

INTERIM STATEMENT OF THE STATUTORY MANAGER FIRST QUARTER OF FINANCIAL YEAR 2020-2021



Regulated information

4 March 2021 – Under embargo until 5.40 p.m.

NICE PERFORMANCE OF THE REAL ESTATE PORTFOLIO BASED ON SOLID SECTORIAL FUNDAMENTALS

OPERATING RESULTS

- **Rental income** of €11.6 million, up by 11.1% (before COVID-19 impact)
- **Impact of COVID** of €0.9 million estimated for the first quarter of the financial year
- **EPRA Earnings** €7.1 million, down slightly by 1.8% (after COVID-19 impact)

EARNINGS PER SHARE

- **EPRA NAV:** €55.83 per share, compared with €54.95 per share at 30/09/2020
- **EPRA earnings:** €1.08 per share compared with €1.10 per share at 31/12/2019

PROPERTY PORTFOLIO

- **Fair value stable:** €690.1 million compared with €690.5 million at 30/09/2020
- **Resilient and defensive portfolio:**
 - 40% of rentals from the food sector
 - 9% of rentals from DIY
- **Occupancy rate:** 97.3% compared with 97.7% at 30/09/2020

FINANCIAL STRUCTURE

- **Debt ratio**¹ of 47.6% at 31/12/2020 as against 48.7% at 30/09/2020
- **Average cost of borrowing:** 1.87% at 31/12/2020, compared with 1.84% at 30/09/2020

¹ Debt ratio calculated in accordance with the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

Summary of activity

Since the beginning of the pandemic almost a year ago now, supermarkets and retail parks have demonstrated their resilience in the face of the health crisis.

The food sector does not suffer from this crisis, supermarkets having stayed open throughout. They benefit from the closure of the horeca sector and the restrictions on citizens' activities.

Sales activity in the retail parks has recovered quickly, with consumption catching up after the periods of closure of non-essential stores in the spring of 2020 and again in November. In fact, out-of-town retail has a "corona-safe" profile for consumers. Customers feel reassured by the spacious open-air parking lots and the relatively large areas of the stores.

Ascencio started its 2020/2021 financial year on 1 October 2020.

During this first quarter, rental income (before the impact of COVID-19) was up by 11.1%, thanks to the effect of the acquisition of five Casino supermarkets in the Southeast of France at the beginning of March 2020.

The first quarter of the financial year was marked by a second period of closure of non-essential stores in Belgium (from 1 November to 30 November 2020) and in France (from 1 to 27 November 2020).

The consequences of this second lockdown were more limited than those of the first one because a larger number of stores were able to stay open, such as DIY stores, garden centres and household and personal care stores. Stores were able to reopen at the end of November 2020, with the exception of hotels, restaurants and cafés, games rooms and fitness centres and, in Belgium, also businesses involving physical contact such as hairdressers, beauty parlours, etc.

For Ascencio, thanks to the strengthening of the food segment of its portfolio in 2020 (39.6% of rentals) and to the opening of DIY stores and garden centres (9.3% of rentals), only 40% of its rental income was affected by the November closures (as against 60% in the spring 2020), and for a shorter time (1 month rather than 2). Furthermore, in Spain the stores stayed open throughout the fourth quarter of 2020.

As with the first lockdown, Ascencio initiated discussions with retailers whose businesses were closed and whose activity was seriously affected. At present,

- the entire impact of the first lockdown had been taken into account at 30 September 2020.
- 50% of negotiations have been completed for the second lockdown.

At present only a few sectors, notably hotels, restaurants and cafés, game rooms and fitness centres (2% of annual rentals) remain closed in Belgium and France. However, a large proportion of hotel and restaurant units in Ascencio's portfolio are chains that continue their take-away business.

Besides, the closure of shopping centres of more than 20,000 m² decreed on 31 January 2021 in France does not affect any asset in Ascencio's French portfolio.

At 31/12/2020, Ascencio conservatively estimated the partial cancellations of rentals resulting from the closure of stores in the 4th quarter of 2020 at €881,000.

Property portfolio at 31 December 2020

At 31 December 2020 the fair value of the property portfolio (excluding IFRS 16) was stable at €690.1 million.

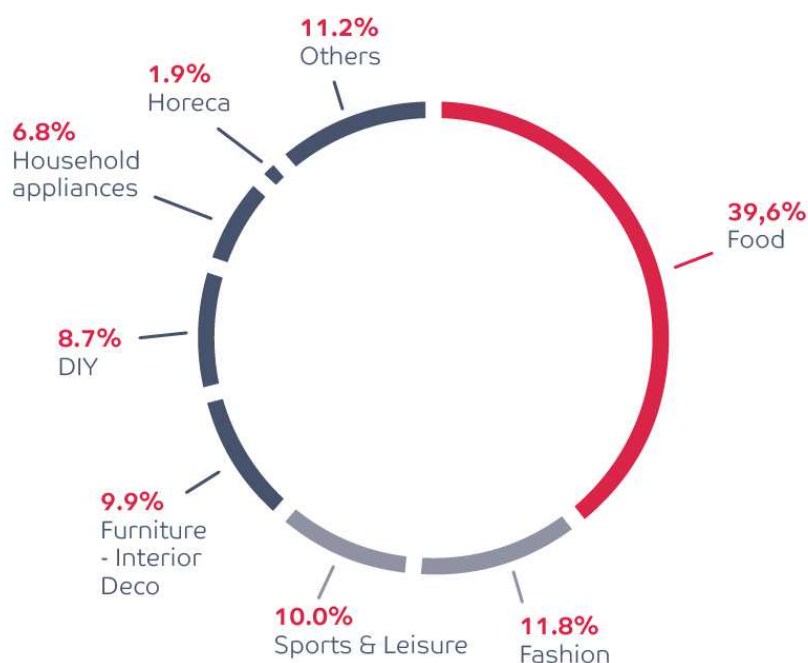
(€000S)	31/12/2020	30/09/2020
BALANCE AT BEGINNING OF THE PERIOD	690,481	622,894
Acquisitions	909	88,106
Disposals	0	0
Transfer from assets held for sale	0	0
Change in fair value	-1,337	-20,520
BALANCE AT THE END OF THE PERIOD	690,053	690,481

Investments:

During the first quarter, Ascencio continued work on the construction of a new 1,504 m² unit for Maisons du Monde in its Chalon-sur-Saône retail park (France). Completion is scheduled for early April 2021.

Ascencio also started work on an extension to the facilities of Auto 5 in Jemappes (Belgium).

Breakdown of contractual rent by sectors (on an annual basis):



Occupancy rate

At 31 December 2020, the occupancy rate of the portfolio stood at 97.3%, compared with 97.7% at 30 September 2020.

Consolidated results for the first quarter of financial year 2020/2021

CONSOLIDATED RESULTS (€000s)	Q1 from 30/09/2020 to 31/12/2020	Q1 from 30/09/2019 to 31/12/2019
RENTAL INCOME	11,595	10,435
Rental related charges	-886	-48
Taxes and charges not recovered	6	25
PROPERTY RESULT	10,715	10,411
Property charges	-837	-834
Corporate overheads	-1,021	-1,044
Other income and operating costs	0	1
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	8,857	8,535
Operating margin (*)	76.4%	81.8%
Financial income	0	0
Net interest charges	-1,459	-1,072
Other financial charges	-104	-93
Taxes	-170	-113
EPRA EARNINGS	7,124	7,258
Net gains and losses on disposals of investment properties	0	-41
Change in the fair value of investment properties	-1,337	347
Other result on the portfolio	0	0
Portfolio result	-1,337	305
Change in fair value of financial assets and liabilities	151	5,009
Exit Tax	0	0
Deferred tax & tax on profit on disposals	44	-47
NET RESULT	5,982	12,526
(*) Alternative Performance Measure (APM). See pages 8 and 12.		
EPRA Earnings per share (EUR)	1.08	1.10
Earnings per share (EUR)	0.91	1.90
Number of shares	6,595,985	6,595,985

As a result of the acquisition of 5 Casino supermarkets on 6 March 2020, rental income for the 1st quarter was up by 11.1% at €11.59 million (before the impact of COVID) compared with €10.43 million in the first quarter of the previous financial year.

The following table shows rental income by country:

RENTAL INCOME (€000S)	31/12/2020		31/12/2019	
Belgium	6,299	54%	6,416	61%
France	4,806	41%	3,532	34%
Spain	490	4%	487	5%
TOTAL	11,595	100%	10,435	100%

Rental-related charges were up sharply at €886,000 compared with €48,000 for the same quarter of the previous financial year, which was not affected by COVID. These charges include:

- firstly, reductions in value of trade receivables for €5,000 (compared with €48,000 in the same quarter of the previous financial year);
- secondly, the cancellation of rents granted to certain non-food tenants estimated at €881,000 in connection with the closure of non-essential businesses.

After taking account of rental cancellations linked to COVID-19 and reductions in the value of receivables, **property result** amounted to €10.71 million (up by 2.9% relative to 31 December 2019).

After deduction of property charges and corporate overheads, **operating result before result on portfolio** came to €8.86 million (€8.53 million for the quarter to 31 December 2019). **The operating margin²** came to 76.4%.

Interest charges excluding IFRS 16, including the cash flows generated by interest rate hedging instruments, amounted to €1.43 million (€1.07 million at 31 December 2019). The increase (+€0.36 million) compared with the same period of the previous financial year is due to the financing by debt of the acquisition of 5 Casino supermarkets in March 2020.

The **average cost of debt²** (including margins and the cost of hedging instruments) was 1.87% (compared with 1.84% in 2019/2020).

Thanks to the interest rate hedging policy put in place, the Group's hedging ratio is currently 83.3%. Based on the level of financial debt at 31 December 2020, it is set to remain above 70% until September 2025.

After deduction of the tax charge on the French and Spanish assets, **EPRA Earnings** amount to €7.12 million, slightly down by 1,8% compared to 31 December 2019 due to the rent cancellations recognised for the closure of non-essential stores in Belgium and France in November 2020.

The fair value of investment property remains stable (-0,2%, or -€1.3 million).

The fair value of hedging instruments is positive in the amount of €0.15 million.

Net result came to €5.98 million, compared with €12.53 million for the year ended 31 December 2020.

² Alternative Performance Measure (APM). See pages 8 and 12.

Consolidated balance sheet at 31 December 2020

CONSOLIDATED BALANCE SHEET (€000s)	31/12/2020	30/09/2020
ASSETS	707,393	713,716
Investment properties	697,180	697,639
Other non-current assets	1,498	1,506
Assets held for sale	0	0
Trade receivables	3,310	7,441
Cash and cash equivalents	2,843	4,710
Other current assets	2,562	2,420
EQUITY AND LIABILITIES	707,393	713,716
Equity	355,112	349,130
Non-current financial debts	285,822	293,738
Other non-current liabilities	14,804	14,656
Deferred tax	787	832
Current financial debts	42,332	42,494
Other current liabilities	8,536	12,866

Significant events and transactions after 31 December 2020

There have been no significant events since 31 December 2020.

Outlook

The outlook for the financial year 2020/2021 will primarily be influenced by the following:

- The financial and operational agility of Ascencio's retailers in speeding up changes to their business model due to the pandemic and sector-wide digitisation towards a strategy where the emphasis is on being omnichannel.
The first store lockdown showed clearly that the out-of-town retail and food segment are undeniably more geared to this agility than downtown stores and shopping centres.
- How the pandemic evolves and any further closures of non-essential stores.
- The sound performance of Ascencio's robust and resilient property portfolio, which is set to fully benefit thanks to the rental income from the investment made in March 2020 in the food sector.
- Macroeconomic uncertainties that could lead some tenants to fail and influence the fair value of Ascencio's portfolio.
- Ascencio's ability to seize investments opportunities that should present themselves in view of developments in the property and financial markets.

Financial calendar

Semi-annual financial report at 31 March 2021	11 June 2021
Interim statement for the period ended 30 June 2021	5 August 2021
Annual press release for the year to 30 September 2021	25 November 2021
AGM	31 January 2022 at 2.30 p.m.

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Reconciliation of Alternative Performance Indicators (APM) and EPRA Indicators

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

The definition of the APMs and the use made of them can be found at the end of the 2019/2020 Annual Report, which is available on Ascencio's website (www.ascencio.be).

1. Operating margin

		31/12/2020	31/12/2019
Operating result before result on portfolio (€000S)	= A	8,857	8,535
Rental income (€000S)	= B	11,595	10,435
OPERATING MARGIN	= A / B	76.4%	81.8%

2. Average cost of debt

(€000S)		31/12/2020	31/12/2019
Net interest charges (heading XXI excluding IFRS 16) (€000S)		1,431	1,072
Commissions on undrawn balances under credit facilities		81	77
Opening commission and charges for credit facilities		12	5
Change in fair value of caps		0	0
TOTAL COST OF FINANCIAL DEBTS	= A	1,523	1,154
WEIGHTED AVERAGE DEBT FOR THE PERIOD	= B	326,068	243,575
AVERAGE COST OF DEBT	= Ax4/B	1.87%	1.90%

3. Hedging ratio

(€000S)		31/12/2020	30/09/2020
Fixed-rate financial debts		86,781	87,029
Financial debts converted into fixed-rate debts by means of IRS		180,500	180,500
Financial debts converted into capped-rate debts by means of caps		0	0
TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS	= A	267,281	267,529
TOTAL VARIABLE RATE FINANCIAL DEBTS		53,687	61,498
TOTAL FINANCIAL DEBTS	= B	320,968	329,027
HEDGING RATIO	= A / B	83.3%	81.3%

4. Performance indicators according to the EPRA standards

4.1 Key figures

		31/12/2020	30/09/2020
EPRA NRV (€000s)	The EPRA NRV assumes that entities never sell assets and provide an estimation of the value required to rebuild the entity.	398.072	391.816
EPRA NRV per share (€000s)		60,35	59,40
EPRA NTA (€000s)	The EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	368.231	362.445
EPRA NTA per share (€000s)		55,83	54,95
EPRA NDV (€000s)	The EPRA NDV represents the value accruing to the company's shareholders under an asset disposal scenario, resulting in the settlement of deferred taxes, the liquidation of financial instruments and the recognition of other liabilities for their maximum amount, net of any resulting tax.	353.309	347.657
EPRA NDV per share (€000s)		53,56	52,71
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	2,84%	2,48%

		31/12/2020	31/12/2019
EPRA Earnings (€000s)	Earnings from operational activities.	7.124	7.258
EPRA Earnings per share (euros)		1,08	1,10
EPRA Cost Ratio (including direct vacancy costs)	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	23,61%	18,21%
EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.	23,14%	17,79%

4.2 EPRA Earnings

(€000s)	31/12/2020	31/12/2019
EARNINGS (OWNERS OF THE PARENT) PER IFRS INCOME STATEMENT	5,982	12,526
ADJUSTMENTS TO CALCULATE EPRA EARNINGS	1,142	-5,267
(i) Change in value of investment properties, development properties held for investment and other interests	1,337	-347
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	0	0
(iii) Profits or losses on disposal of trading properties including impairment charges in respect of trading properties	0	41
(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	-151	-5,009
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	-44	47
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Non-controlling interests in respect of the above	0	0
EPRA EARNINGS (OWNERS OF THE PARENT)	7,124	7,258
Number of shares	6,595,985	6,595,985
EPRA EARNINGS PER SHARE (EPRA EPS - €/SHARE) (OWNERS OF THE PARENT)	1.08	1.10

4.3 EPRA NAV Metrics

In October 2019 EPRA published new Best Practice Recommendations (BPRs) applicable to financial years starting on or after 1 January 2020. The indicators EPRA NAV and EPRA NNAV were replaced by three new indicators: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) et EPRA Net Disposal Value (NDV).

- The EPRA NRV assumes that entities never sell assets and provide an estimation of the value required to rebuild the entity.
- The EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
- The EPRA NDV represents the value accruing to the company's shareholders under an asset disposal scenario, resulting in the settlement of deferred taxes, the liquidation of financial instruments and the recognition of other liabilities for their maximum amount, net of any resulting tax.

In order to provide comparability and continuity with the data published last year, the old EPRA NAV and EPRA NAVVV indicators calculated in accordance with the BPR Guidelines of November 2016 will always be proposed during financial year 2020/2021 alongside the three new indicators calculated in accordance with the BPR Guidelines of October 2019.

31/12/2020					
(€000s)	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
Equity attributable to owners of the parent in IFRS	355,112	355,112	355,112	355,112	355,112
Include/exclude:					
(i) Hybrid instruments	0	0	0	0	0
Diluted NAV at Fair Value	355,112	355,112	355,112	355,112	355,112
Exclude:					
(v) Deferred taxes in relation to fair value gains of IP	787	787		787	
(vi) Fair value of financial instruments	12,332	12,332		12,332	
Include:					
(ix) Fair value of fixed interest rate debt			-1,803		-1,803
(xi) Real estate transfer tax	29,840	0			
EPRA NAV	398,072	368,231	353,309	368,231	353,309
Fully diluted number of shares	6,595,985	6,595,985	6,595,985	6,595,985	6,595,985
EPRA NAV PER SHARE (€/SHARE)	60.35	55.83	53.56	55.83	53.56

30/09/2020					
(€000s)	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
Equity attributable to owners of the parent in IFRS	349,130	349,130	349,130	349,130	349,130
Include/exclude:					
(i) Hybrid instruments	0	0	0	0	0
Diluted NAV at Fair Value	349,130	349,130	349,130	349,130	349,130
Exclude:					
(v) Deferred taxes in relation to fair value gains of IP	832	832		832	
(vi) Fair value of financial instruments	12,483	12,483		12,483	
Include:					
(ix) Fair value of fixed interest rate debt			-1,473		-1,473
(xi) Real estate transfer tax	29,371	0			
EPRA NAV	391,816	362,445	347,657	362,445	347,657
Fully diluted number of shares	6,595,985	6,595,985	6,595,985	6,595,985	6,595,985
EPRA NAV PER SHARE (€/SHARE)	59.40	54.95	52.71	54.95	52.71

4.4 EPRA vacancy rate

(€000s)	31/12/2020				30/09/2020			
	Belgium	France	Spain	TOTAL	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	1,142	157	0	1,299	976	157	0	1,132
Estimated rental value (ERV) of total portfolio	24,894	19,060	1,771	45,724	24,884	18,995	1,784	45,664
EPRA VACANCY RATE (%)	4.59%	0.82%	0.00%	2.84%	3.92%	0.82%	0.00%	2.48%

4.5 EPRA cost ratios

(€000s)	31/12/2020	31/12/2019
ADMINISTRATIVE/OPERATING EXPENSE LINE PER IFRS STATEMENT	-2,738	-1,900
Rental-related charges	-886	-48
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	-2	19
Other revenue and expenditure relating to rental	8	6
Technical costs	-194	-166
Commercial costs	-32	-99
Charges and taxes on unlet properties	-54	-44
Property management costs	-490	-406
Other property charges	-67	-118
Corporate overheads	-1,021	-1,044
Other operating income and charges	0	1
EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	-2,738	-1,900
Charges and taxes on unlet properties	54	44
EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	-2,683	-1,856
GROSS RENTAL INCOME	11,595	10,435
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (%)	23.61%	18.21%
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (%)	23.14%	17.79%