety. 2. Geographical diversification of the portfolio across more than a hundred sites in Belgium, France and Spain. 3. Diversification across sectors and staggered lease maturities. 4. Dynamic and proactive marketing of vacant units, with support from specialist agents. 5. Negotiation of rental conditions, including balanced compensation clauses for breaks, aimed at ensuring the durability of contractual relationship. 6. Defining appropriate policy and criteria for switching, taking account in particular of the level of occupancy of the site and reflecting the quality and attractiveness of the chains involved.
Risk of obsolescence and impairment of the properties The cyclical deterioration of the buildings at the technical and conceptual level may lead to a temporary loss of value and the need to incur substantial expenses for renovation or repair. However the commercial sector is less affected by obsolescence, since the owner is responsible only for the outer shell and not for the interior layout or furnishings.	1. Carrying out of major works and associated risks (planning and budget overruns, failings of subcontractors, rental vacancy of the building, etc.) 2. Damage to the commercial attractiveness of the buildings, possibly resulting in rental vacancy. 3. Fall in fair value of the properties.	1. Annual and medium-term planning of major works involving constraints for tenants. 2. Consistent annual budget integrated into the Company's cash-flow forecasts. 3. Competitive selection of providers through calls for tender and negotiation of appropriate performance guarantees. 4. Policy of periodic conversations followed up by the Property team and regular visits to the sites followed by reporting.
Risk of destruction of properties Damage caused by fire, flood, explosion or any other natural disaster.	1. Definitive or temporary loss of rental income. 2. Increase in rental vacancy.	1. Policy of appropriate insurance cover in accordance with market standards. Policies are subscribed either by Ascencio, or by the association of co-owners or by the tenants themselves for Lessor's account. 2. Geographical diversification of the portfolio. 3. Monitoring of compliance obligations transferred to tenants upon expiry of leases.
Risk of tenants' insolvency Risk of non-payment of rentals and bankruptcy of tenants.	1. Fall in rental income. 2. Unexpected rental vacancy. 3. Legal expenses. 4. Re-marketing costs to be incurred. 5. Risk of re-renting at a lower rate.	1. Precise selection criteria for new tenants 2. Staying close to tenants, with frequent exchanges. 3. Diversification across sectors and retail chains. 4. Advance rental payments and guarantees designed to cover part of the commitments that might not be met. 5. Rigorous procedures for following up on receivables. For further information on receivables, we refer you to the section headed “Financial report” in this report.

3. FINANCIAL RISKS

Ascencio pursues a policy aimed at ensuring broad access to the capital markets. It takes care to cover its short-, medium- and long-term financing needs while at the same time minimising its cost of borrowing.

The main risks associated with financial management, their potential impact and the mitigation and control measures put in place are set out hereunder.

For further information on the management of financial risks, we refer you to the Notes in the section headed "Financial report" in this report.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Interest rate risk Fluctuations in interest rates and increase in credit margins. The risk of fluctuations in interest rates concerns only debt at variable interest rates.	1. Increased cost of borrowing. 2. Deterioration of the Company's earnings. 3. Deterioration of distributable profit.	1. Ascencio pursues a policy aimed at securing the interest rates on at least 75 % of its financial borrowings at a horizon of several years. 2. Diversification of forms of financing. 3. Putting in place of fixed rate borrowings and interest rate hedging instruments. 4. Regular staggering of due dates on credit facilities entered into. The measures taken to mitigate the interest rate risk and the risk of fluctuation in credit margins are more fully described in the Notes to the consolidated financial statements included in this report.
Liquidity risk Non-availability of financing or of financing at the desired term. This risk must be assessed together with the risk of early termination of credit lines in the event of non-compliance with covenants, notably the debt ratio of 65 % set for B-REITs as elaborated on below.	1. Non-renewal or cancellation of existing credit lines leading to additional restructuring costs and possibly higher costs associated with the new facilities. 2. Acquisitions not being financeable at all, or only at higher costs, leading to a fall in profitability relative to estimates. 3. Pressure to sell assets on less than ideal terms.	1. Prudent financing and hedging policy. 2. Diversification of sources and forms of financing, together with spreading of maturities (credit lines, commercial paper, investment credits and liabilities under finance leases). 3. Diversification of banking relationships. 4. Rigorous treasury policy . 5. Solid reference shareholders.
Counterparty risk Insolvency of financial or banking counterparties.	1. Acquisitions not being financeable at all, or only at higher costs, leading to a fall in profitability relative to estimates. 2. Pressure to sell assets on less than ideal terms.	1. Diversification of sources and forms of financing, together with spreading of maturities (credit lines, commercial paper, investment credits and liabilities under finance leases). 2. Diversification of banking relationships.
Hedging instruments Risk of change in fair value of derivative products intended to hedge the interest rate risk.	1. Complexity and volatility of the fair value of hedging instruments and impact on NAV as published in accordance with IFRS and on the result. 2. Counterparty risk.	1. Fluctuations in the fair value of hedging instruments are unrealised and non-cash, and are shown separately in the accounts in order to facilitate analysis. 2. All products are held for purposes of hedging and not for speculative purposes.
Exchange rate risk Risk of currency fluctuation for activities outside the euro zone.	Ascencio invests exclusively in Belgium, France and Spain. All rentals and all credits are denominated in euros. The Company therefore has no exchange risk.	N.A.

[2] Given that the hedging instruments chosen by Ascencio do not meet the hedge accounting criteria of IAS 39, application of IFRS requires the positive or negative change in their fair value to be recognised entirely in profit and loss (IAS 39 - Change in fair value of financial instruments).

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Risk associated with obligations contained in financing agreements The Company is exposed to the risk of its financing agreements being cancelled, renegotiated, or having to be repaid early in the event that it were to fail to comply with the undertakings given upon signing these agreements, particularly as regards certain financial ratios (covenants).	1. Possible termination of credit agreements in the event of non-compliance with covenants, involving additional costs for refinancing.	1. The Company negotiates with its counterparties covenants in accordance with market practice and compatible with its estimates of how the relevant parameters will evolve.
Article 617 of the Companies Code Under this Article, distribution of dividends may be restricted. Specifically, no distribution may be made if at the date of closing of the last financial year net assets as shown in the financial statements are less than - or would as a consequence of such distribution become less than - the amount of paid-up capital or less than the amount of called-up capital if the latter is higher, plus all distributable reserves.	1. Limited dividend yield for shareholders.	1. See to it that the Company's earnings are at least maintained and preferably increased. 2. Regularly transfer part of net profits to reserves. For further information on the calculation as per Article 617 and the remaining margin, we refer you to the section headed “Summary of consolidated financial statements” in this report.

4. RISKS ASSOCIATED WITH REGULATION AND OTHERS

Ascencio is a regulated real estate company, which must maintain its approval as such in order to benefit from the favourable tax status. Furthermore, the Company must comply with the Belgian Companies Code and with the specific regulations concerning town planning and the environment in Belgium, France and Spain. Since neither France nor Spain is Ascencio's home country, it enlists the assistance of local professionals in the context of its activities and applicable legislation.

The risk associated with regulation concerns non-compliance with the regulations currently in force, and also the negative effect of new regulations or of amendments to those in force.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
B-REITs regime Non-compliance with the legal SIR (B-REIT) regime, or changes to the applicable rules.	1. Loss of approval and hence of tax transparency regime. 2. Non-compliance with covenants and obligation to repay borrowings early. 3. Negative impact on results and/or NAV.	1. Professionalism of the teams and oversight of compliance with legal obligations. 2. Ongoing dialogue with the market authority in the context of prudential control. 3. Membership of organisations representing the B-REITs sector. 4. Constant legal watch and collaboration with leading law firms and tax experts.
Changes in international accounting regulations (IFRS)	1. Influence on reporting, capital requirements and the use of financial products.	1. Constant monitoring of developments in this area and assessment of their impact. 2. Frequent discussions with the Company's statutory auditor on these developments.
Changes in tax legislation Any changes in tax legislation could affect the Company.	1. Possible effect on acquisition or sale price. 2. Potential impact on assessment of the fair value of the properties and therefore on NAV.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers 2. Membership of organisations representing the B-REITs sector
Changes in town planning or retail licensing legislation	1. Restrictions on possible uses of properties, with potentially negative effects on rental income and vacancies affecting the Company's profitability. 2. Potentially negative impact on the fair value of the properties and therefore on NAV.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers. 2. Close attention to and commercial enhancement of the Ascencio portfolio. 3. Ongoing exchanges with the competent authorities in the field.
Possible changes to environmental regulations	1. Potentially negative impact on the fair value of the properties and therefore on NAV. 2. Possible clean-up costs.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers. 2. Under environmental law, responsibility for pollution rests with the polluter. Given the nature of its business, Ascencio does not perform any polluting actions, and responsibility for any new pollution lies with the tenants. However, additional requirements of regional regulations could expose any holder of rights in rem to clean-up costs. In carrying out its acquisitions, Ascencio pays particular attention to these questions and makes use of the services of specialist companies to identify potential problems and quantify the corrective measures to be envisaged so as to include them in the final establishment of the acquisition price.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Possible changes to laws and regulations New laws or regulations could come into force, or existing ones be amended. Moreover, any legislation or regulation may be subject to new interpretation by the authorities or the courts as to how it is to be applied.	1. Negative effect on the Company's activities, its results, its profitability and, more generally, its financial position.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers. 2. Membership of various associations bringing together professionals of the sector and lobbying.

5. OTHER RISKS

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Risk associated with members of the team Risk linked to the unexpected departure of a key employee.	1. Negative impact on the Company's development and growth. 2. Temporary disorganisation of the Company.	1. Human resources policy based on personal development and corporate values. 2. Implementation of a permanent back-up system. 3. Full data sharing.
IT risk IT system not making accurate information available to the personnel concerned when needed. Unreliable database, network, software media or hardware devices. Information not secured.	1. Possible impact on operational response times. 2. Loss of information. 3. Lock-up of automated invoicing systems.	1. Business Continuity Plan in process of being drawn up. 2. Permanent monitoring and internal control and double manual check. 3. Databases appropriately secured. 4. Half-yearly system evaluation by an outside consultant.

In Spain, at the request of ***#Worten****, split of its commercial space, enabling the arrival of* ***#Kiwoko****, a new brand for animals. Here, Worten outlet in Madrid.*

"We are sensitive to the evolution of commercial concepts. The easy ***#scalability*** *of our commercial cells enables us to accompany our clients with* ***#flexibility****, in their need to increase or reduce the commercial surface."*

General information

Identification

NAME

The name of the company is "Ascencio" preceded or followed by the words "Société Immobilière Réglementée publique de droit belge" (Public Regulated Real Estate Company (REIT) under Belgian Law) or "SIR publique de droit belge" (Public REIT under Belgian Law).

INCORPORATION, LEGAL FORM AND PUBLICATION

The Company was incorporated as a société en commandite par actions (corporate partnership limited by shares) on 10 May 2006 by deed drawn up by notary Olivier Vandenbroucke, in Lambusart (Fleurus) and executed before notary Louis-Philippe Marcelis, published in extract in the Appendices to the Moniteur Belge (Belgian State Gazette) of 24 May 2006 under number 06087799.

The Coordinated Articles of Association are available on Ascencio's website (www.ascencio.be).

HEAD OFFICE

The registered office is established at Avenue Jean Mermoz, 1 - Building H - Box 4, B-6041 Charleroi (Gosselies).

Ascencio's French branch is established at Tour Opus 12 - La Défense 9 - Esplanade du Général de Gaulle, 77 - F-92914 Paris La Défense.

CORPORATE OBJECT – ARTICLE 4 OF THE ARTICLES OF ASSOCIATION

The Company's exclusive corporate object is:

(a) to make properties available to users, either directly or through a company in which it holds an interest in accordance with the provisions of the B-REIT regulations and;

(b) within the limits set by the B-REIT regulations, to hold the real estate assets referred to in Article 2, 5°, vi to x of the B-REIT Act.

Property (or real estate) assets are understood to mean:

i. properties as defined in Articles 517 *et seq.* of the Belgian Civil Code, and rights in rem to properties, excluding properties of a forestry, agricultural or mining nature;

ii. shares or units with voting rights issued by real estate companies under the exclusive or joint control of the Company;

iii. option rights on property assets;

iv. shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case that joint or exclusive control over these companies is exercised by the Company;

v. the rights deriving from contracts making one or more assets available to the Company under a finance lease or conferring other analogous rights of use;

vi. shares in public "SICAFIs" (sociétés d'investissement à capital fixe en immobilier, or "fixed capital real estate investment companies");

vii. units in foreign collective real estate funds included in the list referred to in Article 260 of the Law of 19 April 2014 on alternative investment funds and their managers;

viii. units in collective real estate funds established in another Member State of the European Economic Area and not included in the list referred to in Article 260 of the Law of 19 April 2014 on alternative investment funds and their managers, providing they are subject to supervision equivalent to that applying to public SICAFIs (fixed capital real-estate investment companies);

ix. shares or units issued by companies (i) with legal personality; (ii) under the law of another Member State of the European Economic Area; (iii) whose shares are admitted to trading on a regulated market and/or are subject to prudential supervision; (iv) whose main activity consists in acquiring or building properties in order to make them available to users, or directly or indirectly holding equity interests in certain types of entities with a similar corporate object; and (v) that are exempt from income tax as regards profits deriving from the activity referred to in (iv) above, subject to compliance with constraints pertaining at least to the legal obligation to distribute part of their income to their shareholders ("*Real Estate Investment Trusts*", or "REITs");

x. real estate certificates as referred to in Article 5, § 4 of the Law of 16 June 2006.

In the context of the making available of properties, the company can, in particular, perform all activities relating to the construction, rebuilding, renovation, development, acquisition, disposal, management and operation of properties.

On an ancillary or temporary basis, the Company may make investments in negotiable securities which are not property assets in the meaning of the B-REIT regulations. These investments must be made in compliance with the risk management policy adopted by the Company and diversified so as to ensure an appropriate spread of risks. The Company may also hold unallocated liquid assets, in any currency, in the form of sight or term deposits or any monetary market instruments that can easily be realised.

It may also carry out transactions with hedging instruments, with the exclusive aim of hedging the interest rate and exchange risk in the context of the financing and management of the Company's property assets, and excluding any transaction of a speculative nature.

The company may lease (as lessee) or lease out (as lessor) one or more properties. The activity of leasing out under a finance lease properties with a purchase option may be carried out only as an incidental activity, unless these properties are intended for purposes of public interest, including social housing and education (in which case the activity may be carried on as the main activity).

The Company may, by way of merger or otherwise, take an interest in any businesses, undertakings or companies having a similar or related object and which are of a nature such as to favour the development of its business, and, in general, carry out any transactions directly or indirectly linked to its corporate object as well as all acts that are conducive or necessary to the fulfilment of its corporate object.

The Company is obliged to carry out all its activities and transactions in accordance with the rules and within the limits provided by the B-REIT regulations and all other applicable legislation.

DURATION

The Company was incorporated for an indefinite period.

SHARE CAPITAL

Ascencio's share capital is €39,575,910. It is represented by 6.595.985 shares without nominal value, each representing a six million five hundred and ninety-five thousand nine hundred and eighty-fifth of the share capital and fully paid up.

There are no shares that do not represent capital.

The Company does not hold any of its own shares, either in its own name or through the intermediary of its subsidiaries.

There are no convertible or exchangeable securities or securities with subscription warrants.

There are no rights, privileges or restrictions attaching to any different category of share.

AUTHORISED CAPITAL

The Statutory Manager is authorised to increase the share capital in one or more stages on such dates and terms as it may be determine, by a maximum amount of €36,223,380, in accordance with Article 603 of the Companies Code and the B-REIT regulations.

The Statutory Manager has made use of this authorisation twice, so the balance of capital authorised stood at €33,744,078 at the date of this report.

The nominal value per share is €6.00.

GENERAL MEETINGS OF SHAREHOLDERS

The Annual General Meeting of Shareholders shall be held on 31 January each year at 2.30 p.m. or if that day is not a business day, on the immediately preceding business day.

An extraordinary general meeting may be called whenever the Company's interests so require.

The threshold from which one or more shareholders may, in accordance with Article 532 of the Companies Code, require a general meeting of shareholders to be called in order to submit one or more proposals is 5 % of all the shares with voting rights.

One or more shareholders, together holding at least 3 % of the company's share capital may, in accordance with the provisions of the Company Code, request the addition of items to be dealt with on the agenda of any general meeting of shareholders, as well as present decision proposals regarding the items included or to be included in the agenda. The additional items or proposed resolutions to be dealt with must reach the company no later than the twenty-second (22nd) day preceding the date of the general meeting of shareholders.

Ordinary or extraordinary general meetings of shareholders are held at the registered office or at any other place indicated in the meeting notice.

ADMISSION TO THE MEETING

The registration procedure is as follows:

- Holders of registered shares must be registered in the register of registered shares of Ascencio on the fourteenth (14th) day preceding the General Meeting of Shareholders, at midnight, Belgian time (the "registration date") for the number of shares for which they wish to participate in the General Meeting of Shareholders.
- Owners of paperless shares must notify their financial intermediary or approved account holder not later than the fourteenth (14th) day preceding the General Meeting of Shareholders, at midnight, Belgian time (the "registration date") of the number of shares for which they wish to be registered and for which they wish to participate in the General Meeting of Shareholders.

Only persons who are shareholders on the Registration Date shall be entitled to attend and vote in the General Meeting of Shareholders, irrespective of the number of shares held by the shareholder on the day of the General Meeting of Shareholders.

Confirmation of participation is as follows:

- Shareholders intending to attend the General Meeting of Shareholders must give notice of such intention not later than the sixth (6th) day before the date of the meeting. In addition to the registration procedure described above, shareholders must inform Ascencio by ordinary letter, fax or e-mail of their intention to attend the meeting not later than the sixth (6th) day prior to the date of the meeting.

In accordance with Article 533*bis* of the Companies Code, shareholders may also have themselves represented by a proxy, using the form of proxy established by the Company. This form can be obtained from the Company's website (www.ascencio.be) or from the Company on request.

Shareholders wishing to have themselves represented must comply with the registration and confirmation procedure described above, and the original form signed on paper must be sent to the registered office of Ascencio not later than the sixth (6th) day prior to the date of the meeting.

The general partner(s) is/are admitted de jure to any General Meeting of Shareholders without having to complete any admission formalities.

ACTIONS NECESSARY TO ALTER THE RIGHTS OF SHAREHOLDERS

Any change to shareholders' rights can be made only by an Extraordinary General Meeting of Shareholders, in accordance with Articles 558 and 560 of the Companies Code.

CHANGE IN THE SHAREHOLDING OF ASCENCIO SA - CHANGE OF CONTROL

The shareholders of Ascencio SA have not mutually granted each other a pre-emptive right to shares.

PROVISION CONCERNING MEMBERS OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The provisions concerning this point are contained in Title IV of the Articles of Association of Ascencio SCA.

Article 16 of the Articles of Association of Statutory Manager Ascencio SA stipulates that the company is administered by a board composed of at least three directors, shareholders or not, at least three of whom must be independent in the meaning of Article 526 tar of the Companies Code and Appendix A to the Belgian Code of Corporate Governance. Directors are appointed for a maximum of four years by the Ordinary General Meeting of Shareholders and their appointment may be revoked at any time.

The Board of Directors of the Statutory Manager shall elect a Chairman from among its members, at the proposal of Carl, Eric and John Mestdagh, and shall meet when called by the Chairman or by two Directors with at least 24 hours prior notice.

The Board of Directors of the Statutory Manager is empowered to perform all such acts as may be necessary or conducive to the fulfilment of the Company's corporate object, with the exception of those reserved by Law or by the Articles of Association to the Ordinary General Meeting of Shareholders. For as long as Ascencio SA is the Statutory Manager of the Company, it shall be represented in accordance with its own rules as regards general representation and day-to-day management.

ARTICLES OF ASSOCIATION OF ASCENCIO SCA

The Articles of Association of Ascencio SCA were last amended on 19 December 2016. The Articles of Association are available from the Clerk of the Court of the Charleroi Trade Tribunal, from Ascencio at its registered office, and on its website www.ascencio.be

THE STATUTORY AUDITOR

The statutory auditor is appointed subject to prior agreement of the FSMA (Financial Services and Markets Authority). It also performs a dual control.

Firstly, in accordance with the Companies Code, it checks and certifies the accounting information in the financial statements.

Secondly, in accordance with the law, it cooperates with the FSMA's controls. The FSMA may also ask it to confirm the accuracy of information requested by it.

Deloitte Réviseurs d'Entreprises, represented by Kathleen De Brabander, having its registered office at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, was appointed by the Company's Ordinary General Meeting on 31 January 2017 for a term of three years, i.e. until the adjournment of the 2020 Annual Ordinary General Meeting of Shareholders.

PROPERTY EXPERTS

In accordance with applicable legislation, Ascencio SCA calls on several independent experts for regular or ad hoc valuations of its assets.

The experts are not tied, have no equity connections with major shareholders, do not perform any management function in the Company and have no other ties or relations with it of a nature such as might affect their independence.

The experts have the professional integrity required and the appropriate experience to carry out property valuations, and their organisation is appropriate to the exercise of the activity of expert.

The experts are appointed for a maximum term of 3 years, renewable. An expert may not be entrusted with the valuation of a particular property asset for more than three years. In order to ensure compliance with this rule, the Company has put in place a system of rotation of its experts and of the portion of the portfolio that they value.

At the end of each financial year, the experts value the property assets in detail, and this valuation binds the company for the preparation of the financial statements. Additionally, at the end of each of the first three quarters of the financial year, the experts update the overall valuation of the property assets in the light of their characteristics and of market developments. The experts also value the Company's property assets whenever the Company issues shares, registers shares with a stock exchange or buys shares other than on the stock exchange.

The experts also value each property asset to be acquired or sold by the Company before the transaction takes place. If the acquisition or sale price of the property asset differs by more than 5 % from this valuation to the Company's disadvantage, the transaction concerned must be justified in the Annual Report and, if applicable, the interim (half-yearly) report.

The value of the portfolio is estimated on a quarterly and annual basis.

The remuneration of the property experts, excluding VAT, is set on a flat basis per property valued.

Until 30 September 2018 the Company's real estate experts are:

Belgium	Jones Lang LaSalle SPRL	Rod Scriverer	Avenue Marnix 23 1000 Brussels
	Cushman & Wakefield SPRL	Ardalan Azari	Avenue des Arts 58 1000 Brussels
	CBRE SA	Pieter Paepen	Avenue Lloyd George 7 1000 Brussels
France	Cushman & Wakefield (ex DTZ)	Valérie Parmentier	Rue de l'Hôtel de Ville 8 92522 Neuilly-Sur-Seine
	Jones Lang LaSalle Expertises SAS	Christophe Adam	Rue de la Boétie 40-42 75008 Paris
Spain	Cushman & Wakefield	Tony Loughran	Jose Ortega 4 Gasset 29 - 6°Planta 28006 Madrid

FINANCIAL SERVICES

For its financial services the Company relies on BNP Paribas Fortis Banque SA.

HISTORICAL INFORMATION INCLUDED BY REFERENCE

The annual financial reports, interim announcements and half-yearly financial reports of the past three financial years are included by reference in this document and may be consulted at the Company's registered office or downloaded from Ascencio's website (www.ascencio.be).

The conclusions of the property experts updated at the end of the first three quarters in accordance with applicable legislation are also included by reference (Article 47 § 2 of the B-REIT Act).

PLACE WHERE DOCUMENTS ACCESSIBLE TO THE PUBLIC CAN BE CONSULTED

The following documents can be consulted in physical form at the Company's registered office or electronically on its website: www.ascencio.be

- latest Articles of Association of the Company;
- historical financial information on the Company;
- annual reports including the reports of the Statutory Auditor and the property experts;
- press releases;

The Deed of Incorporation and Articles of Association are available on the website of Moniteur Belge, the official Belgian state gazette: www.ejustice.just.fgov.be

Legal framework

STATUS OF PUBLIC REGULATED REAL ESTATE COMPANY (SIRP)

From its establishment in 2006, Ascencio held the status of a "SICAFI" (société d'investissement à capital fixe en immobilier, or "Belgian REIT").

On 18 December 2014, Ascencio adopted the status of "SIRP" (Société Immobilière Réglementée Publique or Public Regulated Real Estate Company, hereinafter referred to in the English translation as a "public B-REIT").

In this capacity, the Company is subject to the provisions of the Law of 12 May 2014 as amended by the law of 22 October 2017, and the Royal Decree of 13 July 2014 as amended by the Royal Decree of 23 April 2018 ("the Law").

Ascencio is incorporated in the form of an "SCA" (société en commandite par actions or corporate partnership limited by shares), whose Statutory Manager, the general partner, is the société anonyme (public limited company) Ascencio SA. The functions and powers of the Manager of the public B-REIT are performed by the Board of Directors of Ascencio SA or under its responsibility.

As a public B-REIT, the Company benefits from a transparent tax regime. Its results (rental income) are exempt from corporate tax at public B-REIT level but not at the level of its subsidiaries.

In order to preserve its status, the public B-REIT complies with the constraints imposed by the Law, and notably:

- to make property assets available to users, (ii), within the limits of the legal framework, may hold other types of property assets (shares in public SICAFs (closed-ended investment companies), units in mutual funds, shares issued by other REITs and title deeds), and (iii) in making available property assets, may perform all activities relating to the construction, rebuilding, renovation, development (for its own portfolio), acquisition, disposal, management and operation of property assets; the public B-REIT may not act either directly or indirectly as a real estate promoter (except on an occasional basis);
- pursue a strategy aimed at holding its assets in the long term;
- give preference to active management in the exercise of its activities;
- be listed on the stock exchange and maintain a free float of at least 30 % of its shares;
- comply with strict rules concerning conflicts of interest and internal control structures.

The public B-REIT may have subsidiaries controlled exclusively or jointly, with or without the status of institutional B-REIT; the public B-REIT is subject to the prudential control of the FSMA.

SPECIAL REGULATIONS APPLICABLE TO PUBLIC B-REITs

Real estate assets

The B-REIT's assets must be diversified so as to ensure an appropriate spread of risks in terms of property assets, by geographical region and by category of user or tenant; no transaction may lead to more than 20 % of its consolidated assets being invested in assets forming "a single property complex".

Accounting

European legislation stipulates that public B-REITs, like all other listed companies, must prepare their consolidated annual accounts in accordance with IAS/IFRS. Moreover a public B-REIT (like an institutional B-REIT) must also, in application of the Law, prepare its statutory annual accounts in accordance with IAS/IFRS.

Since investment properties represent the greater part of the assets of a B-REIT, B-REITs must measure these investments at their fair value pursuant to IAS 40.

Valuation of properties

The fair value of a given property asset is estimated at the end of each financial year by a property expert. This fair value is updated by the expert at the end of each of the first three quarters of the financial year in line with market developments and the characteristics of the property asset concerned. These valuations are binding on public B-REITs as regards the preparation of the financial statements (both statutory and consolidated).

The property expert also sometimes has to value specific property assets. Such is the case, inter alia, on the occasion of an issue of shares or a merger, split or similar transaction.

A property asset held by a public B-REIT is not depreciated.

Pay-out ratio

The REIT must distribute by way of remuneration of capital an amount equal to at least the positive difference between

- 80 % of the sum of adjusted earnings and net capital gains on the realisation of property assets not exempt from the obligation to distribute; and
- the net reduction in the Company's borrowings during the financial year.

This obligation applies only if the net result is positive and the Company therefore has a distributable margin in accordance with company law.

Debts and guarantees

Total statutory and consolidated borrowings of a public REIT may not exceed 65 % of total statutory or consolidated assets as the case may be (after deduction of authorised hedging instruments). If the consolidated debt ratio of the REIT and its subsidiaries exceeds 50 % (after deduction of authorised hedging instruments), a financial plan has to be drawn up, accompanied by an execution schedule, describing the measures designed to avoid the consolidated debt ratio's exceeding 65 % of consolidated assets.

A REIT or its subsidiaries may not grant mortgages or create pledges or issue guarantees other than in the framework of the financing of group's real estate activities. The total amount covered by mortgages, pledges or guarantees may not exceed 50 % of the total fair value of the property assets held by the REIT and its subsidiaries. Further, no mortgage, pledge or guarantee on a given asset may exceed 75 % of its value.

TAX REGIME

REITs (both public and institutional) are subject to corporate tax at the standard rate but on a reduced tax base consisting of the sum of (1) abnormal or gratuitous benefits received and (2) expenses and costs that are non-deductible as professional expense other than reductions in value and capital losses realised on shares.

The advance levy on dividends paid by a public B-REIT is in principle equal to 30 %. This levy is in full discharge for private individuals domiciled in Belgium.

Companies seeking approval as REITs that merge with a REIT or split off part of their property assets and transfer it to a REIT are subject to a specific tax on the capital gain (exit tax) of 12.75 %[1]. The exit tax is the percentage of tax that these companies must pay in order to leave the standard tax regime under ordinary law.

STATUS OF FRENCH “SIIC” (SOCIÉTÉ D’INVESTISSEMENT IMMOBILIER COTÉE OR LISTED REAL ESTATE INVESTMENT COMPANY)

The tax regime for “SIICs” (Sociétés d’Investissement Immobilier Cotées or Listed Real Estate Investment Companies), introduced by the French Finance Act for 2003 no. 2002-1575 of 30 December 2002, allows for the creation in France of real estate companies with a favourable tax regime similar to the Belgian regime applicable to the Company.

This regime allows Ascencio’s French branch and subsidiaries to benefit from a corporate tax exemption on their rental income and realised capital gains in return for the obligation to distribute 95 % of their profits from the leasing of their real estate assets.

The main characteristics of the SIIC regime are as follows:

- the parent company must be an SA (société anonyme, or public limited company) or another form of company limited by shares admissible for trading on a European stock market;
- the main activity of the SIIC must be the letting of properties ;
- a majority shareholder or a group of shareholders acting in concert may not hold more than 60 % of the shares of Ascencio;
- the company benefits from a corporate tax exemption on the portion of the profits deriving from i) real estate leases, ii) capital gains on the disposal of properties, iii) capital gains on the disposal of securities of subsidiaries opting for the SIIC regime or partnerships with an identical object, iv) income distributed by their subsidiaries opting for the SIIC regime and v) the proportional part of the profits of partnerships carrying on a real estate activity;
- the company must comply with a pay-out ratio of 95 % of the exempted profit from rental income, 60 % of the exempted gains from the disposal of properties, securities of partnerships and subsidiaries coming under the SIIC system and 100 % of the dividends distributed to them by their subsidiaries liable for corporate tax on companies opting for the SIIC system;
- when the company opts for the SIIC system, this option gives rise to payment over four years of an exit tax at the reduced rate of 19 % on unrealised capital gains relating to properties held by the SIIC or its subsidiaries opting for the SIIC system, and to the securities of partnerships not liable for corporate tax.

[1] Until 1 January 2020.

Declarations

PERSON RESPONSIBLE

The Statutory Manager of Ascencio SCA, Ascencio SA, whose registered office is at Avenue Jean Mermoz 1, box 4, 6041 Gosselies:

- declares that it assumes responsibility for the information contained in this report except for the information provided by third parties, among which the reports of the statutory auditor and the property experts;
- declares that to the best of its knowledge the financial statements were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results and of the companies included in the consolidation; the financial statements are in accordance with reality and are free of omission;
- declares that to the best of its knowledge the Management Report contains a true statement of the development of the business, the results and situation of Ascencio SA and the entities included in the consolidation, as well as a description of the main risks to which they are exposed;
- confirms, after taking all reasonable steps to this end, that the information contained in the registration document is, to the best of its knowledge, in accordance with reality and free of any material omission;
- subject to the press releases published by the Company since the preparation of this Annual Report, there have been no significant changes in the Company's financial or commercial position since 30 September 2018.

DECLARATION REGARDING THE DIRECTORS AND EXECUTIVE MANAGERS

The Statutory Manager of Ascencio SCA declares that based on the information provided to it, during the past five years none of its Directors nor the executive managers of the Company:

- has been convicted of fraud;
- has been convicted or declared bankrupt or placed in administration or liquidation;
- has been the subject of any accusation or official public sanction on the part of statutory or regulatory authorities or has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or conduct of business.

JUDICIAL AND ARBITRATION PROCEEDINGS

During the financial year covered by this report there were no governmental, judicial or arbitration proceedings that might have a significant effect on the Company's financial position or profitability.

INFORMATIONS FROM THIRD PARTIES, EXPERTS' DECLARATIONS

Ascencio confirms that the information provided by property experts and the approved statutory auditor have been faithfully reproduced with their agreement and that to the best of Ascencio's knowledge and as far as it can ascertain in light of the data published by these third parties, nothing has been omitted that would make the information reproduced inaccurate or misleading.

Name	ASCENCIO SCA
Status	Société Immobilière Réglementée (Regulated Property Company or "Belgian REIT")
Head office	Avenue Jean Mermoz 1 – Building H box 4 – 6041 Gosselies
Branch address	Tour Opus 12 – La Défense 9 – Esplanade du Général de Gaulle 77 – 92914 Paris La Défense
Telephone	+32 (71) 91 95 00
Fax	+32 (71) 34 48 96
E-mail	info@ascencio.be
Website	www.ascencio.be
Companies Registry	Charleroi
Company number	0881.334.476
Date established	10 May 2006
Approval as a public B-REIT	28 October 2014
Duration	Indefinite
Statutory auditor	Deloitte - Kathleen De Brabander
Property experts	JLL - Cushman & Wakefield - CBRE
Financial service	BNP Paribas Fortis Banque SA
Financial year-end	30 September
Share capital	€39,575,910
Number of shares	6,595,985
Listing	Euronext Brussels
Fair value of the property portfolio	€619 million
Number of properties	103
Types of properties	Commercial properties in outlying urban areas and others

The annual financial report is also available in Dutch and English, but only the French version of the document is official.
The English and Dutch versions are free translations.

FOR ANY ADDITIONAL INFORMATION:

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