

FINANCIAL REPORT OF THE STATUTORY MANAGER FOR THE FIRST HALF OF FINANCIAL YEAR 2019-2020



Regulated information

12 June 2020 - Under embargo until 5.40 p.m.

GROWTH OF THE PROPERTY PORTFOLIO REINFORCEMENT IN THE FOOD SECTOR (FROM 33% TO 40% OF THE RENTS) IMPACT OF COVID-19

OPERATING RESULTS

- **Rental income** of €21.21 million, up by 2.5%
- **EPRA Earnings¹** of €14.60 million, up by 1.0%

FIGURES PER SHARE

- **EPRA Earnings:** €2.21 per share, up by 1.0%
- **EPRA NAV:** €54.06 per share (€54.75 at 31 March 2019)

PROPERTY PORTFOLIO

- **Value of the portfolio (excluding IFRS 16):** €698 million, up by €82 million following the acquisition on 06/03/2020 of five Casino supermarkets in the south of France
- **Geographical diversification** of the portfolio:
 - 53.5 % in Belgium
 - 42.1 % in France
 - 4.4 % in Spain
- **Occupancy rate:** 97.1% (compared with 97.3% at 30 September 2019)

FINANCIAL STRUCTURE

- **Debt ratio¹** of 49.52% at 31 March 2020
- **Low average cost of debt:** 1.86% as against 1.94% in the first half of the previous financial year.

¹ Debt ratio calculated in accordance with the Royal Decree of 28 April 2018 on Regulated Real Estate Companies.

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1. Presentation

Ascencio SCA is a Public Regulated Real Estate Company (Société Immobilière Réglementée Publique or "SIRP", hereinafter referred to in the English translation as a "public B-REIT" (Belgian real estate investment trust)). It specialises in mainly out-of-town commercial property.

Active in Belgium, France and Spain, it currently has a portfolio of 106 properties generating rental income of €47 million a year. At 31 March 2020, the fair value of the portfolio stood at €698 million.

Some ten sectors of activity are represented, but with a predominance of the food sector (40% of annual rentals) under such brand names as Casino, the Mestdagh Group, Grand Frais (France), Carrefour, Delhaize, Aldi and Lidl. Other major tenants include Brico/Brico Plan It, Décathlon, Worten, Krëfel and Hubo.

Ascencio SCA is listed on Euronext Brussels. Its stock market capitalisation amounted to €277 million at 31 March 2020 (the share price at that date was €42.00).

2. Interim Management Report

2.1. Summary of activity during the first half of the financial year

The investment activity, coupled with dynamism in financing (low average cost of debt of 1.9%) and effective management of the portfolio (occupancy rate 97.1% at 31 March 2020) allowed us to start the financial year 2019/2020 with half-yearly results higher than foreseen.

We achieved significant portfolio growth thanks to the acquisition on 6 March 2020 of five assets in the food sector in the Southeast of France for an amount of €85 million, leased entirely to the Casino Group.

This transaction strengthened the share of the food sector in the portfolio, from 33% at 30 September 2019 to 40% at 31 March 2020. This investment, financed entirely by borrowings, generates annual rental income of €4.6 million, taking annual current rentals from €42.4 million at 30 September 2019 to €47.0 million at 31 March 2020.

During the first half, €93 million of new financing was put in place, both with long-standing partner banks and with French banks and institutional investors.

Ascencio increased the size of its commercial paper program from €50 to €100 million with a view to increasing its short-term issues (with maturities of one year or less), and developing its long-term borrowings (one year and more). An initial issue of €20 million with a four-year maturity was thus placed on 5 March 2020 with an institutional investor. Short-term commercial paper outstandings are entirely covered by confirmed bank facilities.

The Group's debt ratio stood at 49.5% at 31/03/2020, a level that allows it to face the Covid-19 crisis on a solid financial basis.

The health crisis and its effects on retailers' business from mid-March did not affect the results for the first half-year ended 31 March 2020. Since rentals are invoiced and payable in advance, overdue payments at 31 March 2020 caused by the Covid-19 crisis were not significant and did not lead to any reduction in value at that date.

2.2. Consolidated results for the first half of financial year 2019/2020

CONSOLIDATED RESULTS (€000S)	31/03/2020	31/03/2019
Rental income	21.213	20.696
Charges linked to letting	-74	-23
Taxes and charges not recovered	-36	-40
Property result	21.103	20.633
Property charges	-1.651	-1.612
Corporate overheads	-2.097	-1.876
Other income and operating costs	10	-16
Operating result before result on portfolio	17.364	17.129
Operating margin (*)	81,9%	82,8%
Financial income	-0	-
Net interest charges	-2.310	-2.254
Other financial charges	-191	-198
Taxes	-261	-218
EPRA Earnings	14.601	14.459
Net gains and losses on sales of investment property	-41	-133
Changes in the fair value of investment property	-11.622	-907
Other portfolio result	-	-
Portfolio result	-11.664	-1.039
Changes in fair value of financial assets and liabilities	2.398	-2.792
Deferred tax	20	-121
Taxes on net gains and losses on disposals	-	-
Exit Tax	-	1.129
NET RESULT	5.355	11.635

(*) Alternative Performance Measure (APM). See pages 33 to 37.

CONSOLIDATED RESULT PER SHARE (euros)	31/03/2020	31/03/2019
EPRA Earnings (EUR)	2.21	2.19
Earnings per share (EPS) (euros)	0.81	1.76

NUMBER OF SHARES	31/03/2020	31/03/2019
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 for the first half of the financial year amounted to €21.21 million, up by 2.5% on the first half of financial year 2018/2019.

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

RENTAL INCOME (€000S)	31/03/2020		31/03/2019	
Belgium	12,811	60%	12,682	61%
France	7,426	35%	7,063	34%
Spain	976	5%	952	5%
TOTAL	21,213	100%	20,696	100%

The **property result** amounted to €21.10 million (up by 2.3% compared to 31 March 2019).

After deduction of property charges and general expenses, **operating result before result on portfolio** was €17.36 million (€17.13 million for the first six months of the previous financial year). The operating margin came to 81.9%.

Interest charges, including the cash flows generated by interest rate hedging instruments, amounted to €2.31 million for the half-year to 31 March 2020, up by 2.5% compared to 31 March 2019. Following implementation of IFRS 16 "Leases" with effect from 01/10/ 2019, interest charges now include interest calculated on lease liabilities (€58,000 at 31 March 2020).

The **average cost of debt**² declined (-4.0%) to 1.86% (including margins and cost of hedging instruments), as against 1.94% for the first half of financial year 2018/2019.

Thanks to the interest rate hedging policy put in place, the group's **hedging ratio**³ is currently 73.3% and based on the current level of debt it will be above 70% for the next four financial years.

Taxes consist of taxes relating to the results of the Spanish subsidiary and the French tax charge on the results from French assets.

EPRA Earnings for the first half-year amounted to €14.60 million compared with €14.46 million at 31 March 2019, an increase of 1.0%.

EPRA earnings per share amounted to €2.21, compared with €2.19 for the first half of the previous financial year.

Non-monetary (i.e. non-cash) items in the income statement amounted to:

- -€11.6 million representing the **change in fair value of investment property** (-0.1% on a like-for-like basis);

The fall in value of properties during the first half of the year is mainly the result of

- on the one hand the recognition at fair value of the five Casino supermarkets acquired on 6 March 2020, €5.7 million less than the all-in acquisition price, which includes expenses and stamp duty paid;
- and on the other hand a slight decrease in the value of the portfolio (by €4.1 million or 0.7%) as estimated by the property experts in view of the uncertainty associated with the Covid-19 crisis and its impact on the non-food retail sector⁴.

- a €2.4 million increase in the fair value of interest rate hedging instruments;

After taking account of these non-monetary items, **consolidated net result** for the first six months of the financial year came to €5.36 million as against €11.64 million at 31 March 2019.

² Alternative Performance Measure (APM). See pages 33 to 37.

³ Hedging ratio = (Fixed rate debt + Notional amount of interest rate hedging instruments)/Total financial debt.

⁴ As with many REITs, Ascencio's valuation rules provide that with acquisitions, stamp duty is recognised directly in profit and loss for the year, as opposed to being deducted from equity.

2.3. Consolidated balance sheet at 31 March 2020

CONSOLIDATED BALANCE SHEET (€000S)	31/03/2020	30/09/2019
ASSETS	719,813	635,806
Investment properties	705,286	622,894
Other non-current financial assets	1,599	1,736
Assets held for sale	-	847
Trade receivables	1,723	4,107
Cash and cash equivalents	2,866	4,650
Other current financial assets	8,339	1,573
EQUITY AND LIABILITIES	719,813	635,806
Equity	345,301	363,124
Non-current financial debts	316,231	165,742
Other non-current financial liabilities	12,382	14,689
Deferred taxes	882	903
Current financial debts	32,152	81,430
Other current liabilities	12,863	9,918

At 31 March 2020, investment property stood at €705.3 million compared with €622.9 million at 30 September 2019, representing 98,0% of the consolidated balance sheet. The increase is mainly the result of the investment made in March 2020 and of the recognition of right-of-use assets in respect of land since 01/10/2019 in the context of the implementation of IFRS 16.

On the liabilities side, financial debt (current and non-current) amounted to €348.4 million, compared with €247.2 million at 30 September 2019. The increase in financial debt is the result of the payment at the beginning of February 2020 of a dividend in respect of the previous financial year's earnings and the financing by borrowings of the acquisition of the five Casino supermarkets in March 2020.

Financial debt is divided into six types of financing:

(€000S)	31/03/2020	30/09/2019
Roll over bank borrowing	294,300	190,300
Commercial paper	20,700	50,000
Medium term note	20,000	-
Investment credits	5,690	6,327
Finance leases	470	544
Lease debts (IFRS 16)	7,223	-
Total financial debts	348,383	247,172

At 31/03/2020, Ascencio had roll-over bank credit facilities of €338.5 million available in the form of advances. The unutilised portion of these lines amounted to €44.2 million.

At 31 March 2020, the maturity schedule of these bank credit facilities was as follows:

- 2019/2020: €10.0 million
- 2020/2021: -
- 2021/2022: €32.0 million
- 2022/2023: €73.5 million
- 2023/2024: €42.5 million
- 2024/2025: €75.0 million
- 2025/2026: €67.5 million
- 2026/2027: €38.0 million

Commercial paper outstandings were down at 31 March 2020 due to the Covid-19 crisis, which is currently leading to a partial withdrawal of investors from this market. Issues of commercial paper are permanently covered by unutilised bank facilities, which are activated in the event of changes in the volume of commercial paper outstanding.

In March 2020, Ascencio carried out an initial issue of medium term notes for €20 million with a maturity of four years.

In the context of the application of IFRS 16, financial debt has included since 01/10/2019 the liabilities linked to the rights of use of land which are now recognised as assets in the balance sheet. The implications inherent in the application of IFRS 16 are described hereinafter under point 5.5. of the interim financial report.

Other non-current liabilities of €12.4 million (30 September 2019: €14.7 million) included the fair value of interest rate hedging instruments (€10.4 million, compared with €12.8 million at 30 September 2019).

The consolidated debt ratio stood at 49.5% at 31 March 2020 as against 40.5% at 30 September 2019.

2.4. Net asset value per share

At 31 March 2020, net asset value per share amounted to €52.35 (compared with €55.05 at 30 September 2019 before appropriation of profit and before the increase in the number of shares resulting from the optional dividend).

	31/03/2020	31/03/2019	30/09/2019
Net asset value (NAV) per the financial statements (€000S)	345,301	353,331	363,124
Restatements:			
Fair value of financial instruments (€000S)	10,402	7,030	12,800
Deferred tax	882	781	903
Net asset value (NAV) EPRA (€000S)	356,585	361,142	376,827
Number of shares	6,595,985	6,595,985	6,595,985
NAV per share (EUR) per the financial statements	52.35	53.57	55.05
NAV EPRA per share (EUR)	54.06	54.75	57.13

2.5. Property portfolio

At 31 March 2020 Ascencio held a portfolio of 106 properties located in Belgium, France and Spain, the fair value of which amounted to €698 million (excluding IFRS 16).

The following table shows the geographical breakdown of the property portfolio excluding projects and excluding rights of use in respect of leased assets:

COUNTRY	Investment value (€000S)	Fair value (€000S) (%)	Contractual rents (€000S)	Occupancy rate (%)	Gross yield (%)
Belgium	382,719	373,384 53.5%	25,915	95.5%	6.77%
France	311,868	293,647 42.1%	19,137	99.2%	6.14%
Spain	32,095	31,050 4.4%	1,959	100.0%	6.10%
TOTAL	726,682	698,081 100%	47,012	97.1%	6.47%

The breakdown of the portfolio by type of asset was as follows:

- Retail parks : 50.7%
- Food stand-alones : 23.9%
- Grand Frais : 10.5%
- Clusters : 9.6%
- Non-food stand-alones : 5.3%

Commercial sites such as retail parks, stand-alones and other out-of-town sites are particularly attractive in times of health crisis, since open-air shopping is reassuring and allows protective measures to be better complied with.

Investments during the first half-year

On 6 March 2020 Ascencio acquired five separate assets for a total investment amount of €84.9 million.

These assets, supermarkets located in the Southeast of France, a region with an ideal demographic profile and very high purchasing power, have an excellent catchment area underpinned by its being an attractive tourist magnet.

These supermarkets have attractive property locations in Aix-en-Provence, Antibes, Marseille, Le Rouret and Mouans-Sartoux and deliver excellent, durable performances.

Operated by the Casino Group, one of the major players in the French food retail sector, they are all on 12-year leases with eight years firm remaining, which produce total annual rental incomes of €4.6 million.

This acquisition, in line with Ascencio's strategy, has strengthened its exposure to the food sector, which has increased from 33% at 30 September 2019 to 40% at 31 March 2020.

Occupancy rate

At 31 March 2020, the occupancy rate of the portfolio stood at 97.1%, slightly down from 30 September 2019 (97.3%) due to new rental vacancies in the Belgian portfolio.

Composition of the portfolio at 31 March 2020

Breakdown by sector (1)		Geographical distribution (1)	
Retail	99.3%	Belgium	53.5%
Other	0.7%	• Wallonia	43.5%
Total	100.0%	• Flanders	7.1%
		• Brussels	2.9%
		France	42.1%
		Spain	4.4%
		Total	100.0%

(1) Distribution established on the basis of fair value

Breakdown by business (2)		Breakdown of tenants (2)	
Food	39.6%	Casino	10.0%
Textiles / Fashion	12.1%	Groupe Mestdagh	9.1%
Leisure	10.6%	Grand Frais	8.7%
DIY	9.4%	Carrefour	6.1%
Furniture - Interior Deco	8.4%	Brico	5.3%
Household appliances	6.9%	Decathlon	3.2%
Horeca	2.8%	Worten	2.9%
Other	10.1%	Krefel	2.0%
Total	100%	Hubo	1.9%
		Delhaize	1.9%
		Others	49.1%
		Total	100%

(2) Distribution established on the basis of rentals received

The food retail sector accounted for 39.6% of Ascencio's rental income in the six months to 31 March 2020. Thanks to the quality of the site locations, the attractive level of rentals and the limited impact of e-commerce on this segment, the food sector constitutes a strategic and defensive segment of Ascencio's portfolio.

In particular in the current crisis situation, it is evident that the population's restocking through the in-store food retail segment plays a key role in the smooth operation of the Society, and that it is holding up against online competition significantly better than other sectors.

In France, Ascencio's food portfolio basically consists of 18 Grand Frais sites. Grand Frais is performing well and continuing to expand. Since March 2020, Ascencio has also been the owner of five Casino supermarkets, making Casino its biggest tenant in terms of rentals. Ascencio also holds an Aldi supermarket in France.

In Belgium, Ascencio owns 40 supermarkets, of which

- 24 operated by the Mestdagh group (€4.30 million in annual rentals);
- 12 operated by the Carrefour group (€2.96 million in annual rentals);
- 3 operated by the Delhaize group (€0.87 million in annual rentals);
- 1 Aldi supermarket and 1 Lidl supermarket (€0.30 million in annual rentals).

2.6. Significant events and transactions after 31 March 2020

The Covid-19 crisis has continued beyond the closing date of the interim financial statements, affecting the business of non-food retailers and consequently, for some of them, their ability to meet payment of their rentals from 1 April 2020.

2.7. Main risks and uncertainties

The basic risks to which the company is exposed remain those described in the chapter headed "Risk factors" in the Annual Report for 2018-2019. Ascencio takes care to apply the measures and procedures it has established in order to anticipate and control them.

The Covid-19 health crisis has led to the temporary closure of all non-food shops and is currently generating uncertainty as to the impact of this crisis on results for financial year 2019/2020 (see point 2.8. hereunder).

At the half-yearly closing date, 31 March 2020, the valuation of the investment properties by the independent property experts was carried out on the basis of a "material valuation uncertainty" clause, which is reproduced hereunder, in accordance with standards VPS 3 and VPGA 10 of the Red Book Global of the RICS (Royal Institute of Chartered Surveyors).

2.8. Outlook and impact of Covid-19

Since mid-March 2020, in all three countries in which Ascencio operates, governments have forced shops to close during the lockdown, with the exception of those selling food and certain other essential goods and services.

During May, shops gradually reopened depending on their sector of activity : first, garden centres, DIY stores and haberdasheries, followed by all stores except for hotels, restaurants and catering.

From 1 April many tenants (in sectors other than food) have suspended payment of their rentals due to the closure of their business.

Ascencio is conducting responsible dialogues with its non-food tenants with a view to helping them face the challenges of this crisis, case by case depending on the specific difficulties they face and their own financial capacity. The measures proposed by Ascencio consist, depending on the tenant's individual situation, of staggering payment of April and May rentals and/or partial cancellation of them, always with an eye to the respective stakes and interests of each party and the equilibrium of the contracts.

The financial burden of the two-month lockdown for all non-food tenants together amounts to approximately €4 million in rentals.

It is at present still impossible to determine the impact of the Covid-19 health crisis on results for financial year 2019/2020.

As regards new investments and portfolio switches, Ascencio is taking a particularly cautious approach in the present circumstances. This also holds good for capital expenditure (property maintenance and renovation costs), the annual budget for which is €1.8 million and which in the second quarter of the current financial year Ascencio will limit to works that cannot be postponed.

With a debt ratio of 48% following the acquisition of five food supermarkets in France on 6 March 2020, Ascencio faces the current context with the advantage of a solid balance sheet. The Company has confirmed credit lines with banks for €303.5 million, of which only €10 million fall due in the next 22 months. The unused portion of these credit lines covers maturities of commercial paper and financing needs until the end of the current financial year.

3. Property experts' report

3.1. Property experts

Quarterly valuation of the portfolio has been entrusted to the following experts:

- Jones Lang LaSalle (Brussels), represented by Ms Greet Hex;
- Cushman & Wakefield (Brussels), represented by Mr Emeric Inghels;
- CBRE (Brussels), represented by Mr Tom Maes;
- Cushman & Wakefield (Neuilly-sur-Seine, France), represented by Mr Patrice Roux;
- Jones Lang LaSalle Expertises (Paris, France), represented by Mr Nicolas Cadoux;
- CBRE (Paris, France), represented by Mme Béatrice Rousseau;
- Cushman & Wakefield (Madrid, Spain), represented by Mr James Bird.

They will establish the fair value of Ascencio SCA's assets every quarter until the end of the financial year 2020/2021.

3.2. Experts' report



Brussels 31 March 2020

Dear Sir, Dear Madam,

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

Our mission has been realized in complete independence.

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

Every building has been visited by the experts. They work with different software, such as Circle Investment Valuer, Argus Enterprise or Microsoft Excel.

The investment value can be defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The experts have adopted two different methods: the « Term and Reversion » method and the « Hardcore » method. Besides, they also did a control in terms of price per m².

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

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

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

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

The Belgian properties are considered as a portfolio.

The transaction costs for buildings located in France is 1.8% when the building is less than 5 years old and between 6.9% and 7.5%, depending on the department, in all other cases.

Based on the remarks in previous paragraphs, we confirm that the investment value of the real estate portfolio of Ascencio on the 31st of March 2020 amounts to :

€726,681,000

(Seven hundred twenty-six million six hundred eighty-one thousand euro)

This amount takes into account the value attributed to the buildings valued by the companies CBRE, Jones Lang LaSalle and Cushman & Wakefield in the 3 countries where Ascencio is present.

After deduction of respectively 2.5% for buildings located in Belgium (average rate of transaction costs defined by the experts of the BE-REITS), 1.8%/6.9%-7.5% for building located in France and 2.5% for buildings located in Spain, as transaction cost on the investment value, we obtain a Fair Value of Ascencio's real estate assets as of March 31, 2020 at :

€698,081,000

(Six hundred ninety-eight million eighty-one thousand euro)

This amount takes into account the value attributed to the buildings valued by the companies CBRE, Jones Lang LaSalle and Cushman & Wakefield in the 3 countries where Ascencio is present.

Opinion of Cushman & Wakefield

Cushman & Wakefield estimates, for its part of Ascencio's real estate portfolio valued at 31 March 2020, the investment value at €255,187,000 and the fair value (transaction costs deducted) at €244,574,000.

Opinion of Jones Lang LaSalle

Jones Lang LaSalle estimates, for its part of Ascencio's real estate portfolio valued at 31 March 2020, the investment value at €174,486,000 and the fair value (transaction costs deducted) at €167,154,000.

Opinion of CBRE

CBRE estimates, for its part of Ascencio's real estate portfolio valued at 31 March 2020, the investment value at €297,008,000 and the fair value (transaction costs deducted) at €286,353,000.

Important: please read next page "Material valuation uncertainty due to Novel Coronavirus".

Yours faithfully,



Emeric Inghels MRICS
Partner
Cushman & Wakefield Belgium



Greet Hex MRICS
Director
Jones Lang LaSalle Belgium

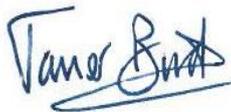
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Tom Maes
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Tom Maes MRICS
Associate Director
CBRE Belgium

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Patrice Roux MRICS, REV
International Partner
Cushman & Wakefield France



James Bird MRICS
Partner
Cushman & Wakefield Spain



Nicolas Cadoux
Director
Jones Lang LaSalle France

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Béatrice Rousseau MRICS
Director
CBRE France

MATERIAL VALUATION UNCERTAINTY DUE TO COVID – 19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID 19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

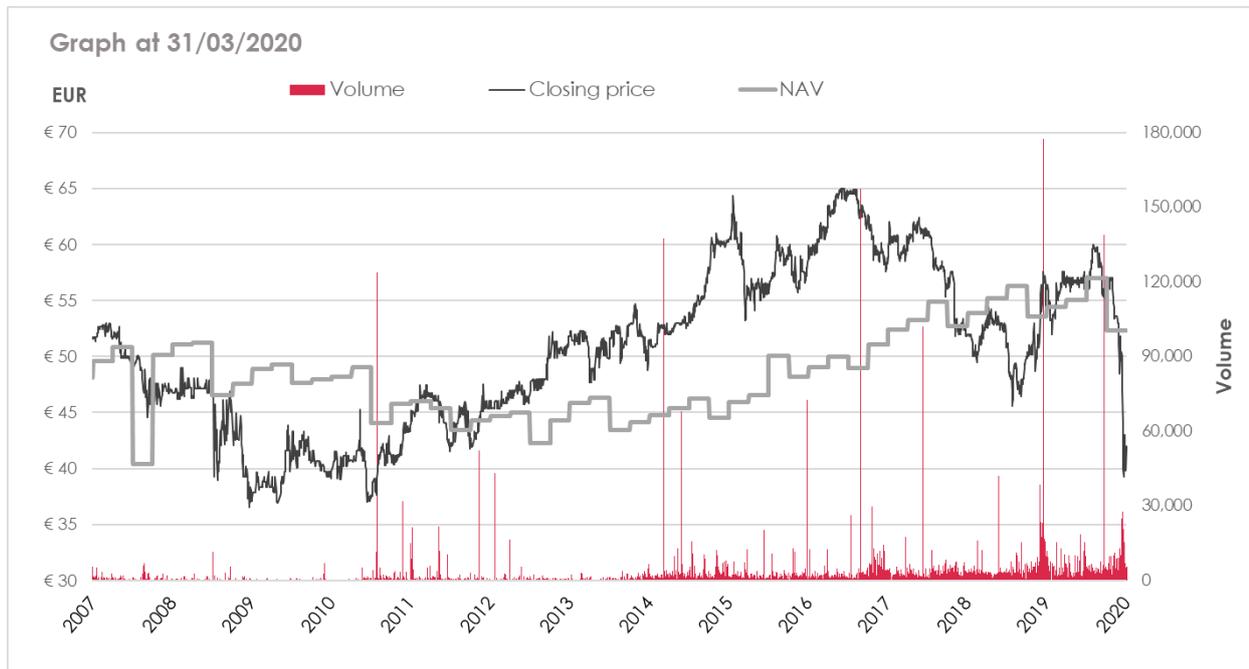
Our valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

Properties which are priced on their trading potential with examples including hotel, restaurants and pubs as well as healthcare establishments and student accommodation may experience a greater impact on pricing in comparison to other asset classes. It is advisable therefore that valuations for these assets should be reviewed with greater frequency and care relative to other property types. With regards to hotels, there may be a risk to profitability (and potentially, therefore, value) caused by a fall in occupancy particularly where there is a high reliance on inbound tourism or meetings and events business.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. This clause is a disclosure, not a disclaimer. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

4. Ascencio on the stock exchange

4.1. Trends in closing price and net asset value



Ascencio's shares are listed on the Brussels Euronext continuous market. It forms part of the BEL Mid Index⁵.

Since 18 March 2019 Ascencio has been included in the FTSE EPRA NAREIT Developed Europe Real Estate Index.

On 31 March 2020 the closing price was €42.00. At that date Ascencio stock was thus trading at a 22.3% discount relative to its EPRA NAV.

4.2. Dividend paid

The General Meeting of Shareholders of 31 January 2020 approved the appropriation of profit as proposed by the Board of Directors. Consequently, the Meeting resolved to declare a gross dividend of €3.50 per share. This dividend (coupon No. 17) was paid on 7 February 2020.

4.3. Shareholders of Ascencio SCA at 31 March 2020

The shareholding of Ascencio SCA is as follows according to the declarations of transparency registered at 31 March 2020:

SHAREHOLDER	Number of shares	Percentage held
AG Finance SA	798,224	12.10%
Carl, Eric and John Mestdagh and Fidagh S	625,809	9.49%
Free float	5,171,952	78.41%
TOTAL	6,595,985	100.00%

⁵ The BEL Mid index is made up of stocks not included in the BEL20 index, having a higher free float market capitalisation than the level of the BEL20 index multiplied by €55,000 and a free-float velocity of at least 15%.

5. Condensed consolidated financial statements

5.1. Consolidated balance sheet at 31 March 2020

CONSOLIDATED BALANCE SHEET (€000S)	31/03/2020	30/09/2019
ASSETS		
I NON-CURRENT ASSETS		
A Goodwill	-	-
B Intangible assets	-	0
C Investment properties	705,286	622,894
D Other tangible assets	1,125	1,264
E Non-current financial assets	474	472
F Finance lease receivables	-	-
G Trade receivables and other non-current assets	-	-
H Deferred tax assets	-	-
TOTAL NON-CURRENT ASSETS	706,884	624,631
II CURRENT ASSETS		
A Assets held for sale	-	847
B Current financial assets	-	-
C Finance lease receivables	-	-
D Trade receivables	1,723	4,107
E Tax receivables and other current assets	3,410	1,241
F Cash and cash equivalents	2,866	4,650
G Deferred charges and accrued income	4,929	332
TOTAL CURRENT ASSETS	12,928	11,176
TOTAL ASSETS	719,813	635,806

CONSOLIDATED BALANCE SHEET (€000S)	31/03/2020	30/09/2019
EQUITY		
I EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	345,301	363,124
A Capital	38,659	38,659
B Share premium account	253,353	253,353
C Reserves	47,933	49,764
b. Reserve for changes in fair value of properties	47,950	48,460
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-10,031	-10,049
e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied	-13,020	-4,451
m. Other reserves	23,034	15,803
D Net result for the financial year	5,355	21,348
II NON-CONTROLLING INTERESTS	0	0
TOTAL EQUITY	345,301	363,124
LIABILITIES		
I NON-CURRENT LIABILITIES	329,496	181,333
A Provisions	-	-
B Non-current financial debts	316,231	165,742
a. Credit institutions	288,656	165,317
b. Finance leases	410	424
c. Other	20,000	
d. IFRS 16	7,166	
C Other non-current financial liabilities	12,382	14,689
D Trade debts and other non-current debts	-	-
F Deferred tax liabilities	882	903
a. Exit tax	-	-
b. Other	882	903
II CURRENT LIABILITIES	45,016	91,348
B Current financial debts	32,152	81,430
a. Credit institutions	11,335	31,310
b. Finance leases	60	120
c. Other	20,700	50,000
d. IFRS 16	58	
C Other current financial liabilities	-	-
D Trade debts and other current debts	6,122	8,345
a. Exit tax	-	-
b. Other	6,122	8,345
F Accrued charges and deferred income	6,741	1,573
TOTAL LIABILITIES	374,512	272,681
TOTAL EQUITY AND LIABILITIES	719,813	635,805

5.2. Consolidated statement of comprehensive income at 31 March 2020

CONSOLIDATED NET RESULT (€000S)		31/03/2020	31/03/2019
I	Rental income	21,213	20,696
III	Charges linked to letting	-74	-23
NET RENTAL RESULT		21,139	20,673
V	Recovery of rental charges and taxes normally paid by tenants on let properties	5,713	5,204
VII	Rental charges and taxes normally paid by tenants on let properties	-5,755	-5,243
VIII	Other revenue and charges for letting	6	-2
PROPERTY RESULT		21,103	20,633
IX	Technical costs	-309	-510
X	Commercial costs	-151	-53
XI	Rental charges and taxes on unlet properties	-278	-225
XII	Property management costs	-794	-676
XIII	Other property charges	-119	-148
PROPERTY CHARGES		-1,651	-1,612
PROPERTY OPERATING RESULT		19,451	19,021
XIV	Corporate overheads	-2,097	-1,876
XV	Other operating income and charges	10	-16
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		17,364	17,129
XVI	Net gains and losses on disposals of investment properties	-41	-133
XVIII	Changes in the fair value of investment properties	-11,622	-907
XIX	Other result on the portfolio	-	-
OPERATING RESULT		5,700	16,090
XX	Financial income	-0	-
XXI	Net interest charges	-2,310	-2,254
XXII	Other financial charges	-191	-198
XXIII	Changes in fair value of financial assets and liabilities	2,398	-2,792
FINANCIAL RESULT		-104	-5,244
PRE-TAX RESULT		5,596	10,846
XXV	Corporate tax	-241	-339
XXVI	Exit Tax	-	1,129
TAXES		-241	790
NET RESULT		5,355	11,635
- Net result - Group share		5,355	11,635
- Net result - Non-controlling interests		-	-
BASIC NET RESULT AND DILUTED (€/SHARE, GROUP SHARE)		0.81	1.76

STATEMENT OF COMPREHENSIVE INCOME (€000S)		31/03/2020	31/03/2019
I	NET RESULT	5,355	11,635
II	OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT	-93	96
A.	Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	19	82
B.	Other comprehensive income of the year, net of tax	-111	14
	TOTAL COMPREHENSIVE INCOME OF THE YEAR	5,263	11,731
	Attributable to - Group share	5,263	11,731
	- Non-controlling interests	-	-

5.3. Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOW (€000S)	31/03/2020	31/03/2019
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	4,650	4,027
Net result for the financial year	5,355	11,635
Financial result	104	5,244
Net capital gains or losses realised on disposal of assets	41	133
Income tax expense (- tax income)	241	790
Income statement items without treasury impact	11,732	961
+/- Changes in the fair value of investment properties	11,622	907
+ Depreciation	36	31
+ Reductions in value	74	23
Changes in working capital requirement	-1,435	-1,412
+/- Changes in trade receivables	2,310	2,600
+/- Changes in tax receivables and other current assets	-2,169	-1
+/- Changes in deferred charges and accrued income	-4,597	-4,136
+/- Changes in trade debts and other current debts	-2,147	-4,544
+/- Changes in accrued charges and deferred income	5,168	4,669
Changes in non-current operating assets and liabilities	-1	-1,147
+/- Changes in non-current financial assets	-1	-1
+/- Changes in trade debts and other non-current debts	0	0
+/- Changes in non-current deferred tax liabilities	0	-1,146
Changes in provisions and other non-monetary items	0	-20
Taxes paid	-449	-1,961
NET CASH FLOW FROM OPERATING ACTIVITIES	15,589	14,223
- Acquisition of investment properties	-86,808	-10,018
- Projects in course of development	0	0
- Acquisition of real estate companies	0	0
- Acquisition of intangible assets	0	0
- Acquisition of tangible assets	-10	-169
+ Disposals of investment properties	854	3,919
NET CASH FLOW FROM INVESTMENT ACTIVITIES	-85,964	-6,268
Costs of capital increase	0	0
Net change in financial liabilities	93,989	16,384
Reimbursement of financial debts and working capital of acquired companies	0	0
Other changes in financial assets and liabilities	122	-214
Gross dividend paid	-23,086	-22,426
Finance charges paid	-2,433	-2,435
NET CASH FLOW FROM FINANCING ACTIVITIES	68,592	-8,691
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	2,866	3,290

5.4. Consolidated statement of changes in equity

(€000S)			Reserves*				Result for the financial year	Total equity
	Capital	Share premium account	C.b.	C.c.	C.e.	C.m.		
BALANCE AT 30/09/2018	38,659	253,353	39,770	-10,221	-7,743	16,182	34,024	364,026
Distribution of dividends							-22,426	-22,426
Appropriation to reserves			4,141		3,292	4,165	-11,598	0
Capital increase							0	0
Net result							11,635	11,635
Other elements recognised in the global result			14	82				96
Reclassification of reserves								0
Adjustment to reserves								0
BALANCE AT 31/03/2019	38,659	253,353	43,925	-10,139	-4,451	20,348	11,635	353,331

(000 EUR)			Reserves*				Result for the financial year	Total equity
	Capital	Share premium account	C.b.	C.c.	C.e.	C.m.		
BALANCE AT 30/09/2019	38,659	253,353	48,460	-10,049	-4,451	15,803	21,348	363,124
Distribution of dividends							-23,085	-23,085
Appropriation to reserves			-399		-8,570	7,231	1,738	0
Capital increase								0
Net result							5,355	5,355
Other elements recognised in the global result			-111	19				-93
Reclassification of reserves								0
Adjustment to reserves								0
BALANCE AT 31/03/2020	38,659	253,353	47,950	-10,031	-13,020	23,034	5,355	345,301

* Reserves:

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

C.c.: Reserve for estimated expenses and stamp duty arising on hypothetical disposal of investment properties

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

C.m.: Other reserves

5.5. Notes to the condensed consolidated financial statements

NOTE 1 General information and accounting methods

General information

Ascencio SCA (hereinafter "Ascencio SCA" or "the Company") is a Public Regulated Real Estate Company (*Société Immobilière Réglementée Publique* or "SIRP", hereinafter referred to in the English translation as a "public B-REIT" (Belgian real estate investment trust)) incorporated under Belgian law. Its financial year runs from 1 October to 30 September. The Company's condensed consolidated financial statements to 31 March 2020 cover the period from 1 October 2019 to 31 March 2020. They were approved by the Board of Directors of the Statutory Manager on 12 June 2020.

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

Basis of preparation and accounting methods

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as published and effective at 31 March 2020 and adopted by the European Union.

The consolidated financial statements have also been prepared in accordance with the provisions of the Royal Decree of 13 July 2014, as amended by the Royal Decree of 28 April 2018, on regulated property companies.

The basis of preparation and accounting methods are identical to those set out in the Annual Report for 2018/2019 (pages 121 to 129), except as regards the application of IFRS 16.

IFRS 16 - Leases (applied from 1 October 2019) provides a comprehensive model for identifying lease contracts and their treatment in the financial statements of lessee and lessor. It replaced IAS 17 "Leases" and the associated interpretations when it came into force. IFRS 16 introduces significant changes in lessee accounting, with the removal of the distinction between operating and finance leases, with assets and liabilities for all leases now recognised in the balance sheet (with some exceptions limited to short-term leases and leases of low-value assets). In contrast with lessee accounting, IFRS 16 maintains in essence the provisions of IAS 17 as regards lessor accounting and maintains the lessor's obligation to classify leases as operating or finance.

Since Ascencio acts almost exclusively as lessor, IFRS 16 does 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, an asset in respect of the right of use and an associated liability are recognised in the statutory and consolidated balance sheets.

The total amount capitalised as a result of the application of IFRS 16 corresponds to the net present value of properties of which Ascencio is the emphyteutic (lessee under long leases conferring rights *in rem*). The impact on the consolidated balance sheet at 1 October 2019 was €7.3 million. This value is then amortised on a straight line basis over the life of the contracts. A liability corresponding to the net present value is recognised as the balancing item. This debt is amortised in accordance with the "marginal borrowing rate".

Valuation method applied to investment property by the experts (Jones Lang LaSalle, Cushman & Wakefield and CBRE)

The valuation method applied by the property experts remains identical. It is explained in detail in the Annual Report for 2018/2019.

However, at 31 March 2020, because of the Covid-19 crisis and its impact on the activity of numerous sectors including non-food retail, and in the absence of any post-Covid-19 reference period for market data used in the valuation method (capitalisation rates, ERV), the valuation of the investment properties has been carried out by the experts taking account of a "material valuation uncertainty" in accordance with standards VPS 3 and VPGA 10 of the Red Book Global of the RICS (Royal Institute of Chartered Surveyors) (see point 3.2. above of the interim report).

At 31 March 2020, the property experts made a technical correction to their valuation in order to take account of a potential negative impact of the crisis on rental income during the period of closure of non-food shops are closed. The amount of this correction is very small (€4.1 million, or less than 1% of the value of the portfolio).

NOTE 2 Sector information

The breakdown of the operating result on the properties by country is as follows:

CONSOLIDATED RESULTS (€000S)	Belgium		France		Spain		TOTAL	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Property result	12,768	12,620	7,363	7,060	972	953	21,103	20,633
Property charges	-1,270	-1,411	-345	-201	-36	0	-1,651	-1,612
PROPERTY OPERATING RESULT	11,498	11,210	7,018	6,858	936	953	19,451	19,021

This segmentation is consistent with the Group's organisation and the Company's internal reporting provided to the management.

NOTE 3 Investment property

(€000S)	31/03/2020	30/09/2019
Properties available for lease	698,081	622,894
Development projects	0	0
Assets held for own use	0	0
IFRS 16 - Right-of-use of land	7,205	0
Others	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	705,286	622,894

Investment properties comprise:

- properties available for rental (see point A hereunder);
- development projects (see point B hereunder). Development projects are works in progress of an investment nature on various properties. Projects in course of development do not form part of the calculation of the occupancy rate.
- The right of use to land (IFRS 16) (see point C hereunder).

A. Investment properties available for rent

(€000S)	31/03/2020	30/09/2019
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	622,894	619,029
Acquisitions	86,808	10,427
Transfer from development projects	0	0
Disposals	0	-5,316
Transfer from assets held for sale	0	-847
Change in fair value	-11,622	-399
BALANCE AT THE END OF THE FINANCIAL YEAR	698,081	622,894

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

Investments and divestments during the financial year last ended are described above in point 2.4 of the interim management report.

B. Development projects

(€000S)	31/03/2020	30/09/2019
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	0	0
Investments	0	0
Acquisitions	0	0
Transfer to investment properties	0	0
Disposals	0	0
Change in fair value	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	0	0

Fair value measurement

Investment properties were appraised at 31 March 2020 by independent experts (CBRE, Jones Lang LaSalle and Cushman & Wakefield) at their fair value. The fair value of a property is its investment value, i.e. its cost including registration fees and other transaction costs, minus an allowance for stamp duty.

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

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

During the first half of financial year 2019/2020 there were no transfers among levels 1, 2 and 3.

Valuation methods used

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

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

C. Rights of use of land

IFRS 16 - Leases has been applied since 01/10/ 2019. It entails recognition as an asset of the value of the rights of use of land that the Company as lessee has under its lease contracts of more than a year.

(€000S)	31/03/2020	30/09/2019
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	0	0
Recognition of the right-of-use as at 10 October 2019	7,267	0
Depreciation	-62	0
BALANCE AT THE END OF THE FINANCIAL YEAR	7,205	0

NOTE 4 Categories and designation of financial instruments

(€000s)	31/03/2020		30/09/2019		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT ASSETS	474	474	472	472	
Deposits in guarantee lodged	473	473	472	472	Level 2
Derivative instruments (IRS) at fair value through profit and loss	1	1	1	1	Level 2
CURRENT ASSETS	6,037	6,037	9,769	9,769	
Trade receivables	1,723	1,723	4,107	4,107	Level 2
Tax receivables and other current assets	1,448	1,448	1,013	1,013	Level 2
Cash and cash equivalents	2,866	2,866	4,650	4,650	Level 2
TOTAL	6,511	6,511	10,241	10,241	

(000 EUR)	31/03/2020		30/09/2019		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT LIABILITIES	328,614	329,795	180,430	182,349	
Bank borrowings	289,066	290,247	165,742	167,660	Level 2
Other non-current financial liabilities	27,166	27,166	0	0	Level 2
Instruments dérivés désignés à la juste valeur par le compte de résultats	10,402	10,402	12,800	12,800	Level 2
Guarantees received	1,980	1,980	1,889	1,889	Level 2
CURRENT LIABILITIES	38,275	38,275	89,775	89,775	
Bank borrowings	11,395	11,395	31,430	31,430	Level 2
Other current financial liabilities	20,758	20,758	50,000	50,000	
Trade payables	3,454	3,454	5,986	5,986	Level 2
Other current liabilities	2,668	2,668	2,359	2,359	Level 2
TOTAL	366,889	368,070	270,206	272,124	

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).

Since the beginning of the financial year there have been no transfers among levels.

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 5 Financial liabilities

(€000S)	31/03/2020	30/09/2019
Non-current financial debt	316,231	165,742
- Credit institutions	288,656	165,317
- Finance leases	410	424
- Other (medium term note)	20,000	
- IFRS 16	7,166	0
Current financial debt	32,152	81,430
- Credit institutions	11,335	31,310
- Finance leases	60	120
- Other - Commercial paper	20,700	
- IFRS 16	58	50,000
TOTAL	348,384	247,172

The structure of the financial liabilities and the average cost of borrowing are described above in point 2.2 of the interim management report.

NOTE 6 Financial instruments

At 31 March 2020, 74.3% 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 a policy for hedging interest rate risk.

At 31 March 2020, the hedging ratio was 73.3%.

At the date of this half-yearly financial report, hedging was composed of:

- 42 IRS (interest rate swap) contracts on a total notional amount of €600.5 million, of which €142.5 million was effective at 31/03/2020 and €458 million will be effective at a later date.
- 2 CAP option contracts on a notional amount of €30 million, of which €20 million was effective at 31/03/2020 and €10 million will be effective at a later date.

The following table shows the hedges in place at the date of this half-yearly financial report.

Type	Notional amount (€000S)	Start date	End date	Interest rate at worst	Floating reference rate	Fair value (€000S)	
						31/03/2020	30/09/2019
IRS	10,000	30/06/2013	30/06/2020	1.50%	3-mth. Euribor	-47	-150
IRS	10,000	03/07/2013	30/06/2020	1.50%	3-mth. Euribor	-47	-150
IRS	7,500	12/08/2011	12/08/2021	2.76%	3-mth. Euribor	-362	-501
IRS	20,000	28/09/2007	30/09/2022	3.70%	3-mth. Euribor	-2,083	-2,591
IRS	20,000	29/06/2018	30/06/2020	0.38%	3-mth. Euribor	-37	-128
IRS	10,000	29/06/2018	30/06/2020	0.29%	3-mth. Euribor	-16	-57
IRS	30,000	30/06/2019	30/06/2020	0.28%	3-mth. Euribor	-48	-170
IRS	10,000	30/09/2019	31/12/2023	0.39%	3-mth. Euribor	-286	-388
IRS	15,000	31/12/2019	31/12/2022	0.34%	3-mth. Euribor	-301	-396
IRS	10,000	30/09/2019	31/12/2023	0.40%	3-mth. Euribor	-293	-391
IRS	10,000	30/06/2020	30/06/2023	0.35%	3-mth. Euribor	-220	-267
IRS	15,000	30/06/2020	30/06/2023	0.15%	3-mth. Euribor	-239	-308
IRS	30,000	30/06/2020	31/12/2021	0.18%	3-mth. Euribor	-269	-336
IRS	20,000	30/06/2020	30/06/2021	0.26%	3-mth. Euribor	-135	-165
IRS	20,000	30/06/2020	30/06/2023	0.62%	3-mth. Euribor	-609	-705
IRS	10,000	30/06/2021	31/12/2022	0.83%	3-mth. Euribor	-185	-209
IRS	10,000	30/06/2021	31/12/2022	0.63%	3-mth. Euribor	-153	-177
IRS	15,000	31/12/2021	30/06/2023	0.72%	3-mth. Euribor	-244	-281
IRS	15,000	31/12/2021	31/03/2023	0.67%	3-mth. Euribor	-196	-226
IRS	10,000	30/06/2022	30/06/2023	0.80%	3-mth. Euribor	-115	-132
IRS ^(*)	10,000	30/09/2021	30/09/2023	0.65%	3-mth. Euribor	-201	-235
IRS ^(*)	10,000	30/09/2022	30/09/2023	0.73%	3-mth. Euribor	-105	-123
IRS ^(*)	10,000	31/12/2022	31/12/2023	0.49%	3-mth. Euribor	-78	-97
IRS ^(*)	10,000	31/12/2022	31/12/2024	0.61%	3-mth. Euribor	-171	-207
IRS ^(*)	10,000	31/12/2022	31/12/2023	0.53%	3-mth. Euribor	-83	-99
IRS ^(*)	20,000	31/03/2023	31/03/2025	0.62%	3-mth. Euribor	-338	-405
IRS ^(*)	20,000	30/06/2023	30/06/2024	0.50%	3-mth. Euribor	-148	-185
IRS ^(*)	15,000	30/06/2023	30/06/2025	0.46%	3-mth. Euribor	-195	-247
IRS ^(*)	15,000	30/06/2023	30/06/2025	0.46%	3-mth. Euribor	-196	-245
IRS ^(*)	10,000	30/09/2022	30/09/2023	0.12%	3-mth. Euribor	-43	-60
IRS ^(*)	10,000	30/09/2022	30/09/2027	0.57%	3-mth. Euribor	-343	-414
IRS ^(*)	10,000	30/06/2023	30/06/2025	0.38%	3-mth. Euribor	-113	-148
IRS ^(*)	20,000	30/06/2023	30/06/2027	0.58%	3-mth. Euribor	-535	-649
IRS ^(*)	10,000	31/12/2023	31/12/2025	0.47%	3-mth. Euribor	-123	-155
IRS ^(*)	20,000	31/12/2023	31/12/2027	0.68%	3-mth. Euribor	-572	-680
IRS ^(*)	20,000	31/12/2022	31/12/2025	-0.04%	3-mth. Euribor	-79	-181
IRS ^(*)	20,000	30/09/2023	30/09/2029	0.34%	3-mth. Euribor	-346	-471
IRS ^(*)	10,000	31/12/2023	31/12/2028	0.31%	3-mth. Euribor	-144	-195
IRS ^(*)	10,000	30/06/2024	30/06/2029	0.22%	3-mth. Euribor	-71	-115
IRS ^(*)	10,000	30/06/2024	30/06/2029	0.22%	3-mth. Euribor	-67	-114
IRS ^(*)	10,000	31/12/2024	31/12/2026	0.08%	3-mth. Euribor	-20	-46
IRS ^(*)	23,000	30/04/2020	28/02/2027	0.12%	3-mth. Euribor	-546	-
CAP purchased	20,000	30/06/2017	30/06/2020	0.15%	3-mth. Euribor	0	0
CAP purchased	15,000	30/06/2018	31/12/2019	0.45%	3-mth. Euribor	0	0
CAP purchased	10,000	31/12/2018	31/12/2019	0.25%	3-mth. Euribor	0	0
CAP purchased	10,000	31/12/2020	31/12/2021	0.25%	3-mth. Euribor	1	1

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 profit or loss.

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

NOTE 7 Other non-current financial liabilities

(€000S)	31/03/2020	30/09/2019
Authorised hedging instruments	10,402	12,800
Other	1,980	1,889
TOTAL	12,382	14,689

Other non-current financial liabilities mainly comprise the fair value of the interest rate swaps (IRS) entered into by the Company to hedge against a rise in interest rates, its borrowings being mainly at floating rates.

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

NOTE 8 Earnings per Share (EPS)

	31/03/2020	31/03/2019	30/09/2019
EPRA Earnings per share (euros)	2.21	2.19	4.34
Earnings per share (EPS) (euros)	0.81	1.76	3.24
Weighted average number of shares during the period	6,595,985	6,595,985	6,595,985

NOTE 9 Events subsequent to the 31 March 2020 closing date

The Covid-19 crisis has continued beyond the closing date of the interim financial statements, affecting the business of non-food retailers and consequently for some of them their ability to meet payment of their rentals from 1 April 2020.

From 1 April many tenants in sectors other than food have suspended payment of their rentals due to the closure of their business.

Ascencio is conducting responsible dialogues with its non-food tenants with a view to helping them face the challenges of this crisis, case by case depending on the specific difficulties they face and their own financial capacity. The measures proposed by Ascencio consist, depending on the tenant's individual situation, of staggering payment of April and May rentals and/or partial cancellation of them, always with an eye to the respective stakes and interests of each party and the equilibrium of the contracts.

The financial burden of the two-month lockdown for all non-food tenants together amounts to approximately €4 million in rentals.

It is at present still impossible to determine the impact of the Covid-19 health crisis on results for financial year 2019/2020.

5.6. Auditor's Report

Report on review of the consolidated interim financial information for the six-month period ended 31 March 2020

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of cash flows and the consolidated condensed statement of changes in equity for the period of six months then ended as at 31 March 2020, as well as selective notes 1 to 9.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Ascencio SCA ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standard IAS 34 - Interim Financial Reporting as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 719.813 (000) EUR and the consolidated condensed income statement shows a consolidated profit for the period then ended of 5.355 (000) EUR.

The manager of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – Review of interim financial information performed by the independent auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Ascencio SCA has not been prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 - Interim Financial Reporting as adopted by the European Union.

Emphasis of matter – Valuation of investment properties

We draw attention to note 1 of the consolidated interim financial information, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the company's investment property portfolio. The outbreak has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the investment property portfolio at the balance sheet date. Our conclusion is not modified in respect of this matter.

Antwerp, 12 June 2020

The statutory auditor

DELOITTE Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Kathleen De Brabander

6. Declaration by persons responsible

The Statutory Manager⁶ of Ascencio SCA hereby declares that to the best of its knowledge:

- the condensed financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, financial position and results of the Company and of the companies included in the consolidation;
- the Management Report contains a true account of the significant events and main transactions between related parties that have taken place in the first six months of the financial year and their effect on the condensed statements, as well as a description of the main risks and uncertainties for the remaining months of the financial year.

7. Information on forward-looking statements

This interim financial report contains forward-looking information based on the Company's estimates and projections and its reasonable expectations in respect of external events and factors. By its very nature, such forward-looking information carries with it risks and uncertainties that could lead to results, the financial situation, performance and actual achievements diverging. Given these factors of uncertainty, statements about the future cannot be guaranteed.

8. Financial calendar

Interim statement for the quarter ending 30 June 2020	7 August 2020
Press release on results for the year to 30 September 2020	27 November 2020
Ordinary general meeting of shareholders	31 January 2021

⁶ Ascencio SA, Avenue Jean Mermoz 1 box 4, 6041 Gosselies, company number BE 0881.160.173

9. Fact sheet

COMPANY NAME	ASCENCIO SCA
STATUS	Public Regulated Real Estate Company (SIRP)
ADDRESS	Avenue Jean Mermoz 1 Bldg H Box 4, 6041 Gosselies, Belgium
TEL.	+ 32 (71) 91 95 00
FAX	+ 32 (71) 34 48 96
E-MAIL	info@ascencio.be
WEBSITE	www.ascencio.be
REGISTERED	with the Charleroi Companies Registry
COMPANY NUMBER	BE 0881 334 476
DATE OF INCORPORATION	10 May 2006
APPROVAL AS SIR (B-REIT)	28 October 2014
DURATION	Indefinite
AUDITOR	Deloitte Réviseurs d'Entreprises, represented by Kathleen De Brabander
PROPERTY EXPERTS	Jones Lang LaSalle Cushman & Wakefield CBRE
FINANCIAL YEAR END	30 September
SHARE CAPITAL	€39,575,910
NUMBER OF SHARES	6,595,985
LISTED ON	Euronext Brussels
FAIR VALUE OF THE REAL ESTATE PORTFOLIO	€698 million
NUMBER OF PROPERTIES	106
TYPE OF PROPERTY	Commercial premises on urban peripheries and others

For any additional information:

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Chief Executive Officer
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This interim report is also available in Dutch and English, but only the French version of the document has full force and effect. The Dutch and English versions are free translations prepared under the responsibility of Ascencio.

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) the 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 2018/2019 Annual Report, which is available on Ascencio's website (www.ascencio.be).

Operating margin

		31/03/2020	31/03/2019
Operating result before result on portfolio (€000S)	= A	17,364	17,129
Rental income (€000S)	= B	21,213	20,696
OPERATING MARGIN	= A / B	81.9%	82.8%

Average cost of debt

		31/03/2020	31/03/2019
Net interest charges (heading XXI) (€000S)		2,310	2,254
Interests on lease debt (IFRS 16)		-58	-
Commissions on undrawn balances under credit facilities		153	158
Opening commission and charges for credit facilities		11	17
Change in fair value of CAPS		0	9
TOTAL COST OF FINANCIAL DEBTS	= A	2,417	2,438
WEIGHTED AVERAGE DEBT FOR THE PERIOD	= B	259,303	251,054
AVERAGE COST OF DEBT	= A*2 / B	1.86%	1.94%

Hedging ratio

(€000S)		31/03/2020	30/09/2019
Fixed-rate financial debts		87,542	53,035
Financial debts converted into fixed-rate debts by means of IRS		142,500	107,500
Financial debts converted into capped-rate debts by means of CAPS		20,000	55,000
TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS	= A	250,042	215,535
TOTAL VARIABLE RATE FINANCIAL DEBTS		91,118	31,636
TOTAL FINANCIAL DEBTS	= B	341,160	247,172
HEDGING RATIO	= A / B	73.3%	87.2%

EPRA

EPRA (the European Public Real Estate Association) is the voice of Europe's publicly traded real estate sector, representing more than 275 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).

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

EPRA KEY PERFORMANCE INDICATORS

		31/03/2020	31/03/2019
EPRA Earnings (000 EUR)		14,601	14,459
EPRA Earnings per share (EUR)	Earnings from operational activities.	2.21	2.19
EPRA Cost Ratio (including direct vacancy costs)	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	18.15%	17.24%
EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.	16.83%	16.15%
		31/03/2020	30/09/2019
EPRA NAV (000 EUR)	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	356,585	376,827
EPRA NAV per share (EUR)		54.06	57.13
EPRA NNNAV (000 EUR)	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	344,120	361,205
EPRA NNNAV per share (EUR)		52.17	54.76
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less nonrecoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchaser's costs.	6.27%	6.15%
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.	6.31%	6.21%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	3.00%	2.91%

EPRA EARNINGS

(€000s)	31/03/2020	31/03/2019
EARNINGS (OWNERS OF THE PARENT) PER IFRS INCOME STATEMENT	5,355	11,635
ADJUSTMENTS TO CALCULATE EPRA EARNINGS	9,246	2,824
(i) Change in value of investment properties, development properties held for investment and other interests	11,622	907
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	41	133
(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	-2,398	2,792
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	-20	-1,008
(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)	14,601	14,459
Number of shares	6,595,985	6,595,985
EPRA EARNINGS PER SHARE (EPRA EPS - €/SHARE) (OWNERS OF THE PARENT)	2.21	2.19

EPRA NET ASSET VALUE (NAV)

(€000s)	31/03/2020	30/09/2019
NAV PER THE FINANCIALS STATEMENTS (OWNERS OF THE PARENT)	345,301	363,124
Number of shares	6,595,985	6,595,985
NAV PER THE FINANCIALS STATEMENTS (€/SHARE) (OWNERS OF THE PARENT)	52.35	55.05
Effect of exercise of options, convertibles and other equity interests (diluted basis)	0	0
DILUTED NAV, AFTER THE EXERCISE OF OPTIONS, CONVERTIBLES AND OTHER EQUITY INTERESTS	345,301	363,124
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	10,402	12,800
(v.a) Deferred tax	882	903
(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)	356,585	376,827
Number of shares	6,595,985	6,595,985
EPRA NAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)	54.06	57.13

EPRA TRIPLE NET ASSET VALUE (NNNAV)

(€000s)	31/03/2020	30/09/2019
EPRA NAV (OWNERS OF THE PARENT)	356,585	376,827
Include :	-12,465	-15,621
(i) Fair value of financial instruments	-10,402	-12,800
(ii) Fair value of debt	-1,181	-1,918
(iii) Deferred tax	-882	-903
EPRA NNAV (OWNERS OF THE PARENT)	344,120	361,205
Number of shares	6,595,985	6,595,985
EPRA NNAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)	52.17	54.76

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

(€000s)	31/03/2020			
	Belgium	France	Spain	TOTAL
Investment properties in fair value	373,384	293,647	31,050	698,081
Properties held for sale (+)	0	0	0	0
Developments (-)	0	0	0	0
PROPERTIES AVAILABLE FOR LEASE	373,384	293,647	31,050	698,081
Allowance for estimated purchasers' costs (+)	9,335	18,221	1,045	28,601
GROSS UP COMPLETED PROPERTY PORTFOLIO VALUATION	382,719	311,868	32,095	726,682
Annualised cash passing rental income (+)	25,690	19,137	1,959	46,786
Property outgoings ¹ (-)	-889	-302	0	-1,191
ANNUALISED NET RENTS	24,801	18,835	1,959	45,595
Add : notional rent expiration of rent free periods or other lease incentives (+)	226	59	0	285
TOPPED-UP NET ANNUALISED RENT	25,027	18,894	1,959	45,881
EPRA NIY (%)	6.48%	6.04%	6.10%	6.27%
EPRA TOPPED-UP NIY (%)	6.54%	6.06%	6.10%	6.31%

(€000s)	30/09/2019			
	Belgium	France	Spain	TOTAL
Investment properties in fair value	375,664	214,480	32,750	622,894
Properties held for sale (+)	847	0	0	847
Developments (-)	0	0	0	0
PROPERTIES AVAILABLE FOR LEASE	376,511	214,480	32,750	623,741
Allowance for estimated purchasers' costs (+)	9,437	12,760	1,102	23,299
GROSS UP COMPLETED PROPERTY PORTFOLIO VALUATION	385,948	227,240	33,852	647,040
Annualised cash passing rental income (+)	25,702	14,431	1,949	42,081
Property outgoings ¹ (-)	-1,790	-528	0	-2,318
ANNUALISED NET RENTS	23,912	13,903	1,949	39,763
Add : notional rent expiration of rent free periods or other lease incentives (+)	352	72	0	424
TOPPED-UP NET ANNUALISED RENT	24,264	13,974	1,949	40,187
EPRA NIY (%)	6.20%	6.12%	5.76%	6.15%
EPRA TOPPED-UP NIY (%)	6.29%	6.15%	5.76%	6.21%

EPRA VACANCY RATE

(€000s)	31/03/2020			
	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	1,225	157	0	1,381
Estimated rental value (ERV) of total portfolio	25,244	18,922	1,872	46,038
EPRA VACANCY RATE (%)	4.85%	0.83%	0.00%	3.00%

(€000s)	30/09/2019			
	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	1,042	157	0	1,198
Estimated rental value (ERV) of total portfolio	25,143	14,145	1,926	41,214
EPRA VACANCY RATE (%)	4.14%	1.11%	0.00%	2.91%

EPRA COST RATIOS

(€000s)	31/03/2020	31/03/2019
ADMINISTRATIVE/OPERATING EXPENSE LINE PER IFRS STATEMENT	-3,850	-3,568
Rental-related charges	-74	-23
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	-42	-39
Other revenue and expenditure relating to rental	6	-2
Technical costs	-309	-510
Commercial costs	-151	-53
Charges and taxes on unlet properties	-278	-225
Property management costs	-794	-676
Other property charges	-119	-148
Corporate overheads	-2,097	-1,876
Other operating income and charges	10	-16
EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	-3,850	-3,568
Charges and taxes on unlet properties	278	225
EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	-3,571	-3,343
GROSS RENTAL INCOME	21,213	20,696
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (%)	18.15%	17.24%
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (%)	16.83%	16.15%