



## INTERIM STATEMENT OF THE STATUTORY MANAGER THIRD QUARTER OF FINANCIAL YEAR 2018-2019



### Regulated information

8 August 2019 – Under embargo until 5.40 p.m.

## RESILIENCE AND DYNAMIC MANAGEMENT OF THE PORTFOLIO GROWTH IN EPRA EARNINGS - DIVIDEND AT LEAST COMPARABLE STRENGTHENING OF THE OPERATIONAL STRUCTURE

### OPERATING RESULTS

- **Rental income** : €31.16 million, up by 1.5%
- **EPRA earnings<sup>1</sup>** : €21.92 million, up by 13.1%
- **Sharp decrease in average cost of borrowing<sup>1</sup>** : 1.90%, compared with 2.89% at 30 June 2018

### EARNINGS PER SHARE

- **EPRA earnings<sup>1</sup>** : €3.32 per share, compared with €2.94 per share at 30 June 2018
- **EPRA NAV** : €56.02 per share, compared with €55.22 per share at 30 June 2018

### PROPERTY PORTFOLIO

- **Value of the portfolio** : €623 million, stable on a like-for-like basis (-0.20%)
- **Geographical diversification** of the portfolio :
  - 61% in Belgium
  - 34% in France
  - 5% in Spain
- **Occupancy rate** : 96.6% (compared with 97.3% at 30 September 2018)

### FINANCIAL STRUCTURE

- **Debt ratio<sup>2</sup>** of 40.9% at 30 June 2019
- Remaining **investment capacity** of more than €100 million before debt ratio reaches 50%.

<sup>1</sup> Alternative Performance Measure (APM). See pages 7 to 10.

<sup>2</sup> Debt ratio calculated in accordance with the Royal Decree of 28 April 2018 on Regulated Real Estate Companies.

## Property portfolio at 30 June 2019

The fair value of the property portfolio stood at €622.5 million at 30 June 2019, compared with €619.0 million at 30 September 2018.

(€000S)	30/06/2019	30/09/2018
<b>BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>619,029</b>	<b>613,317</b>
Acquisitions	9,895	4,930
Disposals	-5,192	-3,359
Transfer from assets held for sale	0	0
Change in fair value	-1,215	4,141
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>622,516</b>	<b>619,029</b>

### Investments during the first nine months of the financial year:

During the first nine months of the financial year Ascencio acquired nine newly constructed retail areas representing a total of 4,350 m<sup>2</sup>, in the "Parc des Drapeaux" retail park in Caen, where it already held 19,629 m<sup>2</sup>.

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

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

### Divestments during the first nine months of the financial year:

On 26 February 2019 Ascencio sold the Pontet retail park in France for an amount of €4 million not including duty. This retail park, with an area of 3,585 m<sup>2</sup>, has an occupancy rate of 100% and is occupied by Basif-Fit, Pacific Pêche and the health food chain Satoriz.

On 24 June 2019 Ascencio also sold the Deurne site, a stand-alone of 3,980 m<sup>2</sup> which had been unoccupied for several years, for an amount of €2.5 million not including duty.

These two sales were carried out as part of Ascencio's investment switching policy.

## Occupancy rate

At 30 June 2019 the occupancy rate of the portfolio stood at 96.6%.

As at 30 June 2019, the breakdown of the portfolio 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	386,387	376,973 60.6%	25,734	95.1%	6.66%
France	225,435	212,793 34.2%	14,309	98.9%	6.35%
Spain	33,852	32,750 5.3%	1,948	100.0%	5.75%
<b>TOTAL</b>	<b>645,674</b>	<b>622,516 100%</b>	<b>41,991</b>	<b>96.6%</b>	<b>6.50%</b>

## Consolidated results for the first nine months and the third quarter of financial year 2018/2019

CONSOLIDATED RESULTS (€000S)	30/06/2019	30/06/2018
<b>Rental income</b>	<b>31,162</b>	<b>30,687</b>
Charges linked to letting	-58	36
Taxes and charges not recovered	-18	-26
<b>Property result</b>	<b>31,086</b>	<b>30,697</b>
Property charges	-2,474	-1,918
Corporate overheads	-2,749	-3,507
Other operating costs	80	-23
<b>Operating result before result on portfolio</b>	<b>25,943</b>	<b>25,249</b>
<b>Operating margin (*)</b>	<b>83.3%</b>	<b>82.3%</b>
Financial income	-	-
Net interest charges	-3,330	-5,179
Other financial charges	-299	-296
Taxes	-394	-385
<b>EPRA Earnings (*)</b>	<b>21,920</b>	<b>19,389</b>
Net gains and losses on sales of investment property	963	-15
Changes in the fair value of investment property	-1,215	4,068
Other portfolio result	-	-
<b>Portfolio result</b>	<b>-252</b>	<b>4,053</b>
Changes in fair value of financial assets and liabilities	-5,296	2,197
Deferred tax	1,129	-
Taxes on net gains and losses on disposals	-	-
Exit Tax	-158	-135
<b>NET RESULT</b>	<b>17,342</b>	<b>25,504</b>

(\*) Alternative Performance Measure (APM). See pages 7 to 10.

CONSOLIDATED RESULT PER SHARE (EUR)	30/06/2019	30/06/2018
EPRA Earnings (EUR)	3.32	2.94
Earnings per share (EPS) (EUR)	2.63	3.87

NUMBER OF SHARES	30/06/2019	30/06/2018
Weighted average number of shares entitled to the dividend	6,595,985	6,595,985
Total number of shares issued	6,595,985	6,595,985

**Rental income** was up by 1.5% at €31.16 million, compared with €30.69 million for the first nine months of the previous financial year.

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

RENTAL INCOME (€000S)	30/06/2019		30/06/2018	
Belgium	19,054	61%	18,819	61%
France	10,669	34%	10,441	34%
Spain	1,439	5%	1,427	5%
<b>TOTAL</b>	<b>31,162</b>	<b>100%</b>	<b>30,687</b>	<b>100%</b>

**Income from property** amounted to **€31.1 million** (up by +1.3% on the nine months to 30 June 2018).

After deduction of property costs and general expenses, the **operating result before portfolio income** was €25.94 million (€25.25 million for the nine months to 30 June 2018), i.e. an increase of 2.7%. The **operating margin<sup>3</sup>** came to 83.3%.

The year-on-year decline in general expenses for the nine months to 30 June 2019 is linked to due diligence costs of a major investment project studied during the third quarter of the previous financial year which did not come to fruition. These non-recurring costs had amounted to €0.82 million.

**Net interest expense**, including the cash flows generated by interest rate hedging instruments, amounted to €3.33 million.

The **average cost of borrowing<sup>3</sup>** (1.90% including margins and the cost of hedging instruments) was down significantly compared with the nine months to 30 June 2018 (2.89%).

Thanks to the interest rate hedging policy put in place, the group's **hedging ratio<sup>4</sup>** is currently 87% and based on the current level of debt it will be above 80% for the next four financial years.

After deduction of the tax charge on results of the French and Spanish assets, **EPRA earnings<sup>3</sup>** amounted to €21.92 million for the nine months to 30 June 2019, which was 13.1% more than in the nine months ended 30 June 2018.

**EPRA Earnings per share<sup>3</sup>** came to €3.32 (€2.94 for the 9 months to 30 June 2018), up by 13.1%.

<sup>3</sup> Alternative Performance Measure (APM). See pages 7 to 10.

<sup>4</sup> Hedging ratio = (Fixed rate debt + Notional amount of interest rate hedging instruments) / Total financial debt.

**Non-monetary items in the income statement** amounted to :

- - €5.3 million fall in the fair value of interest rate hedging instruments ;
- - €1.2 million representing the change in fair value of investment property ;
- - €0.2 million of deferred taxation relating to the deferred taxation (5% withheld at source) of unrealised capital gains on French assets.

After taking account of these non-monetary items, **net income** for the nine months to 30 June 2019 came to €17.34 million as against €25.50 million for the nine months to 30 June 2018.

## Consolidated balance sheet at 30 June 2019

CONSOLIDATED BALANCE SHEET (€000S)	30/06/2019	30/09/2018
<b>ASSETS</b>	<b>635,726</b>	<b>631,258</b>
Investment properties	622,516	619,029
Other non-current financial assets	1,806	2,193
Assets held for sale	0	0
Trade receivables	2,512	4,307
Cash and cash equivalents	3,491	4,027
Other current financial assets	5,401	1,703
<b>EQUITY AND LIABILITIES</b>	<b>635,726</b>	<b>631,258</b>
Equity	359,133	364,026
Non-current financial debts	202,988	132,772
Other non-current financial liabilities	11,401	6,897
Deferred taxes	818	3,357
Current financial debts	51,337	114,698
Other current liabilities	10,049	9,508

The **EPRA NAV per share**<sup>5</sup> stood at €56.02 at 30 June 2019, compared with €55.22 at 30 June 2018.

## Significant events and transactions arising after 30 June 2019

There have been no significant events since 30 June 2019.

## Outlook

The quality and the diversification (in terms of geographical regions, sectors and tenants) of Ascencio's real estate portfolio constitute a solid and resilient basis for future results. This approach is reinforced by the strategic decision to hold the proportion of the relatively resilient and defensive food sector at not less than 25%.

Ascencio's inclusion in the EPRA index since March 2019 reinforces its position on the financial markets.

<sup>5</sup> Alternative Performance Measure (APM). See pages 7 to 10.

Focused on growth, Ascencio wishes to develop its investment policy taking market cycles into account. The pressure currently experienced in the retail sector makes investment decisions more complex, encouraging Ascencio to be more selective in its analysis of market opportunities. In addition, Ascencio has strengthened and consolidated its operational structure. In this context, Eléonore Turcas joined the Ascencio team in April as Investment and Asset Management Director France. Her mission is to supervise the performance of current and future assets and to contribute to the growth of the portfolio.

The resilience of the portfolio, supported by a dynamic asset management and a reduction in the average cost of debt, should allow Ascencio to distribute a dividend at least comparable to that of the previous year, barring unforeseen circumstances.

## Financial calendar

Press release on results for the year to 30 September 2019	22 November 2019
Ordinary general meeting of shareholders	31 January 2020

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## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

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

### Operating margin

		30/06/2019	30/06/2018
Operating result before result on portfolio (€000S)	= A	25,943	25,249
Rental income (€000S)	= B	31,162	30,687
<b>OPERATING MARGIN</b>	<b>= A / B</b>	<b>83.3%</b>	<b>82.3%</b>

### Average cost of borrowing

		30/06/2019	30/06/2018
Net interest charges (heading XXI) (€000S)		3,330	5,179
Commissions on undrawn balances under credit facilities		240	237
Opening commission and charges for credit facilities		26	27
Change in fair value of caps		15	59
<b>TOTAL COST OF FINANCIAL DEBTS</b>	<b>= A</b>	<b>3,610</b>	<b>5,503</b>
<b>WEIGHTED AVERAGE DEBT FOR THE PERIOD</b>	<b>= B</b>	<b>253,894</b>	<b>253,970</b>
<b>AVERAGE COST OF BORROWING</b>	<b>= (A x 4/3) / B</b>	<b>1.90%</b>	<b>2.89%</b>

### Coverage ratio

(€000S)		30/06/2019	30/09/2018
Fixed-rate financial debts		53,822	55,000
Variable-rate financial debts converted into fixed-rate debts by means of IRS		97,500	112,500
Variable-rate financial debts converted into capped-rate debts by means of caps		70,000	55,000
<b>TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS</b>	<b>= A</b>	<b>221,322</b>	<b>222,500</b>
<b>TOTAL VARIABLE RATE FINANCIAL DEBTS</b>		<b>33,002</b>	<b>24,969</b>
<b>TOTAL FINANCIAL DEBTS</b>	<b>= B</b>	<b>254,324</b>	<b>247,469</b>
<b>HEDGING RATIO</b>	<b>= A / B</b>	<b>87.0%</b>	<b>89.9%</b>

## EPRA

EPRA (the European Public Real Estate Association) is the voice of Europe's publicly traded real estate sector, representing more than 260 members and over €450 billion in real estate assets.

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

Ascencio subscribes to this move to standardise financial reporting with a view to improving the quality and the comparability of the information for investors.

On 5 September 2018 Ascencio received an award from the European Public Real Estate Association (EPRA) and directly obtained the "EPRA Gold Award".

Since March 2019, Ascencio has been included in the EPRA index, strengthening its positioning in the financial markets.

## EPRA KEY PERFORMANCE INDICATORS

		30/06/2019	30/09/2018
EPRA NAV	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.	369,478	371,620
EPRA NAV per share		56.02	56.34
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	3.58%	2.76%

		30/06/2019	30/06/2018
EPRA Earnings	Earnings from operational activities.	21,920	19,389
EPRA Earnings per share		3.32	2.94
EPRA Cost Ratio (including direct vacancy costs)	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	16.75%	17.72%
EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.	16.04%	17.04%



## EPRA EARNINGS

(€000s)	30/06/2019	30/06/2018
<b>EARNINGS (OWNERS OF THE PARENT) PER IFRS INCOME STATEMENT</b>	<b>17,342</b>	<b>25,504</b>
<b>ADJUSTMENTS TO CALCULATE EPRA EARNINGS</b>	<b>4,577</b>	<b>-6,115</b>
(i) Change in value of investment properties, development properties held for investment and other interests	1,215	-4,068
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-963	15
(iii) Profits or losses on disposal of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative Goodwill / Goodwill impairment	0	0
(vi) Change in fair value of financial instruments and associated close-out costs	5,296	-2,197
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	-971	135
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	0	0
<b>EPRA EARNINGS (OWNERS OF THE PARENT)</b>	<b>21,920</b>	<b>19,389</b>
Number of shares	6,595,985	6,595,985
<b>EPRA EARNINGS PER SHARE (EPRA EPS - €/SHARE) (OWNERS OF THE PARENT)</b>	<b>3.32</b>	<b>2.94</b>

## EPRA NET ASSET VALUE (NAV)

(€000s)	30/06/2019	30/09/2018
<b>NAV PER THE FINANCIALS STATEMENTS (OWNERS OF THE PARENT)</b>	<b>359,133</b>	<b>364,026</b>
Number of shares	6,595,985	6,595,985
<b>NAV PER THE FINANCIALS STATEMENTS (€/SHARE) (OWNERS OF THE PARENT)</b>	<b>54.45</b>	<b>55.19</b>
Effect of exercise of options, convertibles and other equity interests (diluted basis)	0	0
<b>DILUTED VAN, AFTER THE EXERCISE OF OPTIONS, CONVERTIBLES AND OTHER EQUITY INTERESTS</b>	<b>359,133</b>	<b>364,026</b>
<b>Include :</b>		
(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
<b>Exclude :</b>		
(iv) Fair value of financial instruments	9,526	4,238
(v.a) Deferred tax	818	3,357
(v.b) Goodwill as a result of deferred tax	0	0
<b>Include/exclude :</b>		
Adjustments (i) to (v) in respect of joint venture interests	0	0
<b>EPRA NAV (OWNERS OF THE PARENT)</b>	<b>369,478</b>	<b>371,620</b>
Number of shares	6,595,985	6,595,985
<b>EPRA NAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)</b>	<b>56.02</b>	<b>56.34</b>

## EPRA VACANCY RATE

(€000s)	30/06/2019			
	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	1,321	157	0	1,478
Estimated rental value (ERV) of total portfolio	25,176	14,112	1,951	41,238
<b>EPRA VACANCY RATE (%)</b>	<b>5.25%</b>	<b>1.11%</b>	<b>0.00%</b>	<b>3.58%</b>

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

## EPRA COST RATIOS

(€000s)	30/06/2019	30/06/2018
<b>ADMINISTRATIVE/OPERATING EXPENSE LINE PER IFRS STATEMENT</b>	<b>-5,219</b>	<b>-5,438</b>
Rental-related charges	-58	36
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	-36	-76
Other revenue and expenditure relating to rental	18	50
Technical costs	-842	-467
Commercial costs	-58	-120
Charges and taxes on unlet properties	-221	-210
Property management costs	-1064	-869
Other property charges	-289	-252
Corporate overheads	-2,749	-3,507
Other operating income and charges	80	-23
<b>EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)</b>	<b>-5,219</b>	<b>-5,438</b>
Charges and taxes on unlet properties	221	210
<b>EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)</b>	<b>-4,998</b>	<b>-5,228</b>
<b>GROSS RENTAL INCOME</b>	<b>31,162</b>	<b>30,687</b>
<b>EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (%)</b>	<b>16.75%</b>	<b>17.72%</b>
<b>EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (%)</b>	<b>16.04%</b>	<b>17.04%</b>