ANNUAL REPORT 2017

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ascencio
QUALITY IN RETAIL

CONTENTS

PROFILE

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[1] and the Royal Order of 13 July 2014 on regulated real estate companies (the "SIR law" or the "B-REITs Act").

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

Ascencio has a portfolio of 104 properties (not counting projects in the course of development and assets held for sale) representing a total surface of 419,535 m². The fair value of this property portfolio stood at €613 million as at 30 September 2017.

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 S.C.A. 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"[2].

As at 30 September 2017, the Company's market capitalisation stood at €398 million.

EPRA (European Public Real Estate Association)

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. Published in the Moniteur Belge (the official Belgian state gazette) on 9 November 2017 and coming into force on that same date. Ascencio S.C.A. will have to amend its Articles of Association accordingly.
2. Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario.

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.

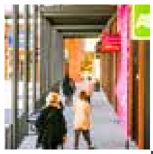
1. MARKET RISKS

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 rents: pressure on rents when negotiating new leases or (re)-negotiation downwards of rents before expiry of contracts. 3. Freeze on rent indexation. 4. Tenants' insolvency and/or bank-ruptcy. 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 rent. 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 costs 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 out-of-town retail parks. 3. Continuous improvement of accessibility, visibility and commercial attractiveness. 4. A flexible player in the commercial property market in responding to clients' need.
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 a *liquidity provider* agreement[3] with Petercam. 3. Building trust-based relationships with existing shareholders.

3. 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.
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, etc. 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 costs.	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 (60%), France (35%) and Spain (5%). 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 relationships. 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 costs 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 in terms of leases.
Risk of tenants' insolvency Risk of non-payment of rents and bankruptcy[4] 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.

4. We should mention that during the year four tenants in France were declared bankrupt. Also one tenant in France is in judicial restructuring.

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 loans and finance rental agreements). 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[5] 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 rents and all credits are denominated in euros. The Company therefore has no exchange risk.	n.a.

5. 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 the income statement (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.

The legislation applicable to B-REITs, namely the Law of 12 May 2014 and the associated Royal Decree of 13 July 2014 on B-REITs, was amended by the Law of 22 October 2017 published in the Moniteur Belge (Belgium's official state gazette) on 9 November 2017 and coming into force on that same date. The amended Royal Decree is in the process of being drawn up as at the date of this report.

Ascencio S.C.A. will amend its Articles of Association and corporate object to bring them into line with the new legislation during the 2017/2018 financial year. Ascencio does not anticipate any potentially negative impact on its results from these legislative changes: on the contrary, it sees certain opportunities, particularly as a result of the threshold holding for subsidiaries being changed to 25%.

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.

More particularly, the reform of corporation tax announced by the government

The reform announced consists of a gradual reduction in corporation tax, and therefore in exit tax[6].

As SIRs (B-REITs) or SIICs (French listed real estate companies), Ascencio and most of its subsidiaries are not subject to corporation tax, so the impact of this reform on Ascencio's results will be limited. In any case, such impact will be positive.

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.

6. Exit tax in Belgium is calculated in accordance with the provisions of Circular Ci. RH. 423/567.729 of 23 December 2004, the interpretation or practical application of which may be changed at any time. The current principle is that the real value within the meaning of said circular is calculated after deduction of registration dues and/or VAT. This real value may differ from, and thus be lower than, the fair value of the asset as shown in the Company's IFRS balance sheet.

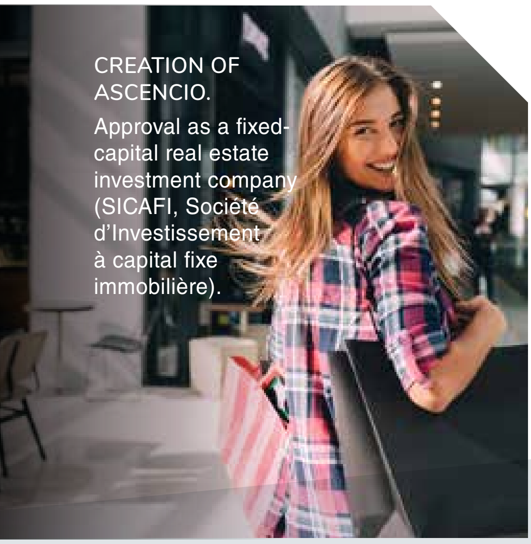
DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Possible changes in environmental legislation	1. Potentially negative impact on the fair value of the properties and therefore on NAV. 2. Possible clean-up costs.	1. Constant watch on legislative changes in these fields and, where 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.
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. Database appropriately secured. 4. Half-yearly system evaluation by an outside consultant.

HISTORY

2006



CREATION OF ASCENCIO.

Approval as a fixed-capital real estate investment company (SICAFI, Société d'Investissement à capital fixe immobilière).

2007

ASCENCIO WAS LISTED ON THE STOCK EXCHANGE FOR THE FIRST TIME

Acquisition of eight retail sites located in the Liège region.
Acquisition of a shopping centre 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.
Ascencio acquired seven outlets operated by the innovative "Grand Frais" brand in France.

2011

SUCCESSFUL CAPITAL INCREASE OF €40 MILLION.

Acquisition of five new "Grand Frais" outlets.
Ascencio acquired a retail park in a state of future completion ("VEFA") in the Avignon region.
Ascencio acquired the "Le Parc des Bouchardes" near Macon.
Ascencio acquired a retail park development project in the Montpellier region, at Saint Aunès.

2012

ASCENCIO COMPLETED A CAPITAL INCREASE OF €2,425,282

On 17 December 2012, Ascencio completed a capital increase of €2,425,282 by means of a contribution in kind of five properties owned by a third party and with long-term lease and in rem rights in favour of Ascencio.
Ascencio acquired a retail park in Caen.
Acquisition of two new «Grand Frais» outlets.
Opening of the Avignon retail park at Pontet, acquired in a state of future completion (VEFA) or "off-plan" in 2011.
Opening of the Saint Aunès retail park in the Montpellier region, acquired in a state of future completion (VEFA) in 2011.

ASCENCIO PURCHASED A SMALL RETAIL PARK LOCATED AT CORMONTREUIL, CLOSE TO REIMS

Ascencio made its largest ever acquisition, acquiring from a subsidiary of the Cora Group, around thirty commercial units across five Cora retail park sites at Anderlecht, Châtelineau, La Louvière, Messancy and Rocourt. The tenants are predominantly national and international chains, such as Brico Plan-It, Décathlon, Auto 5, Sports Direct, Quick, McDonald's and Maisons du Monde.
Ascencio acquired the commercial premises "Les Portes du Sud" located in the leading retail area of Chalon-sur-Saône. This recently opened retail park (2009-2010) has 15 retailers including Kiabi, Animalis, Sport 2000 and Maxi Toys.

2013

2014

On 18 December 2014, Ascencio was approved as a public SIR (public Regulated Real Estate Company).
On 31 March 2014, Ascencio successfully completed a second capital increase of €81,502,605 through the issue of 1,811,169 new shares.
Ascencio completed the Rots retail park acquired in 2011 by the acquisition, in a state of future completion, of five new units, leased notably to Décathlon and La Foir'Fouille.

ASCENCIO ACQUIRES 34,538 M² COMMERCIAL PROPERTY

On 23 December 2015 Ascencio sold the Grand Bazar all its properties located in Verviers (Liège province) to the Verviers municipality.
On 22 December 2015 Ascencio acquired three stores operated under the Grand Frais banner (6,600 m²) by buying the shares of three French SCIs (SCI being Société Civile Immobilière, a specialist type of property owning company). The stores are located in Guyancourt (south-western suburbs of Paris), La Teste-de-Buch (Gironde, south-western France) and Viriat (eastern France, 76 km north-east of Lyon, just north of Bourg-en-Bresse). On an annual basis, these three stores generate rental income of €1.0 million.
In March and April 2015, Ascencio bought four office buildings in France, in Bourgoin-Jallieu, L'Isle d'Abeau, Chanas and Choisey. These properties are fully leased (to Aldi, Stockomani, Sport 2000, Planète Cash, Satoriz, Grand Frais, etc.) They represent a total surface of 9,900 m².
On 17 March 2015 Ascencio acquired all the shares of Primmodev S.A., Primmodev S.A., owner of the new 15,000 m² "Bellefleur" retail complex on Route de Philippeville, Couillet. This retail park was opened in February 2014 and basically houses national chains (Ava Papier, Orchestra Prémaman, Luxus, Heytens, Action, Blokker, Casa, Maxi Toys, etc.) The park has full occupancy.
On 11 March 2015, Ascencio bought the GO Sport outlet (2,151 m²) located on the site of the Cora shopping centre in Messancy. As a result of this acquisition, Ascencio now owns all the medium-sized outlets on this commercial site.
In February 2015, Ascencio offered its shareholders the possibility of receiving the dividend in the form of new shares. The success of this transaction (69% acceptance rate) led to an increase of nearly €8 million in the Company's equity.
Ascencio completed the construction of a second building with a surface of 887 m² on its Hamme Mille site.
The first of the two units, leased to a retailer specialising in paint products, opened on 26 May 2015.

2015

2016 ASCENCIO, 10 YEARS OF GROWTH

On 22 December 2016 Ascencio acquired the Papeteries de Genval retail complex by buying all the shares in Rix Retail S.A. This retail complex, in the heart of Walloon Brabant, was opened in August 2015. It houses more than 30 brand names, including Carrefour Market, Picard, Club, Di, Planet Parfum and Boulangerie Louise.
On 26 September 2016 Ascencio sold 16 non-strategic retail sites with a total floor area of close to 15,000 m² and a semi-industrial property (2,630 m² comprising offices and storage facilities).
On 16 September 2016 Ascencio acquired the BUT store located in the retail area of Houdemont, a suburb of Nancy, north-eastern France (BUT being France's leading furniture retailer).
On 31 May 2016 Ascencio sold a 9,879 m² warehouse located in Heppignies, close to Gosselies.
In Caen, Lower Normandy, Ascencio built an additional 1,340 m² to allow its tenant Intersport to increase its sales area.
On 1 March 2016 Ascencio made its first investment in Spain, acquiring three stores operated under the Worten banner with a total surface of 12,253 m². The stores are located in the best retail parks of Madrid, Barcelona and Valencia.

LETTER TO THE SHAREHOLDERS

10 YEARS OF EXISTENCE, SOLID RESULTS WITH PORTFOLIO AND DIVIDENDS BOTH GROWING.

Dear Shareholders,

In February 2017 Ascencio celebrated ten years of existence. On behalf of all our board members I would like to thank you for your trust and loyalty.

These ten years have shown a sustained growth of our portfolio, which recently passed the €600 million mark (compared to €171 million when we were first quoted on the stock exchange). Dividends have always been stable or growing, as has the listed share price. This is thanks to our teams' professionalism and to the coherent strategy defined by our Board of Directors.

"Our expertise in property and our knowledge of out-of-town retail business are the essential ingredients of our success and our strategy."

Carl Mestdagh
Chairman of the Board of Directors

> "We are able to compete in this property market despite its being characterised by pressure on yields."

This growth has been supported by Marc Brisack, whom I thank for his commitment.

As every year, this letter is also the opportunity to talk about Ascencio's prospects.

Our expertise in property and our knowledge of out-of-town retail business are the essential ingredients of our success and our strategy. We intend to continue to focus on them. While our ability to create value continues by relying on such basic factors as improving the occupancy rate of our portfolio, growing through new acquisitions, a dynamic arbitrage policy and control of financing costs, Ascencio is fully embracing the structural transformation of the retail sector brought about by the development of digital technology. E-commerce, a new distribution channel, is bringing about numerous changes both in retail chains' behaviour and performance and in consumer expectations.

Alongside our out-of-town tenants, new brands are attracted by the available parking space and the accessibility of the new formats offered by our sites at moderate rents. This new retail mix requires improved standards of architecture and the development of marketing and communication activities for our retail parks. These new challenges will gradually be incorporated into our organisation. Our "Bellefleur" (Couillet, south of Charleroi) and "Papeteries de Genval" (Rixensart) sites already provide perfect illustrations of these changes.

Furthermore, our investment capacity allows us to acquire larger retail complexes on the outskirts of medium-size towns. Their dominant profile provides us with critical mass and an attractive variety of brand names. By keeping our financing costs well under control and covered in the long term, we are able to compete in this property market despite its being characterised by pressure on yields.

To face these new market challenges and having defined the bases of a new cycle, we have decided to entrust the management of Ascencio to Vincent Querton.

Drawing on his widely acknowledged experience in the Belgian and international property sectors, he will be responsible for carrying out our ambitious projects for the coming years. With your support we can certailnly face the future of Ascencio with confidence.

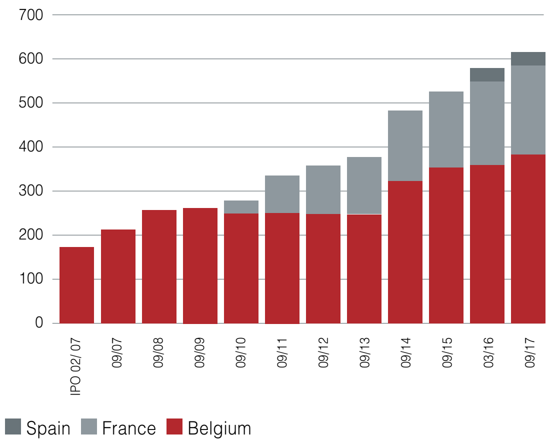
Carl Mestdagh
Chairman of the Board of Directors

KEY FIGURES

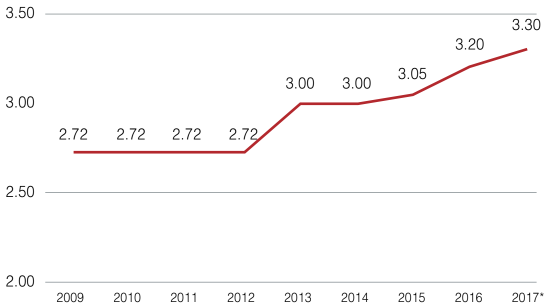
	30/09/2017	30/09/2016	30/09/2015
DISTRIBUTION OF THE PORTFOLIO (% OF FAIR VALUE)[1]			
Belgium	62.2%	60.3%	67.8%
France	33.1%	34.8%	32.2%
Spain	4.7%	4.9%	0.0%
VALUE OF THE ASSETS (€000S)[1]			
Fair value	613,317	572,132	520,974
Investment value	640,333	593,131	538,551
CONSOLIDATED RESULTS (€000s)			
Property result	40,297	38,669	35,465
Operating result before result on portfolio	34,216	32,870	30,338
Operating result	42,789	47,995	27,860
Net result of core activities[2]	26,227	25,017	22,938
Net result	41,197	40,237	22,547
Gross dividend	21,442	20,367	18,857
CONSOLIDATED RESULTS PER SHARE (€)			
Weighted average number of shares in circulation	6,497,594	6,364,686	6,182,768
Property result	6.20	6.08	5.74
Operating result before result on portfolio	5.27	5.16	4.91
Operating result	6.59	7.54	4.51
Net result of core activities[2]	4.04	3.93	3.71
Net result	6.34	6.32	3.65
Gross dividend[3]	3.30	3.20	3.05
Net dividend[4]	2.31	2.34	2.23
CONSOLIDATED BALANCE SHEET (€000s)			
Equity	346,281	318,032	287,620
Debts and other liabilities included in the debt ratio	265,892	248,852	224,128
Debt ratio[5]	42.57%	42.69%	42.19%
Total number of shares in existence at balance sheet date	6,497,594	6,364,686	6,182,768
Net asset value per share (in €, before distribution)	53.29	49.97	46.52

1. Including development projects
2. Alternative Performance Measure (APM) used by Ascencio; its definition, use and reconciliation are shown in the glossary of APMs at the end of this Annual Report.
3. For 2016/2017, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2018.
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

PORTFOLIO GROWTH (€ millions)

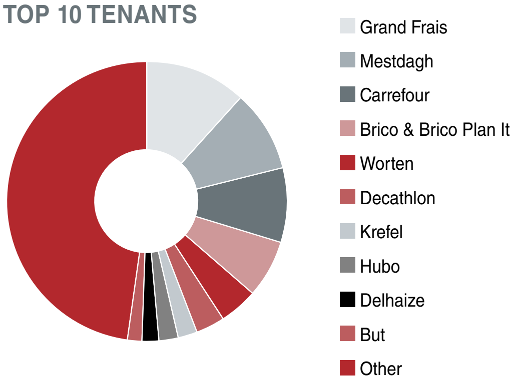


GROWTH IN GROSS DIVIDEND PER SHARE (€)

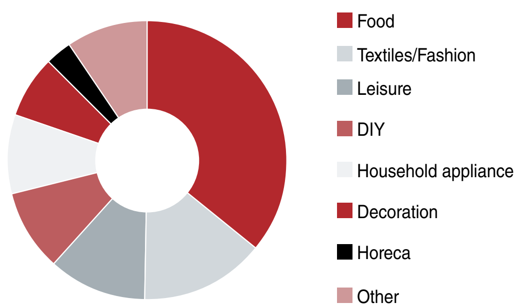


*For 2016/2017, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2018.

TOP 10 TENANTS



COMPLEMENTARY SECTORS



ANNUAL RENTAL INCOMES

€41 million

NET RESULT OF CORE ACTIVITIES

€26 million

REGULAR GROWTH OF DIVIDENDS

€3,30 gross per share

> 300

TENANTS

104

PROPERTIES

MANAGEMENT REPORT[7]

Ascencio concentrates on 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.

STRATEGY – OUT-OF-TOWN COMMERCIAL PROPERTY

Quality first

With acknowledged expertise in commercial real estate, Ascencio concentrates on 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 and the quality of the tenants occupying them. In the interests of geographical consistency, Ascencio now concentrates on areas on the outskirts of major 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

7. 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 timeframes and may be obtained free of charge from the Company's website or on request from the Company.

in interest charges and to improve the predictability of net result of core activities 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 its net results of core activities to its shareholders in the form of 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.

As a reminder, in accordance with Article 13 of the Royal Decree on B-REITs, the Company is obliged to 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 assests non exonerated from the distribution obligation and
- the net reduction in the Company's borrowings during the financial year.

The obligation provided in Article 13 of the Royal Decree on B-REITs is without prejudice to application of Article 617 of the Companies Code as described in the section headed "Risk factors" in this report.

Strategic divestments

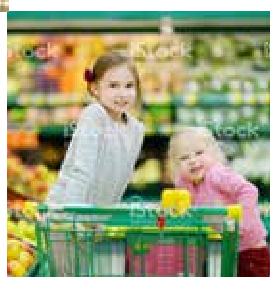
The market for retail space in Belgium, France and Spain is a relatively mature and flourishing one, more stable than residential, industrial or office property. In order to re-centre its activities on retail property, for several years now Ascencio has gradually been selling the properties in the office 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.

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.



INVESTMENT CONSTRAINTS APPLYING TO THE COMPANY

Principle of diversification
The Company is obliged to diversify its investments in order to ensure an appropriate spread of investment risks. Without prejudice to this general principle, the Company may not invest more than 20% of its consolidated assets in property assets forming a single property complex or let to the same tenant.

Equity interests in other companies
The Company may not hold shares or units, directly or indirectly, in an institutional B-REIT or a real estate company unless it holds more than 25%.

Prohibitions
Neither the Company not any of its subsidiaries may act as a real estate promoter.
Ascencio may not participate in a firm underwriting group or a guarantee syndicate, may not lend financial instruments and may not acquire shares in companies subject to measures reserved to businesses in difficulty.

Other investment constraints
By virtue of applicable regulations, the Company may, on an ancillary or temporary basis only, and on the conditions established by its Articles of Association, make investments in negotiable securities and hold unencumbered liquid assets. It may also buy and sell hedging instruments as authorised by its Articles of Association, excluding any transaction of a speculative nature. These purchases must be carried out in the context of the Company's policy for hedging financial risks.

The Company may not grant loans or lodge bonds or guarantees on behalf of third parties, without prejudice to its power to lease out one or more properties under finance leases or to grant loans to or issue guarantees for the benefit of any of its subsidiaries, and without prejudice to the right of any of its subsidiaries to grant loans to or issue guarantees for the benefit of the Company or another of its subsidiaries.

Lastly, the Company may not grant mortgages or create pledges or issue guarantees other than in the framework of the financing of its real estate activities. The total amount covered by these mortgages, pledges or guarantees may not exceed 50% of the total fair value of its property assets. No mortgage, surety or guarantee granted by the Company or a subsidiary and encumbering a given property asset may amount to more than 75% of the value of the encumbered asset in question.

HIGHLIGHTS OF THE YEAR

Investment

On 22 December 2016 Ascencio acquired the retail outlets located on the Papeteries de Genval site buying all the shares in Rix Retail S.A.

Rix Retail holds a 99-year lease with rights in rem on the ground floor shops and the 175 parking spaces (100 above ground and 75 underground).

This retail complex, in the heart of Walloon Brabant, was opened in August 2015. It houses more than 30 brand names, including Carrefour Market, Espace Mode, Picard, Club, Planet Parfum and Boulangerie Louise.

Papeteries de Genval is a mixed project developed by Equilis. The site also contains more than a hundred apartments and an old people's home, which the promoter sold to private investors. Construction of a second phase of housing and shops started recently.

The total investment is just under €28 million[8]. This transaction was financed by borrowing.

Research and development

Ascencio has no research and development activity.

Risks and uncertainties

The main risks and uncertainties are set out at the beginning 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.

Branch

The Company has a branch in France.

Ascencio also has a Belgian subsidiary, 19 French sociétés civiles immobilières (real estate companies) and a Spanish subsidiary, as shown in the chart below.

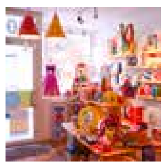
SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Appointment of a new CEO

On 17 October 2017 Ascencio appointed Vincent Querton as CEO.

As well as being a managing director and executive manager, Vincent Querton also performs the function of permanent representative of the statutory manager, replacing Carl Mestdagh. Carl Mestdagh continues as Chairman of the Board of Directors of Ascencio S.A.

Vincent Querton succeeds Somabri S.P.R.L., represented by Marc Brisack, who performed the function of general manager.



THE SITE OF PAPETERIES DE GENVAL HOUSES

30 brands and 175 parking spaces

8. This asset was acquired at a price in line with the value determined by the expert in accordance with Article 49 section 1 of the SIR (B-REIT) Act.

CORPORATE GOVERNANCE DECLARATION

CONTENTS

CORPORATE GOVERNANCE

This corporate governance declaration is made under the provisions of the 2009[9] Belgian Code on Corporate Governance (the "2009 Code") and the Law of 6 April 2010 amending the Companies Code[10].

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.

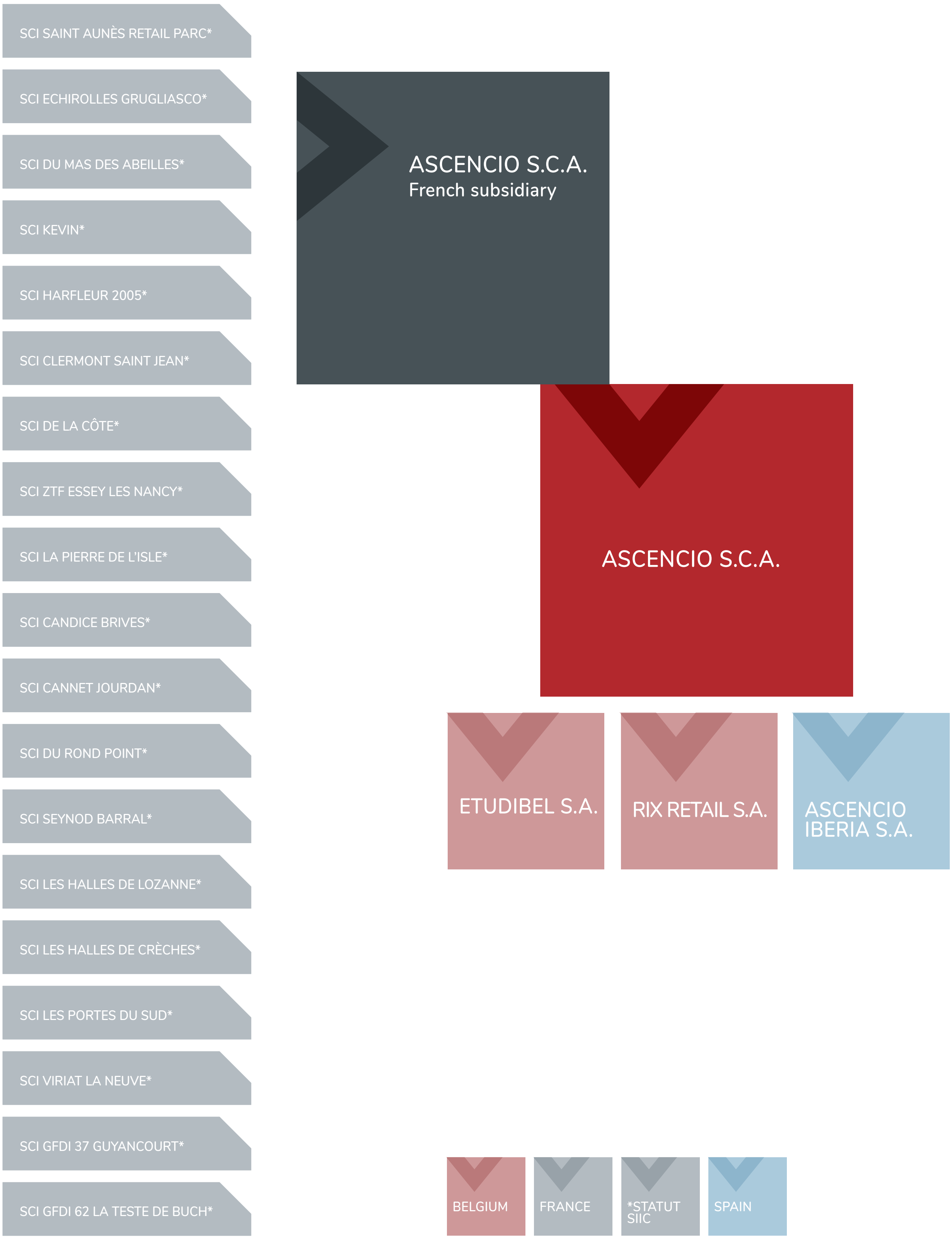
Ascencio's consideration of its governance is constantly evolving and the Company would like to give a snapshot evaluation on this subject. Ascencio's rules of governance take account of the specific organisational characteristics of B-REITs, the form chosen by Ascencio, the close ties it intends to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

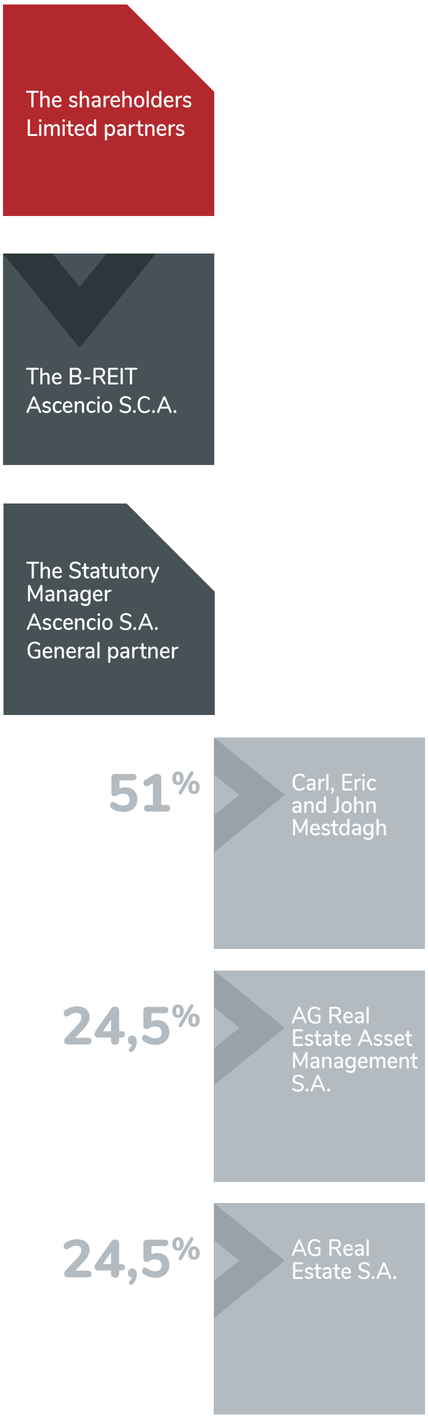
The corporate governance charter describes the main aspects of corporate governance of Ascencio S.C.A. and of its Statutory Manager Ascencio S.A. It can be consulted on the Company's website: www.ascencio.be.

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.

9. The 2009 Belgian Code on Corporate Governance is available at: http://www.corporategovernancecommittee.be or in the Moniteur Belge (official Belgian state gazette).
10. 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) no. 22709 of 23 April 2011.


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 CÔTE*
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 S.C.A.
French subsidiary
ASCENCIO S.C.A.
ETUDIBEL S.A.
RIX RETAIL S.A.
ASCENCIO IBERIA S.A.
BELGIUM
FRANCE
*STATUT SIIC
SPAIN



MANAGEMENT STRUCTURE OF THE COMPANY

Ascencio S.C.A. 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 S.C.A.: Ascencio S.A.;
  - 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 S.C.A. 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.

As at 30 September 2017 the share capital stood at €38,985,564 represented by 6,497,594 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, timeframes 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[11].

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 S.C.A. is as follows according to the transparency declarations recorded at the end of the reporting period:

AG Finance S.A.	12.3%	798,224
Carl Eric et John Mestdagh et Fidagh S.A.	9.6%	625,809
Free float	78.1%	5,073,561
TOTAL	**100%**	**6,497,594**

11. Article 16 of the Articles of Association of Ascencio S.C.A.

THE STATUTORY MANAGER AND ITS BODY: THE BOARD OF DIRECTORS

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

- to perform such acts as may be necessary or conducive to the fulfilment of the corporate object of Ascencio S.C.A.;
- 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;
- 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 S.A. is represented in Ascencio S.C.A. by a permanent representative, Vincent 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 S.A. 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 S.C.A., 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 of the Statutory Manager;
- putting in place the structures and procedures necessary for the Company's smooth operation, notably mechanisms for preventing and managing conflicts of interest and internal control mechanisms; dealing with conflicts of interest;
- approving the annual and semi-annual accounts of Ascencio S.C.A.; 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 financial reports, interim statements and press releases;
- overseeing the dialogue between reference shareholders and Ascencio S.C.A., 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 notably:

- the Company's strategy;
- the establishment of an Investment Committee;
- the Company's financing and hedging policy;
- investment cases;
- extension projects for certain sites;
- the investment switching policy;
- 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 S.A. met nine times.

All resolutions of the Board of Directors relating to the management of Ascencio S.A. 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.

Furthermore, for as long as Carl, Eric and John Mestdagh hold 51% of more of the shares in Ascencio S.A., the following resolutions in order to be validly adopted shall require the agreement of one Director appointed at the proposal of Carl, Eric and John Mestdagh:

i. use of the authorised capital of the Company and of Ascencio S.A.;

ii. changes to the Company's strategy;

iii. investments and divestments of more than €10 million;

iv. use of the Statutory Manager's right of veto on resolutions of the Company's General Meeting of Shareholders;

v. significant changes to the Company's business plan;

vi. appointment or removal of members of the Company's executive managers;

vii. the functions and revocation of Managing Director, General Manager, members of executive management and the establishment of their remuneration and powers;

viii. the functions and revocation of the Chairman of the Board of Directors.

The same resolutions, to be validly passed, will also require the agreement of a Director appointed at the proposal of AG Real Estate for as long as it holds 49% of the shares in Ascencio S.A.

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 of the Statutory Manager of Ascencio S.C.A., Ascencio S.A., is composed of at least three directors, at least three of whom must be independent in the meaning of Article 526 ter of the Companies Code.

Directors must exhibit the integrity and professionalism required by the B-REIT legislation. Directors are appointed for a term of four years and may be re-elected. Their appointment may be revoked at will without compensation.

Each new appointment, and each renewal of a term of office, gives rise to a check by the FSMA.

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

In accordance with the Companies Code, and by virtue of the agreements made between the reference shareholders as set out below, the Directors of Ascencio S.A. are appointed in accordance with the following principles:

- decisions relating to the appointment and revocation of Directors must be taken by common accord between AG Real Estate Asset Management and Carl, Eric and John Mestdagh;
- two Directors are appointed at the proposal of Carl, Eric and John Mestdagh;
- two Directors are appointed at the proposal of AG Real Estate Asset Management;
- the independent Directors are appointed by common accord between AG Real Estate Asset Management and Carl, Eric and John Mestdagh. They meet the criteria set out in Article 526 ter of the Companies Code.

Directors are chosen on the basis of their competence and the contribution they are likely to make to the administration of the Company.

The Board of Directors continues to pay attention to diversity among its members, particularly gender diversity.

The Chairman of the Board of Directors

The Board of Directors elects its Chairman at the proposal of the Directors, who are themselves appointed at the proposal of Carl, Eric and John Mestdagh (for as long as they hold at least 51% of the shares in Ascencio S.A.)

The office of Chairman of the Board is performed by Carl Mestdagh.

The Chairman of the Board of Directors:

- will be entrusted with specific assignments associated with the Company's investment strategy and development;
- will establish close relations, depending on each case, with members of executive management, providing them with support and advice while respecting their executive responsibilities;
- may at any time require of members of executive management 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 executive management 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 Company's documents; in performing his functions, he may require from the Company'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 Company and ensure that they are efficiently run.

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1. Carl Mestdagh
2. Vincent Querton
3. Serge Fautré
4. Benoît Godts
5. Yves Klein
6. Laurence Deklerck
7. Patrick Tacq

The directors

- **Carl Mestdagh, Chairman of the Board of Directors, non-executive**

Rue Fontenelle 2, 6120 Nalinnes

Start date of term of office: 09 June 2017

Carl Mestdagh previously performed this function through CAI S.P.R.L.

Carl Mestdagh[12] is Chairman of the Board of Directors of Mestdagh S.A. and Managing Director of Equilis S.A. After studying management and tax, Carl Mestdagh placed his property skills mainly at the service of companies linked to the Mestdagh group.

- **Vincent Querton, CEO, executive**

Drève de la Marmotte 6, 1380 Ohain

Start date of term of office: 17 October 2017

Vincent Querton holds a degree in law and an MBA from INSEAD-CEDEP (Fontainebleau). He 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 (JLL) from 2003 to February 2017 as International Director and CEO Benelux.

- **Serge Fautré, non-executive Director**

AG Real Estate S.A., Avenue des Arts 58, 1000 Brussels

Start date of term of office: 8 May 2012

Serge Fautré joined AG Real Estate as CEO in May 2012. He had previously been CEO of Cofinimmo (March 2002 to 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). Dartmouth Executive Program 2009.

12. As a private individual or via SPRL CAI.

- **Benoît Godts, non-executive Director**

AG Real Estate S.A., Avenue des Arts 58, 1000 Brussels

Start date of first term of office: 23 October 2006

Benoît Godts holds a position in the Corporate Finance, Participations and Funds team. 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.

- **Yves Klein, non-executive independent Director**

CPH, Rue Perdue 7, 7500 Tournai

Start date of first term of office: 16 July 2009.

Yves Klein has been in banking since 1984 and 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.

- **Laurence Deklerck, non-executive independent Director**

With Vanderveren, Thys, Wauters & Foriers, Rue des Minimes 41,1000 Brussels

Start date of term of office: 23 January 2015.

Having graduated in law from ULB in 1980, Laurence Deklerck has been a lawyer specialising in tax matters at the Brussels Bar since 1981. She is also a member of the Tax Committee of the French Order of Lawyers of the Brussels Bar, Associate Professor at EPHEC and head of courses at the CEFIAD in Mons and the EMI in Brussels.

- **Patrick Tacq, independent Director within the meaning of Article 526 ter of the Companies Code**

Zwanenlaan 28, 2610 Wilrijk

Start date of term of office: 09 June 2017

Patrick Tacq holds a law degree from the VUB (1982) and is a founding shareholder of Zurich-based advisory firm Shalita GmbH. After obtaining a master's degree from the George Washington University Law School, 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.

The following terms of office expired during the past financial year:

- **SPRL CAI, represented by Carl Mestdagh, Chairman of the Board of Directors of the Statutory Manager, non-executive**

Companies Registry no. 427 151 772 - Rue Fontenelle 2, 6120 Nalinnes

- **Gernel S.A., represented by Fabienne D'Ans, non-executive Director**

Companies Registry no. 0428 002 602 - Rue du Colombier 9, 6041 Gosselies

- **Jean-Luc Calonger, independent non-executive Director**

AMCV - Rue Samson 27, 7000 Mons

- **Damien Fontaine, independent non-executive Director**

Degroof Petercam, Rue de l'Industrie 44, 1040 Brussels

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.

The responsibilities of the Audit Committee are as follows:

- 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;
- new legislation on the "organisation of the profession and of the public oversight of auditors" of 7 December 2016;
- call for proposals relating to the office of statutory auditor.

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 the website site www.ascencio.be.

The nomination and remuneration committee

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

The Nomination and Remuneration Committee meets whenever it considers it necessary in order to perform its responsibilities, and in principle at least twice a year. It met five 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 persons 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 remuneration:

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 section 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.

From the left to right:

Vincent Querton,
Chief Executive Officer

Michèle Delvaux,
Chief Financial Offier

Stéphanie
Vanden Broecke,
Secretary General &
General Counsel

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

- supporting the recruitment process for the new CEO;
- evaluating the remuneration policy for the executive managers;
- 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 is composed of the Chairman of the Board of Directors, Carl Mestdagh, two non-executive Directors (Patrick Tacq and Benoît Godts), the executive managers, the property manager and the technical manager. 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 five 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 dirigeants effectifs (executive managers):

Apart from Vincent Querton, who assumes the function of CEO, the executive 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 from Solvay Business School, 1983, and a financial analyst diploma from the Belgian Association of Financial Analysts, 1988.

- **Stéphanie Vanden Broecke, Secretary General & General Counsel**

Stéphanie Vanden Broecke joined Ascencio in 2008.

After four 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.

Somabri S.P.R.L., represented by Marc Brisack, performed the function of general manager until 17 October 2017.

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 members of executive management 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 members of the executive management meet as often as needed with the management team of Ascencio.

The members of the executive management 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 section 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 S.C.A. 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 executive 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 S.A.

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

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 S.A., 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 €858,000.

Non-executive Directors of Ascencio S.A.

The remuneration of the non-executive Directors of Ascencio S.A. is established by the General Meeting of Shareholders of Ascencio S.A. 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 S.C.A.

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 p.a. excl. VAT. That of the other non-executive directors is €5,000 p.a. excl. VAT. It will be increased to €6,000 excl. VAT as of 1 October 2017.

Attendance fees are €1,000 for each attendance of a Board meeting of the Statutory Manager or meeting of the Audit Committee, Nomination and Remuneration Committee or Investment Committee. Attendance fees will be increased to €1,500 as of 1 October 2017.

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 €147,000. This will be paid in June 2018 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)

Vincent Querton was appointed CEO effective 17 October 2017, so the following details do not concern the past financial year but only the current one, 2017/2018.

The managing director of Ascencio S.A., the only executive Director, performs the function of CEO. He is also the permanent representative of the statutory manager and an executive manager (dirigeant effectif) of

Ascencio S.C.A. in the meaning of Article 14.3 of the law on Regulated Property Companies (the "B-REITS Act").

He performs his functions as an independent natural person.

The office of the CEO in his capacity as an executive Director of Ascencio S.A. 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 S.C.A. 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. The fixed annual remuneration is paid monthly in arrears in twelve equal amounts. It is paid irrespective of results and is not indexed. The fixed annual remuneration amounts to €307,000.

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 S.A.

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 S.C.A. on Ascencio S.C.A'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 received in performance of the agreement between him and Ascencio S.C.A. during the twelve months preceding the termination.

Other executive managers of Ascencio S.C.A.

The other executive 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 S.C.A., 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.

	SPRL CAI	Carl Mestdagh	SA Gernel	Benoît Godts	Serge Fautré	Jean-Luc Calonger	Laurence Deklerck	Damien Fontaine	Yves Klein	Patrick Tacq	
Board of Directors	5	2	5	7	5	5	8	7	8	2	
Audit Committee	0	0	0	6	0	0	6	0	6	0	
Investment Committee	3	1	0	5	0	2	0	0	0	1	
Nomination and Remuneration Committee	5	0	0	0	0	0	5	5	0	0	
Confirmation of capital increase	0	0	0	0	0	0	0	1	0	0	
Total attendance	**13**	**3**	**5**	**18**	**5**	**7**	**19**	**13**	**14**	**3**	
Basic remuneration (€)	10,000	5,000	3,333	5,000	5,000	3,333	5,000	3,333	5,000	1,667	
Attendance fees (€1,000)	13,000	3,000	5,000	18,000	5,000	7,000	19,000	13,000	14,000	3,000	
Total remuneration for the financial year (€)	**23,000**	**8,000**	**8,333**	**23,000**	**10,000**	**10,333**	**24,000**	**16,333**	**19,000**	**4,667**	**146,667**

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 executive 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 other executive managers' variable remuneration was established by taking particular account of the following financial and property evaluation criteria: net result of core activities and before IAS 39 (Changes in fair value of financial instruments) and IAS 40 (Investment Property), the occupancy rate, the operating margin, the success of property transactions and people management. Qualitative evaluation criteria were also taken into account.

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

Other executive 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 executive managers do not contain specific end-of-contract provisions.

For the past financial year, the remuneration of the other executive managers was as follows:

Fixed and variable remuneration of the other executive managers for the financial year 2016/2017 amounted to €383,000. The total cost of benefits in kind is estimated at €56,000 for the past financial year.

End of the collaboration with Somabri S.P.R.L., represented by Marc Brisack

Somabri S.P.R.L., represented by its permanent representative Marc Brisack, received fixed remuneration of €235,000 for the past financial year. The bonus paid in respect of the 2015/2016 financial year amounted to €65,000.

The management contract with Somabri S.P.R.L. was terminated on 17 October 2017 and in addition to the proportional remuneration for the month of October 2017, Somabri received compensation for termination of contract in the amount of €240,000.

SETTLEMENT OF CONFLICTS OF INTEREST

Rules provided in Ascencio's Corporate Governance Charter

The mechanisms put in place seek constantly to avoid conflicts of interest. In order to establish these mechanisms, it is important to define the identity and the mission of the reference shareholders in the Company. Potential conflicts of interest can arise from interactions between the Company and its reference shareholders, all of which are real estate professionals in the same markets.

Identity and mission of the reference shareholders

The reference shareholders are on the one hand Carl, Eric and John Mestdagh and on the other AG Real Estate.

Carl, Eric and John Mestdagh are from the Mestdagh group. The Mestdagh group, which has been active in the retail food sector for more than a hundred years, has created a real estate business in parallel with this, mainly in the retail sector. AG Real Estate has many years of experience in real estate.

The reference shareholders see their role as providing continuity, with a sponsorship approach.

The reference shareholders lend their names and their credibility to those of the Company, give the Company the benefit of their skills and experience and propose initiatives, notably in the field of management, growth and communication (promoting the Company to the market, clarity of structures, etc.)

The reference shareholders also play an important role in the careful evaluation and development of Ascencio's corporate governance. They examine the application of principles of corporate governance and weigh all the significant factors to which their attention is drawn, keeping themselves constantly open to dialogue with executive management.

Mechanisms provided by the Governance Charter

In the general framework of relations between the reference shareholders and the Company, the following mechanisms are applied:

- in order to avoid the signing or renewal of lease contracts between Ascencio and Mestdagh group companies giving rise to conflicts of interest between the Mestdagh group and the Company, the Board of Directors of Ascencio S.A. has sole competence, without the possibility of delegation, to decide to sign, renew, amend or terminate a lease between the Company and a Mestdagh group company;
- without prejudice to the provisions of Article 523 of the Companies Code, when a resolution of the Board of Directors of Ascencio S.A. concerns the signing, renewal, termination or amendment of a lease between the Company and a Mestdagh group company, the Directors appointed at the proposal of Carl, Eric and John Mestdagh must declare the potential conflict of interest to the Board of Directors of the Statutory Manager and voluntarily abstain from taking part in the deliberations and voting on this resolution. Failing which, the majority of the other Directors may require these Directors to abstain;
- the same rules apply when a resolution of the Board of Directors of Ascencio S.A. concerns the signing, renewal, termination or amendment of a lease between the Company and an AG Real Estate group company;
- the AG Real Estate group and the Mestdagh group are active in the real estate sector, notably in the retail segment. In order to avoid this situation's giving rise to conflicts between the interests of the reference shareholders (or their representative in Ascencio S.A.) and those of the Company, AG Real Estate and the companies controlled by it on the one hand and Carl, Eric and John Mestdagh and the companies the control on the other hand have granted the Company first right of refusal to certain "investment products" in the retail sector that might be offered to them;
- Ascencio S.A. as Statutory Manager is entitled to remuneration in proportion to the Company's dividend; its interests are thus aligned with those of all the Company's shareholders;
- the Manager reports to the General Meeting of Shareholders on any conflicts of interest that have arisen during the past financial year.

COMPANY'S RIGHT OF FIRST REFUSAL

As indicated above, AG Real Estate and the companies controlled by it on the one hand, and Carl, Eric and John Mestdagh and the companies they control on the other hand have granted the Company a right of first refusal on some investment products - i.e. property assets in the meaning of the legislation - located in Belgium - in the retail area - with a "deed in hand" value of less than €20 million that might be offered to them[13].

By virtue of this right of first refusal, AG Real Estate and the companies controlled by it on the one hand and Carl, Eric and John Mestdagh and the companies they control on the other hand, have undertaken not to acquire any such investment product in which the Company has expressed interest.

AG Real Estate and the companies controlled by it on the one hand and Carl, Eric and John Mestdagh and the companies they control on the other hand have also undertaken to inform the Company (after securing their rights to such projects) of development projects (i.e. potential investment products) that they envisage developing or in which they envisage participating and that they consider might fit within the investment policy that they conceive for the Company. If the Company expresses interest in such a project, AG Real Estate and the Mestdaghs have undertaken to use their best efforts to enable the Company to participate in it or to acquire it when it is sold.

These provisions will remain in force until October 2026.

Beyond these mechanisms dictated by good corporate governance practices, the regulations relating to conflicts of interest provided in the Companies Code and the B-REITs Act apply.

Directors' conflicts of interest

The regulations relating to conflicts of interest (Article 523 of the Companies Code) apply to decisions falling within the competence of the Board of Directors when a Director has a pecuniary or similar interest opposing such decision.

In the interests of transparency in view of the particular structure of the Company, Ascencio applies the procedure provided by Article 523 of the Companies Code when a Director of the Manager has an interest opposing that of Ascencio S.C.A., without prejudice to the foregoing remarks on the mechanisms designed to prevent conflicts of interest between the Company and its reference shareholders.

The Director concerned must declare to the other Directors the reasons justifying his opposing interest, before any deliberation. The Director concerned may not attend the deliberations.

Mandatory reporting pursuant to Article 523 of the Companies Code

During the past financial year two resolutions 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 16 December 2016, Carl Mestdagh and Fabienne d'Ans, representing respectively C.A.I. S.P.R.L. and Gernel S.A., abstained from the deliberations and the voting on the acquisition of the rights relating to the retail units of the Papeteries de Genval site.

An extract from the relevant minutes dated 16 December 2016 is reproduced hereunder:

"After due deliberation, the Board of Directors considered that the transaction envisaged fitted perfectly in its strategy and would make a full contribution to its growth objectives.

Specifically, the Papeteries de Genval retail complex, consisting of some thirty units, offers a coherent and comprehensive retail mix (food, clothing, interior decorating, toys, health and beauty, etc.) in the municipality of Rixensart in Walloon Brabant.

The brands present on the site are all international or national (Carrefour Market, Picard, Boulangerie Louise, Club, Di, Planet Parfum, Fox & Co, Avance, Espace Mode, etc.), surrounded by a few local outlets, mainly for clothing. The site is currently 90% let.

The site is new (opened August 2015) and designed on strict aesthetic lines, which enhances its commercial attractiveness. The tenants set up a marketing fund, which made for an excellent launch of the site.

The Papeteries de Genval complex also contains 128 apartments (in the first phase) and an old people's home, which have been sold to third party investors. This ensures that there is a captive clientele for the retailers established there. Construction of a second phase of 97 apartments started recently.

13. It should be noted that these provisions do not apply 1) to shopping centres, 2) to real estate leasing transactions, 3) to transactions carried out with AG Real Estate's involvement and intended for a client external to the AG Real Estate Group, when on an annual basis the value of the properties involved in any such transactions, does not exceed 10% of the total value at any time of the properties held by the B-REIT and 4) to buildings that are occupied, are intended to be occupied or have been occupied during the past three years by an AG group company or one of its brands (for example, property assets / bank branches), this last exception applying equally to partly occupied properties, it being understood that this must concern a divestment or the wish to acquire the whole building in order to secure existing rights.

Accordingly the Board of Directors resolved to approve the transaction and to acquire all the shares of Rix Retail S.A. The price of the shares will be determined on the basis of an agreed value of the long-term lease with rights in rem of €27.7 million. This agreed value does not exceed the gross market value of the rights as determined by the independent property expert.

To this end, the Board of Directors empowered any two executive managers acting together to sign the share purchase agreement and all such other agreements or documents necessary or conducive to the completion of this transaction."

- At the meeting of the Board of Directors of 1 February 2017, Carl Mestdagh and Fabienne d'Ans, representing respectively C.A.I. S.P.R.L. and Gernel S.A., abstained from the deliberations and the voting on the granting of a usufruct to Mestdagh S.A. in respect of the asset located in Anderlecht within the "Nautilus" condominium.

  An extract from the relevant minutes dated 1 February 2017 is reproduced hereunder:
  "After due deliberation, the Board of Directors considered that the transaction envisaged fitted perfectly in the company's strategy and would make a full contribution to achieving its corporate object.

  The benefit to the Company consists in ensuring the profitability of a new asset for a 20-year period with a quality counterparty, which constitutes the essence of Ascencio's strategy and its core business.

  Accordingly, the Board of Directors resolved to approve the transaction and to grant Mestdagh S.A. an in rem usufruct in respect of the asset located in Anderlecht within the "Nautilus" condominium. To this end, the Board of Directors empowered the executive managers, acting two together or individually, to sign the related notarised deed and all such other agreements or documents necessary or conducive to the completion of this transaction."

Conflicts of interest with related companies

Article 524 of the Companies Code applies to transactions between Ascencio S.C.A. or one of its subsidiaries and a related company other than a subsidiary except for transactions in the normal course of business conducted on market conditions, transactions representing less than one per cent of consolidated net assets and transactions reserved to the General Meeting of Shareholders.

The aforementioned Article requires the establishment of a committee consisting of three independent Directors. This Committee, assisted by an independent expert, must provide a reasoned assessment of the proposed transaction to the Board of Directors. The Statutory Auditor must deliver an assessment of the consistency of the information contained in the report with the opinion of the committee and the minutes of the Board of Directors.

Mandatory reporting pursuant to Article 524 of the Companies Code

During the past financial year, two cases gave rise to the application of the procedure provided by Article 524 of the Companies Code.

- The Committee of Independent Directors, consisting of Jean-Luc Calonger, Damien Fontaine and Yves Klein, met on 14 December 2016 at the request of the Board of Directors following the detection of a conflict of interest within the meaning of Article 524.1 of the companies Code in the context of the acquisition from Equilis GST S.A. (held indirectly by Carl, Eric and John Mestdagh) and Too'Gezer S.P.R.L., of all the shares in Rix Retail S.A., holder of a long-term lease with rights in rem on Phase 1 of the Papeteries de Genval retail complex located at Avenue Franklin Roosevelt 100, Rixensart.

  The Committee issued the following opinion:
  "Having taken note of the opinion of the independent expert CBRE, updated in November 2016, and on the basis of the considerations set forth in this opinion, the members of the Committee of Independent Directors has concluded unanimously that the transaction envisaged as described above:
  - is in the interests of the company and its shareholders;
  - is not of a nature such as to cause the Company manifestly abusive damage in light of the policy it pursues;
  - and will cause no harm to the Company or its shareholders, since it will be conducted on normal market terms for transactions of this nature."

Having taken note of the above opinion of the Committee of Independent Directors, the Board of Directors concluded that the procedure provided by Article 524 of the Companies Code had been complied with and passed the resolution of 16 December 2016 reproduced above.

The reasoned opinion of the Committee of Independent Directors and the minutes of the meeting of the Board of Directors of 16 December 2016 were passed to the Statutory Auditor, who issued the following assessment:

"Based on our procedures, our conclusions are as follows:

- *as regards point a) above, we note that the conclusions contained in the minutes of the meeting of the Board of Directors of 16 December 2016 are consistent with those of the opinion of the Committee of Independent Directors of 14 December 2016.*
- *as regards point b) above, we note that the financial data contained in the opinions of the Committee of Independent Directors and in the minutes of the meeting of the Board of Directors of 16 December 2016 are correct. This does not imply that we have assessed the value of the transaction or the opportuneness of the Committee's opinion or the Board of Directors' resolution."*
- *The Committee of Independent Directors, consisting of Jean-Luc Calonger, Damien Fontaine and Yves Klein, met on 27 January 2017 at the request of the Board of Directors following the detection of a conflict of interest within the meaning of Article*

524.1 of the Companies Code in the context of the granting of a usufruct to Mestdagh S.A. in respect of the retail unit to be constructed in the "Nautilus" condominium at Boulevard de l'Industrie, Anderlecht.

The Committee issued the following opinion: "Having taken note of the opinion of the independent expert Cushman and Wakefield, and on the basis of the considerations set forth in this opinion, the members of the Committee of Independent Directors have concluded unanimously that the transaction envisaged as described above:

- *is not of a nature such as to harm the Company or its shareholders;*
- *is not of a nature such as to cause the Company manifestly abusive damage in light of the policy it pursues;*
- *and will cause no harm to the Company or its shareholders, since it will be conducted on normal market terms for transactions of this nature."*

Having taken note of the above opinion of the Committee of Independent Directors, the Board of Directors concluded that the procedure provided by Article 524 of the Companies Code had been complied with and passed the resolution of 1 February 2017 reproduced above.

The reasoned opinion of the Committee of Independent Directors and the minutes of the meeting of the Board of Directors of 1 February 2017 were passed to the Statutory Auditor, who issued the following assessment:

"Based on our procedures, our conclusions are as follows:

- *as regards point a) above, we note that the conclusions contained in the minutes of the meeting of the Board of Directors of 1 February 2017 are consistent with those of the opinion of the Committee of Independent Directors of 27 January 2017.*
- *as regards point b) above, we note that the financial data contained in the opinions of the Committee of Independent Directors and in the minutes of the meeting of the Board of Directors of 1 February 2017 are correct. This does not imply that we have assessed the value of the transaction or the opportuneness of the Committee's opinion or the Board of Directors' resolution."*

Functional conflicts of interest

The legislation on B-REITs (Articles 37 et seq. of the B-REITs Act) deals with cases in which certain persons with ties to the Company act directly or indirectly as counterparty to the Company in a given transaction and obtain an advantage of some kind from such transaction.

This applies more particularly to transactions between Ascencio S.C.A. and Ascencio S.A., one of the reference shareholders or a related company, an executive or corporate officer of the Company or any other related company.

In this case, Ascencio must inform the FSMA in advance and establish that the transaction is in its interests and forms part of the normal pursuit of the business strategy.

Article 38 of the B-REITs Act sets out the cases in which the procedure does not apply.

During the past financial year, the case relating to the acquisition of the Papeteries de Genval site gave rise to the aforementioned notice.

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 (Committee of Sponsoring Organizations of the Treadway Commission) 2013 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 executive 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 executive 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 complies strictly with ethical principles, stressing 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[14] (hereinafter the "Regulation") and of the Law[15] (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.

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

14. 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.
15. 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.

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[16] 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 thirty calendar days preceding the date of publication of the annual results;
- the thirty 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 durable 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 executive managers, the Audit Committee and the Board of Directors of the Statutory Manager

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.

16. I.e. all subsequent transactions once the total amount of €5,000 has been reached during a calendar year

Independent internal audit

In accordance with Article 17, section 3 of the B-REIT Act, the independent internal audit function has been entrusted for a term of three years to PKF Axisparc, represented by Christophe Quiévreux, with its registered office at Rue Emile Francqui 4, 1435 Mont-Saint-Guibert.

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.regularitycompany management 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 third cycle was carried out during financial year 2016/2017 and the internal auditor submitted his report. This report was presented on 5 October 2017 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 S.C.A. amounted to €38,985,564 and was represented by 6,497,594 shares as at 30 September 2017. 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 *n*o 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;*

   The shareholders of the Company's Statutory Manager, Ascencio S.A. (the reference shareholders) have granted one another preferential rights and purchase and sales options on shares in Ascencio S.A., the exercise of which would be likely to lead to a change of control of the Statutory Manager of Ascencio S.C.A.

   Moreover, 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;*

   By virtue of the agreements made between the reference shareholders[17], the Directors of Ascencio S.A. are designated in accordance with the principles summarised hereunder:

   - decisions relating to the appointment and revocation of Directors must be taken by common accord;
   - two Directors are appointed at the proposal of Carl, Eric and John Mestdagh;
   - two Directors are appointed at the proposal of AG Real Estate;
   - the independent Directors within the meaning of Article 526ter of the Companies Code are appointed by common accord.

   Directors are appointed for a maximum term of four years, re-electable and, in accordance with the law, removable at will without compensation.

   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 S.C.A., 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 a five-year period from 18 December 2014 and is renewable. The balance of the authorised capital as at 30 September 2017 stood at €34,334,424.

   In accordance with Article 12 of the same Articles of Association, the Manager is authorised 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. This authorisation was renewed for a term of three years by the Extraordinary General Meeting of Shareholders of 18 December 2014.

   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*

17. AG Real Estate Asset Management S.A. and any company of the AG Real Estate Group (hereinafter referred to as "AG Real Estate") and Carl, Eric and John Mestdagh for as long as they together hold 100% of the shares of Ascencio S.A.

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 Querton and Ascencio S.C.A. 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.

SUMMARY OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED RESULTS FOR FINANCIAL YEAR 2016/2017

CONSOLIDATED RESULTS (€000S)	30/09/2017	30/09/2016
RENTAL INCOME	**40,782**	**38,835**
Rental related charges	-330	-87
Taxes and charges not recovered	-155	-79
PROPERTY RESULT	**40,297**	**38,669**
Property charges	-2,694	-2,589
Corporate overheads	-3,397	-3,235
Other income and operating costs	10	25
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**34,216**	**32,870**
Operating margin [18]	83.9%	84.6%
Financial income	3	1
Net interest charges	-7,165	-7,307
Other financial charges	-370	-204
Taxes on result of core activities	-457	-343
NET RESULT OF CORE ACTIVITIES [18]	**26,227**	**25,017**
Net gains and losses on disposals of investment properties	0	120
Change in the fair value of investment properties	8,573	15,005
Other result on the portfolio	0	0
Portfolio result	8,573	15,125
Change in fair value of financial assets and liabilities	6,584	162
Exit Tax	0	50
Deferred tax	-187	-118
NET RESULT	**41,197**	**40,237**
NET RESULT OF CORE ACTIVITIES PER SHARE [18]	**4.04**	**3.93**
EARNINGS PER SHARE (EPS) [18]	**6.34**	**6.32**
NUMBER OF SHARES	**6,497,594**	**6,364,686**

18. Alternative Performance Measure (APM). See glossary at the end of this annual report.

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

The following table shows rental income by country:

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

This improvement was due to the **investments made** over the course of the previous financial year:

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

On a like-for-like basis, rental income on the whole portfolio was up by 0.7%. By country, the change on a like-for-like basis was as follows:

- Belgium: +1.8% (+€412 million)
- France: -1.3% (-€160 million)
- Spain: N/A

Property result amounted to €40.3 million (up by 4.2% on the year to 30 September 2016).

After deduction of property charges and corporate overheads, the **operating result before result on portfolio** was €34.22 million (€32.87 million for the year to 30 September 2016), i.e. an increase of 4.1%. **The operating margin**[19] came to 83.9%.

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

The average cost of debt[19] (2.94% including margins and the cost of hedging instruments) was down compared with the year ended 30 September 2016 (3.09%).

After deducting taxes on income from properties held in Spain and Genval and the French tax charge on the results from French assets, **net result of core activities**[19] amounted to €26.23 million for the year to 30 September 2017, an increase of 4.8% on the previous financial year.

Net result of core activities expressed as EPS[19] amounted to €4.04 (€3.93 for the year ended 30 September 2016), an increase of 2.8% in spite of the increased number of shares.

Non-monetary items in the income statement comprised:

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

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

19. Alternative Performance Measure (APM). See glossary at the end of this annual report.

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2017

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

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

Assets

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

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

Liabilities & Equity

Financial debt amounted to €254.6 million (compared with €235,5 million as at 30 September 2016), of which

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

Financial debts at less than one year consisted of an amount of €43 million in commercial paper issued under a €50 million programme put in place in June 2016 with a view to reducing the company's average cost of financing.

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

Apart from the financial debt at more than one year, non-current liabilities mainly comprise the negative value of hedging instruments (€8.3 million).

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

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

PROPERTY PORTFOLIO AS AT 30 SEPTEMBER 2017

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

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

The increase posted since the beginning of the financial year is due mainly to the acquisition, on 22 December 2016, of a 99-year emphyteotic lease on the commercial premises in the Papeteries de Genval complex. This retail complex, with a surface of 10.007 m², was opened in August 2015. It houses more than 30 brand names, including Carrefour Market, Espace Mode, Picard, Club, Planet Parfum and Boulangerie Louise.

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

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

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

On a like-for-like basis, the fair value of the property portfolio increased by 1.5% relative to 30 September 2016.

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

COUNTRY	INVESTMENT VALUE (€000s)		FAIR VALUE (€000s) (%)	CONTRACTUAL RENTS (€000s)	OCCUPANCY RATE (%)	GROSS YIELD (%)
Belgium	391,390	377,567	61.9%	25,708	96.9%	6.6%
France	215,582	203,203	33.3%	13,664	96.7%	6.3%
Spain	29,646	28,923	4.7%	1,822	100.0%	6.2%
TOTAL	**636,618**	**609,693**	**100%**	**41,194**	**97.0%**	**6.5%**

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

CONSOLIDATED DATA PER SHARE

NUMBER OF SHARES	30/09/2017	30/09/2016
Weighted average number of shares	**6,497,594**	**6,364,686**
Total number of existing shares	**6,497,594**	**6,364,686**

CONSOLIDATED RESULT PER SHARE (€)	30/09/2017	30/09/2016
Net result of core activities per share (€)	**4.04**	**3.93**
Earnings per share (EPS) (€)	**6.34**	**6.32**

	30/09/2017	30/09/2016
Net asset value (NAV) (€000s)	346,281	318,032
Number of shares	6,497,594	6,364,686
NAV per share (€)	**53.29**	**49.97**
Restatements		
Fair value of financial instruments (IRS & CAP) (€000s)	7,530	14,231
NAV excluding the fair value of financial instruments (IRS & CAP) (€000s)[20]	**353,811**	**332,263**
Number of shares	6,497,594	6,364,686
NAV per share excluding the fair value of financial instruments (IRS & CAP) (€)[20]	**54.45**	**52.20**

20. Alternative Performance Measure (APM). See glossary at the end of this annual report.

APPROPRIATION OF PROFIT FOR THE FINANCIAL YEAR

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 31 January 2018 that it approve the financial statements for the year ended 30 September 2017 (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 €3.30 per share.

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

PROPOSED APPROPRIATION (€000S)		30/09/2017	30/09/2016
A	**NET RESULT**	**41,197**	**40,237**
B	**TRANSFERS TO/FROM RESERVES**	**19,755**	**19,870**
1.	Transfer to/from reserves of net change in fair value of property assets (-/+)	8,572	15,005
	- accounting financial year	8,572	15,005
	- 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 (-)	6,584	162
	- accounting financial year	6,584	162
	- 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	4,599	4,703
11.	Transfer to/from the result carried forward of the previous years	0	0
C	**REMUNERATION OF CAPITAL (ART. 13, SECTION 1, PARA. 1)**	**21,033**	**11,652**
D	**REMUNERATION OF CAPITAL - OTHER THAN C**	**409**	**8,715**

In this way the Statutory Manager aims to maintain a dividend distribution policy based on the net result of core activities generated by the Company.

	30/09/2017	30/09/2016	30/09/2015
Consolidated net result of core activities per share (€)	4.04	3.93	3.71
Gross dividend[21] per share	3.30	3.20	3.05

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 ON B-REITS		30/09/2017 (€000s)	30/09/2016 (€000s)
STATUTORY NET RESULT		**41,197**	**40,237**
(+)	Depreciation	65	65
(+)	Reductions in value	185	107
(+/-)	Other non-monetary items (Change in value of financial interests)	-2,413	-3,607
(+/-)	Other non-monetary items (Change in value of financial instruments)	-6,584	-162
(+/-)	Other non-monetary items	0	0
(+/-)	Net gains/(losses) on disposals of property assets	0	422
(+/-)	Change in fair value of property assets	-6,159	-11,399
= CORRECTED RESULT (A)		**26,291**	**25,663**
(+/-)	Capital gains and losses realised(*) on property assets during the financial year	0	-10,822
(-)	Capital gains realised(*) on property assets during the financial year, exonerated from the distribution obligation, subject to reinvestment within 4 years	0	-276
(+)	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)**	**0**	**-11,098**
TOTAL ((A + B) x 80%)		**21,033**	**11,652**
(-)	REDUCTION IN BORROWINGS	0	0
OBLIGATION TO DISTRIBUTE		**21,033**	**11,652**
AMOUNT DISTRIBUTED		**21,442**	**20,367**
(*) Relative to the acquisition value plus capitalised renovation costs.			
% OF CORRECTED RESULT DISTRIBUTED		**81.56%**	**79.36%**

21. For 2016/2017, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2018.

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

	30/09/2017	30/09/2016
Paid-up capital, or if greater, subscribed capital (+)	38,069	37,271
Share premium account unavailable for distribution according to the Articles of Association (+)	248,975	242,240
Reserve for the positive balance of changes in fair value of property assets (+)	39,096	28,518
Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties (-)	-10,389	-10,389
Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (+/-)	-7,743	-14,327
Equity not distributable under Article 617 of the Companies Code	**308,008**	**283,313**
Statutory equity after distribution	**324,674**	**297,500**
Remaining margin after distribution	**16,666**	**14,187**

EPRA

The EPRA (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. Those recommendations are included in the report entitled "Best Practices Recommendations Guidelines ("EPRA Best Practices"). This report is available on the EPRA website (www.epra.com).

Ascencio standardizes its financial reporting with a view to improving the quality and the comparability of the information for the investors.

EPRA KEY PERFORMANCE INDICATORS

			30/09/2017	30/09/2016
1	**EPRA Earnings (€000s)**	Earnings from operational activities	26,268	25,142
	EPRA Earnings per share (€)		4.04	3.95
2	**EPRA NAV (€000s)**	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	357,046	332,588
	EPRA NAV per share (€)		54.95	52.26
3	**EPRA NNNAV (€000s)**	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes	344,604	315,833
	EPRA NNNAV per share (€)		53.04	49.62
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	6.19%	6.45%
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	6.24%	6.48%
6	**EPRA Vacancy Rate**	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	3.13%	1.33%
7	**EPRA Cost Ratio (including direct vacancy costs)**	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income	16.10%	15.36%
8	**EPRA Cost Ratio (excluding direct vacancy costs)**	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income	15.41%	14.83%

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)		30/09/2017	30/09/2016
EARNINGS (OWNERS OF THE PARENT) PER IFRS INCOME STATEMENT		**41,197**	**40,237**
ADJUSTMENTS TO CALCULATE EPRA EARNINGS		**-14,930**	**-15,095**
(i)	Change in value of investment properties, development properties held for investment and other interests	-8,573	-15,005
(ii)	Profits or losses on disposal of investment properties, development properties held for investment and other interests	0	-120
(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	40	124
(v)	Negative Goodwill / Goodwill impairment	0	0
(vi)	Change in fair value of financial instruments and associated close-out costs	-6,584	-162
(vii)	Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	-50
(viii)	Deferred tax in respect of EPRA adjustements	187	118
(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)		**26,268**	**25,142**
Number of shares		6,497,594	6,364,686
EPRA EARNINGS PER SHARE (EPRA EPS - €/SHARE)		**4.04**	**3.95**

EPRA NET ASSET VALUE (NAV)

(€000s)		30/09/2017	30/09/2016
NAV PER THE FINANCIALS STATEMENTS (OWNERS OF THE PARENT)		**346,281**	**318,032**
Number of shares		6,497,594	6,364,686
NAV PER THE FINANCIALS STATEMENTS (€/SHARE) (OWNERS OF THE PARENT)		**53.29**	**49.97**
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		**346,281**	**318,032**
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	7,530	14,204
(v.a)	Deferred tax	3,235	352
(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)		**357,046**	**332,588**
Number of shares		6,497,594	6,364,686
EPRA NAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)		**54.95**	**52.26**

EPRA TRIPLE NET ASSET VALUE (NNNAV)

(€000s)		30/09/2017	30/09/2016
EPRA NAV (OWNERS OF THE PARENT)		**357,046**	**332,588**
Include :		**-12,442**	**-16,755**
(i)	Fair value of financial instruments	-7,530	-14,204
(ii)	Fair value of debt	-1,677	-2,199
(iii)	Deferred tax	-3,235	-352
EPRA NNNAV (OWNERS OF THE PARENT)		**344,604**	**315,833**
Number of shares		6,497,594	6,364,686
EPRA NNNAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)		**53.04**	**49.62**

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

(€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 outgoings[22] (-)	-1,158	-375	0	-1,533
ANNUALISED NET RENTS	**24,323**	**13,289**	**1,823**	**39,434**
Add : notionnal 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%**

22. 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)	30/09/2016			
	Belgium	France	Spain	TOTAL
Investment properties in fair value	345,310	199,047	27,775	572,132
Properties held for sale	0	0	0	0
Developments	0	0	0	0
PROPERTIES AVAILABLE FOR LEASE	**345,310**	**199,047**	**27,775**	**572,132**
Allowance for estimated purchasers' costs	9,305	11,000	694	21,000
GROSS UP COMPLETED PROPERTY PORTFOLIO VALUATION	**354,615**	**210,047**	**28,469**	**593,132**
Annualised cash passing rental income (+)	23,917	14,039	1,770	39,726
Property outgoings[23] (-)	-1,117	-323	0	-1,441
ANNUALISED NET RENTS	**22,800**	**13,716**	**1,770**	**38,285**
Add : notionnal rent expiration of rent free periods or other lease incentives	124	31	0	155
TOPPED-UP NET ANNUALISED RENT	**22,924**	**13,747**	**1,770**	**38,440**
EPRA NIY (%)	**6.43%**	**6.53%**	**6.22%**	**6.45%**
EPRA TOPPED-UP NIY (%)	**6.46%**	**6.54%**	**6.22%**	**6.48%**

EPRA VACANCY RATE

(€000s)	30/09/2017			
	Belgium	France	Spain	TOTAL
Lettable space (m^2)	293,337	113,945	12,253	419,535
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 TAUX DE VACANCE LOCATIVE (%)	**3.25%**	**3.36%**	**0.00%**	**3.13%**

(€000s)	30/09/2016			
	Belgium	France	Spain	TOTAL
Lettable space (m^2)	288,562	115,592	11,828	415,982
Estimated rental value (ERV) of vacant space	427	122	0	549
Estimated rental value (ERV) of total portfolio	25,593	13,857	1,881	41,331
EPRA TAUX DE VACANCE LOCATIVE (%)	**1.67%**	**0.88%**	**0.00%**	**1.33%**

23. 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.

PROPERTIES BEING CONSTRUCTED OR DEVELOPED

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

	30/09/2016						
(€000s)	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Lettable space (m^2)	ERV on completion
PROPERTIES BEING CONSTRUCTED OR DEVELOPED	**-**	**-**	**-**	**-**	**-**	**-**	**-**

EPRA COST RATIOS

(€000s)	30/09/2017	30/09/2016
ADMINISTRATIVE/OPERATING EXPENSE LINE PER IFRS STATEMENT	**-6,566**	**-5,965**
Rental-related charges	-330	-87
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	-110	-93
Other revenue and expenditure relating to rental	-45	14
Technical costs	-998	-1,053
Commercial costs	-162	-95
Charges and taxes on unlet properties	-281	-207
Property management costs	-973	-1,030
Other property charges	-280	-204
Corporate overheads	-3,397	-3,235
Other operating income and charges	10	25
EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	**-6,566**	**-5,965**
Charges and taxes on unlet properties	281	207
EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	**-6,285**	**-5,758**
GROSS RENTAL INCOME	**40,782**	**38,835**
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (%)	**16.10%**	**15.36%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (%)	**15.41%**	**14.83%**

PROPERTY REPORT

CONTENTS

THE RETAIL PROPERTY MARKET IN BELGIUM[24]

Macro-economic indicators

The labour market reforms undertaken in 2016 contributed to an appreciable increase in employment, thus opening the way to a recovery in growth of household consumption from 2018. This is fairly clearly reflected in the National Bank of Belgium's consumer confidence index, which is at its highest level so far this decade. The recovery in consumption, together with the increase in corporate earnings and the return of capital expenditure by businesses portend an appreciable improvement in the economic situation. Economic forecasting firm Oxford Economics foresees GDP growth of 1.7% in 2017 and 1.6% in 2018, the strongest growth since 2011.

ECONOMIC INDICATORS (IN%)	2018	2017	2016
Annual GDP growth	1.9	2.2	1.2
Annual growth in consumption	1.6	1.7	1.2
Unemployment rate	-	7.1	7.2

Source: Oxford Economics Eurostat 2017.

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

The out-of town retail market

The retail market in Belgium is at full cruising speed, with a return to levels of consumer confidence close to those prevailing before the financial crisis, largely thanks to the gradual recovery of the economy following a year (2016) marked by terrorist attacks, political upsets and business restructuring.

Rental uptake

Rental uptake of retail space was fairly stable in 2016, with a total of 448,009 m² nationwide. However, 2017 saw an appreciable downturn, even taking account of the large transactions posted in October in Brussels' The Mint shopping centre. Retail warehousing was no exception: following a record year in 2016, partly thanks to the support of new retail parks including the Dock Noord in Ghent, 2017 is looking much more subdued, with 125,275 m² let in the first nine months of the year and the total likely to end the year below the five-year average of 200,000 m².

RENTAL UPTAKE	2017 (9 months)	2016	2015
High streets	68,805 m²	126,369 m²	124,772 m²
Shopping centres	28,575 m²	79,205 m²	40,291 m²
Retail park	125,275 m²	242,525 m²	213,108 m²
TOTAL	**222,655 m²**	**448,099 m²**	**378,171 m²**

Source : JLL.

Rents

Rents are generally under pressure at most sites, although the best locations are less affected. Second level sites are seeing falls of between 5% and 10% in rental values. Vacancy rates are following a similar trend. For retail parks in the best locations the rate is low, whereas secondary locations have seen some units vacated.

The out-of-town retail segment is holding up better, 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 €170 per m² p.a., while in Wallonia they are between €130 and €155 per m² p.a. They have remained very stable for the last few years, but in the last few quarters there has been a slight upward trend for the best projects.

This reflects the sustained demand and the clear up-market trend of this market segment, with the arrival of typical high street chains and improved architecture slowly but surely pushing rents up. Overall, rental vacancy of retail parks is very low.

PRIME RENTS (€ PER M² PER MONTH)	2017 (9 months)	2016	2015
High streets	1,400 – 2,000	1,600 – 2,000	1,600 – 1,850
Shopping centres	1,000 - 1,600	1,000 – 1,600	1,000 – 1,600
Retail park	130 - 175	130 – 175	130 – 175

Source : JLL.

Rental transactions and trends

Particular attention is paid to the association of brands present in order to cater to demand and to attract consumers. In view of the frequency of food purchases, supermarkets are often considered as the essential drivers for the successful operation of a retail park and are tending to become more and more popular as a result.

At present, the trend is to include a residential section in the retail park in order to optimise land use. New projects also aim to attain a critical mass of clothing stores in their retail park, so as to attract other brands and thus keep rental vacancies to a minimum.

The aim is also to be able to offer an attractive alternative to high streets and other shopping centres. Furthermore, a brand such as Action plays a decisive role as driver of the retail park. The future of retail parks will perhaps also feature the leisure industry, for example cinemas or skating rinks.

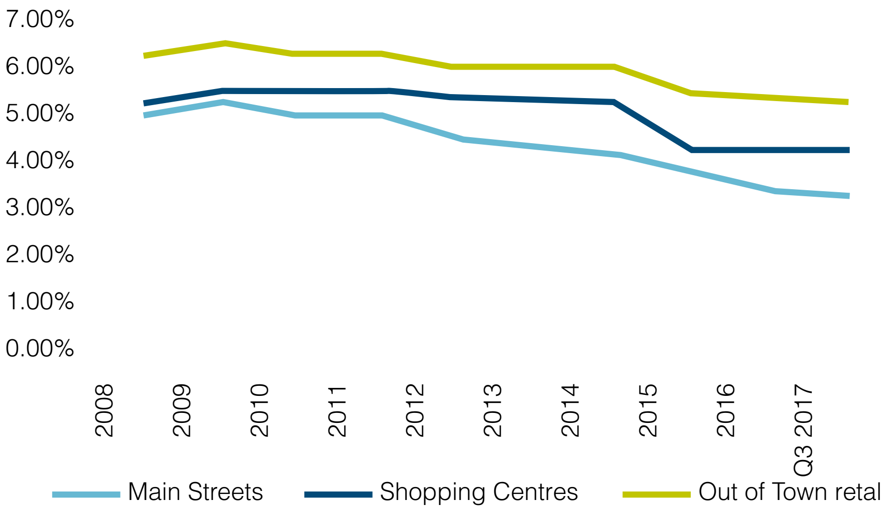
Investment market and outlook

For some years now yields have been tending to fall, in line with the very low interest rates.

Yields

Prime yields are still under pressure and have reached an all-time low: the best out-of-town assets are selling at between 5.5% and 6.5%, 25 bps less than in 2016.

PRIME YIELDS FOR SHOPPING CENTRES, RETAIL PARKS AND HIGH STREET STORES



Source : Cushman & Wakefield

Volume of investment

In the first three quarters of 2017, €454 million were invested in the retail market, which is less than the sector average in previous years. This can be explained by the fact that no significant deals have so far been carried out in 2017. Nonetheless, the retail sector is performing well, attracting a growing number of investors every year, even though the volume of quality assets in the sector remains very limited.

Trends

In view of the interest rates which look set to remain unchanged until the end of 2018, we expect the slight compression of yields to continue. This trend will consequently be reflected in out-of-town assets.

Significant transactions

The following table shows the main transaction of 2017 in Belgium.

MAIN TRANSACTION (RETAIL PARK) IN 2017

2017	M²	(€000s)	Buyer	Vendor
Centre Commercial Jaco Saint-Georges	13,300	20,000	WEB	S.A. Complexe Commercial Jaco

THE RETAIL PROPERTY MARKET IN FRANCE[25]

Macro-economic indicators

In France, the second quarter of 2017 was marked by presidential and legislative elections. The election of Emmanuel Macron led to a certain stabilisation of French political life.

The economy is benefiting from a favourable European and global context, and the first quarter of 2017 saw growth of 0.4%, 10 bps more than the INSEE (French national statistics bureau) had expected. Expected GDP growth for the next two quarters is 0.5%. If these forecasts come true it would mean four quarters in a row of positive growth, something not seen since 2011.

In reaction to this uptick in growth, the business climate index has taken off, supported by positive household sentiment, improved general prospects for activity and a recovery in tourism which is benefiting the service sector (foreigners' overnight stays up in Q1 2017).

In the first half of 2017, investments in retail excluding hotels, restaurants and nursing homes, accounted for 12% of total investments in property, unchanged from the same period of last year but below that of previous years.

The out-of town retail market

After a splendid March for specialist retailing (up 2.1%, all segments combined) mainly on high streets, the outskirts seized the baton in the second quarter and partly offset the dip in general activity seen in April and May. Thus, extending the trends seen at the end of 2016, brand movements are numerous and developments are positive overall, except for household equipment, which has seen its sales slow since the beginning of the year.

Rental uptake

The prospect of national elections had a braking effect on retail openings in the first half of the year. At this stage, nearly 155,000 m² of retail floor space have been opened, 57% of it in retail parks. Given the 1.4 million m² expected for the whole year 2017, activity should pick up, with openings concentrated in the second half of the year. The major additions to floor space will be in retail parks and shopping centres, accounting for 64% and 27% respectively of floor space in the pipeline. The portion accounted for by extensions and renovations tends to increase as the park matures and assets need to be consolidated. It went from 15% in 2015 to 49% in 2017.

Rents

Despite sales figures settling down somewhat, rental values of new generation retail parks and prime out-of-town retail sites should not see any major upsets in the short term. For medium-size sites, however, faced with a more limited market and falling demand, the trend is downwards. The major chains no longer hesitate to bring pressure to bear on lessors by negotiating group occupancy, thus generalising the fall in rental values for this type of site.

Rental transactions and trends

EXAMPLES OF OPENINGS (RETAIL PARKS) IN 2017

2017	M²	Opening
Promenade de Flandres – Roncq (Nord)	60,000	October 2017
Green'Som – Amiens (Somme)	40,000	October 2017
Reims Village – Reims (Marne)	29,500	October 2017
McArthur Glen Provence – Miramas (Bouches-du-Rhône) – outlet	19,000	November 2017
Honfleur Normandy Outlet – Honfleur (Calvados) – outlet	13,000	November 2017

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

Investment market and outlook

The ranking of investments by type of retail business is still unbalanced. With close to 50% of the market, ground floor retail premises are still well in the lead. They remain the flagship product for investors in retail property. Shopping centres have timidly tried to catch up, while out-of-town retail sites continue to perform well.

Yields

On the one hand, prime yields on retail parks continue to be compressed. This trend is explained not only by the scarcity of product, leading to an imbalance between supply and demand, but also by the low rates on OAT[26] . On the other hand, rates on other asset classes (shopping centres and secondary retail parks) are holding steady. The floor rates attained in 2007 have thus been crossed: 4.75% for prime retail parks.

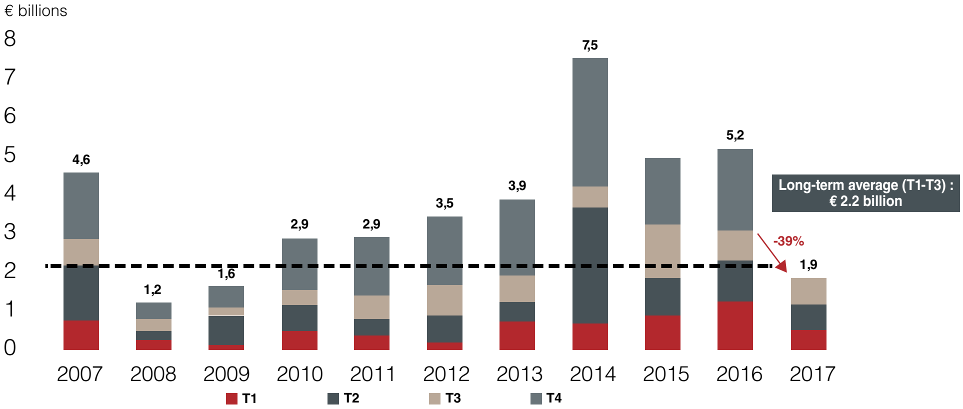
CLASSIFICATION	YIELDS ON RETAIL PARKS (IN%)
Prime	4.75 – 5.25
Core	5.25 – 7.00
Core +	7.00 and +

Source : JLL.

Volume of investment

Following three exceptional years, the retail property investment market is returning to a more moderate level. Investors are now in holding mode. Moreover, the uncertainty about the outcome of national elections in the second quarter curbed investors' appetite in a market already characterised by a dearth of quality opportunities. In the nine months to the end of September, only three transactions of more than €100 million were posted (€348 million), as against eight in the same period of last year (€1,512 million). Retail assets in the process of being sold point to the year's ending on a subdued note with a total volume for 2017 of between €2.5 billion and €3 billion.

CHANGES IN VOLUMES INVESTED IN RETAIL PROPERTIES BROKEN DOWN BY QUARTER



Source : JLL.

Trends

The main transactions were carried out in the form of portfolios. This type of transaction now accounts for 38% of the total volume of transactions, up sharply relative to the average for the current decade (20%).

Transactions importantes

The following table shows a number of major transactions in 2017 in France.

MAIN TRANSACTIONS (RETAIL PARKS) IN 2017

2017	M²	(€000s)	Buyer	Vendor
3 IKEA (included in a European portfolio of 27 assets)	71,560	121,000	Pradera	IKEA
Camaieu – Jennifer – TOM&CO portfolio	37,000	67,000	Mata Capital	Private
Portefeuille 15 Buffalo	8,147	28,000	La Française	-

26. OATs: Obligations Assimilables du Trésor (French government bonds)

THE RETAIL PROPERTY MARKET IN SPAIN[27]

I-Macro-economic indicators

Internally, there is a degree of political uncertainty in that the current minority government requires the collaboration of other parties to pass legislation and to govern. Furthermore, recent events in Catalonia might affect market confidence in the region. In spite of everything, the national economic context remains fairly positive, with an active tourist sector and the relatively low price of oil which is highly beneficial to Spanish consumers.

With consumer confidence growing, one sees a return to better performances for retailers established in the best locations.

Following the years of recession, from 2008 to 2014, the unemployment rate has eased appreciably and wages (pre-tax) are once again starting to grow, after a deflationary period, suggesting some capacity for a revival in consumption.

ECONOMIC INDICATORS (IN%)	2019	2018	2017	2016
Annual GDP growth	2.4	2.7	3.1	3.2
Annual growth in consumption	1.9	2.3	2.5	3.3
Unemployment rate	14.1	15.2	17.3	19.9

Source : Oxford Economics 2017.

Rental transactions and trends

EXAMPLES OF OPENINGS (RETAIL PARKS) IN 2017

2017	M²	Opening
Alfafar Park – Valencia	95,000	2017
Terraça Park - Terrassa	28,000	2017
Parque Comercial La Serena - Badajoz	11,067	2017

The out-of town retail market

Rental uptake

Spain currently has 2.8 million m^2 spread over 112 retail parks, representing 17% of the country's total retail floor space. Growth in demand for retail parks in Spain shows no signs of slowing. This is a result of brands' need for differentiation and the parks' attraction in the eyes of investors in search of quality investments.

Furthermore, we are seeing more and more chains traditionally present on high streets increasing their out-of-town presence.

Rents

In the third quarter of 2017, prime rents in retail parks grew by 4.3% relative to the same period of last year, to €216 per m^2 p.a. We would point out that depending on the site, prime rents can vary by as much as 100%. Prime rents for a retail park in Madrid stand at €22 m^2 per month, compared with €18 in Barcelona and just €9.50 in other major Spanish cities.

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

Investment market and outlook

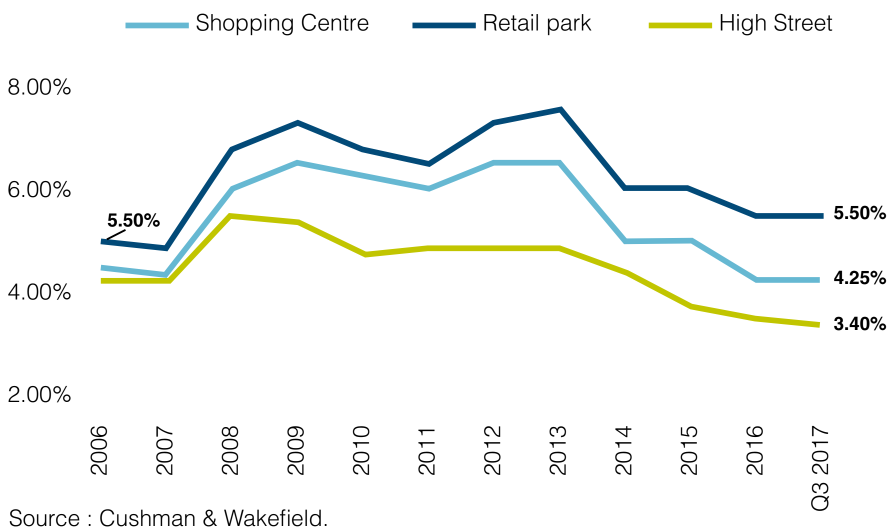
The past three or four years have seen a significant inflow of capital to Spain. As regards the property market, interest is mainly directed to prime products, which are relatively scarce on the supply side. As for secondary sites, despite potential buyers' caution, the favourable financing conditions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

In the third quarter of 2017, net initial rates for prime retail parks offered yields in the order of 5.5%, corresponding to a fall of 25 bps relative to the previous quarter. This does not concern stand-alone buildings, isolated or around a communal car park, for which rates remain despite all a little higher.

PRIME YIELDS FOR SHOPPING CENTRES, RETAIL PARKS AND HIGH STREET STORES



Source : Cushman & Wakefield.

Volume of investment

In terms of volume of transactions, the Spanish market is performing very well and in the first nine months of 2017 has already exceeded the volumes attained in the two previous years. Moreover, a certain number of transactions are still in the pipeline and should be completed by year-end 2017.

As regards the out-of-town retail market, we note that the volumes posted this year are the highest in the past ten years.

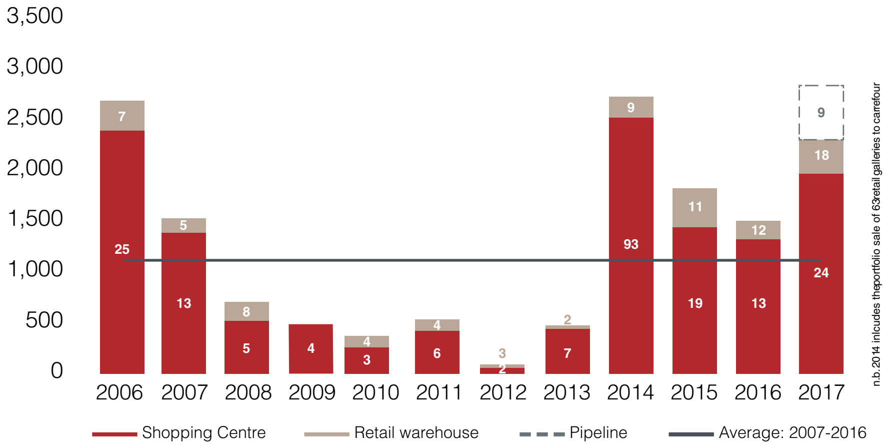
Trends

Ultra-low interest rates are pushing investors to seek yield in property. Consequently, yields are being compressed again. This trend looks likely to continue in the coming months.

Significant transactions

The following table shows a number of major transactions in 2017 in Spain.

VOLUME OF TRANSACTIONS IN SPAIN – SHOPPING CENTRES AND RETAIL PARKS



Source : Cushman & Wakefield.

MAIN TRANSACTIONS (RETAIL PARKS) IN 2017

2017	M²	(€000s)	Buyer	Vendor
Nueva Condomina Murcia[28]	100,000	233,000	BNP Paribas	Klepierre
Portfolio of nine retail parks	115,558	193,000	Vukile	Redevco - Ares
Abadia Toledo	37,000	63,000	Lar España	Rockspring
El Manar, Valencia	23,577	40,000	Aberdeen	Harbert
Mercadona San Sebastian	10,300	16,000	Savills IM	-

CONCLUSION

Both in Europe and globally, numerous signals tend to show that economic recovery has arrived. The business climate is good, GDP growth estimates are positive, as are those relating to growth in consumption. Furthermore, the recent measures taken by national governments will have a positive effect on unemployment rates.

New consumer habits, particularly as regards e-commerce, lead Ascencio to stay attentive to all these indicators, to anticipate them and above all to incorporate them into its criteria for analysing new potential investments and in its day-to-day management, particularly by supporting marketing in its retail parks. Over the course of the past few years this market has strengthened its vision, with the creation of new retail parks with more coherent and attractive designs in order to enhance the consumer's shopping experience.

Following on from recen years which were remarkable, the retail property investment market has fairly logically seen a slight slowdown. Prime yields are currently under pressure and have reached an all-time low. Since little change is expected in interest rates, this trend looks likely to continue in the coming months.

28. A retail park and a shopping centre.

KEY FIGURES

Thanks to the significant investments made during the year, Ascencio closed the 2016/2017 financial year with a property portfolio up by 6.6% relative to 30 September 2016. Its fair value[29] amounted to €609 million as at 30 September 2017, compared with €572 million one year earlier.

As at 30 September 2017 Ascencio held a portfolio of 104 properties spread among Belgium, France and Spain with a total surface of 419,535 m².

Based on the contractual rents in force as at 30 September 2017, average rents per m² stood at: €90 per m² in Belgium, €120 per m² in France and €149 per m² in Spain.

During the financial year 2016/2017 Ascencio made several investments in Belgium:

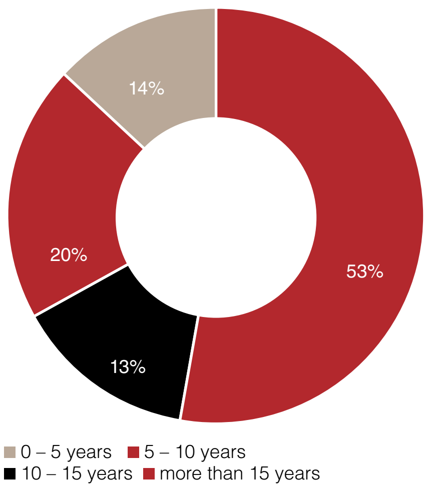
- On 22 December 2016, Ascencio acquired a 99-year emphyteotic leasehold on the retail properties of the Papeteries de Genval site. This retail complex, with a surface of 10,007 m², was opened in August 2015. It houses more than 30 brand names, including Carrefour Market, Espace Mode, Picard, Club, Planet Parfum and Boulangerie Louise.
- The Genval complex generates total annual rental income of €1.5 million (net of the annual emphyteotic rent). It has contributed to the results since 1 January 2017. This investment was financed by borrowing.
- Ascencio also acquired a Carrefour Market supermarket located in Anderlecht, in the Nautilus project which is currently under construction. It will be operated by the Mestdagh Group and is expected to open in July 2018. It will generate rental income of €0.26 million per year.
- Ascencio also carried out an extension to its Jambes site, building on a surface of 1,010 m² which was rented by Action as soon as the work was completed on 28 September 2017.

On a like-for-like basis, the fair value of the real estate portfolio increased by 1.5% relative to 30 September 2016.

(€000s)	30/09/2017	30/09/2016
Investment value (excluding development projects) [A]	636,618	593,131
Fair value (excluding development projects)	609,693	572,132
Contractual rents [B]	41,194	39,850
Contractual rents including estimated rental value of unoccupied properties	42,479	40,398
Gross yield = [B] / [A]	**6.47%**	**6.72%**
Occupancy rate%	**97.0%**	**98.6%**

	SURFACE (M²)		FAIR VALUE (€000S)	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Belgium	293,337	288,562	377,567	345,310
France	113,945	115,592	203,203	199,047
Spain	12,253	11,828	28,923	27,775
TOTAL	**419,535**	**415,982**	**609,693**	**572,132**

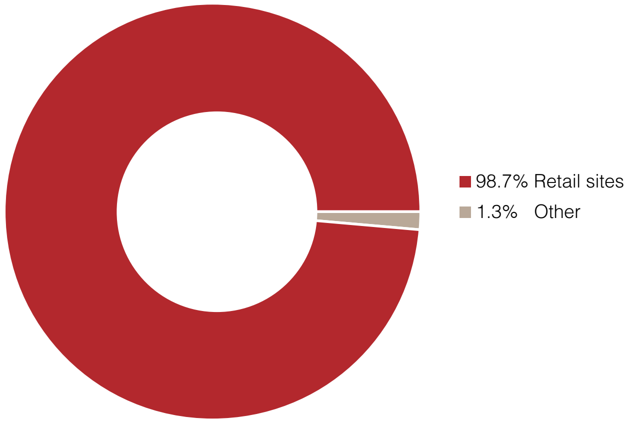
AGE OF BUILDINGS



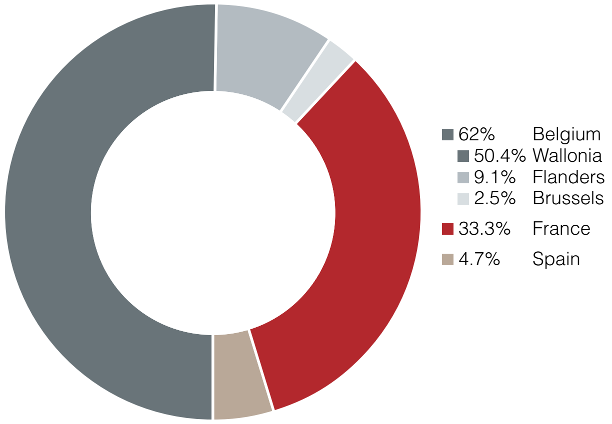
29. Excluding development projects.

ANALYSIS OF THE PROPERTY PORTFOLIO

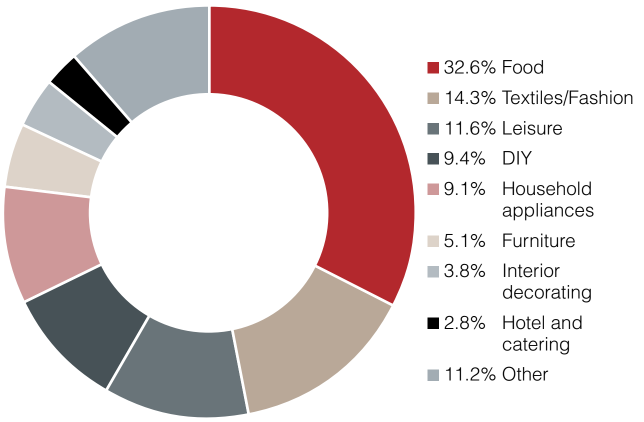
BREAKDOWN BY SECTOR [30]



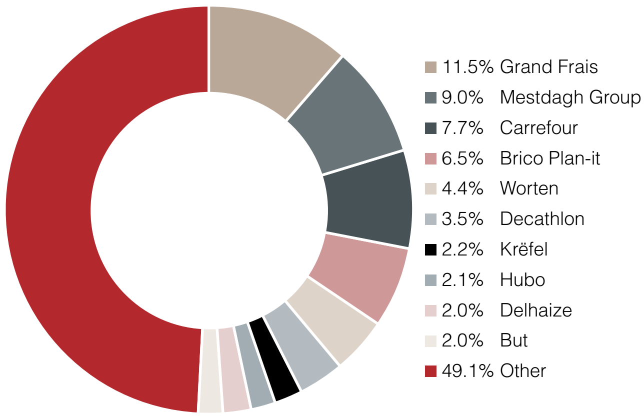
GEOGRAPHICAL DISTRIBUTION [30]



BREAKDOWN BY BUSINESS [31]



BREAKDOWN OF TENANTS [31]



30. Distribution established on the basis of fair value.
31. 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 2017, the insured value represented 47% of the fair value of the portfolio[32]. 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 emphyteuses and surface rights. The greater part of the premiums paid is re-invoiced to tenants. The portion of the premium remaining for account of Ascencio amounts to €37,500.

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	313,368	184,888	377,567	6.57%
France	191,547	84,485	203,203	6.34%
Spain	27,479	16,465	28,923	6.15%
TOTAL	**532,395**	**285,838**	**609,693**	**6.47%**

OPERATIONAL MANAGEMENT

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

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

The Technical Manager and the Real Estate Management Division 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, in terms of the planning and budget. In France mainly, the team is assisted on the ground by "external" suppliers, while retaining responsibility, however, and coordination of this task. See hereunder.

The team responsible for rental management also ensures the 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 accounting 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 aspects 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.

Mainly because of their geographical distance, management of the French retail parks is entrusted to specialist external suppliers.

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 Service Level Agreements allowing performance to be evaluated over the life of the contracts.

32. 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.

Ascencio's external managers are:

- TERRANAE S.A.S., with capital of €50,000 having its registered office at 3/5, Rue des Graviers, Neuilly sur Seine (92200), registered with the Nanterre Trade & Companies Registry under number 478.511.124;
- NEVEZ, Sàrl, with capital of Sfr.20,000 having its registered office at Chemin Edouard Tavan, 8D, 1206 Geneva, registered with the Geneva Trade & Companies Registry under no. 11793/2012 and Federal no. CH-660-2690012-8;
- RMB EUROPE S.A.S., with capital of €44,953.76 having its registered office at 54 Boulevard Rodin, 92130 Issy Les Moulineaux, registered with the Nanterre Trade & Companies Registry under number 422.281.246;

The external manager's remuneration is partly proportional to the rents received. The portion not re-invoiceable to tenants amounted to €103,000 incl. tax for the financial year ended 30 September 2017.

For the Jemappes site, in Belgium, the Ascencio team is assisted in its technical and expenses management by Cushman and Wakefield. All related fees are reinvoiced.

In Spain, the units owned by Ascencio form part of retail parks managed by an association. Ascencio makes sure that the units are properly maintained by direct contact with its tenants.

STANDARD COMMERCIAL LEASE

Ascencio generally enters into commercial lease agreements, preferably for a period of nine years, cancellable in accordance with legal requirements. Rents 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' rents.

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".

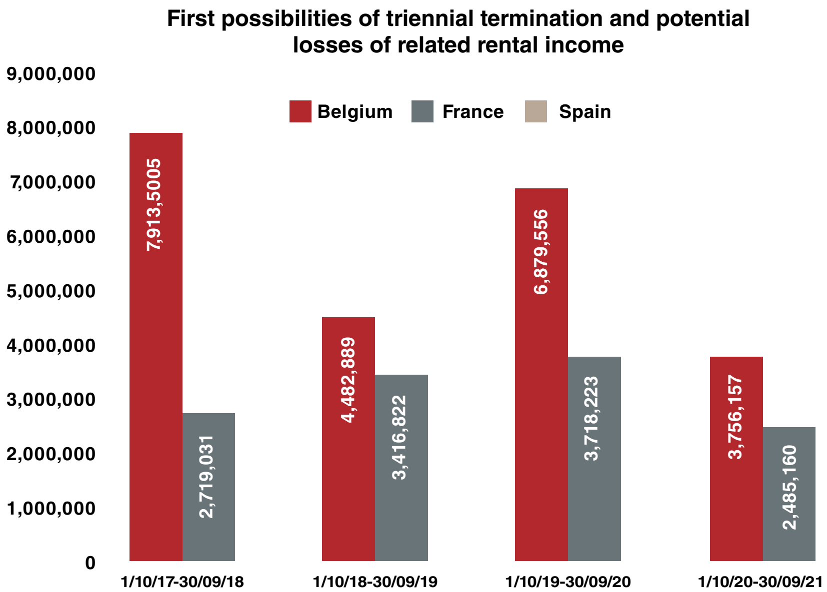
In Spain, commercial leases are subject to law 29/1994 of 24 November 1994, the Ley de Arrendamientos Urbanos or "Urban Lease Act", abbreviated as "LAU". However this law is merely supplementary to the parties' wishes, which prevail in Spain.

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



ASCENCIO'S CONSOLIDATED PORTFOLIO[33]

Commercial properties in Belgium - Available for rental

Sites (as at 30 September 2017 all Belgian sites were held by Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual 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	264	100%	264	248
Andenne (5300) Avenue Roi Albert	Large food store forming part of a retail complex	2000	2,300 m²	158	100%	158	173
Anderlecht (1070) Chaussée de Ninove 1024	Furniture retailer	1962	1,061 m²	135	100%	135	101
Auderghem (1160) Chaussée de Wavre 1130	Household appliance store	2006	1,810 m²	279	100%	279	262
Berchem (2600) Fruithoflaan 85	Large food store	1971	2,685 m²	242	100%	242	242
Boncelles (4100) Route du Condroz 20-24	Building comprising several chains in a major retail centre	1995	3,000 m²	508	100%	508	437
Boncelles (4100) Rue de Tilff 114	Building comprising several chains in a major retail centre	2004	597 m²	117	100%	117	97
Braine l'Alleud (1420) Place St Sébastien 15	Large food store	1978	1,525 m²	93	100%	93	114
Bruges (8000) Legeweg 160	Retail area	1995	999 m²	83	100%	83	80
Chapelle-lez-Herlaimont (7160) Rue de la Hestre 93	Large food store	1973	2,237 m²	199	100%	199	179
Chatelet (6200) Rue de la Station 55	Large food store	1998	2,500 m²	159	100%	159	175
Chatelineau (6200) Rue des Prés 45	Large food store	1993	1,924 m²	111	100%	111	125
Chatelineau (6200) Rue du Trieu-Kaisin	Property complex comprising several chains in a major shopping centre	1990	22,917 m²	2.254	100%	2.254	2.061

33. 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.

Sites (as at 30 September 2017 all Belgian sites were held by Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
Couillet (6010) Chaussée de Philippeville 219	Shopping centre with several chains	1970	2,556 m²	260	100%	260	231
Couillet (6010) Chaussée de Philippeville 304-317	Small retail outlets forming part of a shopping centre	1990	294 m²	53	100%	53	51
Couillet (6010) Chaussée de Philippeville 329	Shopping centre with several chains	2014	15,045 m²	1.770	100%	1.770	1.696
Courcelles (6180) Rue du 28 Juin	Large DIY store	2005	2,495 m²	169	100%	169	176
Dendermonde (9200) Heirbaan 159	Large food store	1970	3,090 m²	368	100%	368	201
Dendermonde (9200) Mechelsesteenweg 24	Building comprising a large food store and a DIY store	1983	4,356 m²	392	100%	392	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	179	100%	179	153
Gembloux (5030) Avenue de la Faculté d'Agronomie	Building comprising two retail stores	1976	2,095 m²	188	100%	188	178
Gent Dampoort (9000) Pilorijstraat 20	Large food store	1960	2,889 m²	306	100%	306	274
Genval (1332) Square des Papeteries	Shopping centre with several chains	2015	10,257 m²	1.710	92%	1.849	1.804
Gerpinnes (6280) Route de Philippeville 138	Shopping centre with several chains	2000	7,981 m²	567	100%	567	519
Gerpinnes (6280) Route de Philippeville 196	Large food store	1979	3,369 m²	284	100%	284	335
Gerpinnes Bultia (6280) Rue Neuve 182-184	Retail building comprising two chains	1988	1,500 m²	132	100%	132	146
Ghlin (7011) Rue du Temple 23	Large food store	1975	1,957 m²	126	100%	126	127
Gilly (6060) Chaussée de Ransart 252	Large food store	1989	2,725 m²	241	100%	241	232
Gosselies (6041) Rue Vandervelde 67	Large food store	1972	1,323 m²	62	100%	62	79

Sites (as at 30 September 2017 all Belgian sites were held by Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
Gozée (6534) Rue de Marchienne 120A	Large food store	1977	2,431 m²	177	100%	177	207
Hamme Mille (1320) Chaussée de Louvain 27	Large food store	2013	3,696 m²	344	100%	344	340
Hannut (4280) Route de Huy 54	Shopping centre with several chains	1986	9,719 m²	663	79%	840	894
Hannut (4280) Route de Landen	Complex of two retail buildings	2000	5,319 m²	518	100%	518	515
Hoboken (2660) Sint Bernardsesteenweg 586	Large food store	1988	4,620 m²	416	100%	416	347
Huy (4500) Quai d'Arona 19A	Commercial building	2002	1,969 m²	173	100%	173	158
Jambes (5100) Rue de la Poudrière 14	Large food store	1986	3,152 m²	200	100%	200	262
Jemappes (7012) Avenue Maréchal Foch 934	Shopping centre with several chains	1966	9,926 m²	673	95%	709	583
Jemeppe s/Sambre (5190) Route de la Basse Sambre 1	Shopping centre with several chains	2006	1,553 m²	140	100%	140	141
Jodoigne (1370) Rue du Piétrain 61A	Large food store	1987	2,245 m²	146	100%	146	168
Jumet (6040) Rue de Dampremy	Large food store	1975	1,730 m²	165	100%	165	130
Kortrijk (8500) Gentsesteenweg 50-56	Large food store	1965	2,309 m²	219	100%	219	196
La Louvière (7100) Avenue de la Wallonie 5	Household appliance store	1991	1,000 m²	95	100%	95	90
La Louvière (7100) Rue de la Franco Belge	Property complex comprising several chains in a major shopping centre	1990	23,620 m²	2.521	100%	2.521	2.282
Laeken (1020) Rue Marie-Christine 185-191	Retail building comprisingseveral chains	2001	1,586 m²	269	100%	269	214
Lambusart (6220) Route de Fleurus et Wainage	Large food store	1976	2,600 m²	123	100%	123	156

Sites (as at 30 September 2017 all Belgian sites were held by Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
Leuze (7900) Avenue de l'Artisanat 1	Retail complex comprising household goods chains	2006	3,463 m²	202	75%	271	259
Liège (4000) Rue du Laveu 2-8	Shopping centre comprising a retail outlet and a DIY store	1991	2,290 m²	150	100%	150	160
Loverval (6280) Allée des Sports 11	Retail complex notably including a DIY store	2002	5,621 m²	445	100%	445	420
Marchienne au Pont (6030) Rue de l'Hôpital 3-5	Large food store	1976	2,010 m²	145	100%	145	131
Messancy (6780) Route d'Arlon	Property complex comprising several chains in a major shopping centre	2001	19,482 m²	861	87%	989	921
Morlanwelz (7140) Rue Pont du Nil	Shopping centre with several chains	2004	3,951 m²	339	100%	339	349
Nivelles (1400) Avenue du Centenaire 6-8	Large food store	1983	3,308 m²	240	100%	240	265
Ottignies (1340) Avenue Provinciale 127	Large food store	1984	1,950 m²	156	100%	156	176
Philippeville (5600) Rue de France 47	Large food store	1989	1,677 m²	187	100%	187	168
Philippeville (5600) Rue de Neuville	Household appliance store	2003	1,228 m²	117	100%	117	114
Rocourt (4000) Chaussée de Tongres	Property complex comprising several chains in a major shopping centre	1990	7,367 m²	550	100%	550	582
Saint-Vaast (7100) Avenue de l'Europe	Large food store	1980	2,026 m²	151	100%	151	142
Schelle (2627) Boomsesteenweg 35	Sports store	1993	5,375 m²	537	100%	537	538
Sint Niklaas (9100) Stationstraat 16-24	Downtown retail spaces	1988	1,031 m²	156	100%	156	153
Soignies (7060) Rue du Nouveau Monde	Large food store	1975	2,899 m²	222	100%	222	246
Tournai (7500) Rue de la Tête d'Or 22-24	Large food store	1958	2,713 m²	481	100%	481	217

Sites (as at 30 September 2017 all Belgian sites were held by Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
Trazegnies (6183) Rue de Gosselies 76	Large food store	1974	2,869 m²	107	100%	107	201
Tubize (1480) Rue du Pont Demeur	Out-of-town retail complex comprising two outlets	2002	3,043 m²	287	100%	287	275
Turnhout (2300) Korte Gasthuistraat	Large food store	1966	2,503 m²	484	100%	484	283
Uccle (1180) Avenue de Fré 82	Shopping arcade located on major thoroughfare	1970	4,170 m²	344	81%	427	443
Walcourt (5650) Rue de la Forge 34	Large food store	2004	1,551 m²	204	100%	204	147
Waremme (4300) Chaussée Romaine 189	Large food store	2003	2,013 m²	136	100%	136	161
Wavre (1300) Avenue des Princes 9	Large food store	1986	2,358 m²	171	100%	171	224
TOTAL RETAIL SITES, BELGIUM			**276,975 m²**	**24,924**	**97.5%**	**25,556**	**24,111**

Commercial properties Belgium - Development projects

Sites as at 30 September 2017 all Belgian sites were held by Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
BELGIUM							
Anderlecht (1070) Digue du Canal 112-113	Large food store	2017	2,000 m²	0	0%	0	260
TOTAL RETAIL SITES, BELGIUM			**2,000 m²**	**0**	**0%**	**0**	**260**

Commercial properties in France - Available for rental

Sites (as at 30 September 2017, the French sites were held by 100% subsidiaries or by the French branch of Ascencio S.C.A.)	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 SCI La Pierre de l'Isle)	Property complex comprising three retail outlets	1975	4,961 m²	445	100%	445	445
Brives Charensac (43700) Avenue Charles Dupuy 127 (held by SCI Candice Brives)	Large food store	2006	1,576 m²	254	100%	254	255
Chalon sur Saône (71100) Rue René Cassin (held by SCI Les Portes du Sud)	Retail Park	2010	11,665 m²	1,320	98%	1,350	1,360
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	1,356 m²	280	100%	280	253
Choisey Rue du Mail - Zone Le Paradis (held by SCI Seynod Barral)	Large food store	2005	1,510 m²	321	100%	321	303
Clermont Ferrand (63100) Rue Keppler 1 (held by SCI Clermont Saint Jean)	Large food store	2006	1,538 m²	283	100%	283	276
Cormontreuil (51350) Avenue des Goisses (held by the French branch of Ascencio S.C.A.)	Retail Park	2008	13,473 m²	1,402	100%	1,402	1,360
Crèches-sur-Saône (71150) ZAC des Bouchardes (held by the French branch of Ascencio S.C.A.)	Retail Park	2009	11,618 m²	1,254	90%	1,391	1,368
Crèches-sur-Saône (71150) ZAC des Bouchardes (held by SCI Les Halles de Crèches)	Large food store	2009	1,403 m²	192	100%	192	191

Sites (as at 30 September 2017, the French sites were held by 100% subsidiaries or by the French branch of Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
Echirolles (38130) Avenue de Grugliasco 13 (held by SCI Echirolles Grugliasco)	Large food store	2006	1,742 m²	310	100%	310	319
Essey-lès-Nancy (57270) ZAC du Tronc qui Fume (held by SCI ZTF Essey les Nancy)	Large food store	2007	1,460 m²	224	100%	224	224
Guyancourt (78280) Route de Dampierre et rue Denis Papin (held by SCI GFDI 37 Guyancourt)	Large food store	2015	1,794 m²	549	100%	549	549
Houdemont (54180) Avenue des Erables 6 (held by the French branch of Ascencio S.C.A.)	Household appliance store	2014	7,000 m²	804	100%	804	770
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	245	100%	245	226
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	145	100%	145	145
Le Cannet (06110) Boulevard Jean Moulin 17-21 (held by SCI Cannet Jourdan)	Large food store	2007	1,408 m²	268	100%	268	261
Le Creusot (71200) Avenue de la République 83 (held by SCI Harfleur 2005)	Large food store	2006	1,545 m²	211	100%	211	187
Le Pontet (84130) Chemin du Périgord 6 (held by the French branch of Ascencio S.C.A.)	Retail Park	2012	6,185 m²	65	18%	365	352

Sites (as at 30 September 2017, the French sites were held by 100% subsidiaries or by the French branch of Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Contrac-tual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
Lozanne (69380) Lieudit Vavre (held by SCI Les Halles de Lozanne)	Large food store	2010	1,585 m²	230	100%	230	220
Marsannay-La-Côte (21160) Allée du Docteur Lépine (held by SCI de la Cote)	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	219	100%	219	210
Rots (14980) Delle de la Croix (held by the French branch of Ascencio S.C.A.)	Retail Park	2011	19,629 m²	2,184	100%	2,184	2,181
Saint Aunes (34130) Rue des Tamaris 200 (held by SCI Saint Aunès Retail Parc)	Retail Park	2012	9,726 m²	1,193	100%	1,193	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	197	100%	197	191
Teste de Buch (33260) Avenue de Binghampton (held by SCI GFDI 62 La Teste de Buch)	Large food store	1997	1,922 m²	304	100%	304	304
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			**113,945 m²**	**13,666**	**97.7%**	**14,131**	**13,879**

Commercial properties in Spain - Available for rental

Sites (as at 30 September 2017 all Spanish sites were held by Ascencio Iberia S.A.U., a fully-owned subsidiary of Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Con-tractual 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	581	100%	581	619
San Sebastián de los Reyes (28703, Madrid) Centro Comercial Megapark Plaza del Comercio, 2	Retail area	2002	3,683 m²	704	100%	704	793
Aldaia (46960, Valencia) Parque Comercial Bonaire Carretera N-III, Km. 345	Retail area	2005	5,091 m²	537	100%	537	526
TOTAL RETAIL SITES, SPAIN			**12,253 m²**	**1,822**	**100.0%**	**1,822**	**1,938**

Non-commercial properties - Available for rental

Sites (as at 30 September 2017 all non-commercial sites were held by Ascencio S.C.A.)	Description	Year of construction /renovation	Surface	Con-tractual rent (€000s)	% occupancy	Contractual rent + ERV on vacant (€000s)	Estimated Rental Value (ERV) (€000s)
BELGIQUE							
Gosselies Aéropole (6041) Avenue Jean Mermoz	Semi-industrial buildings and offices	1992	6,807 m²	433	100%	433	374
Hannut (4280) Route de Huy 54	Apartments	1986	296 m²	18	100%	18	18
Overijse (3090) Brusselsesteenweg 288	Office building with storage	1982	9,259 m²	332	64%	519	441
TOTAL OTHERS BELGIUM			**16,362 m²**	**783**	**80.7%**	**970**	**833**
TOTAL PORTFOLIO			**421,535 m²**	**41,195**	**97.0%**	**42,479**	**41,022**

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 marked with an asterisk each represent more than 5% of the consolidated assets of the Company and its subsidiaries:

- the Châtelineau retail park (Belgium). This asset represents 5.4% of the fair value of the consolidated assets. The main tenants are Decathlon, Brico Plan-it, Quick and Tournesol;
- the La Louvière retail park (Belgium). This asset represents 6.1% of the fair value of the consolidated assets. The main tenants are Brico Plan-it, Maison du Monde, McDonald's and C&A;
- the Caen retail park (France). This asset represents 5.6% of the fair value of the consolidated assets. The main tenants are Decathlon, Kiabi, Darty, Intersport, Gémo and La Grande Récrée.

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

EXPERTS' REPORT[34]

Brussels, 30 September 2017

Dear Sirs,

In accordance with Article 47 of the Law of 12 May 2014 on SIRs (sociétés immobilières réglementées, regulated real estate companies or "B-REITs"), you asked Jones Lang LaSalle, CBRE and Cushman & Wakefield to value the properties located in Belgium, France and Spain which form part of the B-REIT.

Our assignment has been carried out entirely independently.

As is customary, our assignment has been carried out on the basis of the information provided to us by Ascencio as regards tenancy schedules, charges and taxes to be borne by the landlord, works to be carried out and any other factors that might affect the value of the properties. We assume that this information is correct and complete. As explicitly stated in our valuation reports, they do not in any way include an assessment of the structural or technical quality of the properties or an analysis of the possible presence of harmful substances. This information is well known to Ascencio, which manages its properties in a professional manner and performs technical and legal due diligence before acquiring each property.

All the properties were visited by the experts. The details of our calculations, our comments on the property market and the terms of our engagement are attached hereto. The experts work with the Circle Investment Valuer software application and Excel.

The investment value may be defined as the amount most likely to be obtained in normal conditions of sale between willing and duly informed parties as at valuation date before deduction of transaction costs.

The experts adopted two methods: 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, future vacant 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 vacant periods, credit risk, maintenance obligations, etc.) To determine this yield, the experts based their estimates 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.)

The sale of a property is in theory subject to stamp duty. This amount depends on, inter alia, the method of sale, the type of buyer and the geographical location of the property. This amount is not known until the sale has been completed. As independent property experts we can state 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 transaction cost was 2.5% for properties with a value of more than €2.5 million before costs.

The assets are considered as a portfolio.

For properties valued in France, the transfer rate is generally 1.8% when the property is less than five years old and 6.9% in all other cases.

34. Letter from the property experts of 30 September 2017 reproduced verbatim with their agreement

Based on the observations made in the preceding paragraphs, we confirm that the investment value of Ascencio's property assets as at 30 September 2017 amounted to:

€640,333,000

(Six hundred and forty million, three hundred and thirty-three thousand euros)

this amount including the value attributed to the properties valued by CBRE, Jones Lang LaSalle and Cushman & Wakefield.

After deduction of 2.5% for properties located in Belgium (the average transactions costs defined by B-REIT experts), 1.8%/6.9% for properties located in France and 2.5% for those in Spain by way of transfer fees on the investment value, this gives us a fair value of:

€613,317,000

(Six hundred and thirteen million, three hundred and seventeen thousand euros)

this amount including the value attributed to the properties valued by CBRE, Jones Lang LaSalle and Cushman & Wakefield.

Yours faithfully,

Ardalan Azari
Associate
Valuation & Advisory
Cushman & Wakefield Belgique

Rod Scrivener MRICS
Director
Valuations and Consulting
Jones Lang LaSalle

Pieter Paepen MRICS
Director
Valuation Services
CBRE

Tony Loughran MRICS
Partner – Head of Valuation
& Advisory
Cushman & Wakefield Spain

Valérie Parmentier MRICS
Director – Valuation France
Cushman & Wakefield
France

Christophe Adam MRICS
Directeur des Régions
Jones Lang LaSalle Expertises
France

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

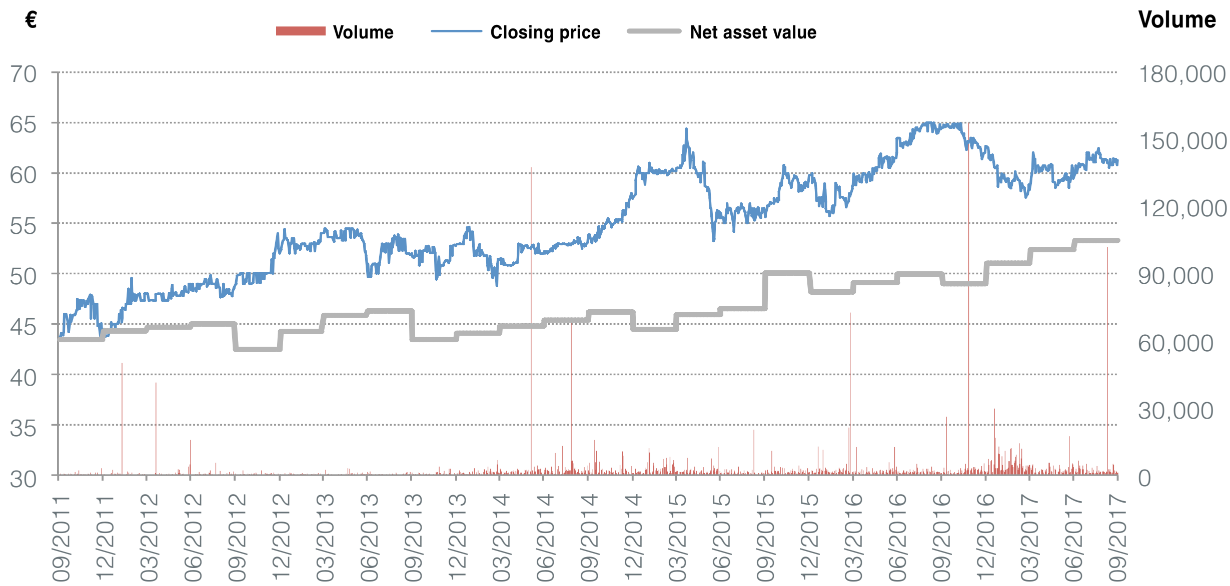
KEY FIGURES

	30/09/2017	30/09/2016	30/09/2015
Total number of shares	6,497,594	6,364,686	6,182,768
Number of shares listed	6,497,594	6,364,686	6,182,768
Highest price (€	64.93	64.99	64.40
Lowest price (€)	57.55	55.60	53.01
Closing price at 30/09 (€)	61.25	64.50	56.09
Stock market capitalisation[35]	397,977,633	410,522,247	346,791,457
Net asset value per share (€)	53.29	49.97	46.52
Net asset value per share excluding the fair value of hedging instruments (€)	54.45	52.20	48.86
Premium (+) Discount (-)[36]	12.5%	23.6%	14.8%
Annual volume	1,022,891	527,576	519,831
Velocity	15.7%	8.3%	8.4%
Gross dividend per share (€)[37]	3.30	3.20	3.05
Gross yield[38]	5.4%	5.0%	5.4%
Pay-out ratio as compared to the corrected result[39]	81.6%	79.4%	82.5%

35. Based on the closing price at 30/09.
36. Based on the closing price at 30/09, as compared to the Net asset value per share excluding the fair value of hedging instruments.
37. For 2016/2017, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2018.
38. Based on the closing price at 30/09.
39. Corrected result as defined in art.13, section 1, para. 1 of the Royal Decree of 13 July 2014.

PRICES AND VOLUMES

Trends in share price, volumes and net asset value:



DIVIDEND POLICY

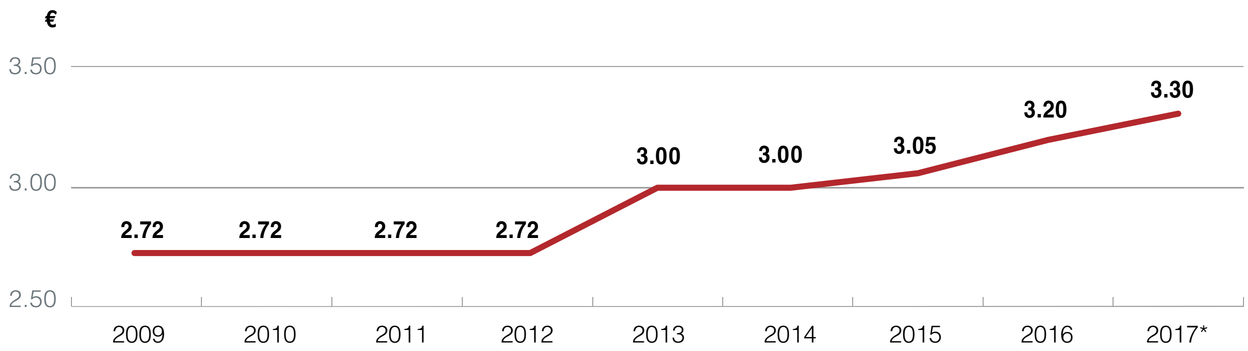
Obligation to distribute dividend

In accordance with the Royal Decree of 13 July 2014 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 2018 that it approve the distribution of a gross dividend of €3.30 per share.

Growth in gross dividend per share:



* For 2016/2017, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2018.

Optional dividend in shares

Since the 2014/2015 financial year, Ascencio has offered its shareholders the choice between:

- payment of the dividend in new shares;
- payment of the dividend in cash;
- or a combination of the two.

SHAREHOLDING

Based on the declarations of transparency recorded as at 30 September 2017, the shareholding of Ascencio is as follows:

AG Finance S.A.	12.30%
Carl Eric and John Mestdagh and Fidagh S.A.	9.60%
Free float	78.10%
TOTAL	**100.00%**

SHAREHOLDERS' DIARY[40]

Ordinary general meeting	31 January 2018 at 2.30 p.m.
Interim statement as at 31 December 2017	1 March 2018
Semi-annual financial report as at 31 March 2018	11 June 2018
Interim statement as at 30 June 2018	2 August 2018
Annual press release as at 30 September 2018	3 December 2018
Ordinary general meeting	31 January 2019 at 2.30 p.m.

40. These dates are subject to change. Any changes will be announced to shareholders by press release or on Ascencio's website: www.ascencio.be

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED BALANCE SHEET

ASSETS (€000s)		Note	30/09/2017	30/09/2016
ASSETS				
I	**NON-CURRENT ASSETS**			
A	Goodwill		0	0
B	Intangible assets	5	41	81
C	Investment properties	6	613,317	572,132
D	Other tangible assets	7	1,594	1,224
E	Non-current financial assets	8	1,242	393
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			616,194	573,830
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	4,000	4,603
E	Tax receivables and other current assets	11	1,972	881
F	Cash and cash equivalents		2,919	3,341
G	Deferred charges and accrued income	12	329	348
TOTAL CURRENT ASSETS			9,220	9,174
TOTAL ASSETS			**625,414**	**583,004**

EQUITY AND LIABILITIES (€000s)		Note	30/09/2017	30/09/2016
EQUITY				
I	**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY**		**346,281**	**318,032**
A	Capital	13	38,069	37,271
B	Share premium account	13	248,975	242,240
C	Reserves		18,040	-1,716
	b. Reserve for changes in fair value of properties		27,347	10,337
	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		-10,389	-10,389
	e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied		-14,327	-14,489
	m. Other reserves		15,409	12,825
D	Net result for the financial year		41,197	40,237
II	**NON-CONTROLLING INTERESTS**		**0**	**0**
TOTAL EQUITY			346,281	318,032
LIABILITIES				
I	**NON-CURRENT LIABILITIES**		**199,111**	**203,885**
A	Provisions	14	105	256
B	Non-current financial debts		185,455	186,723
	a. Credit institutions	15	183,887	184,577
	b. Finance leases	15	1,568	2,146
C	Other non-current financial liabilities	16-17	10,316	16,126
D	Trade debts and other non-current debts	18	0	428
F	Deferred tax liabilities	19	3,235	352
	a. Exit tax		2,696	0
	b. Other		539	352
II	**CURRENT LIABILITIES**		**80,022**	**61,087**
B	Current financial debts		69,183	48,772
	a. Credit institutions	15	25,590	27,204
	b. Finance leases	15	593	568
	c. Others	15	43,000	21,000
C	Other current financial liabilities		0	0
D	Trade debts and other current debts		9,239	11,035
	a. Exit tax		428	2,824
	b. Other	20	8,811	8,211
F	Accrued charges and deferred income	21	1,600	1,280
TOTAL LIABILITIES			279,133	264,972
TOTAL EQUITY AND LIABILITIES			**625,414**	**583,004**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - INCOME STATEMENT

	CONSOLIDATED NET RESULT (€000s)	Note	30/09/2017	30/09/2016
I	Rental income	22	40,782	38,835
III	Rental related charges	23	-330	-87
NET RENTAL RESULT			**40,452**	**38,748**
IV	Recovery of property charges		0	0
V	Recovery of rental charges and taxes normally paid by tenants on let properties	24	6,168	5,749
VII	Rental charges and taxes normally paid by tenants on let properties	25	-6,278	-5,842
VIII	Other revenue and rental related charges		-45	14
PROPERTY RESULT			**40,297**	**38,669**
IX	Technical costs	26	-998	-1,053
X	Commercial costs	27	-162	-95
XI	Rental charges and taxes on unlet properties		-281	-207
XII	Property management costs	28	-973	-1,030
XIII	Other property charges	29	-280	-204
	PROPERTY CHARGES		**-2,694**	**-2,589**
PROPERTY OPERATING RESULT			**37,603**	**36,080**
XIV	Corporate overheads	30	-3,397	-3,235
XV	Other operating income and charges	31	10	25
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**34,216**	**32,870**
XVI	Net gains and losses on disposals of investment properties	32	0	120
XVIII	Change in the fair value of investment properties	33	8,573	15,005
XIX	Other result on the portfolio		0	0
OPERATING RESULT			**42,789**	**47,995**
XX	Financial income	34	3	1
XXI	Net interest charges	35	-7,165	-7,307
XXII	Other financial charges	36	-370	-204
XXIII	Change in fair value of financial assets and liabilities	37	6,584	162
FINANCIAL RESULT			**-948**	**-7,348**
PRE-TAX RESULT			**41,841**	**40,647**
XXV	Corporate tax	38	-644	-461
XXVI	Exit Tax	39	0	50
TAXES			**-644**	**-411**
NET RESULT			**41,197**	**40,237**
	- Net result - group share		**41,197**	**40,237**
	- Net result - Non-controlling interests		0	0
BASIC NET RESULT AND DILUTED (€/SHARE, GROUP SHARE)		40	**6.34**	**6.32**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	STATEMENT OF COMPREHENSIVE INCOME (€000s)	Note	30/09/2017	30/09/2016
I	**NET RESULT**		**41,197**	**40,237**
II	**OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT**			
A	Impact on fair value of estimatedtransaction costs resulting from hypothetical disposal of investment properties		0	-603
H	Other comprehensive income for the year, net of tax (*)	7	-113	369
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**41,084**	**40,003**
	Attributable to - Group share		41,084	40,003
	- 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)	30/09/2017	30/09/2016
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**3,341**	**3,153**
Result for the financial year	41,197	40,237
Financial result	948	7,348
Net capital gains or losses realised on disposal of assets	0	-120
Income tax expense (- tax income)	644	411
Income statement items without treasury impact	-8,178	-14,853
+/- Change in the fair value of investment properties	*-8,573*	*-15,005*
+ Depreciation	*65*	*65*
+ Reductions in value	*330*	*87*
Change in working capital requirement	670	3,536
+/- Change in trade receivables	*273*	*-456*
+/- Change in tax receivables and other current assets	*-1,091*	*632*
+/- Change in deferred charges and accrued income	*19*	*-24*
+/- Change in trade debts and other current debts	*1,149*	*3,749*
+/- Change in accrued charges and deferred income	*320*	*-364*
Change in non-current operating assets and liabilities	2,164	-3,128
+/- Change in non-current financial assets	*-104*	*-321*
+/- Change in trade debts and other non-current debts	*-428*	*-428*
+/- Change in non-current deferred tax liabilities	*2,696*	*-2,379*
Change in provisions and other non-monetary items	-151	-396
Taxes paid	-2,945	-422
NET CASH FLOW FROM OPERATING ACTIVITIES	**34,349**	**32,613**
- Acquisition of investment properties	-1,544	-42,751
- Projects in course of development	-3,754	0
- Acquisition of real estate companies	-14,187	-3,319
- Acquisition of intangible assets	0	0
- Acquisition of tangible assets	-508	-7
+ Disposals of investment properties	0	21,865
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**-19,992**	**-24,212**
Disposals of investment properties	-36	-40
Disposals of investment properties	19,143	20,932
Reimbursement of financial debts and working capital of acquired companies	-13,584	-12,430
Other changes in financial assets and liabilities	29	376
Gross dividends paid	-12,799	-9,541
Finance charges paid	-7,532	-7,510
NET CASH FLOW FROM FINANCING ACTIVITIES	**-14,779**	**-8,213**
Cash and cash equivalents at the end of the financial year	2,919	3,341

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€000s)			Reserves					
	Capital	Share premium account	Net change in fair value of properties	Impact of transaction costs on fair value	Net changes in fair value of non-IFRS hedging instruments	Other reserves	Result for the financial year	Total equity
BALANCE AT 30/09/2015	**36,180**	**234,055**	**5,591**	**-9,786**	**-16,854**	**15,888**	**22.547**	**287,620**
Distribution of dividends							-9,541	-9,541
Appropriation to reserves			-2,518		2,364	3,843	-3,690	0
Capital increase	1,091	8,185					-9,316	-40
Net result							40,237	40,237
Other elements recognised in the global result			369	-603				-233
Reclassification of reserves			6,895			-6,895		0
Adjustment to reserves						-11		-11
BALANCE AT 30/09/2016	**37,271**	**242,240**	**10,337**	**-10,389**	**-14,489**	**12,825**	**40,237**	**318,032**

(€000s)			Reserves					
	Capital	Share premium account	Net change in fair value of properties	Impact of transaction costs on fair value	Net changes in fair value of non-IFRS hedging instruments	Other reserves	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**

Capital increase:

On 19 December 2016 Ascencio carried out a capital increase of €7,567,781.52 by capitalising dividend payables and issuing 132,908 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: €797,448.00
- To share premium: €6,770,333.52 less €35,678.95 to cover transaction costs, giving a net amount of €6,734,654.57.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION AND ACCOUNTING METHODS

GENERAL INFORMATION

Ascencio S.C.A. (hereinafter referred to as "Ascencio S.C.A." 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 as at 30 September 2017 covering the period from 1 October 2016 to 30 September 2017 were approved by the Board of Directors of the Statutory Manager in its meeting of 23 November 2017.

The figures presented for the previous financial year cover the period from 1 October 2015 to 30 September 2016.

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 as at 30 September 2017 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 on regulated property companies.

Standards and interpretations applicable to the annual period starting on 1 October 2016

- Amendment to IAS 1 Disclosure Initiative (applicable to annual periods starting on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (applicable to annual periods starting on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 Agriculture: bearer plants (applicable to annual periods starting on or after 1 January 2016);
- Amendment to IAS 27 Equity method in Separate Financial Statements (applicable to annual periods starting on or after 1 January 2016);
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable to annual periods starting on or after 1 January 2016);
- Amendment to IFRS 11 Joint Arrangements (applicable to annual periods starting on or after 1 January 2016);
- IFRS Annual Improvements Cycle 2012-2014 published in September 2014 (applicable to annual periods starting on or after 1 January 2016);

New standards, amendments and interpretations not yet adopted for the annual period starting 1 October 2016

- New standard: IFRS 9 Financial Instruments (applicable to annual periods starting on or after 1 January 2018);
- New standard: IFRS 14 Regulatory Deferral Accounts (not applicable to the annual period starting 1 January 2016, not adopted by the EU);
- New standard: IFRS 15 Revenue from Contracts with Customers (applicable to annual periods starting on or after 1 January 2018);
- New standard: IFRS 16 Leases (applicable to annual periods starting on or after 1 January 2019, subject to adoption by the EU);
- New standard: IFRS 17 Insurance Contracts (applicable to annual periods starting on or after 1 July 2021, subject to adoption by the EU);
- Amendment to IAS 7 Disclosure Initiative (applicable to annual periods starting on or after 1 January 2017, subject to adoption by the EU);
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (applicable to annual periods starting on or after 1 January 2017, subject to adoption by the EU);
- Amendment to IAS 40 Transfers of Investment Property (applicable to annual periods starting on or after 1 July 2018, subject to adoption by the EU);
- Amendment to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable to annual periods starting on or after 1 January 2018, subject to adoption by the EU).

- New standard: IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable to annual periods starting on or after 1 July 2018, subject to adoption by the EU);
- Clarification of IFRS 15 Revenue from Contracts with Customers (applicable to annual periods starting on or after 1 January 2018, subject to adoption by the EU);

- IFRS Annual Improvements Cycle 2014-2016 published in December 2016 (partly applicable from 1 July 2017 and partly from 1 July 2018, subject to adoption by the EU);
- New interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable as of 1 July 2018, subject to adoption by the EU;
- New interpretation IFRIC 23 Uncertainty over Income Tax Treatments (applicable as of 1 July 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 as of 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 2017, 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 as of 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 has not yet been adopted by the EU.

  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, IFRS 16 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 consolidated financial statements have been prepared on the basis of historical cost, with the exception of investment properties[41], properties forming part of Property, plant and equipment and financial instruments, which are measured at fair value.

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 S.C.A. 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, and subsequently 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.

[41] 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 S.C.A. and the real estate companies controlled by it;
- options on property assets held by Ascencio S.C.A. 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 S.C.A. 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 6.90% 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 expenses and stamp duty arising on 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.

If this rule had been amended and applied from 1 October 2015, consolidated net result for the 2015/2016 financial year would have been €39,634,000 (as opposed to €40,237,000). The overall result would have been unchanged, heading II.A. having become zero. This change has no effect on the level of equity.

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 transfer expenses and stamp duty arising upon 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 S.C.A. 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 – Risks associated with environmental regulations").

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 2017 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. 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 2017, Ascencio's debt ratio as defined by the Royal Decree of 13 July 2014 stood at 42.6% on a consolidated basis and 40.5% for the company alone.

After distribution of the dividend proposed to the General Meeting of Shareholders of 31 January 2018, the consolidated debt ratio will, *ceteris paribus*, come to 46.0% (assuming the dividend is paid entirely in cash, i.e. in the absence of optional stock dividend).

INTEREST RATE RISK

As at 30/09/2017, 77.7% 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 2017 (€254.64 million) and the hedges in place at that date, a portion of the debt equal to €176.78 million, representing 69.4% of total debt, was financed at fixed rates (agreed fixed rates or rates fixed via IRS (interest rate swaps). The remainder of the indebtedness, €77.85 million, was at variable rates, of which €40 million hedged by a CAP option.

Based on the hedging in place (IRS and CAPs), the structure and level of financial debt at 30 September 2017, a rise in interest rates of 100 basis points would lead to an increase in financial charges estimated at €0.38 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 2016/2017 translated into a positive change of €6.58 million in the fair value of Ascencio's financial hedging instruments. As at 30 September 2017, these contracts had a negative value of €7.53 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 €1.85 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.

- As at 30 September 2017, Ascencio had €275.5 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 2017 to 2024. As at 30 September 2017, Ascencio had available to it €75.6 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 million. As at 30 September 2017 this programme was used for short-term issues amounting to €43 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 .

As at 30 September 2017, total financial liabilities amounted to €254.64 million. The principal repayment schedule of these borrowings is as follows:

- 2017/2018: €69.17 million
- 2018/2019: €52.40 million
- 2019/2020: €31.44 million
- 2020/2021: €1.38 million
- 2021/2022: €26.18 million
- 2022/2023: €61.94 million
- 2023/2024: €10.58 million
- >2023>2024: €1.55 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 2017, the Company had business relations with various banks:

- As at 30 September 2017, 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 2017, 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 2017, commercial properties represented 99% of the fair value of the portfolio of investment properties. The remainder was composed of two properties used for offices and warehouses.

As at 30 September 2017, properties located in Belgium accounted for 62% of the fair value of the total holdings, those located in France for 33% and those in Spain 5%.

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 2017, only one tenant accounted for 10% or more of consolidated rental income:

- Grand Frais: 11.5%

(€000s)		Belgium		France		Spain		Unallocated		Total	
		30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016
I	Rental income	25,070	24,784	13,911	13,019	1,801	1,033	0	0	40,782	38,835
III	Rental related charges	-111	-8	-219	-79	0	0	0	0	-330	-87
NET RENTAL RESULT		**24,959**	**24,776**	**13,692**	**12,940**	**1,801**	**1,033**	**0**	**0**	**40,452**	**38,748**
V	Recovery of rental charges and taxes normally paid by tenants on let properties	3,706	3,289	2,273	2,355	189	105	0	0	6,168	5,749
VII	Recovery of rental charges and taxes normally paid by tenants on let properties	-3,788	-3,375	-2,301	-2,362	-189	-105	0	0	-6,278	-5,842
VIII	Other revenue and rental related charges	-45	17	0	0	0	-3	0	0	-45	14
PROPERTY RESULT		**24,832**	**24,707**	**13,664**	**12,933**	**1,801**	**1,030**	**0**	**0**	**40,297**	**38,669**
IX	Technical costs	-837	-991	-161	-62	0	0	0	0	-998	-1,053
X	Commercial costs	-102	-69	-42	-26	-18	0	0	0	-162	-95
XI	Rental charges and taxes on unlet properties	-183	-173	-98	-34	0	0	0	0	-281	-207
XII	Property management costs	-788	-812	-185	-218	0	0	0	0	-973	-1,030
XIII	Other property charges	-187	-132	-93	-72	0	0	0	0	-280	-204
PROPERTY CHARGES		**-2,097**	**-2,177**	**-579**	**-412**	**-18**	**0**	**0**	**0**	**-2,694**	**-2,589**
PROPERTY OPERATING RESULT		**22,735**	**22,530**	**13,085**	**12,521**	**1,783**	**1,030**	**0**	**0**	**37,603**	**36,080**
XIV	Corporate overheads	0	0	0	0	0	0	-3,397	-3,235	-3,397	-3,235
XV	Other operating income and charges	9	24	1	1	0	0	0	0	10	25
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**22,744**	**22,554**	**13,086**	**12,522**	**1,783**	**1,030**	**-3,397**	**-3,235**	**34,216**	**32,870**
XVI	Net gains and losses on disposals of investment properties	0	120	0	0	0	0	0	0	0	120
XVIII	Change in the fair value of investment properties	3,659	11,392	3,766	2,852	1,148	761	0	0	8,573	15,005
XIX	Other result on the portfolio	0	0	0	0	0	0	0	0	0	0
OPERATING RESULT		**26,403**	**34,066**	**16,852**	**15,374**	**2,931**	**1,791**	**-3,397**	**-3,235**	**42,789**	**47,995**

(€000s)		Belgium		France		Spain		Unallocated		Total	
		30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016
XX	Financial income	0	0	0	0	0	0	3	1	3	1
XXI	Interest charges	0	0	0	0	0	0	-7,165	-7,307	-7,165	-7,307
XXII	Other financial charges	0	0	0	0	0	0	-370	-204	-370	-204
XXIII	Change in fair value of financial assets and liabilities	0	0	0	0	0	0	6,584	162	6,584	162
FINANCIAL RESULT		**0**	**0**	**0**	**0**	**0**	**0**	**-948**	**-7,348**	**-948**	**-7,348**
PRE-TAX RESULT		**26,403**	**34,066**	**16,852**	**15,374**	**2,931**	**1,791**	**-4,345**	**-10,583**	**41,841**	**40,647**
XXV	Corporate tax	-81	-121	-341	-239	-222	-101	0	0	-644	-461
XXVI	Exit Tax	0	50	0	0	0	0	0	0	0	50
TAXES		**-81**	**-71**	**-341**	**-239**	**-222**	**-101**	**0**	**0**	**-644**	**-411**
NET RESULT		**26,322**	**33,995**	**16,511**	**15,135**	**2,709**	**1,690**	**-4,345**	**-10,583**	**41,197**	**40,237**

(€000s)	Belgium		France		Spain		Unallocated		Total	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Intangible assets	41	81	0	0	0	0	0	0	41	81
Investment properties	381,191	345,310	203,203	199,047	28,923	27,775	0	0	613,317	572,132
Other tangible assets	1,101	1,224	493	0	0	0	0	0	1,594	1,224
Other non-current assets	837	89	9	9	396	295	0	0	1,242	393
Current assets	4,646	4,712	4,475	4,335	99	128	0	0	9,220	9,174
TOTAL ASSETS	**387,816**	**351,415**	**208,180**	**203,391**	**29,418**	**28,198**	**0**	**0**	**625,414**	**583,004**

NOTE 5: INTANGIBLE ASSETS

(€000s)	30/09/2017	30/09/2016
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**81**	**121**
Transfer from tangible assets	0	0
Acquisitions	0	0
Depreciation	-40	-40
BALANCE AT THE END OF THE FINANCIAL YEAR	**41**	**81**

Intangible assets as at 30/09/2017 comprised software applications (property management and accounting) acquired and developed in 2012 and 2013.

NOTE 6: INVESTMENT PROPERTIES

(€000s)	30/09/2017	30/09/2016
Properties available for rental	609,693	572,132
Development projects	3,624	0
Assets held for own use	0	0
Other	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**613,317**	**572,132**

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

A. Investment Properties available for rental

(€000s)	30/09/2017	30/09/2016
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**572,132**	**520,974**
Acquisitions	28,859	57,413
Transfer from development projects	0	0
Disposals	0	-21,261
Transfer from assets held for sale	0	0
Change in fair value	8,702	15,005
BALANCE AT THE END OF THE FINANCIAL YEAR	**609,693**	**572,132**

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 two investments for a total amount of €29 million:

- On 22 December 2016, Ascencio acquired a 99-year emphyteotic leasehold on the retail properties of the Papeteries de Genval site. This retail complex, with a surface of 10,007 m², was opened in August 2015. It houses more than 30 brand names, including Carrefour Market, Espace Mode, Picard, Club, Planet Parfum and Boulangerie Louise.

  The Genval complex generates total annual rental income of €1.5 million (net of the annual emphyteotic rent). It has contributed to the results since 1 January 2017. This investment was financed by borrowing.
- During the financial year Ascencio also carried out an extension to its Jambes site, building on a surface of 1,010 m² which was rented by Action as soon as the work was completed on 28 September 2017.

Divestments during the financial year:

There were no sales of properties during the financial year.

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

On a like-for-like basis, the value of the portfolio increased by 1.5%.

Properties held under leases:

As at 30 September 2017, 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 €675,000 and are recognised as liabilities in the annual accounts as at 30/09/2017.

B. Development projects

(€000s)	30/09/2017	30/09/2016
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**0**	**0**
Investments	0	0
Acquisitions	3,753	0
Transfer to investment properties	0	0
Disposals	0	0
Change in fair value	-129	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**3,624**	**0**

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.

As at 30 September 2017, one development project was under way. It concerns the acquisition of a Carrefour Market supermarket located in Anderlecht, in the Nautilus project which is currently under construction. It will be operated by the Mestdagh Group and is expected to open in July 2018. It will generate rental income of €0.26 million per year.

FAIR VALUE MEASUREMENT

The investment properties were valued as at 30 September 2017 by independent experts (CBRE, Jones Lang Lasalle and Cushman & Wakefield) at 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 the 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 2016/2017 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 carry 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, future vacancy 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 vacancy periods, credit risk, maintenance obligations, etc.) To determine this yield, the experts based their estimates 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 30/09/2017 (€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 (outskirts, city-centre), the quality of the property, the nature of the areas (sales, storage, etc.) and the size of the areas let.

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 €14,656,000 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 €15,414,000 in the fair value of the portfolio.
- An increase of 0.5% in the capitalisation rate would lead to a decrease of €42,566,000 in the fair value of the portfolio.
- A decrease of 0.5% in the capitalisation rate would lead to an increase of €49,861,000 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 PROPERTY, PLANT & EQUIPMENT

(€000s)	Assets held for own use		Others		Total	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**1,182**	**813**	**41**	**60**	**1,224**	**873**
Acquisitions	0	0	508	6	508	6
Disposals	0	0	0	0	0	0
Depreciation	0	0	-25	-25	-25	-25
Change in value	-113	369	0	0	-113	369
BALANCE AT THE END OF THE FINANCIAL YEAR	**1,069**	**1,182**	**525**	**41**	**1,594**	**1,224**

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 €1,069,000. The carrying amount of this part-property was adjusted downwards by €113,000 in order to bring it into line with its fair value as at 30 September 2017. The fair value of thee 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)	30/09/2017	30/09/2016
Held-to-maturity assets	0	0
Available-for-sale assets	0	0
Assets at fair value through the income statement	772	27
Loans and receivables	0	0
Other	470	366
NON-CURRENT FINANCIAL ASSETS	**1,242**	**393**
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)	30/09/2017		30/09/2016		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT ASSETS	**1,242**	**1,242**	**393**	**393**	
Deposits in guarantee lodged	470	470	366	366	Level 2
Derivative instruments (IRS) at fair value through the income statement	772	772	27	27	Level 2
CURRENT ASSETS	**7,936**	**7,936**	**8,825**	**8,825**	
Trade receivables	4,000	4,000	4,603	4,603	Level 2
Tax receivables and other current assets	1,017	1,017	881	881	Level 2
Cash and cash equivalents	2,919	2,919	3,341	3,341	Level 2
TOTAL	**9,178**	**9,178**	**9,218**	**9,218**	

(€000s)	30/09/2017		30/09/2016		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT LIABILITIES	**195,771**	**197,447**	**202,849**	**205,047**	
Bank borrowings	185,455	187,131	186,723	188,921	Level 2
Derivative instruments (IRS) at fair value through the income statement	8,302	8,302	14,231	14,231	Level 2
Guarantees received	2,014	2,014	1,895	1,895	Level 2
CURRENT LIABILITIES	**77,994**	**77,994**	**56,983**	**56,983**	
Bank borrowings	26,183	26,183	27,772	27,772	Level 2
Others current financial debts	43,000	43,000	21,000	21,000	Level 2
Trade debts	6,292	6,292	6,453	6,453	Level 2
Other current debts	2,519	2,519	1,758	1,758	Level 2
TOTAL	**273,765**	**275,441**	**259,832**	**262,030**	

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

(€000s)	More than 90 dd	From 30 to 90 dd	From 0 to 30 dd	Not due	Total
Non-doubtful receivables	93	43	38	3,654	3,828
Doubtful debtors	660	0	0	0	660
Write-downs on doubtful debtors	-488	0	0	0	-488
BALANCE AT 30/09/2017	**265**	**43**	**38**	**3,654**	**4,000**
Non-doubtful receivables	59	63	34	4,310	4,466
Doubtful debtors	387	0	0	0	387
Write-downs on doubtful debtors	-250	0	0	0	-250
BALANCE AT 30/09/2016	**196**	**63**	**34**	**4,310**	**4,603**

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.

As at 30 September 2017, doubtful accounts amounted to €660,000 (compared with €387,000 at 30 September 2016). Doubtful accounts had been reduced in value by €488,000 as at 30 September 2017 (compared with €250,000 at 30 September 2016). This amount represents the risk of default estimated at 30 September 2017 on the basis of the analysis of trade receivables at that date. The non-provisioned portion of these doubtful accounts (€172,000) 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" 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)	30/09/2017	30/09/2016
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**250**	**481**
Additions	323	132
Charged to provisions	-84	-318
Reversals	-1	-45
Acquisitions of subsidiaries	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**488**	**250**

NOTE 11: TAX RECEIVABLES AND OTHER CURRENT ASSETS

(€000s)	30/09/2017	30/09/2016
Taxes	955	237
Salaries and social charges	0	0
Other	1,017	644
TOTAL	**1,972**	**881**

The heading “Taxes” consists mainly of 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)	30/09/2017	30/09/2016
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	95	115
Other	234	233
TOTAL	**329**	**348**

NOTE 13: SHARE CAPITAL, SHARE PREMIUM AND RESERVES

(€000s)	30/09/2017	30/09/2016
Subscribed capital	38,986	38,188
Costs of capital increase	-917	-917
TOTAL	**38,069**	**37,271**

As at 30 September 2017 the share capital stood at €38,986,000 represented by 6,497,594 shares with no nominal value. Additional paid-in capital (share premium) amounted to €251,843,000.

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 as at 30 September 2017 amounted to €38,069,000 and €248,975,000 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
NUMBER OF SHARES AT 30 SEPTEMBRE 2017	**6,497,594**

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

NOTE 14: PROVISIONS

(€000s)	30/09/2017	30/09/2016
Pensions	0	0
Other	105	256
TOTAL	**105**	**256**

As at 30 September 2016, the provisions consisted of:

- a €238,000 provision relating to 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.
- a €18,000 balance of provision for works remaining to be carried out on-site at the Couillet retail park.

As at 30 September 2017 the provisions (€105,000) consisted exclusively of the amount relating to 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)	30/09/2017	30/09/2016
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**256**	**652**
Additions	0	0
Charged to provisions	-151	-396
Reversals	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**105**	**256**

The use of the provisions recognised in the financial year relates to the provision for clean-up operations for €133,000 and the provision for works at Couillet for €18,000.

NOTE 15: CURRENT AND NON-CURRENT FINANCIAL DEBT

(€000s)	30/09/2017	30/09/2016
Non-current financial debts	**185,455**	**186,723**
a. Credit institutions	183,887	184,577
b. Finance leases	1,568	2,146
Current financial debts	**69,183**	**48,772**
a. Credit institutions	25,590	27,204
b. Finance leases	593	568
c. Other - Commercial paper	43,000	21,000
TOTAL	**254,638**	**235,495**

As at 30 September 2017, financial liabilities totalled €254,638,000 They are divided into four types of financing:

- credit lines available in the form of fixed term advances: €199,900,000
- liabilities under finance leases: €2,161,000
- investment loans: €9,577,000
- commercial paper: €43,000,000

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	30/09/2016	200,250	25,250	100,000	75,000
	30/09/2017	199,900	23,700	105,000	71,200
Liabilities under finance leases	30/09/2016	2,714	568	1,856	290
	30/09/2017	2,161	578	1,582	0
Investment credits	30/09/2016	11,531	1,954	5,818	3,759
	30/09/2017	9,577	1,890	4,823	2,865
Commercial paper	30/09/2016	21,000	21,000	0	0
	30/09/2017	43,000	43,000	0	0
TOTAL	**30/09/2016**	**235,495**	**48,772**	**107,674**	**79,049**
	30/09/2017	**254,638**	**69,168**	**111,405**	**74,065**

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 2017.

(€000s)	Falling due within 1 year	Falling due from 1 to 5 years	Falling due over 5 years	Total
At 30/09/2016	51,789	115,051	80,764	247,604
At 30/09/2017	**71,928**	**118,291**	**74,835**	**265,054**

Credit lines available in the form of fixed term advances:

As at 30 September 2017, Ascencio had €275.5 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 2017 to 2024.

As at 30 September 2017, the unutilised portion of these lines amounted to €75.6 million.

Investment credits:

As at 30 September 2017, Ascencio had €9.6 million in investment credits with French banks, with maturities ranging from 2017 to 2027. The majority of these investment credits 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. As at 30 September 2017 this programme was used for short-term issues amounting to €43 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 2017, financial liabilities consisted of:

- €197,854,000 of floating rate debt (before taking account of IRS (interest rate swaps)).
- €56,784,000 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 2017, the fair value of fixed rate financial liabilities is estimated at €57,070,000. 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 2016/2017 the average cost of debt (including margins, non-utilisation commissions and upfront opening fees) declined further, amounting to:

- 2.94% after the impact of interest rate hedging instruments (i.e. including interest charges paid in respect of IRS)
- 1.25% 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

As at 30 September 2017, 77.7% 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.

As at 30 September 2017, interest rate hedging was composed of:

- 24 IRS (interest rate swap) contracts, of which one callable IRS, on a total notional amount of €380 million, of which €120 million was effective as at 30 September 2017 and €260 million would be effective at a later date;
- seven CAP option contracts on a notional amount of €110 million, of which €40 million was effective as at 30 September 2017 and €70 million would be effective at a later date.

Based on financial indebtedness as at 30 September 2017 and the interest rate hedging instruments active at that date, the hedging ratio[42] was 85.1%.

[42] Hedging ratio = (Fixed rate borrowings + Notional amount of IRS + Notional amount of CAPs) / Total financial liabilities.
The hedging ratio is an APM 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)	
						30/09/2017	30/09/2016
IRS callable	50,000	30/06/2008	29/06/2018	4,35%	3-month Euribor	-1,780	-4,167
IRS	7,500	12/08/2011	12/08/2018	2,39%	3-month Euribor	-206	-418
IRS	10,000	29/02/2012	28/02/2019	1,80%	3-month Euribor	-318	-545
IRS	5,000	29/02/2012	28/02/2019	1,81%	3-month Euribor	-160	-274
IRS	10,000	30/06/2013	30/06/2020	1,50%	3-month Euribor	-463	-706
IRS	10,000	03/07/2013	03/07/2020	1,50%	3-month Euribor	-463	-750
IRS	7,500	12/08/2011	12/08/2021	2,76%	3-month Euribor	-850	-1,179
IRS	20,000	28/09/2007	30/09/2022	3,70%	3-month Euribor	-3,616	-4,823
IRS	20,000	29/06/2018	30/06/2020	0,38%	3-month Euribor	-191	-292
IRS	10,000	29/06/2018	30/06/2020	0,29%	3-month Euribor	-77	-129
IRS	20,000	29/06/2018	30/06/2019	0,19%	3-month Euribor	-81	-112
IRS	30,000	30/06/2019	30/06/2020	0,28%	3-month Euribor	-75	-184
IRS	15,000	31/12/2019	31/12/2022	0,34%	3-month Euribor	62	-181
IRS	10,000	30/09/2019	31/12/2023	0,39%	3-month Euribor	78	-163
IRS	10,000	30/09/2019	31/12/2023	0,40%	3-month Euribor	77	-168
IRS	10,000	30/06/2020	30/06/2023	0,35%	3-month Euribor	83	-92
IRS	15,000	30/06/2020	30/06/2023	0,15%	3-month Euribor	213	-47
IRS	30,000	30/06/2020	31/12/2021	0,18%	3-month Euribor	96	0
IRS	20,000	30/06/2020	30/06/2021	0,26%	3-month Euribor	12	0
IRS	20,000	30/06/2020	30/06/2022	0,41%	3-month Euribor	21	0
IRS	10,000	30/06/2021	31/12/2022	0,83%	3-month Euribor	-22	0
IRS	10,000	30/06/2021	31/12/2022	0,63%	3-month Euribor	10	0
IRS	15,000	31/12/2021	30/06/2023	0,72%	3-month Euribor	26	0
IRS	15,000	31/12/2021	31/03/2023	0,67%	3-month Euribor	23	0
CAP purchased	20,000	31/12/2015	31/12/2017	0,25%	3-month Euribor	0	0
CAP purchased	20,000	30/06/2017	30/06/2016	0,15%	3-month Euribor	47	0
CAP purchased	20,000	31/12/2017	31/12/2018	0,45%	3-month Euribor	1	5
CAP purchased	15,000	30/06/2018	31/12/2019	0,45%	3-month Euribor	9	9
CAP purchased	10,000	31/12/2018	31/12/2019	0,25%	3-month Euribor	8	6
CAP purchased	10,000	31/12/2018	30/09/2019	0,25%	3-month Euribor	5	6
CAP purchased	15,000	28/02/2019	30/06/2019	0,45%	3-month Euribor	2	0

The callable IRS entered into with ING is composed of an IRS allowing the Company to obtain a fixed rate until 30 June 2018 subject to an option allowing ING to cancel the IRS at the end of each quarter starting from 30 June 2011.

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 2017, the financial result is income of €6.58 million (as against income of €0.16 million for the year ended 30 September 2016), 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 €1,855,000).

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 : €4,267,000
- Falling due at between one and five years : €9,572,000
- Falling due at more than five years : €2,091,000

NOTE 17: OTHER NON-CURRENT FINANCIAL LIABILITIES

(€000s)	30/09/2017	30/09/2016
Authorised hedging instruments	8,302	14,231
Other	2,014	1,895
TOTAL	**10,316**	**16,126**

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

NOTE 18: NON-CURRENT TRADE PAYABLES AND OTHER LIABILITIES

(€000s)	30/09/2017	30/09/2016
Trade debts	0	0
Other	0	428
TOTAL	**0**	**428**

NOTE 19: DEFERRED TAX LIABILITIES

As at 30/09/2016 the balance of "Deferred tax liabilities" represented the deferred tax (5% withheld at source) on unrealised capital gains on the French assets.

As at 30 September 2017, this heading comprised, apart from French deferred taxation (€539,000), the estimated amount of the exit tax that would be due if subsidiary Rix Retail S.A. were to be merged into Ascencio (€2,696,000).

NOTE 20: OTHER CURRENT LIABILITIES

(€000s)	30/09/2017	30/09/2016
Suppliers	5,560	5,643
Tenants	732	810
Taxes, salaries and social charges	2,519	1,758
TOTAL	**8,811**	**8,211**

" Taxes, employee benefits 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 21: ACCRUED CHARGES AND DEFERRED INCOME

(€000s)	30/09/2017	30/09/2016
Property income received in advance	35	38
Accrued interest and other charges not yet dues	1,565	1,242
Other	0	0
TOTAL	**1,600**	**1,280**

The heading "Interest and other charges accrued not due" mainly concerns the Statutory Manager's remuneration, the Statutory Manager's directors' remuneration and pro-rata of interest.

NOTE 22: RENTAL INCOME

(€000s)	30/09/2017	30/09/2016
Rents	41,009	38,954
Guaranteed income	0	0
Cost of rent-free periods	-227	-124
Concessions granted to tenants (incentives)	0	0
Indemnification for early termination of rental contracts	0	5
Finance lease fees and similar	0	0
TOTAL	**40,782**	**38,835**

NOTE 23: RENTAL-RELATED CHARGES

(€000s)	30/09/2017	30/09/2016
Rents payable on rented premises	0	0
Write-downs on trade receivables	331	132
Write-back of write-downs on trade receivables	-1	-45
TOTAL	**330**	**87**

NOTE 24: RECOVERY OF RENTAL CHARGES AND TAXES NORMALLY ASSUMED BY THE TENANT ON RENTED PROPERTIES

(€000s)	30/09/2017	30/09/2016
Rebilling of rental charges invoiced to the landlord	2,277	1,848
Rebilling of property taxes and other taxes on let properties	3,891	3,901
TOTAL	**6,168**	**5,749**

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 25: RENTAL CHARGES AND TAXES NORMALLY ASSUMED BY THE TENANT ON RENTED PROPERTIES

(€000s)	30/09/2017	30/09/2016
Rental charges invoiced to the landlord	-2,389	-2,025
Property taxes and other taxes on let properties	-3,889	-3,817
TOTAL	**-6,278**	**-5,842**

NOTE 26: TECHNICAL COSTS

(€000s)	30/09/2017	30/09/2016
Recurring technical costs		
- Repairs	-690	-808
- Total-guarantee charge	0	0
- Insurance premiums	0	-3
Non-recurring technical costs		
- Major repairs	-308	-241
- Damage expenses	0	0
TOTAL	**-998**	**-1,053**

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 27: COMMERCIAL COSTS

(€000s)	30/09/2017	30/09/2016
Letting fees paid to real estate brokers	-87	-41
Advertising and marketing costs relating to the properties	-7	-14
Fees paid to lawyers and other legal costs	-68	-40
TOTAL	**-162**	**-95**

NOTE 28: PROPERTY MANAGEMENT COSTS

(€000s)	30/09/2017	30/09/2016
Fees paid to external managers	-108	-171
Internal property management charges	-865	-859
TOTAL	**-973**	**-1,030**

NOTE 29: OTHER PROPERTY CHARGES

(€000s)	30/09/2017	30/09/2016
Insurance	-36	-34
Taxes and duties for landlord's account	-63	-65
Property renting, emphyteuses, rental charges	-181	-105
Other	0	0
TOTAL	**-280**	**-204**

NOTE 30: CORPORATE OVERHEADS

(€000s)	30/09/2017	30/09/2016
Employee benefits	-975	-835
Remuneration of the Statutory Manager	-858	-815
Remuneration of Directors	-147	-130
Operating costs	-596	-416
Fees	-460	-706
Tax on UCIs	-295	-269
Depreciation	-65	-65
TOTAL	**-3,397**	**-3,235**

NOTE 31: OTHER OPERATING INCOME AND CHARGES

(€000s)	30/09/2017	30/09/2016
Other operating income	13	37
Other operating charges	-3	-12
TOTAL	**10**	**25**

NOTE 32: NET GAINS AND LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

(€000s)	30/09/2017	30/09/2016
Losses on disposals of investment properties	0	-234
Gains on disposals of investment properties	0	354
TOTAL	**0**	**120**

(€000s)	30/09/2017	30/09/2016
Net sales of properties (selling price - transaction costs)	0	21,865
Carrying amount of properties sold	0	-21,745
TOTAL	**0**	**120**

NOTE 33: CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

(€000s)	30/09/2017	30/09/2016
Positive changes in the fair value of investment properties	14,254	24,705
Negative changes in the fair value of investment properties	-5,681	-9,700
TOTAL	**8,573**	**15,005**

NOTE 34: FINANCIAL INCOME

(€000s)	30/09/2017	30/09/2016
Interest and dividends received	3	1
TOTAL	**3**	**1**

NOTE 35: NET INTEREST CHARGES

(€000s)	30/09/2017	30/09/2016
(-) Nominal interest on borrowings	-2,849	-3,158
(-) Reconstitution of the face value of financial debts	0	0
(-) Charges arising from authorised hedging instruments	-4,316	-4,149
Authorised hedging instruments to which IFRS hedge accounting is not applied	-4,316	-4,149
(+) Income arising from authorised hedging instruments	0	0
(-) Other interest charges	0	0
TOTAL	**-7,165**	**-7,307**

NOTE 36: OTHER FINANCIAL CHARGES

(€000s)	30/09/2017	30/09/2016
Bank charges and other commissions	-370	-204
TOTAL	**-370**	**-204**

NOTE 37: CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(€000s)	30/09/2017	30/09/2016
Authorised hedging instruments		
Authorised hedging instruments to which IFRS hedge accounting is not applied	6,584	162
TOTAL	**6,584**	**162**

NOTE 38: CORPORATE TAX

	30/09/2017	30/09/2016
PARENT COMPANY		
Pre-tax result	41,529	40,472
Result exempted from income tax due to the RREC regime	-41,529	-40,472
Taxable result	0	0
Tax at standard rate	0	0
Other taxes	-145	-117
Deferred tax	-187	-118
SUBSIDIARIES		
Current tax	-312	-225
TOTAL	**-644**	**-461**

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 39: EXIT TAX

The income of €50,000 for 2015/2016 represents the difference between the amount of exit tax actually charged on the merger by absorption of the subsidiary Primmodev S.A. and the amount initially set aside as a provision for this.

NOTE 40: 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.

	30/09/2017	30/09/2016
Net result for the financial year (€000s)	41,197	40,237
Weighted average number of shares in circulation	6,497,594	6,364,686
Basic and diluted EPS (euros)	**6.34**	**6.32**

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%.

The weighted average number of shares during the financial year ended 30 September 2016 consisted of

- the 6,182,768 shares in existence at the beginning of the financial year;
- the 181,918 new shares issued on 26 February 2016, entitled to dividends from 01/10/2015 and weighted 100%.

NOTE 41: 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)	30/09/2017	30/09/2016
Rental income		
Mestdagh SA	4,020	3,772
Equilis SA	70	66
Purchase of services		
Equilis SA	0	0
Remuneration of the Manager	858	815
Remuneration of Manager's Directors	147	130
Assets		
Trade receivables Mestdagh SA	441	217
Trade receivables Equilis SA	9	1

The remuneration granted to executives of the Statutory Manager is referred to in Note 42 hereunder.

During the financial year last ended Ascencio entered into contracts with counterparties that were, directly or indirectly related parties:

- the acquisition from Equilis GST SA (held indirectly by Carl, Eric and John Mestdagh) and Too'Gezer SPRL of 100% of the shares of Rix Retail S.A., which holds the rights under a 99-year emphyteotic leasehold on Phase 1 of the Papeteries de Genval retail park located at Avenue Franklin Roosevelt 100, Rixensart.
- the granting to Mestdagh S.A. of an in rem usufruct in respect of a retail unit to be constructed within the "Nautilus" condominium at Boulevard de l'Industrie, Anderlecht.

These transactions were carried out in compliance with Articles 523 and 524 of the Companies Code and are described in the management report (in the Corporate Governance Declaration section).

NOTE 42: MANAGERS' REMUNERATION

The remuneration of Ascencio S.A., the Statutory Manager, is set at 4% of the amount of the gross dividend distributed, namely €858,000 for the financial year last ended (€815,000 for the previous financial year). This amount will not be paid until after the Ordinary General Meeting of Shareholders of Ascencio S.C.A.

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 €147,000 for the financial year last ended (€130,000 for 2015/2016). 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 S.C.A.

Lastly, remuneration of the Company's executive managers, Somabri S.P.R.L., Stéphanie Vanden Broecke and Michèle Delvaux, amounted to €683,000 for the financial year last ended. This amount does not include the end-of-service indemnity of €240,000 paid to Somabri S.P.R.L. upon termination of its management contract.

NOTE 43: SUBSIDIARIES

SUBSIDIARIES	Held directly	Held indirectly
ETUDIBEL S.A. - Avenue Jean Mermoz 1 Bte 4 - 6041 Gosselies Company number BE 883 633 970	100%	None
RIX RETAIL S.A. - Avenue Jean Mermoz 1 Bte 4 - 6041 Gosselies Company number 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 - Spain	100%	None

NOTE 44: FEES OF THE STATUTORY AUDITOR AND RELATED PERSONS

(€000s)	30/09/2017	30/09/2016
Audit of the financial statements	42	47
Other assignments carried out by the Statutory Auditor	5	215
TOTAL	**47**	**262**

NOTE 45: EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period as 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 2017

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 10 subsequent years.

Report on the audit of the consolidated accounts

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated balance sheet as at 30 September 2017, 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 625.414 (000) EUR and the consolidated income statement a consolidated net profit for the year then ended of 41.197 (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 2017 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 613.3 million as at September 30, 2017 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.	▪ We evaluated the process of reviewing and approving the work of real estate experts set up by the Group.
▪ The portfolio includes leased buildings and buildings under construction.	▪ We assessed the competence, independence and integrity of the real estate experts.
▪ 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.	▪ 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 and rents.
▪ 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.	▪ 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.
▪ 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.	▪ With the help of a member of our team of real estate valuation specialists, 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 management body regarding the consolidated financial statements

The management body is responsible for preparation of the consolidated financial statements giving a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for putting in place such internal control as it deems necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the consolidated financial statements, it is incumbent on the management body to assess the Group's ability to continue as a going concern, to provide such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle unless it intends to put the Group into liquidation or cease its activities or is unable to envisage a realistic alternative solution.

Responsibilities of the statutory auditor regarding the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain material misstatements whether arising from fraud or error, and to issue an audit report containing our opinion. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with ISA will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the consolidated financial statements may take on the basis of those statements.

Throughout the audit process carried out in accordance with ISA we exercise our professional judgement and adopt a critical approach. Furthermore:

- we identify and assess the risks of material misstatements being contained in the consolidated financial statements whether deriving from fraud or from error, we define and implement audit procedures to address these risks and we collect sufficient and appropriate evidence on which to base our opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error, since fraud may involve collusion, forgery, wilful omissions, false declarations or bypassing of internal controls;
- we take note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the Group's internal control;
- we assess the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by the management body, as well as the related information provided by said body;
- we form an opinion as to the appropriateness of the management body's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast serious doubt on the Group's ability to stay in business. If we reach the conclusion that such significant uncertainty does exist, we are obliged to draw the attention of readers of our audit report to the information provided in the consolidated financial statements regarding this uncertainty or, if this information is insufficient or inappropriate, to issue a qualified opinion. Our conclusions are based on the evidence collected up until the date of our audit report. However, future situations or events could lead the Group to cease trading;
- we assess the overall presentation, structure and content of the consolidated financial statements and whether they give a true and fair view of the underlying transactions and events;
- we collect sufficient and appropriate evidence concerning the financial information on the Group companies or activities in order to express an opinion on the consolidated financial statements. We are responsible for the management, supervision and performance of the audit at group level. We assume full responsibility for our audit opinion.

We inform the audit committee of the extent of the audit work and the timetable envisaged, as well as of the significant findings deriving from our audit, including any significant weaknesses in internal control.

We also provide the audit committee with a statement confirming that we have complied with the relevant ethical rules on independence, and we inform them of any relations or other factors that might reasonably be considered capable of affecting our independence and any preventive measures in this respect.

Among the points communicated to the audit committee, we identify those that have been most important in carrying out the audit of the consolidated financial statements for the reporting period, which are thus the key points of the audit. We describe these points in our audit report, except where the law or regulations prohibit publication.

Report on other legal and regulatory obligations

Responsibilities of the management body

The management body is responsible for the preparation and content of the management report on the consolidated financial statements and the other information contained in the annual report.

Responsibilities of the statutory auditor

As part of our assignment, and in accordance with the (revised) Belgian standard complementary to the International Standards on Auditing (ISA) applicable in Belgium, our responsibility is to verify, in all material respects, the management report on the consolidated financial statements and the other information contained in the annual report and to report on these aspects.

Aspects relating to the management report and other information contained in the annual report

In our opinion, having carried out the specific checks on the management report on the consolidated financial statements, the report agrees with the consolidated financial statements for the same financial year and has been drawn up in accordance with Article 119 of the Companies Code.

As part of our audit of the consolidated financial statements we are also required to assess, in particular based on our knowledge acquired during the audit, whether the management report on the consolidated financial statements contains any material misstatement, namely information incorrectly expressed or otherwise misleading. Based on this work, we have no material misstatements to report.

Statement relating to independence

We have not carried out any assignments that were incompatible with the statutory audit of the consolidated accounts, and we remained independent vis-à-vis the company throughout our assignment.

The fees relating to additional assignments compatible with the statutory audit of the consolidated accounts referred to in Article 134 of the Companies Code have been correctly valued and broken down in the Notes to the consolidated financial statements.

Other remarks

This report conforms to the content of our additional report to the audit committee as referred to in Article 11 of Regulation (EU) No. 537/2014.

Zaventem, 8 December 2017

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)		30/09/2017	30/09/2016
ASSETS			
I	**NON-CURRENT ASSETS**		
A	Goodwill	0	0
B	Intangible assets	41	81
C	Investment properties	442,311	431,244
D	Other tangible assets	1,102	1,224
E	Non-current financial assets	98,461	61,878
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		**541,915**	**494,426**
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	2,787	3,389
E	Tax receivables and other current assets	52,012	67,605
F	Cash and cash equivalents	2,457	1,976
G	Deferred charges and accrued income	147	186
TOTAL CURRENT ASSETS		**57,403**	**73,156**
TOTAL ASSETS		**599,317**	**567,582**

EQUITY AND LIABILITIES (€000s)		30/09/2017	30/09/2016
EQUITY			
A	Capital	38,069	37,271
B	Share premium account	248,975	242,240
C	Reserves	17,875	-1,881
	a. Legal reserve	*0*	*0*
	b. Reserve for changes in fair value of properties	*30,522*	*13,511*
	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	*-10,389*	*-10,389*
	e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied	*-14,327*	*-14,489*
	m. Other reserves	*12,070*	*9,486*
D	Net result for the financial year	41,197	40,237
NON-CONTROLLING INTERESTS		**346,116**	**317,867**
LIABILITIES			
I	**NON-CURRENT LIABILITIES**	**176,042**	**192,914**
A	Provisions	105	256
B	Non-current financial debts	166,568	177,146
	a. Credit institutions	*165,000*	*175,000*
	b. Finance leases	*1,568*	*2,146*
C	Other non-current financial liabilities	8,831	15,160
D	Trade debts and other non-current debts	0	0
E	Other non-current liabilities	0	0
F	Deferred tax liabilities	538	352
II	**CURRENT LIABILITIES**	**77,159**	**56,801**
A	Provisions	0	0
B	Current financial debts	67,293	46,818
	a. Credit institutions	*23,700*	*25,250*
	b. Finance leases	*593*	*568*
	c. Other	*43,000*	*21,000*
C	Other current financial liabilities	0	0
D	Trade debts and other current debts	8,282	8,726
	a. Exit tax	*0*	*2,396*
	b. Other	*8,282*	*6,331*
F	Accrued charges and deferred income	1,584	1,257
TOTAL LIABILITIES		**253,201**	**249,715**
TOTAL EQUITY AND LIABILITIES		**599,317**	**567,582**

(€000s)		30/09/2017	30/09/2016
I	Rental income	29,847	29,203
III	Rental related charges	-185	-107
NET RENTAL RESULT		**29,662**	**29,096**
V	Recovery of rental charges and taxes normally paid by tenants on let properties	4,339	4,219
VII	Rental charges and taxes normally paid by tenants on let properties	-4,433	-4,302
VIII	Other revenue and rental related charges	-44	17
PROPERTY RESULT		**29,524**	**29,030**
IX	Technical costs	-737	-1,001
X	Commercial costs	-97	-74
XI	Rental charges and taxes on unlet properties	-261	-203
XII	Property management costs	-951	-992
XIII	Other property charges	-122	-149
PROPERTY CHARGES		**-2,168**	**-2,419**
PROPERTY OPERATING RESULT		**27,356**	**26,611**
XIV	Corporate overheads	-3,225	-3,034
XV	Other operating income and charges	366	228
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**24,498**	**23,805**
XVI	Net gains and losses on disposals of investment properties	0	-422
XVIII	Change in the fair value of investment properties	6,159	11,399
OPERATING RESULT		**30,657**	**34,782**
XX	Financial income	8,901	8,965
XXI	Net interest charges	-6,677	-6,853
XXII	Other financial charges	-349	-192
XXIII	Change in fair value of financial assets and liabilities	8,997	3,769
	- Change in value of hedging instruments	6,584	162
	- Proportional part of the change in value of financial equity interests linked to properties	2,413	3,607
FINANCIAL RESULT		**10,872**	**5,689**
PRE-TAX RESULT		**41,529**	**40,472**
XXV	Corporate tax	-332	-235
XXVI	Exit Tax	0	0
TAXES		**-332**	**-235**
NET RESULT		**41,197**	**40,237**
BASIC NET RESULT AND DILUTED (€/SHARE)		6.47	6.32

	STATEMENT OF COMPREHENSIVE INCOME (€000s)	30/09/2017	30/09/2016
I	**NET RESULT**	**41,197**	**40,237**
II	**OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT**		
A	Impact on fair value of estimatedtransaction costs resulting from hypothetical disposal of investment properties	0	-603
B	Other comprehensive income (*)	-113	369
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**41,084**	**40,003**

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

	PROPOSED APPROPRIATION (€000s)	30/09/2017	30/09/2016
A	**NET RESULT**	**41,197**	**40,237**
B	**TRANSFERS TO/FROM RESERVES**	**19,755**	**19,870**
1.	Transfer to/from reserves of net change in fair value of property assets (-/+)	8,572	15,005
	- accounting financial year	8,572	15,005
	- 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 (-)	6,584	162
	- accounting financial year	6,584	162
	- 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	4,599	4,703
11.	Transfer to/from the result carried forward of the previous years	0	0
C	**REMUNERATION OF CAPITAL (ART. 13, SECTION 1, PARA. 1)**	**21,033**	**11,652**
D	**REMUNERATION OF CAPITAL - OTHER THAN C**	**409**	**8,715**

	OBLIGATION TO DISTRIBUTE AS PER ROYAL DECREE OF 13 JULY 2014 ON B-REITS	30/09/2017 (€000s)	30/09/2016 (€000s)
STATUTORY NET RESULT		**41,197**	**40,237**
(+)	Depreciation	65	65
(+)	Reductions in value	185	107
(+/-)	Other non-monetary items (Change in value of financial interests)	-2,413	-3,607
(+/-)	Other non-monetary items (Change in value of financial instruments)	-6,584	-162
(+/-)	Other non-monetary items	0	0
(+/-)	Net gains/(losses) on disposals of property assets	0	422
(+/-)	Change in fair value of property assets	-6,159	-11,399
= CORRECTED RESULT (A)		**26,291**	**25,663**
(+/-)	Capital gains and losses realised(*) on property assets during the financial year	0	-10.822
(-)	Capital gains realised(*) on property assets during the financial year, exonerated from the distribution obligation, subject to reinvestment within 4 years	0	-276
(+)	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)**	**0**	**-11,098**
TOTAL ((A + B) x 80%)		**21,033**	**11,652**
(-)	**REDUCTION IN BORROWINGS**	0	0
OBLIGATION TO DISTRIBUTE		**21,033**	**11,652**

AMOUNT DISTRIBUTED		**21,442**	**20,367**

(*) Relative to the acquisition value plus capitalised renovation costs.

% OF CORRECTED RESULT DISTRIBUTED		**81.56%**	**79.36%**

(€000s)			Reserves					
	Capital	Share premium account	Net change in fair value of properties	Impact of transaction costs on fair value	Net changes in fair value of non-IFRS hedging instruments	Other reserves	Result for the financial year	Total equity
BALANCE AT 30/09/2015	**36,180**	**234,055**	**8,765**	**-9,786**	**-16,847**	**12,544**	**22,547**	**287,457**
Distribution of dividends							-9,541	-9,541
Appropriation to reserves			-2,518		2,358	3,850	-3,690	0
Capital increase	1,091	8,185					-9,316	-40
Net result							40,237	40,237
Other elements recognised in the global result			369	-603				-233
Reclassification of reserves			6,895			-6,895		0
Adjustment to reserves						-13		-13
BALANCE AT 30/09/2016	**37,271**	**242,240**	**13,511**	**-10,389**	**-14,489**	**9,486**	**40,237**	**317,867**

(€000s)			Reserves					
	Capital	Share premium account	Net change in fair value of properties	Impact of transaction costs on fair value	Net changes in fair value of non-IFRS hedging instruments	Other reserves	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**

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, 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, 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, section 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, section 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 €38,985,564. It is represented by 6,497,594 shares without nominal value, each representing a six million, four hundred and ninety-seven thousand, five hundred and ninety-fourth 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 €34,334,424 as 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 S.A.- Change of control

In order to ensure the permanence of the shareholding of Ascencio S.A., the major shareholders have mutually agreed pre-emptive rights to the Ascencio S.A. shares that they hold.

Apart from this, in the framework of the agreements into which they have entered, the major shareholders have granted one another purchase and sale options on the shares in Ascencio S.A. that they hold[43].

The main features of these options are summarised hereunder:

- AG Real Estate holds a purchase option on Ascencio S.A. shares held by Carl, Eric and John Mestdagh, exercisable in the event that (i) Carl, Eric and John Mestdagh (and, if applicable, members of their respective families or companies 100% controlled by them holding shares of the Statutory Manager) do not designate a new sole representative vis-à-vis AG Real Estate within three months of the end of the term of office of Carl Mestdagh in this capacity, (ii) 51% of the shares of the Statutory Manager are no longer held by Carl, Eric and John Mestdagh, companies they control 100% or members of their respective families and (iii) at least 5% of the Company's shares are no longer held by the Mestdagh family members whose names appear on the list delivered to the Board of Directors of Ascencio S.A. (or of members of their respective families) acting individually or in concert.
- Carl, Eric and John Mestdagh have a purchase option on the shares of the Statutory Manager held by AG Real Estate, exercisable in the event that companies in the AG Real Estate group no longer hold at least 5% of the Company's shares. In the event that these options are exercised, the share price shall be determined by an expert on the basis of usual valuation methods.
- In the event of conflict between the major shareholders leading to persistent disagreement as to the conduct of the Statutory Manager's business not being settled by a conciliation procedure, each major shareholder may notify the other of its offer either to sell to such other shareholder all the shares that it holds at a given price, or to buy from such other shareholder all the shares that that shareholder holds at a given price. The major Shareholder who has been thus notified of an offer shall inform the other major Shareholder either that it accepts the offer received or on the contrary (if the offer received is an offer to buy) that it will itself buy the shares at the price indicated, or (if the offer received is an offer to sell) that it will itself sell its shares at that price.

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 S.C.A.

Article 16 of the Articles of Association of Statutory Manager Ascencio S.A. 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 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 S.A. 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 S.C.A.

The Articles of Association of Ascencio S.C.A. 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.

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 S.C.A. 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 three 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.

43. The clause barring the transfer of shares and the right of pre-emption are not applicable however (i) in the event of a sale of shares in Ascencio S.A. by Carl, Eric and John Mestdagh to a member of their family or to a company that is 100% controlled by them or (ii) in the event of a sale of shares in Ascencio S.A. by AG Real Estate to a company which it controls exclusively.

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.

The Company's real estate experts are:

BELGIUM	Jones Lang LaSalle S.P.R.L.	Rod Scriverer	Avenue Marnix 23 1000 Brussels
	Cushman & Wakefield S.P.R.L.	Ardalan Azari	Avenue des Arts 58 1000 Brussels
	CBRE S.A.	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 S.A.

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 section 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 and the Royal Decree of 13 July 2014, ("the Law"). The bill amending the Law of 12 May 2014 was passed by the Chamber of Representatives in plenary session on 5 October 2017 and will come into force as soon as it is published in the Moniteur Belge (official state gazette). As at the date of drawing up this report, this bill has yet to be published.

Ascencio is incorporated in the form of an "S.C.A." (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 S.A. The functions and powers of the Manager of the public B-REIT are performed by the Board of Directors of Ascencio S.A. 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 16.995%. 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 S.A. (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.

DECLARATIONS

Person responsible

The Statutory Manager of Ascencio S.C.A., Ascencio S.A., 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 S.A. 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 2017.

Declaration regarding the Directors and executive managers

The Statutory Manager of Ascencio S.C.A. 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.

Information 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 S.C.A.
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	Jones Lang LaSalle / Cushman & Wakefield / CB Richard Ellis
Financial service	BNP Paribas Fortis Banque S.A.
Financial year-end	30 September
Share capital	€38,985,564
Number of shares	6,497,594
Listing	Euronext Brussels
Fair value of the property portfolio	€613 million
Number of properties	104
Types of properties	Out-of-town commercial properties 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.

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.

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).

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.

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

HEDGING RATIO

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

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.

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

NET RESULT OF CORE ACTIVITIES

Definition:

This is the operating result before result on portfolio,

plus

- financial income (heading XX in the income statement);

less

- net interest charges (heading XXI in the income statement);
- other financial charges (heading XXII in the income statement);
- corporate tax (heading XXV in the income statement) excluding deferred tax.

The components of this APM relate to the last period ended on the closing date of the financial year.

This indicator does not conform to the guidelines laid down by ESMA, the European Securities and Market Authority in force since 3 July 2016. An appropriate alternative indicator will shortly be proposed by the whole sector meeting within the Association of B-REITs.

Use:

This APM allows us to measure the operating profitability of the Company after the financial result and after tax on the operating results but before result on portfolio, changes in the fair value of financial assets and liabilities, exit tax and deferred tax.

Reconciliation:

Details of the calculation of this APM are provided hereunder (see “ Net result of core activities per share ”).

NET RESULT OF CORE ACTIVITIES PER SHARE

Definition:

This is net result of core activities divided by the number of shares in circulation entitled to the dividend.

Use:

This APM allows us to measure the net result of core activities per share and compare it with the dividend paid.

Reconciliation:

Details of the calculation of this APM are provided hereunder.

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

NET ASSET VALUE (NAV) EXCLUDING FAIR VALUE OF FINANCIAL INSTRUMENTS

Definition:

This is the net asset value minus the fair value of financial instruments at closing date.

Use:

This APM allows us to measure the net asset value without taking account of the fair value of the financial instruments since their impact will be incorporated into the financial charges of future years if they are not cancelled before maturity.

Reconciliation:

Details of the calculation of this APM are provided hereunder (see Net Asset Value (NAV) per share excluding fair value of financial instruments").

NET ASSET VALUE (NAV) PER SHARE EXCLUDING FAIR VALUE OF FINANCIAL INSTRUMENTS

Definition:

This is the sum of the net asset value excluding the fair value of financial instruments divided by the number of shares in circulation entitled to the dividend.

Use:

This APM allows us to measure the net asset value per share without taking account of the fair value of the financial instruments since their impact will be incorporated into the financial charges of future years if they are not cancelled before maturity.

Reconciliation:

Details of the calculation of this APM are provided hereunder.

	30/09/2017	30/09/2016
Net asset value (NAV) (€000s)	346,281	318,032
Number of shares	6,497,594	6,364,686
NAV per share (€)	**53.29**	**49.97**
Restatements:		
Fair value of financial instruments (IRS & CAP) (€000s)	7,530	14,231
NAV EXCLUDING THE FAIR VALUE OF FINANCIAL INSTRUMENTS (IRS & CAP) (€000s)	**353,811**	**332,263**
Number of shares	6,497,594	6,364,686
NAV PER SHARE EXCLUDING THE FAIR VALUE OF FINANCIAL INSTRUMENTS (IRS & CAP) (€)	**54.45**	**52.20**

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).

For any additional information:

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