

INTERIM STATEMENT OF THE STATUTORY MANAGER FIRST QUARTER OF FINANCIAL YEAR 2019-2020



Regulated information

6 March 2020 – Under embargo until 5.40 p.m.

PERFORMANCE AND RESILIENCE OF THE PORTFOLIO

OPERATING RESULTS

- **Rental income** of €10.4 million, up by 1.2 %
- **EPRA Earnings** of €7.3 million, up by 1.9 %

EARNINGS PER SHARE

- **EPRA Earnings** : €1.10 per share, up by 1.9 %

PROPERTY PORTFOLIO

- **Fair value** at 31 December 2019 : €623.6 million (€622.9 million at 30 September 2019)
- **Geographical diversification** of the portfolio :
 - 60 % in Belgium
 - 35 % in France
 - 5 % in Spain
- **Occupancy rate** : 97.3 %, unchanged from 30 September 2019

FINANCIAL STRUCTURE

- **Debt ratio**¹ 39.0 % at 31 December 2019
- Remaining **investment capacity** of €81 million before debt ratio reaches 50 % (after taking account of the allocation of the dividend for the previous financial year)

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

Property portfolio at 31 December 2019

Changes in the portfolio since 30 September 2019

The fair value of the property portfolio stood at €623.6 million at 31 December 2019, compared with €622.9 million at 30 September 2019.

(€000s)	31/12/2019	30/09/2019
BALANCE AT BEGINNING OF THE PERIOD	622,894	619,029
Acquisitions	297	10,427
Disposals	0	-5,316
Transfer from assets held for sale	0	-847
Change in fair value	347	-399
BALANCE AT THE END OF THE PERIOD	623,538	622,894

Occupancy rate

At 31 December 2019 the occupancy rate of the portfolio stood at 97.3 %.

Geographical distribution

At 31 December 2019, the breakdown of the portfolio (excluding projects) among the three countries in which Ascencio operates was as follows :

COUNTRY	Investment value (€000s)	Fair value (€000s) (%)	Contractual rents (€000s)	Occupancy rate (%)	Gross yield (%)
Belgium	384,743	375,355 60.2%	26,032	96.2%	6.77%
France	228,262	215,433 34.6%	14,372	98.9%	6.30%
Spain	33,852	32,750 5.3%	1,949	100.0%	5.76%
TOTAL	646,857	623,538 100.0%	42,354	97.3%	6.55%

Divestments during the first quarter

During the first quarter of the financial year, Ascencio sold the retail site located at Gosselies and operated by a Carrefour Market for which a commitment to sell had been given in September 2019.

This property was shown under assets held for sale in the balance sheet at 30 September 2019.

Consolidated results for the first quarter of financial year 2019/2020

CONSOLIDATED RESULTS (€000s)	Q1 from 30/09/2019 to 31/12/2019	Q1 from 30/09/2018 to 31/12/2018
RENTAL INCOME	10,435	10,312
Rental related charges	-48	-17
Taxes and charges not recovered	25	-15
PROPERTY RESULT	10,411	10,280
Property charges	-834	-837
Corporate overheads	-1,044	-976
Other income and operating costs	1	20
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	8,535	8,487
Operating margin (*)	81.8%	82.3%
Financial income	0	1
Net interest charges	-1,072	-1,141
Other financial charges	-93	-111
Taxes	-113	-112
EPRA EARNINGS	7,258	7,124
Net gains and losses on disposals of investment properties	-41	0
Change in the fair value of investment properties	347	388
Other result on the portfolio	0	0
Portfolio result	305	388
Change in fair value of financial assets and liabilities	5,009	-1,310
Exit Tax	0	1,129
Deferred tax & tax on profit on disposals	-47	-12
NET RESULT	12,526	7,319
EPRA Earnings per share (EUR)	1.10	1.08
Earnings per share (EUR)	1.90	1.11
Number of shares	6,595,985	6,595,985

(*) Alternative Performance Measure (APM). See page 8.

Rental income increased by 1.2 % to €10.4 million.

The following table shows rental income by country :

RENTAL INCOME (€000S)	31/12/2019		31/12/2018	
Belgium	6,416	61%	6,324	61%
France	3,532	34%	3,499	34%
Spain	487	5%	489	5%
TOTAL	10,435	100%	10,312	100%

After deduction of property charges and corporate overheads, the **operating result before result on portfolio** was €8.53 million (€8.49 million at 30 September 2018). The **operating margin²** came to 81.8 %.

Interest charges, including the cash flows generated by interest rate hedging instruments, amounted to €1.07 million (€1.14 million at 30 September 2018).

During the first quarter of the financial year, the **average cost of debt** (margins and cost of hedging instruments included) amounted to 1.90 % compared with 2.04 % in the first quarter of the previous financial year.

Thanks to the rate hedging policy put in place, the **hedging ratio²** of the group is currently 94 % and, based on the current level of indebtedness, will be greater than 75 % over the next 5 years. This hedging policy enables the group to secure the cost of financing for the next few years.

EPRA Earnings for the first quarter amounted to €7.26 million, compared with €7.12 million at 31 December 2018, an increase of 1.9 %.

EPRA Earnings per share amounted to €1.10, compared with €1.08 for the first quarter of the previous financial year.

After taking into account the positive changes in the fair values of the portfolio (+ €0.35 million) and of interest rate hedging instruments (+ €5.01 million), the **net result** for the first quarter of the financial year amounted to €12.53 million (€7.32 million at 30 September 2018).

The **debt ratio (before allocation of the balance of the dividend for the 2018/2019 financial year)** was 39.0 % at 31 December 2019, compared with 40.5 % at 30 September 2019.

² Alternative Performance Measure (APM). See page 8.

Consolidated balance sheet at 31 December 2019

CONSOLIDATED BALANCE SHEET (€000s)	31/12/2019	30/09/2019
ASSETS	633,983	635,806
Investment properties	623,538	622,894
Other non-current assets	2,677	1,736
Assets held for sale	0	847
Trade receivables	1,553	4,107
Cash and cash equivalents	4,295	4,650
Other current assets	1,921	1,573
EQUITY AND LIABILITIES	633,983	635,806
Equity	375,675	363,124
Non-current financial debts	159,412	165,742
Other non-current liabilities	10,100	14,689
Deferred tax	950	903
Current financial debts	81,403	81,430
Other current liabilities	6,443	9,918

Net asset value (NAV) per share

(€000s)	31/12/2019	30/09/2019
Total number of shares	6,595,985	6,595,985
NAV IFRS	56.96	55.05
NAV EPRA	58.28	57.13

Significant events and transactions after 31 December 2019

There have been no significant events since 31 December 2019.

Relevant information on Ascencio's tenants

- Ascencio follows Orchestra
- Blokker
- A new Aldi store in Hannut
- Maisons du Monde : in Belgium and in France
- Renovation of a Grand Frais supermarket
- Extension of the Carrefour Market at "Les Papeteries de GenvaI"

Orchestra

Ascencio is attentively following the restructuring plan of the Orchestra chain as well as the performances of the various Orchestra stores in its portfolio and is taking appropriate measures in terms of management. Orchestra rents five retail properties from us (two in Belgium and three in France). The total surface of these stores represents 1.79 % of the total surface of Ascencio's portfolio.

Blokker

Blokker leases one retail unit belonging to Ascencio, located in its successful "Bellefleur" retail park in Couillet, Belgium (with an surface of approximately 600 m² or 0.15 % of the total portfolio area).

Ascencio does not anticipate any real problems if the tenant should leave.

Aldi

In line with its new concept, Aldi is remodelling its stores. Ascencio is supporting its tenant in this change of concept, and to this end is building an entirely new retail unit for the supermarket chain in the "L'Orchidée Plaza" retail park in Hannut, Belgium. The store will thus go from a sales area of around 1,200 m² to one of just over 2,100 m². The expected investment amounts to approximately €1.8 million. Delivery of the new unit is scheduled for the end of April 2020.

Maisons du Monde

- In the very successful "Bellefleur" retail park in Couillet, Belgium, Ascencio has carried out conversion works on an existing unit in order to accommodate a new tenant : Maisons du Monde. The works were completed in November 2019. The investment amounted to €225,000.
- Ascencio has obtained a permit for the extension of its "Les Portes du Sud" retail park in Chalon-sur-Saône (France). A new retail unit will be built for Maisons du Monde, covering a surface of approximately 1,500 m². The expected investment amounts to approximately €2 million. Delivery of the unit is scheduled for the end of 2020/beginning of 2021.

Grand Frais

Ascencio supported its tenant Grand Frais in its project for the extension, renovation and fit-out of the external areas of its supermarket located in Nîmes (France). The cost of the investment amounted to €760,000. The rental has been revised accordingly.

Carrefour Market by Groupe Mestdagh

In the "Les Papeteries de GenvaI" retail park in GenvaI (Belgium), Ascencio is working with its tenant Carrefour Market by Groupe Mestdagh to extend its initial sales area by incorporating the adjoining unit.

The food supermarket in "Les Papeteries de GenvaI" has been increasingly successful ever since it opened. This new format will allow the brand to respond better to its customers' expectations. The works will be for the tenant's account.

Outlook

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

Focused on growth, Ascencio wishes to develop its investment policy taking market cycles into account. The current pressure on the retail sector makes investment decisions more complex and means that asset selection must be carried out very rigorously.

Barring significant unforeseen events and based on its current real estate portfolio, the projected results for the 2019/2020 financial year should allow the distribution of a gross dividend comparable with that of the previous financial year.

Financial calendar

Semi-annual financial report at 31 March 2020	12 June 2020
Interim statement for the period ended 30 June 2020	7 August 2020
Annual press release for the year to 30 September 2020	27 November 2020
Ordinary general meeting of shareholders 2021	29 January 2021 at 2.30 p.m.

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Reconciliation of Alternative Performance Measures (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 2018/2019 Annual Report, which is available on Ascencio's website (www.ascencio.be).

1. Operating margin

		31/12/2019	31/12/2018
Operating result before result on portfolio (€000S)	= A	8,535	8,487
Rental income (€000S)	= B	10,435	10,312
OPERATING MARGIN	= A / B	81.8%	82.3%

2. Average cost of debt

		31/12/2019	31/12/2018
Net interest charges (heading XXI) (€000S)		1,072	1,141
Commissions on undrawn balances under credit facilities		77	91
Opening commission and charges for credit facilities		5	8
Change in fair value of caps		0	7
TOTAL COST OF FINANCIAL DEBTS	= A	1,154	1,247
WEIGHTED AVERAGE DEBT FOR THE PERIOD	= B	243,575	244,840
AVERAGE COST OF DEBT	= A*4 / B	1.90%	2.04%

3. Hedging ratio

(€000S)		31/12/2019	30/09/2019
Fixed-rate financial debts		52,788	53,035
Financial debts converted into fixed-rate debts by means of IRS		127,500	107,500
Financial debts converted into capped-rate debts by means of caps		45,000	55,000
TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS	= A	225,288	215,535
TOTAL VARIABLE RATE FINANCIAL DEBTS		15,528	31,636
TOTAL FINANCIAL DEBTS	= B	240,816	247,172
HEDGING RATIO	= A / B	93.6%	87.2%

4. Performance indicators according to the EPRA standards

4.1 Key figures

		31/12/2019	30/09/2019
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	384,414	376,827
EPRA NAV per share		58.28	57.13
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	2.88%	2.91%
		31/12/2019	31/12/2018
EPRA Earnings	Earnings from operational activities.	7,258	7,124
EPRA Earnings per share		1.10	1.08
EPRA Cost Ratio (including direct vacancy costs)	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	18.21%	17.70%
EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.	17.79%	17.08%

4.2 EPRA Earnings

(€000s)	31/12/2019	31/12/2018
EARNINGS (OWNERS OF THE PARENT) PER IFRS INCOME STATEMENT	12,526	7,319
ADJUSTMENTS TO CALCULATE EPRA EARNINGS	-5,267	-195
(i) Change in value of investment properties, development properties held for investment and other interests	-347	-388
(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	41	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative Goodwill / Goodwill impairment	0	0
(vi) Change in fair value of financial instruments and associated close-out costs	-5,009	1,310
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred tax in respect of EPRA adjustments	47	-1,117
(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)	7,258	7,124
Number of shares	6,595,985	6,595,985
EPRA EARNINGS PER SHARE (EPRA EPS - €/SHARE) (OWNERS OF THE PARENT)	1.10	1.08

4.3 EPRA NAV

(€000s)	31/12/2019	30/09/2019
NAV PER THE FINANCIALS STATEMENTS (OWNERS OF THE PARENT)	375,675	363,124
Number of shares	6,595,985	6,595,985
NAV PER THE FINANCIALS STATEMENTS (€/SHARE) (OWNERS OF THE PARENT)	56.96	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	375,675	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	7,790	12,800
(v.a) Deferred tax	950	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)	384,414	376,827
Number of shares	6,595,985	6,595,985
EPRA NAV PER SHARE (€/SHARE) (OWNERS OF THE PARENT)	58.28	57.13

4.4 EPRA vacancy rate

(€000s)	31/12/2019				30/09/2019			
	Belgium	France	Spain	TOTAL	Belgium	France	Spain	TOTAL
Estimated rental value (ERV) of vacant space	1,030	157	0	1,187	1,042	157	0	1,198
Estimated rental value (ERV) of total portfolio	25,145	14,199	1,924	41,269	25,143	14,145	1,926	41,214
EPRA VACANCY RATE (%)	4.10%	1.10%	0.00%	2.88%	4.14%	1.11%	0.00%	2.91%

4.5 EPRA cost ratio

(€000s)	31/12/2019	31/12/2018
ADMINISTRATIVE/OPERATING EXPENSE LINE PER IFRS STATEMENT	-1,900	-1,825
Rental-related charges	-48	-17
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	19	-12
Other revenue and expenditure relating to rental	6	-3
Technical costs	-166	-334
Commercial costs	-99	-28
Charges and taxes on unlet properties	-44	-64
Property management costs	-406	-340
Other property charges	-118	-71
Corporate overheads	-1,044	-976
Other operating income and charges	1	20
EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	-1,900	-1,825
Charges and taxes on unlet properties	44	64
EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	-1,856	-1,761
GROSS RENTAL INCOME	10,435	10,312
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (%)	18.21%	17.70%
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (%)	17.79%	17.08%