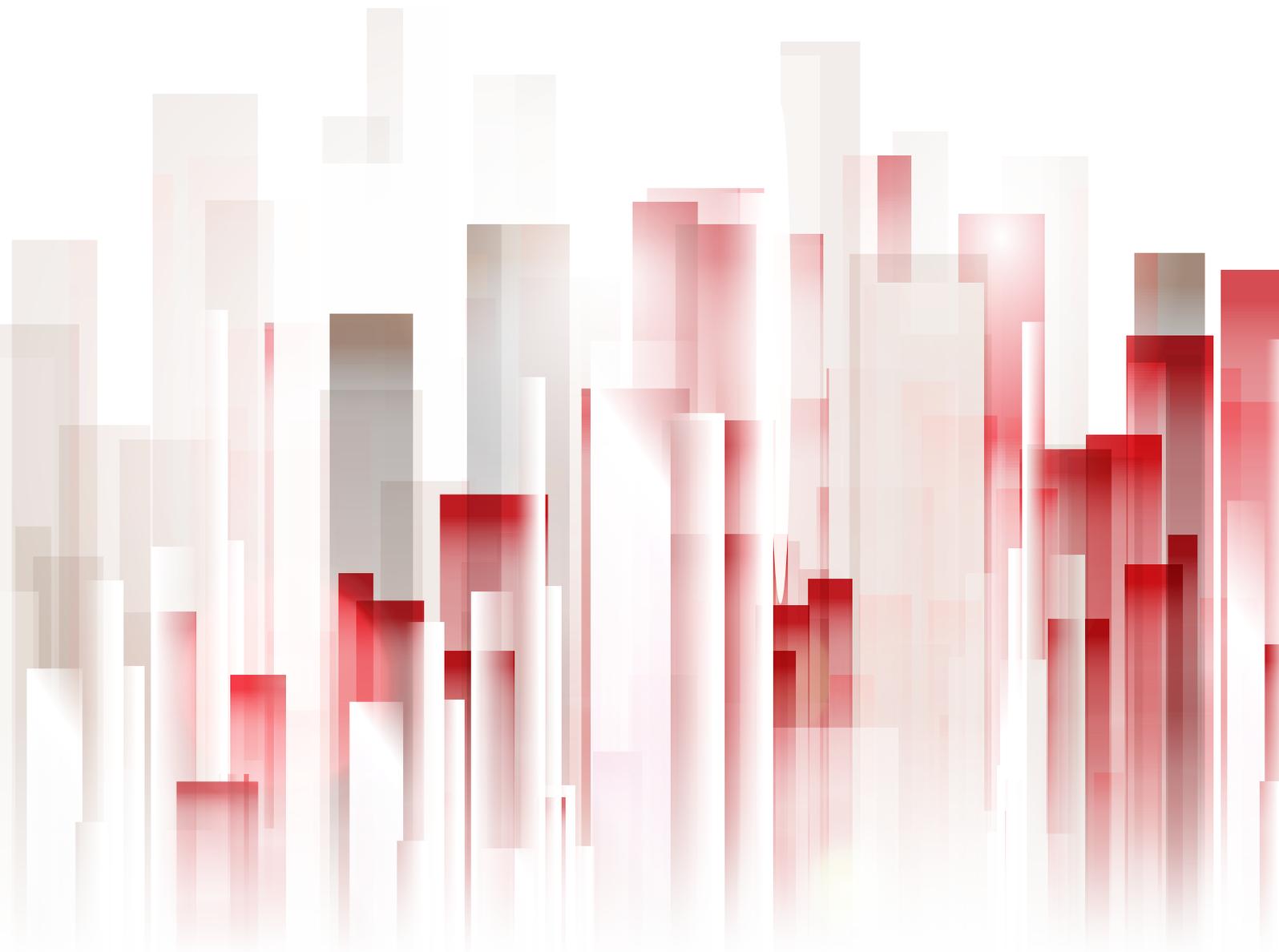


ANNUAL REPORT  
**2014 - 2015**



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# I PROFILE

Ascencio 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, subject to the Law of 12 May 2014 and the Royal Order of 13 July 2014 on regulated real estate companies (the «B-REIT Act»).

Ascencio specialises in investment in commercial premises located mainly in outlying urban areas. The company is active in Belgium and France.

Ascencio has a portfolio of 123 properties (not counting projects in the course of development and held-for-sale assets) representing a total area of 416,358 m<sup>2</sup>. The fair value of this property portfolio stood at €521 million as at 30 September 2015.

Listed on Euronext Brussels since 2007, Ascencio pursues a coherent strategy aimed at optimising its results over time and offering stable dividends for all its shareholders.

For its property investment needs in France, it has opted for the «SIIC» tax regime (Société d'Investissement Immobilier Cotée or Listed Real Estate Investment Company).

As at 30 September 2015, the Company's market capitalisation stood at €347 million.



# RISK FACTORS

In this chapter the main risks to which Ascencio is exposed are described, together with a number of measures aimed at offsetting or limiting the potential impact of the risks identified. If some of these risks were to materialise, it is likely that Ascencio's results would be negatively affected.

## ► 1. MARKET RISKS

The property market is affected by general developments in the economic situation, considered as systemic risk.

Although the commercial property market is relatively healthy, quality supply from competitors is constantly increasing, while

consumer trends are evolving rapidly. For example, the growth in online sales might lead major retailing chains to question the need to open (or retain) physical stores. In order to respond to these trends, Ascencio pays close attention to the quality of the sites made available to its tenants, promoting the profile of its major retail parks, particularly through online marketing.

The broad trends in the commercial property market in Belgium and France are covered in the section headed «Property report: in this report.

The main risks associated with the market, their potential impact and the mitigation and control measures put in place are set out hereunder.

Description of the risk	Potential impact	Mitigation and control measures
<b>The economic situation</b> Substantial deterioration of the economic situation.	1. Fall in demand for renting and increased rental voids 2. Fall in rentals: pressure on rentals when negotiating new leases or (re-negotiation downwards of rentals before expiry of contracts. 3. Freeze on rent indexation 4. Tenants' insolvency and/or bankruptcy. 5. Fall in the fair value of the properties	1. Ongoing dialogue with tenants aimed at finding solutions allowing the interests of both/all parties to be protected. For this, Ascencio has a dynamic team of rental and property managers. 2. Regional diversification of properties. 3. Diversification by sector: food, DIY, clothing, leisure. 4. Average market rental. 5. Defensive nature of the food sector in Ascencio's portfolio.
<b>The commercial property market</b> Fall in demand for retail property, rental voids, pressure on rental conditions.	1. Fall in occupancy rate. 2. Fall in rental income. 3. Increase in direct costs associated with rental voids (charges and taxes on unlet properties) and marketing expenses. 4. Fall in fair value of properties.  The occupancy rate for the financial year last ended was 97.7%, unchanged from the previous year.	1. Close watch on sales competition. 2. Investment strategy aimed at acquiring sites in prime locations and rejuvenating the property portfolio, in particular by acquiring new or recent projects representative of the new generation of retail parks in outlying urban areas. 3. Continuous improvement of accessibility, visibility and commercial attractiveness. A flexible player in the commercial property market in responding to clients' needs.

<p><b>Risk of deflation</b> Ascencio's leases are indexed to the Health Index (CPI minus products detrimental to health) in Belgium and to the Construction Costs Index (ICC) or the Commercial Rentals Index (ILC) in France, so these revenues are exposed to the risk of deflation.</p>	<p>1. Deterioration of the company's earnings.</p>	<p>1. Ascencio protects itself contractually as is usual against the risk of negative indexation, and its standard leases<sup>1</sup> contain «floor»<sup>2</sup> rental clauses.</p>
<p><b>Liquidity risk in respect of Ascencio's shares</b> Despite an increase in the free float (72%, compared with 59% at 30 September 2014), with a trading volume of just 519,831 shares for the year compared with 553,392 in the previous financial year, Ascencio's shares still suffer from limited liquidity.</p>	<p>1. Difficulty of accessing capital markets. 2. Impact in terms of image.</p>	<p>1. Frequent dialogue with the capital markets through financial analysts or by holding road shows in order to raise the company's profile with institutional investors and the general public. 2. Continuous listing of the share and implementation of a liquidity provider<sup>3</sup> agreement with Petercam. 3. Building trust-based relationships with existing shareholders.</p>

## ▶ 2. OPERATIONAL RISKS

Implementation of the company's investment strategy leads to a real estate portfolio that is diversified geographically and across sectors. Ascencio's portfolio is mainly managed in-house in Belgium, at both rental and technical level, while in France it is partly managed externally. The operational risks are associated either with the real estate portfolio or with its management.

The main operational risks associated with the market, their potential impact and the mitigation and control measures put in place are set out hereunder.

Description of the risk	Potential impact	Mitigation and control measures
<p><b>Strategy</b> Choice of inappropriate investments</p>	<p>1. Forecast returns not attained. 2. Portfolio not responding to demand 3. Rental void. 4. Fall in the fair value of the portfolio.</p>	<p>1. Establishment and implementation of a clear investment strategy. 2. Directors' and managers' experience and sound procedures for approval by the Board of Directors. 3. Strategic analysis of each acquisition. 4. Internal and external evaluation of each acquisition.</p>
<p><b>Analysis of investments</b> Failings in the analysis of technical, legal, financial, tax or environmental aspects of an acquisition and risk of hidden liabilities resulting from merger, split or contribution transactions.</p>	<p>1. Estimated returns not attained. 2. Buildings not conforming to the Company's standards and quality requirements.</p>	<p>1. Strategic and real estate analysis by management and the Board of Directors. 2. Rigorous due diligence of technical, legal, financial, tax and environmental aspects, adapted to the market standards and the specific characteristics of each acquisition. 3. Valuation of the asset by the Company's property expert. 4. Negotiation with vendors of guarantee of assets/liabilities and specific guarantees depending on use.</p>

<sup>1</sup> This standard lease is applied to all new rentals whenever negotiations permit.

<sup>2</sup> Case law as to the legality of this type of clause is constantly evolving.

<sup>3</sup> This contract provides for a watch to be kept on the circulation of the shares and possible intervention to avoid as far as possible an accidental and transitory imbalance between supply and demand leading to a significant and unwarranted change in the share price.

<p><b>Projects in state of future completion, redevelopment or change of use</b> Risk associated with acquisitions of projects in state of future completion, with the management of redevelopments and the obtaining of all the town planning and/or operating approvals required.</p>	<ol style="list-style-type: none"> <li>1. Impossibility of obtaining building and/or operating permits.</li> <li>2. Significant unwarranted delays and budget overruns.</li> <li>3. Bankruptcy of subcontractors.</li> <li>4. Estimated returns not attained.</li> </ol>	<ol style="list-style-type: none"> <li>1. Support from external advisers specialising in redevelopments or changes of use.</li> <li>2. Commitments of experienced businesses offering sufficient guarantees in terms of professionalism and solvency.</li> <li>3. Ascencio does not invest in high-risk projects. Projects are not bought or started until the permits have been obtained and the space widely marketed.</li> <li>4. Negotiation with subcontractors or vendors of sufficient clauses and guarantees aimed at ensuring the successful completion of the works and timely handover to the retail chains.</li> </ol>
<p><b>Risk of decline in the fair value of the property assets influenced by supply and demand in the buying and rental property markets</b></p>	<ol style="list-style-type: none"> <li>1. Negative impact on net result, net asset value (NAV) per share and debt ratio</li> <li>2. Impact on dividend distribution capacity if cumulative changes exceed distributable reserves.</li> </ol> <p>At constant scope, the fair value of the property portfolio declined slightly (-0.5%) relative to 30 September 2014. Based on the valuation of the portfolio as at 30 September 2015, an additional 1% change in the fair value of the property assets would have an impact in the order of €5.2 million on the net result, €0.84 on the NAV per share and 0.42% on the debt ratio.</p> <p>In comparison, as at 30 September 2014, a 1% change in the fair value of the property assets would have had an impact in the order of €4.8 million on the net result, €0.79 on the NAV and 0.37% on the debt ratio.</p>	<ol style="list-style-type: none"> <li>1. Quarterly valuation of the portfolio carried out by several independent experts recommending corrective measures where necessary.</li> <li>2. Investment strategy focusing on prime out-of-town retail at quality sites in terms of visibility, square footage, catchment area, road infrastructure and means of transport reinforcing sites' accessibility.</li> <li>3. Diversified portfolio comprising different types of assets subject to different trends.</li> </ol>
<p><b>Risk of rental void</b> Unforeseen circumstances such as bankruptcy, moves, etc.</p> <p>Non-renewal at maturity.</p> <p>High risk resulting from the imperative right to terminate commercial leases at each three-year maturity.</p>	<ol style="list-style-type: none"> <li>1. Fall in rental income.</li> <li>2. Fall in the fair value of the portfolio.</li> <li>3. Increase in direct costs associated with rental voids (charges and taxes on unlet properties) and marketing expenses.</li> </ol> <p>The Mestdagh group, the Grand Frais stores and the Carrefour outlets each account for 10% of Ascencio's annual rental income.</p> <p>The occupancy rate for the financial year last ended was 97.7%, unchanged from the previous year.</p> <p>The amount of potential rental from vacant areas came to €861,000 as against €808,000 at 30 September 2014. Charges and costs associated with the vacant areas are estimated at between 10% and 15% of the amount of the potential rentals. Marketing fees due to the real estate agents are of the order of 15% (+ VAT) of the rentals for new leases entered into as a result of their intervention.</p>	<ol style="list-style-type: none"> <li>1. Support for tenants' commercial projects from a dynamic in-house team and tangible action by the landlord in terms of commercial coordination as regards the cleanliness, aesthetics and safety of a site.</li> <li>2. Geographical diversification of the portfolio across more than a hundred sites in Belgium and France.</li> <li>3. Diversification across sectors and staggered lease maturities.</li> <li>4. Dynamic and proactive marketing of vacant units, with support from specialist agents.</li> </ol> <p>Ascencio only exceptionally grants rent-free periods, and these did not exceed 0.2% of rental income in the past financial year.</p>

		<p>5. Negotiation of rental conditions, including balanced compensation clauses for breaks, aimed at ensuring the durability of contractual relationships.</p> <p>6. Defining appropriate policy and criteria for switching, taking account in particular of the level of occupancy of the site and reflecting the quality and attractiveness of the chains involved.</p>
<p><b>Risk of obsolescence and impairment of the properties</b></p> <p>The cyclical deterioration of the buildings at the technical level may lead to a temporary loss of value and the need to incur substantial expenses for renovation or repair.</p> <p>However the commercial sector is less affected by obsolescence, since the owner is responsible only for the outer shell and not for the interior layout or furnishings.</p>	<p>1. Carrying out of major works and associated risks (planning and budget overruns, failings of subcontractors, rental void of the building, etc.)</p> <p>2. Damage to the commercial attractiveness of the buildings, possibly resulting in rental void.</p> <p>3. Fall in fair value of properties.</p>	<p>1. Annual and medium-term planning of major works involving constraints for tenants.</p> <p>2. Consistent annual budget integrated into the Company's cash-flow forecasts.</p> <p>3. Competitive selection of providers through calls for tender and negotiation of appropriate performance guarantees.</p> <p>4. Policy of periodic conversations followed up by the Property team and regular visits to the sites followed by reporting.</p>
<p><b>Risk of destruction of properties</b></p> <p>Damage caused by fire, flood, explosion or any other natural disaster.</p>	<p>1. Definitive or temporary loss of rental income.</p> <p>2. Increase in rental voids.</p>	<p>1. Policy of appropriate insurance cover in accordance with market standards. Policies are subscribed either by Ascencio, or by the association of co-owners or by the tenants themselves for Lessor's account.</p> <p>Ascencio's entire portfolio is insured for its new reconstruction value.</p> <p>For further information on the value insured, we refer you to the section headed «Property report» in this report.</p> <p>2. Geographical diversification of the portfolio.</p>
<p><b>Risk of tenants' insolvency</b></p> <p>Risk of non-payment of rentals and bankruptcy of tenants.<sup>4</sup></p>	<p>1. Fall in rental income.</p> <p>2. Unexpected rental void.</p> <p>3. Legal expenses</p> <p>4. Re-marketing costs to be incurred.</p> <p>5. Risk of re-renting at a lower rate.</p> <p>As at 30 September 2015, total trade receivables amounted to €4,234,000. Doubtful accounts amounted to €579,000 as against €574,000 one year earlier, and represented 1.6% of total rentals for the past financial year.</p>	<p>1. Precise selection criteria for new tenants.</p> <p>2. Proximity to tenants, with frequent exchanges.</p> <p>3. Diversification across sectors and retail chains.</p> <p>4. Advance rental payments and guarantees designed to cover part of the commitments that might not be met.</p> <p>5. Rigorous procedures for following up receivables.</p> <p>For further information on receivables, we refer you to the section headed «Financial report» in this report.</p>

<sup>4</sup> We should mention that during the year one tenant in Belgium and one in France declared bankruptcy.

### ▶ 3. FINANCIAL RISKS

Ascencio pursues a policy aimed at ensuring broad access to the capital markets. It takes care to cover its short-, medium- and long-term financing needs while at the same time minimising its cost of borrowing.

The main risks associated with financial management, their potential impact and the mitigation and control measures put in place are set out hereunder.

For further information on the management of financial risks, we refer you to Note 3 of the section headed «Financial report» in this report.

Description of the risk	Potential impact	Mitigation and control measures
<p><b>Counterparty and liquidity risk</b> Insolvency of financial or banking counterparties.</p> <p>Non-availability of financing or of financing at the desired term.</p> <p>This risk must be assessed together with the risk of early termination of credit lines in the event of non-compliance with covenants, notably the debt ratio of 65% set for B-REITs as elaborated on below.</p>	<ol style="list-style-type: none"> <li>1. Non-renewal or cancellation of existing credit lines leading to additional restructuring costs and possibly higher costs associated with the new facilities.</li> <li>2. Acquisitions not being financeable at all, or only at higher costs, leading to a fall in profitability relative to estimates.</li> <li>3. Pressure to sell assets on less than ideal terms.</li> </ol>	<ol style="list-style-type: none"> <li>1. Prudent financing and hedging policy;</li> <li>2. Diversification of sources and forms of financing, together with spreading of maturities.</li> <li>3. Diversification of banking relationships.</li> <li>4. Rigorous treasury policy.</li> <li>5. Solid shareholders.</li> </ol> <p>As at 30 September 2015, Ascencio had €231 million in credit lines with five Belgian financial institutions and one French bank, available in the form of fixed term advances with due dates ranging from 2015 to 2022. As at 30 September 2015, Ascencio had available to it €33.4 million in undrawn balances under these credit lines.</p> <p>As at 30 September 2015 Ascencio's debt ratio stood at 42.2%.</p> <p>After distribution of the dividend proposed to the General Meeting of Shareholders of 29 January 2016, the debt ratio will, ceteris paribus, come to 45.7%.</p> <p>As at 30 September, financial liabilities amounted to €214,564,000, of which €53,733,000 maturing during financial year 2015/2016.</p> <p>As at 30 September 2015, the Company's working capital was negative in the amount of €53.4 million, due to the fact that a portion (€53.7 million) would be falling due within twelve months of the end of the reporting period. These credit lines will either be renewed (in fact €20 million of them have already been renewed since), or replaced by new financing. Besides, at 30 September 2015 Ascencio had available €33.4 million of unused credit facilities.</p>
<p><b>Risk associated with the cost of financing</b> Adverse fluctuations in interest rates and increased risk premium on the stock market.</p> <p>This risk concerns only debt at variable interest rates.</p> <p>During the past financial year, the average cost of financial liabilities (including margins) was:</p> <ul style="list-style-type: none"> <li>- 3.47% after the impact of interest rate hedging instruments (interest charges paid in respect of IRS)</li> <li>- 1.55% before the impact of interest rate hedging instruments</li> </ul>	<ol style="list-style-type: none"> <li>1. Increase in the Company's weighted average cost of capital.</li> <li>2. Deterioration of the company's earnings.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ascencio pursues a policy aimed at securing the interest rates on approximately 75% of its financial borrowings on a horizon of several years.</li> </ol> <p>As at 30 September 2015, financial liabilities consisted of:</p> <ul style="list-style-type: none"> <li>- €176,758,000 of floating rate debt</li> <li>- €37,806,000 of fixed-rate debt.</li> </ul> <ol style="list-style-type: none"> <li>2. Diversification of fixed-rate forms of financing.</li> <li>3. Putting in place of interest rate hedging instruments.</li> <li>4. Regular staggering of due dates on credit facilities entered into</li> </ol>

<p><b>Hedging instruments</b> Risk of change in fair value of derivative products aimed at hedging the interest rate risk.</p>	<p>1. Complexity and volatility of the fair value of hedging instruments and impact on NAV as published in accordance with IFRS<sup>6</sup> 2. Counterparty risk</p>	<p>1. Fluctuations in the fair value of hedging instruments are unrealised and non-cash, and are shown separately in the accounts in order to facilitate analysis.</p> <p>For Ascencio, the change in the interest rate curve during the past financial year translated into a positive change of €2.4 million in the fair value of interest rate hedging instruments, as against a negative change of €3.6 million in the previous financial year.</p> <p>A simulation carried out indicates that an additional fall of 25 basis points in long-term (10-year) interest rates would lead to a (non-monetary) charge of €1.24 million) corresponding to the negative change in fair value of the hedging instruments. The impact of a 25 basis point fall in interest rates on the intrinsic value would be €0.20.</p> <p>2. All the products are held for purposes of hedging and not for speculative purposes.</p>
<p><b>Exchange rate risk</b> Risk of currency fluctuation for activities outside the euro zone.</p>	<p>Ascencio invests exclusively in Belgium and France. All rentals and all credits are denominated in euros. The Company therefore has no exchange risk.</p>	<p>Not applicable.</p>
<p><b>Risk of non-compliance with covenants</b> The Company is exposed to the risk of its financing agreements being cancelled, renegotiated or having to be repaid early in the event that it were to fail to comply with the undertakings given upon signing these agreements (covenants), particularly as regards financial ratios.</p>	<p>Possible termination of credit agreements in the event of non-compliance with covenants, involving additional costs for refinancing.</p>	<p>The Company negotiates with its counterparties covenants in accordance with market practice and compatible with its estimates of how the relevant parameters will evolve.</p>
<p><b>Article 617 of the Companies Code</b> Under this Article, distribution of dividends may be restricted. Specifically, no distribution may be made if at the date of closing of the last financial year net assets as shown in the financial statements are less than - or would as a consequence of such distribution become less than - the amount of paid-up capital or less than the amount of called-up capital if the latter is higher, plus all distributable reserves.</p>	<p>Dividend yield limited for shareholders.</p>	<p>1. See to it that the Company's earnings are at least maintained and preferably increased. 2. Regularly transfer part of net profits to reserves.</p> <p>For further information on the calculation as per Article 617 and the remaining margin, we refer you to the section headed «Summary of consolidated financial statements» in this report.</p>

<sup>6</sup> Given that the hedging instruments chosen by Ascencio do not meet the hedge accounting criteria of IAS 39, application of IFRS requires the positive or negative change in their fair value to be recognised in profit and loss (IAS 39 - Change in fair value of financial instruments).

#### ▶ 4. RISKS ASSOCIATED WITH REGULATION AND OTHERS

Ascencio is a regulated real estate company and must maintain its approval as such in order to benefit from the favourable tax status. Furthermore, the Company must comply with the Belgian Companies Code and with the specific regulations concerning town planning and the environment in both Belgium and France. Since France is not Ascencio's home country, it enlists the assistance of local professionals in the context of its activities and applicable legislation.

The risk associated with regulation concerns non-compliance with the regulations currently in force, and also the negative effect of new regulations or of amendments to those in force.

Description of the risk	Potential impact	Mitigation and control measures
<p><b>B-REITs regime<sup>7</sup></b> Non-compliance with the legal SIR (B-REIT) regime, or changes to the applicable rules.</p>	<ol style="list-style-type: none"> <li>1. Loss of approval and hence of tax transparency regime.</li> <li>2. Non-compliance with covenants and early repayment obligation of borrowings.</li> <li>3. Negative impact on results and/or NAV</li> </ol>	<ol style="list-style-type: none"> <li>1. Professionalism of the teams and oversight of compliance with legal obligations.</li> <li>2. Ongoing dialogue with the market authority in the context of prudential control.</li> <li>3. Membership of organisations representing the B-REITs sector.</li> </ol>
<p><b>Changes in international accounting regulations (IFRS)</b></p>	<ol style="list-style-type: none"> <li>1. Influence on reporting, capital requirements and the use of financial products.</li> </ol>	<ol style="list-style-type: none"> <li>1. Constant monitoring of developments in this area and assessment of their impact.</li> <li>2. Frequent discussions with the Company's statutory auditor on these developments.</li> </ol>
<p><b>Changes in tax legislation</b> Any changes in tax legislation could affect the Company, particularly in the area of exit tax<sup>8</sup>.</p> <p>Exit tax is calculated in accordance with the provisions of Circular Ci. RH. 423/567.729 of 23 December 2004, the interpretation or practical application of which may be changed at any time. The current principle is that the real value, as referred to in said circular, is calculated after deduction of the registration dues and/or VAT. This real value may differ from, and thus be lower than, the fair value of the asset as shown in the Company's IFRS balance sheet.</p>	<ol style="list-style-type: none"> <li>1. Possible effect on acquisition or sale price.</li> <li>2. Potential impact on the assessment of the fair value of the properties and therefore on NAV.</li> </ol>	<ol style="list-style-type: none"> <li>1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers.</li> <li>2. Membership of organisations representing the B-REITs sector.</li> </ol>

<sup>7</sup> Law of 12 May 2014 and the associated Royal Decree of 13 July 2014 relating to B-REITs

<sup>8</sup> Exit tax is analogous to a tax on the liquidation of the net unrealised capital gains and the tax-free reserves.

<p><b>Changes in town planning or retail licensing legislation.</b></p>	<ol style="list-style-type: none"> <li>1. Restrictions on possible uses of properties, with potentially negative effects on rental income and voids affecting the Company's profitability.</li> <li>2. Potentially negative impact on the fair value of the properties and therefore on NAV.</li> </ol>	<ol style="list-style-type: none"> <li>1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers.</li> <li>2. Close attention to and commercial enhancement of the Ascencio portfolio</li> <li>3. Ongoing exchanges with the competent authorities in the field.</li> </ol>
<p><b>Possible changes in environmental legislation.</b></p>	<ol style="list-style-type: none"> <li>1. Potentially negative impact on the fair value of the properties and therefore on NAV.</li> <li>2. Possible clean-up costs.</li> </ol> <p>To date, Ascencio has borne clean-up costs for only one site, that of Hannut. These costs were provided for in the Company's accounts in an amount of €790,000 as at 30 September 2013. The clean-up operation started at the end of 2014 and was scheduled to be carried out over a three-year period. As at 30 September 2015, taking account of the work already done, the balance of the provision stood at €361,807. Based on current knowledge of the works, the estimated budget for the clean-up plan will not exceed the provision set aside.</p>	<ol style="list-style-type: none"> <li>1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers.</li> <li>2. Under environmental law, responsibility for pollution rests with the polluter. Given the nature of its business, Ascencio does not perform any polluting action, and responsibility for any new pollution falls on the tenants. However, additional requirements of regional regulations could expose any holder of rights in rem to clean-up costs. In carrying out its acquisitions, Ascencio pays particular attention to these questions and makes use of the services of specialis companies to identify potential problems and quantify the corrective measures to be envisaged so as to include them in the final establishment of the acquisition price.</li> </ol>
<p><b>Possible changes to laws and regulations</b> New laws of regulations could come into force, or existing ones be amended. Moreover, any legislation or regulation may be subject to new interpretation by the authorities or the courts as to how it is to be applied.</p>	<ol style="list-style-type: none"> <li>1. Negative effect on the Company's activities, its results, its profitability and, more generally, its financial position.</li> </ol>	<ol style="list-style-type: none"> <li>1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers.</li> <li>2. Membership of various associations bringing together professionals of the sector.</li> </ol>

# I HISTORY

## ► 2015

Ascencio completed the construction of a second building with a surface area of 887 m<sup>2</sup> on its Hamme Mille site. The first of the two units, leased to a retailer specialising in paint products, opened on 26 May 2015.

In February 2015, Ascencio offered its shareholders the possibility of receiving the dividend in the form of new shares. The success of this transaction (69% acceptance rate) led to an increase of nearly €8 million in the Company's equity.

On 11 March 2015, Ascencio bought the GO Sport outlet (2,151 m<sup>2</sup>) located on the site of the Cora shopping centre car park in Messancy. As a result of this acquisition, Ascencio now owns all the medium-sized outlets on this commercial site.

On 17 March 2015 Ascencio acquired all the shares of Primodev S.A., owner of the new 15,000 m<sup>2</sup> «Bellefleur» retail complex on Route de Philippeville, Couillet. This retail park was opened in February 2014 and basically houses national chains (Ava Papier, Orchestra Prémaman, Luxus, Heytens, Action, Blokker, Casa, Maxi Toys, etc.) The park has full occupancy.

In March and April 2015, Ascencio acquired four commercial properties in France at Bourgouin-Jallieu, Isle d'Abeau, Chanas and Choisey. These properties are fully let (Aldi, Stokomani, Sport 2000, Planète Cash, Satoriz, Grand Frais, etc.) They represent a total surface area of 9,900 m<sup>2</sup>.

## ► 2014

On 18 December 2014, Ascencio was approved as a public SIR (Société Immobilière Réglementée, public Regulated Real Estate Company or public B-REIT).

On 31 March 2014, Ascencio successfully completed a second capital increase of €81,502,605 through the issue of 1,811,169 new shares.

Ascencio completed the Rots retail park acquired in 2011 by the acquisition, in a state of future completion, of five new units, leased notably to Décathlon and La Foir'Fouille.

## ► 2013

Ascencio purchased a small retail park located at Cormontreuil, close to Reims.

Ascencio made its largest ever acquisition, acquiring from a subsidiary of the Cora Group, around thirty commercial units across five Cora retail park sites at Anderlecht, Châtelaineau, La Louvière, Messancy and Rocourt. The leaseholders are predominantly national and international chains, such as Brico Plan-it, Décathlon, Auto 5, Sports Direct, Quick, McDonalds and Maisons du Monde.

Ascencio acquired the "Les Portes du Sud" retail complex located in the leading shopping area of Chalon-Sur-Saône.

## ► 2012

On 17 December 2012, Ascencio completed a capital increase of €2,425,282 by means of a contribution in kind of five properties owned by a third party and with emphyteusis and leasing rights in favour of Ascencio.

Ascencio acquired a retail park in Caen.

Acquisition of two new «Grand Frais» outlets.

Opening of the Avignon retail park at Pontet, acquired in a state of future completion (VEFA) or «off-plan» in 2011.

Opening of the Saint Aunès retail park in the Montpellier region, acquired in a state of future completion (VEFA) or «off-plan» in 2011.

## ► 2011

Successful capital increase of €40 million. Acquisition of five new "Grand Frais" outlets.

Ascencio acquired a retail park in a state of future completion ("VEFA") in the Avignon region.

Ascencio acquired "Le Parc des Bouchardes" in the Macon region.

Ascencio acquired a retail park development project in the Montpellier region, at Saint Aunès.

## ► 2010

Opening of the French branch. Adoption of SIIC (listed property investment company) status.

Ascencio acquired seven outlets operated by the innovative «Grand Frais» brand in France.

## ► 2008

Acquisition of a retail park located at Jemappes.

## ► 2007

Ascencio was listed on the stock exchange for the first time.

Acquisition of eight retail sites located in the Liège region. Acquisition of a shopping centre at Hannut.

Acquisition of 29 buildings in the Liège and Hainaut regions.

## ► 2006

Creation of Ascencio.

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

# I LETTER TO THE SHAREHOLDERS

Dear Shareholders,

In an environment made ever more competitive by the persistence of very low interest rates, the quest for new high-quality commercial assets constitutes a real challenge for our management.

In March 2015 Ascencio acquired the highly attractive Bellefleur retail park in Couillet, which had been nominated in the Retail Park of the Year contest held at the end of 2014 by the BLSC (Belgian Luxembourg Council of Shopping Centres). Some additional commercial properties located in the Lyon region were also bought. As a result of these transactions, Ascencio's property portfolio passed the €520 million threshold.

In order to protect itself against the risks of insolvency that the current economic situation entails for independent retailers, Ascencio gives preference to renting to well-established chains such as Kréfel, Lunch Garden, Chaussée, JBC and ZEB in Couillet or Stokomani and Grand Frais in France. This strategy bears fruit, in that the unpaid rate was just 0.3% of rentals or about €100,000 of the nearly €36 million of rentals invoiced in the past financial year.

The absence of inflation (or even the decline in the ICC and ILC indices in France) and the difficult economic climate do not currently allow us to post growth in rentals. However, it remains essential for us to take care of the quality of the sites made available to our tenants and to raise the profile of our main retail parks, particularly through online marketing (website, Facebook, etc.) Consumers' regular and indeed increasingly frequent visits to retail sites are the chains' best assurance of reaching their sales objectives, and this might also enable Ascencio to revise its rentals upwards when the leases come up for renewal.

The growing importance of e-commerce is obliging the chains too to adapt. Physical stores are still indispensable showcases for retailers, but they have to place increasing emphasis on service quality and product availability at point of sale in order to avoid consumers buying online only.

In financial terms, our performance in this past financial year was once again excellent. The acquisitions referred to above allowed us to invest a significant portion of the capital that we had raised in March 2014. Moreover, the success we had in offering you the possibility of receiving your dividend in the form of new shares led to an increase in equity of nearly €8 million. With a debt ratio of 45.74% as at 30 September 2015, we thus retain investment capacity of more than €55 million before we reach the 50% threshold that the Board of Directors of the Manager does not wish to see the Company exceed other than temporarily.

In view of these good results, we are pleased to announce that we will propose to the forthcoming General Meeting of Shareholders an increase in the gross dividend to €3.05 per share (as against €3.00 last year). Based on the closing price of €56.09 at 30 September 2015, this represents a gross return of 5.44%, which is clearly in excess of the very low rates offered by classical savings accounts while at the same time keeping a moderate risk profile. We undertake to continue giving preference to the quality of the investments, while remaining attentive to the determining criteria, which are the size of the catchment areas, the level of rentals, the chains' ability to meet them in the long term and the risk of the development of competing projects in the short or medium term, and last but not least the technical and architectural characteristics of the buildings studied.

For this day-to-day work, we should like to thank the whole Ascencio team. Their listening to clients and their experience are essential for meeting retailers' expectations and allowing Ascencio's property portfolio and the associated rental income to grow regularly and harmoniously.

Marc Brisack<sup>9</sup>  
General Manager

Carl Mestdagh<sup>10</sup>  
Chairman of the Board  
of Directors

<sup>9</sup> Sprl Somabri

<sup>10</sup> Sprl CAI

# I KEY FIGURES

<b>DISTRIBUTION OF THE PORTFOLIO (% OF FAIR VALUE)</b>	<b>30/09/2015</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Belgium	67.8%	68.0%	66.0%
France	32.2%	32.0%	34.0%

<b>VALUE OF THE ASSETS (€000S)<sup>1</sup></b>	<b>30/09/2015</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Fair value	520,974	476,755	374,321
Investment value	538,551	490,330	384,435

<b>CONSOLIDATED RESULTS (€000S)</b>	<b>30/09/2015</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Property result	35,465	32,453	26,103
Operating result before portfolio income	30,338	27,507	21,722
Operating result after portfolio income	27,860	27,157	19,215
Net income excluding non-recurring items	22,938	19,266	15,616
Net result	22,547	14,170	16,411
Gross dividend	18,857	15,395	12,678

<b>CONSOLIDATED RESULTS PER SHARE (EUROS)</b>	<b>30/09/2015</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Weighted average number of shares in circulation	6,182,768	5,131,646	4,226,061
Property result	5.74	6.32	6.18
Operating result before portfolio income	4.91	5.36	5.14
Operating result after portfolio income	4.51	5.29	4.55
Net income excluding non-recurring items	3.71	3.75	3.70
Net result	3.65	2.76	3.88
Gross dividend <sup>2</sup>	3.05	3.00	3.00
Net dividend <sup>3</sup>	2.23	2.25	2.25

<b>CONSOLIDATED BALANCE SHEET (€000S)</b>	<b>30/09/2015</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Equity	287,620	274,143	195,612
Debts and other liabilities included in the debt ratio	224,128	188,073	170,702
Debt ratio <sup>4</sup>	42.19%	38.14%	44.70%
Total number of shares in existence at balance sheet date	6,182,768	6,037,230	4,226,061
Net asset value per share (in euros, before distribution)	46.52	45.41	46.29

<sup>1</sup> Excluding projects in course of development

<sup>2</sup> For 2014/2015, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 29 January 2016, namely €3.05 gross per share.

<sup>3</sup> Based on an advance property levy of 27% in 2016 and 25% in 2014 and 2015

<sup>4</sup> Debt ratio calculated in accordance with the Royal Decree of 13 July 2014

# MANAGEMENT REPORT<sup>10</sup>

## ► STRATEGY - OUT-OF-TOWN COMMERCIAL PROPERTY

### Quality first

With acknowledged expertise in commercial real estate, Ascencio concentrates on managing its existing assets and seeks to make new high-quality investments. The objective of this approach is to generate regular growth in results, cash-flow and value per share. Beyond the usual due diligence tests, potential assets are analysed from the point of view of the intrinsic qualities of the building (including those associated with the energy performance) but also their location, accessibility and the quality of the tenants occupying them. In the interests of geographical consistency, Ascencio now concentrates on areas on the outskirts of major Belgian and French cities. In the near future, Ascencio might extend its field of action to other countries in the euro zone after analysing the commercial, financial and tax possibilities.

### Operating performance

By investing in quality projects, reducing costs on unlet areas, maintaining a good occupancy rate and holding regular dialogues with the chains operating in this market, Ascencio is able, with a reasonable degree of foreseeability, to produce operating performances which will in turn underpin the operating cash flow and earnings per share.

### Securing durable long-term development

Ascencio keeps a close watch on the control of its costs (property costs and general expenses) while at the same time fully integrating the imperatives of sustainable development into all its renovations in order to secure its development in the long term.

In the same vein, as regards finances the Company adopts prudent interest rate hedging measures to avoid volatility in interest charges and to improve the predictability of earnings while keeping risk exposure relatively low other than for exceptional events.

### Offering stable dividends

In accordance with the legal regime under which it operates, Ascencio distributes most of its earnings before non-recurrent items to its shareholders in the form of dividends. Ascencio's objective is to offer them a stable dividend, or if possible a regularly increasing one, without altering the Company's risk profile. In this spirit, each new investment must offer financial prospects having a positive effect on Ascencio's performance.

As a reminder, in accordance with Article 13 of the Royal Decree on B-REITs, the Company is obliged to distribute by way of remuneration of capital an amount equal to at least the positive difference between:

- 80% of the sum of adjusted earnings and net capital gains on the realisation of property not exempt from the distribution requirement and
- the net reduction in the Company's borrowings during the financial year.

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

<sup>10</sup> This report is based on the financial statements. The statutory financial statements and Management Report are filed with the BNB (National Bank of Belgium) within the legal timeframes and may be obtained free of charge from the Company's website or on request from the Company.

## Strategic divestments

The market for retail space in Belgium and France is a relatively mature and flourishing one, much more stable than residential, industrial or office property. In order to re-centre its activities on commercial property, for several years now Ascencio has gradually been selling the properties in the office and semi-industrial sectors that had been contributed to it on its incorporation. Additionally, certain commercial assets offering limited growth prospects in the medium or long term could also be sold in the course of the next few years.

### Increasing the occupancy rate

In order to ensure the durability of its revenues, Ascencio takes care to maintain the highest possible occupancy rates over time in its portfolio. To do so, the Company pursues a sales policy aimed at anticipating possible departures of certain tenants and finding other chains likely to take over the vacated premises quickly.

### Choosing quality tenants

To limit the risk of insolvency of its tenants, Ascencio favours leases to national or international chains, whose financial health is regularly assessed. By maintaining regular contact with its tenants and acquiring first class property assets and letting them to solid chains, Ascencio succeeds in durably consolidating its activity.

## **CONSTRAINTS ON INVESTMENT APPLYING TO THE COMPANY**

### Principle of diversification

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

### Equity interests in other companies

The Company may not hold shares or units, directly or indirectly, in an institutional B-REIT or a real estate company unless it exercises exclusive or joint control over it.

## Prohibitions

Neither the Company nor any of its subsidiaries may act as a real estate promoter.

Ascencio may not participate in a firm underwriting group or a guarantee syndicate, may not lend financial instruments and may not acquire shares in companies subject to measures reserved to businesses in difficulty.

## Other investment constraints

By virtue of applicable regulations, the Company may, on an ancillary or temporary basis, and on the conditions established by its Articles of Association, make investments in negotiable securities and hold unencumbered liquid assets.

It may also buy and sell hedging instruments, if its Articles of Association so permit, to the exclusion of any transaction of a speculative nature. These purchases must be carried out in the context of the Company's policy for hedging financial risks.

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

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

## ► HIGHLIGHTS OF THE YEAR

### Change of status

The Extraordinary General Meeting of Shareholders of 18 December 2014 unanimously approved the necessary amendments to the Articles of Association of Ascencio for the change from the public SICAFI (*Société d'investissement à Capital Fixe en Immobilier*) regime to the public SIR (*Société Immobilière Réglementée*) regime.

This new regime involves some restrictions, relating in particular to the activities that the Company may carry on, its maximum debt ratio and the appropriation of its profits. In return, the SIR benefits from an advantageous tax regime, paying hardly any tax in its income.

### Merger by absorption of subsidiary

On 18 December 2014 the Board of Directors of Ascencio confirmed the merger by absorption of Moyennes Surfaces Spécialisées S.A. with immediate effect.

### Investments<sup>12</sup>

On 11 March 2015, Ascencio bought the GO Sport outlet (2,151 m<sup>2</sup>) located on the site of the Cora shopping centre car park in Messancy. In December 2013, by acquiring the shares of Moyennes Surfaces Spécialisées S.A., Ascencio had already taken control of all the other medium-size premises in this shopping centre, including that of [major DIY chain] Brico Plan-it.

On 17 March 2015 Ascencio acquired all the shares of Primmodev S.A., owner of the new «Bellefleur» retail complex on Route de Philippeville, Couillet. This 15,000 m<sup>2</sup> shopping complex was opened in February 2014 and basically houses major national retailers (Krêfel, Ava Papier, Action, Orchestra, Luxus, Chaussée, Blokker, Casa, Maxi Toys, etc.) The complex is fully leased out and brings in gross lease income of €1.7 million.

In March 2015, Ascencio also bought three office buildings located in Bourgoin-Jallieu, L'Isle d'Abeau and Chanas, in France. These properties, with a total area of 7,800 m<sup>2</sup>, generate annual lease income of €0.7 million and are occupied by Stokomani, Sport 2000, Happy Cash, Satoriz, Boulangerie Blachère and Aldi.

On 23 April 2015, Ascencio also acquired an additional Grand Frais store. It concerns a commercial property of 2,100 m<sup>2</sup> in Choisey (Dijon) in France. This investment brings to 15 the number of Grand Frais stores in the Company's portfolio as at 30 September 2015.

### Divestments<sup>13</sup>

On 3 November and 22 December 2014 Ascencio sold two semi-industrial properties located respectively in Haren and Berchem Saint Agathe, for which an undertaking to sell had been given during the previous financial year. These two properties had been shown as held-for-sale assets as at 30 September 2014.

On 11 August 2015 Ascencio agreed the sale of a 1,140 m<sup>2</sup> non-strategic semi-industrial property located in Sombreffe. This transaction generated a net capital gain of €20,000.

Lastly, on 28 August 2015, Ascencio sold to Décathlon the land on which their Anderlecht store had been built.

### Financing

During financial year 2014-2015 new credit agreements were entered into with Belgian and French financial institutions for the following amounts and terms:

€20 million for a five-year duration

€10 million for a five-year duration at a fixed rate of interest

€15 million for a seven-year duration at a fixed rate of interest

The objective is to take advantage of the favourable environment of low interest rates to increase the average term of borrowings and reduce their average cost.

### Research and development

Ascencio has no research and development activity.

### Risks and uncertainties

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

### Branch

The Company opened a branch in France. Ascencio also has two Belgian subsidiaries and 16 French *sociétés civiles immobilières* (real estate companies) as shown in the chart below.

## ► SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 9 November 2015 Ascencio signed a commitment concerning the sale of the Grand Bazar in Verviers with the City of Verviers. Signing of the official deed is scheduled for December 2015, subject to lifting of the condition precedent, being the approval of the draft deed by the Town Council.

<sup>12</sup> These investments were acquired at a price in line with the value determined by the expert in accordance with Article 49 section 1 of the SIR (B-REIT) Act.

<sup>13</sup> These sales were made at a price in excess of the value determined by the expert in accordance with Article 49 section 1 of the SIR (B-REIT) Act.

# CORPORATE GOVERNANCE DECLARATION

## SUMMARY

<b>16</b>	Corporate Governance
<b>18</b>	Management structure of the company
<b>19</b>	The statutory manager and its body: the board of directors
<b>23</b>	The Committees
<b>24</b>	The members of Executive Management
<b>25</b>	Remuneration Report
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## ► CORPORATE GOVERNANCE

This corporate governance declaration is made under the provisions of the 2009 Belgian Code on Corporate Governance<sup>14</sup> (the «2009 Code») and the Law of 6 April 2010<sup>15</sup> amending the Companies Code.

Ascencio strives to comply with the 2009 Code of ethics, but has concluded that the application of certain principles or lines of conduct in the Code is not appropriate to its particular structure. Indeed, application to Ascencio of the rules of corporate governance must take account of the specific organisational characteristics of B-REITs, the form chosen by Ascencio, the close ties it intends to keep with its reference shareholders AG Real Estate, Eric, John and Carl Mestdagh and its small size, while at the same time preserving its independence.

Ascencio's consideration of its corporate governance is constantly evolving and the Company would like to give a snapshot evaluation on this subject.

Ascencio does not comply with the following points of the 2009 Code:

- Ascencio has not appointed a Secretary in the meaning of Article 2.9 of the 2009 Code.
- Also, Ascencio has not established a Nomination and Remuneration Committee, only a Remuneration Committee in accordance with the law.

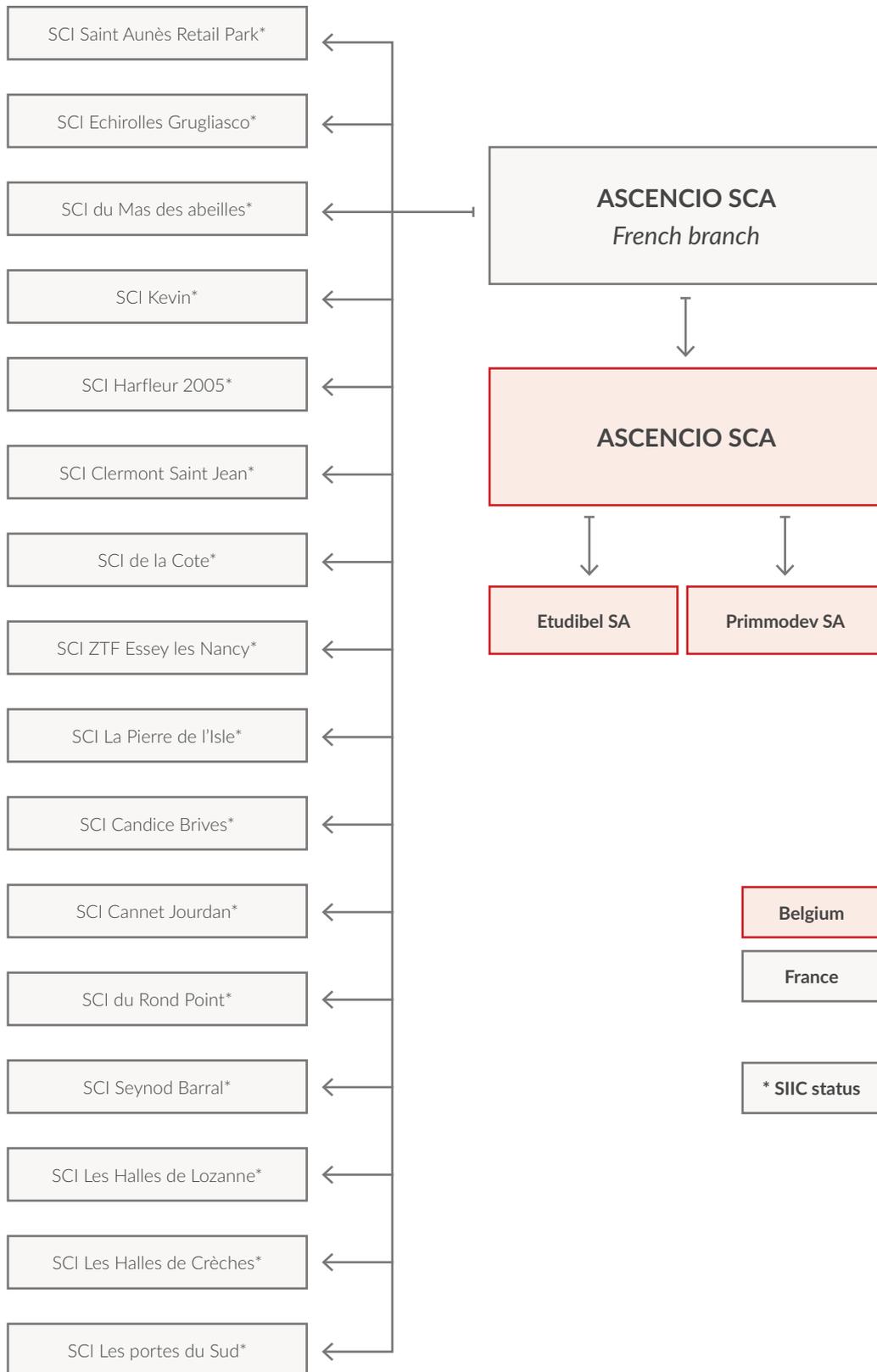
The corporate governance charter describes the main aspects of corporate governance of Ascencio S.C.A. and of its Statutory Manager Ascencio S.A. It can be consulted on the Company's website: [www.ascencio.be](http://www.ascencio.be).

The Charter is completed by the following documents, which form an integral part of it:

- the internal regulations of the Board of Directors of Ascencio S.A.
- the internal regulations of the executive management
- the internal regulations of the Audit Committee
- the internal regulations of the Remuneration Committee.

<sup>14</sup> The 2009 Belgian Code on Corporate Governance is available at: <http://www.corporategovernancecommittee.be/sites/default/files/generated/files/page/corporategovukcode2009.pdf>

<sup>15</sup> Law of 6 April 2010 aimed at strengthening the corporate governance of listed companies and autonomous public enterprises and amending the system of professional prohibitions in the banking and finance sector, published in the Official State Gazette no. 22709 of 23 April 2011.

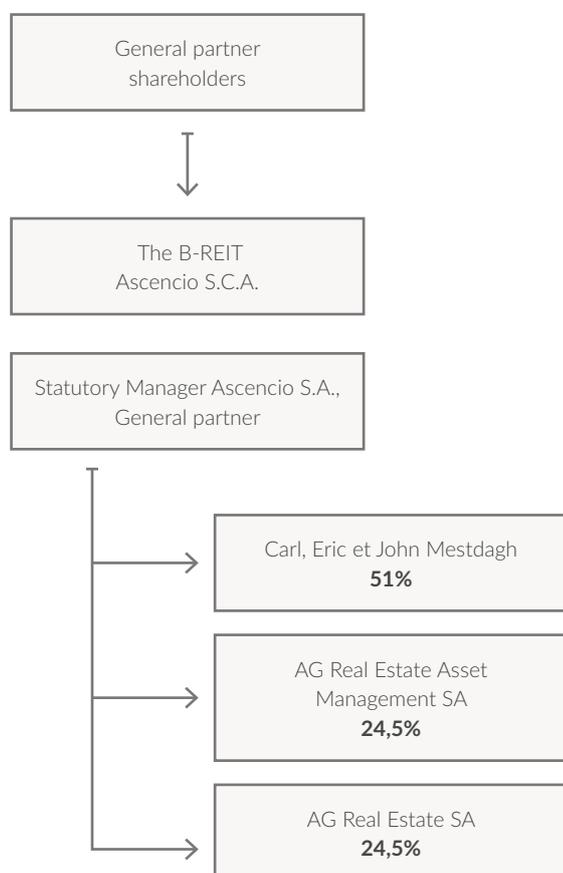


## ► MANAGEMENT STRUCTURE OF THE COMPANY

Ascencio S.C.A. is established in the form of a private company limited by shares, whose managing general partner, the general partner, is the public limited company Ascencio. The general partners are shareholders. They assume joint and several liability up to the amount of their participation only.

Ascencio's corporate governance structure comprises:

- the shareholders, general partners.
- the management bodies, namely:
  - the Statutory Manager of Ascencio S.C.A.: Ascencio S.A.
  - the Board of Directors
  - the committees of the Board of Directors: the Audit Committee and the Remuneration Committee.
  - the executive management of the Company.



## ► STRUCTURE OF SHAREHOLDING

All shareholders of Ascencio S.C.A. are treated in exactly the same way, and the Company respects their rights.

Shareholders have access to the Investor Relations section of the website, where they can find all the information needed to take informed decisions. They can also download the documents needed to take part in voting in the Company's General Meetings of Shareholders.

As at 30 September 2015 the capital amounted to €37,096,608 and was represented by 6,182,768 fully paid up ordinary shares. Each share confers one vote in the General Meeting of Shareholders. There are no preferred shares.

In accordance with the conditions, timeframes and methods stipulated by the Law of 2 May 2007 on the publication of significant shareholdings in issuers whose shares are admitted to trading on a regulated market, each natural or legal person who directly or indirectly acquires or sells shares in the Company conferring voting rights must inform the Company and the FSMA of the number and percentage of voting rights held following such acquisition or sale whenever the voting rights associated with the shares in that person's possession exceed or cease to exceed the legal threshold of 5%. The Company has not established a statutory threshold lower than the legal one.<sup>16</sup>

The Company's obligations and shareholders' rights regarding the General Meeting of Shareholders, its calling and participation in voting, are set out extensively in the Investor Relations section of Ascencio's website ([www.ascencio.be](http://www.ascencio.be)). This information remains accessible on the website.

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

AG Finance SA	13%	798,224
Carl, Eric et John Mestdagh et Fidagh SA	10%	633,930
Capfi Delen Asset Management N.V.	5%	305,000
Free float	72%	4,445,614
	<b>100%</b>	<b>6,182,768</b>

<sup>16</sup> Article 16 of the Articles of Association of Ascencio S.C.A.

## ► THE STATUTORY MANAGER AND ITS BODY: THE BOARD OF DIRECTORS

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

- to perform such acts as may be necessary or conducive to the fulfilment of the corporate object of Ascencio S.C.A.;
- to draw up on the Company's behalf the interim statements, the annual and half-yearly financial reports and any prospectus or document publicly offering securities of the Company in accordance with the applicable legal and regulatory framework;
- to appoint the property experts in accordance with applicable legislation on the Company's behalf;
- to increase the Company's authorised capital and to acquire shares in the Company or take them in guarantee on its behalf;
- to carry out any transactions with the purpose of bringing about an interest of the Company, by means of merger or otherwise, in any businesses having the same corporate object as that of the Company.

Resolutions of the Company's General Meeting of Shareholders, including amendments to the Articles of Association, are valid only if passed with the Manager's agreement.

In accordance with the Companies Code, Ascencio S.A. is represented in Ascencio S.C.A. by a permanent representative, Mr Carl Mestdagh. The permanent representative is responsible for implementing the resolutions passed by the Statutory Manager's Board of Directors in the name and on behalf of the Company.

### Responsibilities of the Board of Directors

The functions and powers of the Manager of the Company are performed by the Board of Directors of Ascencio S.A. or under its responsibility.

The Board of Directors of the Statutory Manager is responsible for performing all such acts as may be necessary or conducive to the fulfilment of the corporate object of Ascencio S.C.A., and in particular:

- taking important decisions, notably those regarding strategy, investments and divestments, quality and occupancy of properties, financial conditions, long-term financing; approving the operating budget; deciding on any initiatives submitted to the Board of Directors of the Statutory Manager;
- putting in place the structures and procedures necessary for the Company's smooth operation, notably mechanisms for preventing and managing conflicts of interest and internal control mechanisms; dealing with conflicts of interest;

- approving the annual and semi-annual accounts of Ascencio S.C.A.; drawing up the Management Report to the General Meeting of Shareholders; approving merger projects; ruling on the use of authorised capital and calling Ordinary and Extraordinary General Meetings of Shareholders;
- keeping a close watch on the rigour, accuracy and transparency of communications to shareholders, financial analysts and the public, e.g. prospectuses, annual and half-yearly financial reports, interim statements and press releases;
- overseeing the dialogue between reference shareholders and Ascencio S.C.A., complying with rules of corporate governance.

In addition to carrying out its general responsibilities described above, the Board of Directors of the Statutory Manager also pronounced on various matters during the past financial years, including notably:

- the Company's strategy;
- the transition to the status of SIR (regulated real estate investment company);
- the financing and hedging policy;
- investment cases;
- the investment switching policy;
- an increase in the authorised capital in the context of an optional dividend;
- the need to find solutions for refurbishing certain sites.

### Functioning of the Board of Directors

The Board of Directors of the Statutory Manager meets at least four times a year when called by the Chairman. Additional meetings are held in accordance with the Company's requirements.

During the past financial year the Board of Directors of Ascencio S.A. met nine times.

All resolutions of the Board of Directors relating to the management of Ascencio S.A. and, in that it is the Statutory Manager of the Company, relating to the management of the Company, are passed by simple majority vote of directors present or duly represented, and in the event of one or more abstentions, by a majority of the remaining directors. In the event of a tie, the Chairman of the Board does not have a casting vote.

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

- i. use of the authorised capital of the Company and of Ascencio S.A.;
- ii. changes to the Company's strategy;
- iii. investments and divestments of more than €10 million;
- iv. use of the Statutory Manager's right of veto on resolutions of the Company's General Meeting of Shareholders;
- v. significant changes to the Company's business plan;
- vi. appointment or removal of members of the Company's executive management;
- vii. the functions and revocation of Managing Director, General Manager, members of executive management and the establishment of their remuneration and powers;
- viii. the functions and revocation of the Chairman of the Board of Directors.

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

The Board regularly (and at least every two to three years) evaluates its size, composition and performance and that of its committees, and lastly its interaction with executive management. However it was not possible for the Board to carry out the evaluation process envisaged during the past financial year, because of its heavy workload and its attention to priorities.

This evaluation pursues several objectives:

- to assess the operation and composition of the Board and its committees
- to check to see whether important matters are appropriately prepared, documented, discussed and addressed
- to assess the degree of constructive contribution and the attendance record of each Director.

## Composition of the Board of Directors

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

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

The term of office of all the Directors<sup>17</sup> will expire at the Ordinary General Meeting of Shareholders of Ascencio S.A. to be held in June 2017.

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

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

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

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

The Board of Directors will continue to focus on diversity among its members, notably gender diversity, and will make the necessary effort to adapt its composition to the provisions of Article 518 bis of the Companies Code in the timeframes provided. In this context, the market is evaluated at regular intervals with a view to detecting possible appropriate profiles in good time. With this in view, the Company approached the non-profit organisation Women on Board, whose purpose is to promote the presence of women on boards of directors, for help with its efforts.

In January 2015 the Board of Directors welcomed a new Director, Ms Laurence Deklerck.

<sup>17</sup> Ms Deklerck was co-opted to complete the term of office of Mr Spitaels. The term of her office is therefore the same as that of the other Directors.

## The Chairman of the Board of Directors

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

The Chairman of the Board of Directors:

- will be entrusted with specific assignments associated with the Company's investment strategy and development;
- will establish close relations, depending on each case, with members of executive management, providing them with support and advice while respecting their executive responsibilities;
- may at any time require of members of executive management a report on all or part of the Company's activities;
- will organise the meetings of the Board of Directors; will establish the calendar and agenda of Board meetings, in consultation with executive management if necessary;
- will prepare, chair and direct meetings of the Board of Directors and make sure that the documents are distributed before the meetings so as to give recipients time to study them;
- will oversee and ensure the quality of interaction and ongoing dialogue at Board level;
- may at any time, without having to move from his office, obtain access to the books, correspondence, minutes and in general all the Company's documents; in performing his functions, he may require from the Company's Directors, executives and employees all such explanations or information and carry out all such checks as he may deem necessary;
- will chair and direct the General Meetings of Shareholders of the Company and ensure that they are efficiently run.

## The directors

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

Companies Registry no. 427 151 772

Rue Fontenelle 2, 6120 Nalines

Carl Mestdagh<sup>[1]</sup> is Chairman of the Board of Directors of Mestdagh S.A. and Managing Director of Equilis S.A. After studying management and tax, Carl Mestdagh placed his

property skills mainly at the service of companies linked to the Mestdagh group.

Term of office started<sup>[2]</sup>: 10 June 2011

Term of office renewed: 12 June 2009 and 14 June 2014

Offices held during the past five years by Mr Carl Mestdagh: Chairman of the Board of Directors of Mestdagh S.A., Chairman of the Board of Directors of Kitozyme S.A., Managing Director of Equilis S.A., New Mecco S.A., Innode S.A., GM&CIE S.A., Magda S.A., Chairman of the Board of Directors of the non-profit association Hopiness and other companies in the Mestdagh group.

Offices held by sprl CAI during the past five years: Wininvestissements S.A., NEG S.A., CSE H2 sprl, Domaine des Masques SPRL, Construct Me and other companies in the Mestdagh group

Offices expired during the past five years: in Mestdagh group companies: New GM, New HM, New JM and New Magda<sup>[3]</sup>

### **Serge Fautré<sup>18</sup>, Non-executive Director**

AG Real Estate S.A. – Avenue des Arts 58 – 1000 Bruxelles

Joined AG Real Estate as CEO in May 2012. He had previously been CEO of Cofinimmo (March 2002 to April 2012). Before that he had held positions with Belgacom, JP Morgan, Glaverbel and Citibank, having started his professional career in New York with J. Henry Schroder Bank and Trust Company. He holds a degree in economic sciences (UCL 1982) and a Master of Business Administration (University of Chicago 1983). Dartmouth Executive Program 2009.

Term of office started: 8 May 2012<sup>19</sup>

Offices held during the past five years: AG Real Estate (CEO), Cofinimmo (CEO), AG2R La Mondiale, Union Professionnelle du Secteur Immobilier, Société Immobilière du Château Saint-Anne, Interparking S.A., DBFM, Devimmo Consult S.A. and FQE.

Offices expired during the past five years: European Public Real Estate Association, Cofinimmo.

<sup>[1]</sup> Either as a private individual or through SPRL CAI

<sup>[2]</sup> Previously operating through sprl Carl Mestdagh, liquidated on 9 November 2011

<sup>[3]</sup> These companies have been liquidated.

<sup>18</sup> Director nominated by AG Insurance

<sup>19</sup> Date of cooptation by the Board – ratified by the Ordinary General Meeting of Shareholders of Ascencio S.A. of 8 June 2012.

**Benoît Godts<sup>20</sup>, Non-executive Director v**

AG Real Estate S.A. – Avenue des Arts 58 – 1000 Bruxelles

Benoît Godts holds a position in the Corporate Finance, Participations and Funds team. After studying law at UCL (1983), he held various positions of responsibility in the Bruxelles-Lambert Group. He joined the Bernheim-Comofi property group in 1992 as Secretary General, going on to develop real estate certificate transactions and participating in the creation of the B-REIT Befimmo.

First term of office started: 23 October 2006

Term of office renewed: 12 June 2009 and 14 June 2014

Offices held and expired in the past five years: various offices in associate companies of AG Real Estate, Director of Befimmo S.A. and Chairman of the Board of SPPICAV Immo Nation.

**SA Gernel<sup>21</sup> represented by Fabienne D'Ans, non-executive Director**

RPM 0428 002 602

Rue du Colombier 9 – 6041 Gosselies

Fabienne D'Ans has been manager of the Mestdagh Group Coordination Centre (S.A. Gernel) since December 1998 and head of finance of the Mestdagh Group (responsible for finances, banking relations, negotiating placements and borrowings and equity interests).

First term of office started: 13 May 2008

Term of office renewed : 14 June 2014

Offices held during the past five years: Director of Kitozyme S.A., Distillerie de Biercée S.A.

Offices expired during the past five years: none

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

AMCV – Rue Samson 27 – 7000 Mons

A geographer by training (ULB 1981), Jean-Luc Calonger is currently professor of marketing and geomarketing research at the Condorcet Institute of Technology in Mons. A specialist in city centre management through public-private partnership, he is also the founding chairman of AMCV, the Association of Town Centre Management, which includes Augeo, the retail and geomarketing research department, and Lively Cities, the department specialising in place making.

First term of office started: 23 October 2006

Term of office renewed: 12 June 2009 and 14 June 2014

Offices held during the past five years: Chairman of non-profit organisation Tocema Worldwide, a member of the Editorial Advisory Board of the Journal of Place Management and Development IPM, Institute of Place Management.

Offices expired during the past five years: director of BLSC

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

Degroopfetercam – Place Sainte-Gudule 19 – 1000 Bruxelles

After graduating in business and financial sciences from the ICHEC in 1981, Damien Fontaine started his career in the banking sector with Morgan Bank and Générale de Banque before moving to the financial markets with Dewaay and Petercam. Since 2000 he has been a manager with Petercam (Institutional Research & Sales – Benelux Equities). He was previously manager of the Institutional Sales Department, Belgian Equities, from 1995 to 2000.

First term of office started: 23 October 2006

Term of office renewed: 12 June 2009 and 14 June 2014

Offices held during the past five years: director, Petercam S.A.  
Offices expired during the past five years: none

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

CPH – rue Perdue 7 – 7500 Tournai

In banking since 1984, Yves Klein has held various positions first with CBC, then with Dexia from 1999 to 2013 as director of Corporate Banking for Wallonia. He is currently a member of the Management Committee of CPH.

First term of office started: 16 July 2009

Term of office renewed: 14 June 2014

Offices held during the past five years: Ideal S.A., Le Maillon ASBL,

Offices expired during the past five years: Ecotech Finance S.A., Meusinvest S.A., EUREFI, Union Wallonne des Entreprises.

<sup>20</sup> Director nominated by AG Real Estate

<sup>21</sup> Director nominated by Carl, Eric and John Mestdagh

### Laurence Deklerck, independent non-executive Director

A partner with Vanderveren, Thys, Wauters & Foirers, Rue des Minimes 41, 1000 Brussels

Having graduated in law from ULB in 1980, Laurence Deklerck has been a lawyer specialising in tax matters at the Brussels Bar since 1981.

Maître Deklerck is also a member of the Tax Committee of the French Order of Lawyers of the Brussels Bar, Associate Professor at EPHEC in charge of the course at the CEFIAD in Mons and the EMI in Brussels.

Start date of office: 21 January 2015<sup>22</sup>

Offices held during the past five years: Director of N.V. Memlinc Hotel and N.V. Memlinc Shops.

Offices expired during the past five years: none.

## ► THE COMMITTEES

The Board of Directors of the Statutory Manager has set up two committees.

Although not legally obliged to do so, Ascencio has established an Audit Committee in accordance with Article 526 bis introduced by the Law of 17 December 2008 to the Companies Code and a Remuneration Committee in accordance with Article 526 quater introduced by the Law of 6 April 2010 on corporate governance.

### The Audit Committee

The Audit Committee is composed of three members, Ms Laurence Deklerck and Messrs Benoît Godts and Yves Klein<sup>24</sup>. Ms Deklerck and Mr Klein are independent directors and have the qualities and skills required in the field of auditing and accounting.

The Audit Committee meets at least four times a year at the end of each quarter and then submits its report to the next meeting of the Board of Directors of the Statutory Manager. It met seven times during the past financial year.

The assignments taken on<sup>25</sup> by the Audit Committee are those described in the aforementioned law of 17 December 2008:

- monitoring of the process of drawing up the financial information;
- monitoring of the effectiveness of the company's internal control, internal audit and risk management systems;
- monitoring of the legal control of the company only and consolidated financial statements, including the monitoring of the questions posed and recommendations made by the statutory auditor;
- examination and monitoring of the independence of the auditors, particularly as regards the provision of additional services to the company.

The Audit Committee reports regularly to the Board of Directors on the performance of its responsibilities, and at least at the time the Board approves the annual and half-yearly accounts, the consolidated accounts and, if applicable, the abridged financial statements for publication.

The Company's Statutory Auditor reports to the Audit Committee on important matters coming to light in the exercise of its legal audit of the accounts. The Audit Committee informs the Board of Directors of this report.

<sup>22</sup> Date of cooptation by the Board of Directors

<sup>23</sup> The Law of 17 December 2008 requiring listed companies to establish an Audit Committee and the Law of 6 April 2010 on the strengthening of corporate governance in listed companies provide criteria for derogation:

- a) average number of employees over the entire financial year concerned less than 250;
- b) balance sheet total equal to or less than €43 million;
- c) annual net revenues equal to or less than €50 million.

Since Ascencio meets two of these three exclusion criteria, it is not obliged to establish an Audit Committee.

<sup>24</sup> Ms Laurence Deklerck and Messrs Benoît Godts and Yves Klein have been appointed by and from among the members of the Board of Directors. Their terms of office expire at the same time as their terms of office as Directors, in June 2017.

<sup>25</sup> The internal regulations of the Audit Committee, which form an integral part of Ascencio's governance charter, sets out in detail the responsibilities of the Audit Committee and is available on the website [www.ascencio.be](http://www.ascencio.be).

During the past financial year the Audit Committee addressed the following matters in particular:

- Quarterly, half-yearly and annual accounting positions and related financial communication;
- Financing and interest rate hedging policy;
- Examination of key performance indicators;
- Budget and outlook;
- Internal auditor's report;
- Internal control policy and management's report on internal control.

The Audit Committee's charter is available on Ascencio's website: [www.ascencio.be](http://www.ascencio.be)

## Remuneration committee

The Remuneration Committee is composed of three members, Ms Laurence Deklerck, Mr Damien Fontaine and Sprl CAI represented by Mr Carl Mestdagh. The Remuneration Committee, while conforming to the legal requirements, does not conform to the Code of Corporate Governance in that it is not a nomination committee responsible for making recommendations to the Board of Directors concerning the nomination of Directors, the General Manager and the other members of executive management.

The remuneration committee meets whenever it believes this necessary in order to carry out its missions and, in principle, two times a year. It met just once during the past financial year.

The role of the remuneration committee is to advise and assist the Board of Directors of the managing general partner. The remuneration committee carries out its missions under the supervision and responsibility of the Board of Directors of the Statutory Manager.

The remuneration committee assists and reports to the Board of Directors on all matters relating to the remuneration of the managing director, the directors and the members of the company's executive management.

In particular, the committee is responsible for:

- making proposals to the Board of Directors of the Statutory Manager on the remuneration policy for Directors, the General Manager and members of the executive management and, where applicable, on such resulting proposals as have to be submitted by the Board of Directors to the shareholders;
- making proposals to the Board of Directors of the Statutory Manager on the individual remuneration of the Directors, the General Manager and the members of the executive management;

- making proposals to the Board of Directors of the Statutory Manager on the setting and evaluation of performance objectives linked to the individual remuneration of the General Manager and the members of the executive management;
- preparing the remuneration report in accordance with Article 96 section 3 of the Companies Code with a view to its inclusion in the corporate governance declaration
- commenting on the remuneration report in the Ordinary General Meeting of Shareholders;
- at least once a year and before approval of the budget, discussing with the General Manager the examination of the remuneration policy and in general carrying out all such tasks as the Board of Directors of the Statutory Manager might assign it.

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

- evaluating the performance objectives linked to the individual remuneration of the General Manager and the members of the executive management and reporting on this to the Board of Directors;
- preparing the remuneration report.

## ▶ THE MEMBERS OF EXECUTIVE MANAGEMENT

### Composition<sup>26</sup>

In accordance with the B-REITs Act, executive management is entrusted to at least two natural persons appointed by the Board of Directors subject to prior approval by the FSMA holding the title of *dirigeants effectifs* (executive managers).

### The General Manager

- SPRL Somabri, represented by Marc Brisack.

Marc Brisack has been active in the field of real estate in Belgium since 1998. He worked for broker Catella Codemer three years before joining the Bernheim-Comofi group in 2001.

Following the acquisition of Bernheim by AG Insurance in 2002, he was Head of Asset Management for AG Real Estate until February 2009. At the time, AG Insurance's portfolio comprised more than €500 million in commercial assets divided among shopping centres such as City 2, Woluwe and Ninia, high street store such as Meir in Antwerp and Veldstraat in Ghent and out-of-town outlets.

<sup>26</sup> The Board of Directors of the Statutory Manager has not opted to establish a management committee in the meaning of the Companies Code.

Mr Brisack performs his functions through a company. He will regularise this situation within a reasonable time.

The other members of executive management:

- Michèle Delvaux, financial director
- Stéphanie Vanden Broecke, legal director.

### Responsibility and functioning

Members of executive management are responsible for the operation of the company and for determining its policy, in accordance with the decisions of the Board of Directors of the Statutory Manager.

The members of executive management are also responsible, under the oversight of the Board of Directors, for taking the measures necessary to ensure compliance with the rules relating to the structure of management and organisation, internal control, internal audit, compliance and risk management. They must report at least once a year to the Board of Directors, the FSMA and the Statutory Auditor.

As main points of contact for the FSMA, they organise themselves so as to be permanently available.

The members of the executive management work in close collaboration and in a collegial manner. Their decisions are taken by majority vote. The members of the executive management meet as often as needed with the management team of Ascencio.

The members of the executive management prepare the cases for submission to the Board of Directors of the Statutory Manager and report to it on their activities.

## ► REMUNERATION REPORT

This report falls within the framework of Article 96 section 3 of the Companies Code.

### Information relating to the general principles of the remuneration policy

The principle of continuity with the past is maintained. The Remuneration Committee met once during the past financial year in order to establish the policy on the remuneration of the Directors and executive managers.

This remuneration policy forms an integral part of the Company's Corporate Governance Charter, which is published on Ascencio's website ([www.ascencio.be](http://www.ascencio.be)).

The Directors' remuneration is determined by the Ordinary General Meeting of Shareholders of the Company's Statutory Manager, Ascencio S.A. based on a proposal of its Board of Directors and the opinion of the Remuneration Committee.

The remuneration of executive managers is set by the Board of Directors on the basis of recommendations by the Remuneration Committee. The Remuneration Committee checks to see whether an adjustment is needed in order to attract, retain and motivate them. This is an overall analysis which also sets the objectives which determine the level of variable remuneration.

### Non-executive directors<sup>27</sup>

The remuneration policy adopted in previous years is regularly compared with the remuneration of non-executive directors of other listed companies of comparable size, in similar sectors, in order to ensure alignment of current remuneration with market practice taking account of the Company's size, its financial situation, its corporate object and the responsibilities assumed by the Directors.

### The members of executive management

The individual remuneration of the executive managers is also determined by reference to market practices, specifically by means of benchmarking by an external consultant.

### Information on the composition of the remuneration of the Statutory Manager, the Directors and the executive managers.

The remuneration and benefits shown hereunder are in accordance with the remuneration policy established by Ascencio. There is no option plan or stock purchase plan in place for Directors or executive managers.

### Statutory Manager

The Manager receives a portion of the Company's profits. The Manager is further entitled to reimbursement of all expenses directly linked to the management of the Company, such that the fixed portion is a net percentage. The Manager's share is calculated each year depending on the gross dividend for the financial year concerned, as approved by the Company's General Meeting of Shareholders. This share is equal to 4% of the gross dividend distributed. The share thus calculated is due on the last

<sup>27</sup> The Board of Directors of Ascencio S.A. is composed solely of non-executive directors, of whom three are independent in the meaning of the law.

day of the financial year concerned, but is not payable until the dividend has been approved by Company's General Meeting of Shareholders. The calculation of the Manager's share is subjected to checks by the Statutory Auditor.

The interests of Ascencio S.A., whose remuneration is linked to the Company's results, are thus aligned with those of all the shareholders.

For the financial year last ended, the Manager's remuneration is €754,000.

### The directors

The Directors' remuneration consists of basic remuneration plus attendance fees.

The basic remuneration of the Chairman of the Board of the Statutory Manager is €15,000 p.a. excl. VAT. That of the other directors is €5,000 p.a. excl. VAT. Attendance fees are €1,000 for each attendance of a Board meeting of the Statutory Manager or meeting of the Audit Committee or Remuneration Committee. Attendance fees are also paid to directors given specific assignments by the Board.

No employment contracts have been entered into with directors. The directors' remuneration is not linked directly or indirectly to transactions carried out by the Company. Directors do not have stock options.

For the financial year last ended, the members of the Board of Directors will receive a total amount of €134,500. This will be paid in June 2016 after the General Meeting of Shareholders of the Statutory Manager.

### The Management

The Company's executive managers' remuneration consists of a fixed portion (deriving from the employment contracts and the management agreements) and a variable portion in the form of a gross bonus. This remuneration is paid directly by the Company.

The basic remuneration is determined in accordance with the responsibilities and skills of each one, and is indexed if the person is employed under an employment contract.

The variable remuneration is determined by reference to evaluation criteria, financial or otherwise, set and assessed by the Board of Directors based on the opinion of the Remuneration Committee. For this past financial year, the net result before non-recurring items and before IAS 39 (Changes in fair value of financial instruments) and IAS 40 (Investment Property), the occupancy rate, the operating margin, the success of property transactions and people management were all taken into account.

Verification of the degree of fulfilment of the financial evaluation criteria was carried out in light of the financial statements submitted to the Audit Committee. The qualitative evaluation criteria are subjected to an overall assessment by the Remuneration Committee, who then convey their opinion to the Board of Directors.

For the coming financial year, executive managers' variable remuneration will depend on particular on the following financial evaluation criteria: net profit before non-recurring items and before IAS 39 (Changes in fair value of financial instruments) and IAS 40 (Investment Property), the occupancy rate, the operating margin, the success of property transactions and people management. Qualitative evaluation criteria will also be taken into account.

Executive managers' variable remuneration may not exceed 25% of their total gross annual remuneration. There is not provision for a right of clawback for the Company or the executive managers if variable remuneration should prove to have been granted on the basis of erroneous financial information. The executive managers do not have options on the Company's shares.

Members of management do not have any share plan or pension scheme.

### The General Manager

The General Manager, Marc Brisack, manager of sprl SOMABRI, performs his functions in an independent status. His remuneration for the past financial year consisted of:

- fixed annual remuneration of €225,000 for the past financial year;
- variable remuneration of €60,000 determined by the Remuneration Committee on the basis of aforementioned criteria for the financial year 2013-2014. This variable remuneration was paid to him in December 2014.

The General Manager does not receive any other benefits.

### The other members of management

The other executive managers perform their functions under employment contracts. The other executive managers' basic remuneration for the past financial year and variable remuneration for the financial year 2013-2014 totalled €299,000.

Managers performing their functions under employment contracts also receive other benefits such as: DKV hospitalisation insurance, group insurance, luncheon vouchers, EcoCheques, a company car, reimbursement of professional expenses, a PC and a mobile phone. The overall cost of these benefits in kind is estimated at €51,000.

	sprl CAI	S.A. Gernel	Benoît Godts	Serge Fautré	Jean-Luc Calonger	Laurence Deklerck	Damien Fontaine	Yves Klein
Board of Directors	8	8	9	7	9	6	7	8
Audit Committee			7			5		7
Remuneration Committee	1						1	
Independent Directors' Committee					1	1		1
<b>TOTAL attendance</b>	<b>9</b>	<b>8</b>	<b>16</b>	<b>7</b>	<b>10</b>	<b>12</b>	<b>8</b>	<b>16</b>
Basic remuneration	15.000€	5.000€	5.000€	5.000€	5.000€	3.500€	5.000€	5.000€
Attendance fees (€1,000)	9.000€	8.000€	16.000€	7.000€	10.000€	12.000€	8.000€	16.000€
<b>Total €</b>	<b>24.000€</b>	<b>13.000€</b>	<b>21.000€</b>	<b>12.000€</b>	<b>15.000€</b>	<b>15.500€</b>	<b>13.000€</b>	<b>21.000€</b>

## ► SETTLEMENT OF CONFLICTS OF INTEREST

### Rules provided in Ascencio's Corporate Governance Charter

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

#### Identity and mission of the reference shareholders

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

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

AG Real Estate has many years of experience in real estate.

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

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

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

#### Mechanisms provided by the Governance Charter

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

- in order to avoid the signing or renewal of lease contracts between Ascencio and Mestdagh group companies giving rise to conflicts of interest between the Mestdagh group and the Company, the Board of Directors of Ascencio S.A. has sole competence, without the possibility of delegation, to decide to sign, renew, amend or terminate a lease between the Company and a Mestdagh group company;
- without prejudice to the provisions of Article 523 of the Companies Code, when a resolution of the Board of Directors of Ascencio S.A. concerns the signing, renewal, termination or amendment of a lease between the Company and a Mestdagh group company, the Directors appointed at the proposal of Carl, Eric and John Mestdagh must declare the potential conflict of interest to the Board of Directors of the Statutory Manager and voluntarily abstain from taking part in the deliberations and voting on this resolution. Failing which, the majority of the other Directors may require these Directors to abstain;
- the same rules apply when a resolution of the Board of Directors of Ascencio S.A. concerns the signing, renewal, termination or amendment of a lease between the Company and an AG Real Estate group company;

- the AG Real Estate group and the Mestdagh group are active in the real estate sector, notably in the retail segment. In order to avoid this situation's giving rise to conflicts between the interests of the reference shareholders (or their representative in Ascencio S.A.) and those of the Company, AG Real Estate and the companies controlled by it on the one hand and Carl, Eric and John Mestdagh and the companies the control on the other hand have granted the Company first right of refusal to certain «investment products» in the retail sector that might be offered to them;
- Ascencio S.A. as Statutory Manager is entitled to remuneration in proportion to the Company's dividend; its interests are thus aligned with those of all the Company's shareholders;
- the Manager reports to the General Meeting of Shareholders on the conflicts of interest that have arisen during the past financial year.

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

## Directors' conflicts of interest

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

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

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

During the past financial year only one resolution of the Board of Directors gave rise to the application of the procedure referred to in Article 523 of the Companies Code. At the meeting of the Board of Directors of 13 March 2015, Mr Carl Mestdagh and Ms Fabienne d'Ans, representing respectively sprl C.A.I. and S.A. Gernel abstained from the deliberations and the voting regarding the acquisition of the Couillet-Bellefleur retail park.

### Company's right of first refusal

As indicated above, AG Real Estate and the companies controlled by it on the one hand, and Carl, Eric and John Mestdagh and the companies they control on the other hand have granted the Company a right of first refusal on some investment products - i.e. property assets in the meaning of the legislation - in the retail area with a «deed in hand» value of less than €20 million that might be offered to them.<sup>28</sup>

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

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

These provisions will remain in force until October 2026.

<sup>28</sup> It should be noted that these provisions do not apply 1) to shopping centres, 2) to real estate leasing transactions, 3) to transactions carried out with AG Real Estate's involvement and intended for a client external to the AG Real Estate Group, when on an annual basis the value of the properties involved in any such transactions, does not exceed 10% of the total value at any time of the properties held by the B-REIT and 4) to buildings that are occupied, are intended to be occupied or have been occupied during the past three years by an AG group company or one of its brands (for example, property assets / bank branches), this last exception applying equally to partly occupied properties, it being understood that this must concern a divestment or the wish to acquire the whole building in order to secure existing rights.

The following is an extract from the minutes of the meeting:

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

*The Bellefleur retail park, consisting of about fifteen units, offers a coherent and comprehensive commercial mix (clothes, decoration, childcare, household appliances, DIY, food, etc.), is located on the outskirts of Charleroi only a few miles from Ascencio's headquarters in Gosselies, which makes for ease of management as well as perfect knowledge of the local competitor market. The site also adjoins several commercial units already held by Ascencio.*

*The chains present on the site are all international or national (Heytens, Orchestra, Krëfel, Luxus, Cassis, Blokker, Action, etc.) The site is fully let.*

*The site is new (opened 2014) and designed to strict aesthetic standards, which enhances its commercial attraction. The tenants set up a marketing fund, which made for an excellent launch of the site.*

*Accordingly the Board of Directors resolved to approve the acquisition of the shares of S.A. Primmodev. The price of the shares will be determined on the basis of an agreed value of the properties that does not exceed the gross market value of the assets as determined by the Company's property expert.*

*Partant, le conseil d'administration décide d'approuver l'acquisition des actions de la S.A. Primmodev. Le prix des actions sera déterminé sur base d'une valeur conventionnelle des immeubles qui ne dépasse pas la valeur de marché brute de l'actif telle que déterminée par l'expert immobilier de la société.*

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

### Conflicts of interest with related companies

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

The aforementioned Article requires the establishment of an ad hoc committee consisting of three independent Directors. This Committee, assisted by an independent expert, must

provide a reasoned assessment of the proposed transaction to the Board of Directors. The Statutory Auditor must deliver an assessment of the consistency of the information contained in the report with the opinion of the committee and the minutes of the Board of Directors.

During the past financial year there was no case to which the procedure referred to in Article 524 of the Companies Code was applied.

### Functional conflicts of interest

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

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

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

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

During the past financial year the Company followed the above-mentioned procedure in carrying out the transaction relating to the acquisition of the Couillet site as detailed above.

## ► INTERNAL CONTROL

### General

Ascencio has organised a system of internal control under the responsibility of the Board of Directors of the Statutory Manager. The Board is assisted by the Statutory Auditor, the Audit Committee and an independent internal auditor.

The internal control comprises a set of resources, conducts, procedures and actions adapted to the particular characteristics of the Company, which:

- contributes to the control of its activities, the effectiveness of its transactions and the efficient use of its resources, and
- allows it to take appropriate account of significant risks, be they operational, financial or compliance related.

Specifically, the internal control aims to ensure:

- the reliability and integrity of financial reporting, and in particular the conformity of the annual and half-yearly accounts and reports with legislation in force;
- the orderly and prudent conduct of its affairs in the framework of well-defined objectives;
- the economical and effective use of resources;
- the implementation of general policies, plans and internal procedures;
- compliance with laws and regulations.

In order to ensure an effective approach to risk management and the control environment, the Board of Directors and the executive managers based themselves on international recommendations and best practices as well as on the model of the three lines of defence:

- the first line of defence is that of operations;
- the second line of defence is formed by the Risk Manager and Compliance Officer functions;
- the third line of defence is the independent assurance provided by the internal audit.

These functions are performed appropriately and with the required independence bearing in mind the size of the business and its resources as described later.

## Compliance function and policy of integrity

### Compliance officer

The compliance officer is responsible for supervising compliance with the laws, regulations and rules of conduct applicable to the Company, in particular the rules associated with the integrity of the Company's activities.

Ms Stéphanie Vanden Broecke has been appointed as Compliance Officer.

### Policy of integrity

Ascencio's integrity policy is an important part of its good governance.

Ascencio implements, manages and evaluates a set of instruments aimed at standardising conduct, so as to ensure that conduct is consistent with the pursuit of the goals of the organisation and its values.

### Corporate ethics

Ascencio observes ethics to the greatest extent possible, emphasising the values of honesty, integrity and fairness in all its activities.

It does not tolerate any form of corruption and refuses to deal with people involved in illegal activities or those suspected of being so.

### Political activities

Ascencio operates in a socially responsible manner, in accordance with the laws of the country in which it operates, and pursues legitimate commercial objectives. It does not finance and does not belong to any political party or organisation.

### Conflicts of interest

Ascencio ensures that every person working for it behaves ethically and accordingly to the principles of good conduct in business and professional secrecy. Any member of staff with a conflict of interest has the duty to immediately advise his or her manager. Similarly, a director must inform the Chairman of the Board of Directors of any such situation, and must abstain from participating in the decision-making process. Lastly, a director faced with a «corporate opportunity» must immediately advise the Chairman of this situation and apply the "Chinese wall" procedure.

For further information on the preventive rules in the area of conflicts of interest, we refer you to the details in the section devoted to this in this report.

### Prevention of insider trading

Members of the company's corporate bodies and employees intending to carry out transactions with Ascencio shares must declare this to the Compliance Officer beforehand. They are strictly prohibited from buying or selling shares during closed periods. They are also prohibited from communicating this information to third parties - including family members.

### Rules to prevent market abuse

The section on rules to prevent market abuse in Ascencio's Governance Charter (available on its website [www.ascencio.be](http://www.ascencio.be)) establishes the necessary and useful rules for complying with the principles deriving from the Law of 2 August 2002 on the supervision of the finance sector and financial services, its enabling legislation and Directive 2003/6/EC on insider dealing and market manipulation.

These rules apply:

- to persons exercising management responsibilities with the issuer, to the Statutory Manager, to the Directors and to the executive managers of Ascencio, as well as to any person having an employment contract or consultancy agreement with Ascencio S.C.A. or Ascencio S.A. or their subsidiaries who by reason of his or her functions is likely to be in possession of privileged information and has the power to take management decisions concerning Ascencio's business strategy;
- to persons who may come into possession of privileged information by reason of their involvement in the preparation of a given transaction.

#### *Closed and prohibited periods*

The persons referred to above may carry out transactions with the Company's shares, or cause them to be carried out, only outside the closed and prohibited periods and providing they are not in possession of privileged information.

Closed and prohibited periods are as follows:

- the period running from the day after each quarter's closing date up until (and including) publication of the annual, half-yearly or quarterly results;
- the day on which privileged information is published.

This prohibition does not apply to transactions carried out in order to ensure execution of an obligation to acquire or sell financial instruments when such obligation has become enforceable and derives from an agreement entered into before the person concerned was in possession of the privileged information in question.

#### Function of Risk Manager and risk management policy

Ms Stéphanie Vanden Broecke, a member of the executive management, assumes the function of Risk Manager in Ascencio.

The risk management policy forms an integral part of Ascencio's strategy and corporate governance. It is an ongoing process whereby the Company deals methodically with the risks inherent in or external to its activities as part of its pursuit of durable performance.

The risk management policy and the methodology developed consist in identifying, analysing and dealing with the risks in accordance with an annual process carried out by the Risk Manager in collaboration with Ascencio's key executives and as a function of the competences and responsibility of each one in the organisation.

The risk management process must allow the risks and opportunities presented by factors affecting the Company's activities or strategy to be identified and assessed.

A structured approach to risk management requires correct interpretation of the guidelines, standards and reference framework of risk management and implementation of various tools such as risk mapping and the risk register.

Risks are assessed annually and followed up periodically in meetings of the executive managers, the Audit Committee and the Board of Directors of the Statutory Manager.

The various lines of this assessment are:

- the Company's general environment («The Market»);
- its core business («Operations»);
- management of its financial resources;
- Changes in legislation applicable to the Company and its activities in Belgium and France.

For further information on risk management, we refer you to the section headed «Risk factors» in this report

#### Internal audit function

In accordance with Article 17 section 3 of the B-REITs Act, the internal audit function has been entrusted for a term of three years to sprl Quiévreux Audit Services, represented by Christophe Quiévreux, with its registered office at Rue Louis de Geer 6, 1348 Louvain-La-Neuve (VAT BE 0628.554.951).

Ms Michèle Delvaux, a member of the executive management, has been appointed head of internal audit.

The internal auditor performs a controlling and advisory role and makes sure that the business is managed properly in terms of adherence to its procedures.

This assignment is carried out in three phases:

- A preparatory phase in which the auditor familiarises himself with the context and the reference framework applicable (procedures, regulations, best practices and control environment). Starting out from objectives of good management, he evaluates the apparent strengths and weaknesses;
- The actual audit phase: the auditor implements the procedures and verifies their effectiveness in the various operational, financial and management areas. In doing so he has extensive access to all relevant information. No activity or entity of the Company is excluded from its field of investigation;

- A phase of summarising and making recommendations to the Company's governing bodies. In this regard, the internal auditor has a direct line of communication with the Audit Committee, the Board of Directors and its Chairman as well as with the Statutory Auditor. Its report is presented to the Audit Committee, which forwards it to the Board of Directors.

On an annual basis, the internal auditor evaluates:

- the function of compliance officer;
- the function of risk manager;
- compliance with the delegations of powers for the main contracts and payment (purchase, investment and main disbursements);
- the review of the main financial risks.

Over a three-year cycle, the internal audit will cover:

- year one: the rental process;
- year two: the investment, renovation and works processes;
- year three: the support functions (IT, Legal and Insurance).

The first cycle was carried out during financial year 2014-2015 and the internal auditor submitted her report on 24 June 2015. This report was presented to the Audit Committee, which forwarded it to the Board of Directors.

## ► FACTORS LIKELY TO HAVE AN EFFECT IN THE EVENT OF A TAKEOVER BID

Ascencio sets out hereunder the factors which, by virtue of Article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market, could have an effect in the event of a takeover bid.

1. *the capital structure, with an indication of the different categories of shares if applicable and, for each category of shares, the rights and obligations attaching to it and the percentage of the total share capital that it represents.*
2. *any legal or statutory restrictions on the transfer of shares.*
3. *the holders of any securities conferring special rights of control, and a description of these rights;*
4. *the control mechanism provided for in any employee shareholding scheme if the rights of control are not exercised directly by employees;*
5. *any legal or statutory restrictions on the exercise of voting rights.*

The share capital of Ascencio S.C.A. amounted to €37,096,608 and was represented by 6,182,768 shares as at 30 September 2015. The shares are nominative or dematerialised, all fully paid up and without specified nominal value. There is only one category of shares.

There are no legal or statutory restrictions on the transfer of shares.

There are no holders of securities conferring special rights. There is no employee shareholding scheme.

There are no legal or statutory restrictions on voting rights.

6. *agreements among shareholders known to the issuer and which might entail restrictions on the transfer of securities and/or the exercise of voting rights.*

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

As regards Ascencio S.C.A., on 1 July 2015 an end was put to the shareholder pact between members of the Mestdagh family and related companies concerning the exercise of their voting rights with a view to pursuing a durable common policy and also concerning the purchase or sale of securities conferring voting rights.

Moreover, there is no restriction concerning the sale of their holding in the Company's share capital.

7. *the rules applicable to the appointment and replacement of members of the governing body and to amendments of the issuer's Articles of Association;*

By virtue of the agreements made between the reference shareholders<sup>29</sup>, the Directors of Ascencio S.A. are designated in accordance with the principles summarised hereunder:

- decisions relating to the appointment and revocation of Directors must be taken by common accord;
- two Directors are appointed at the proposal of Messrs Carl, Eric and John Mestdagh;

<sup>29</sup> AG Real Estate Asset Management SA and any company of the AG Real Estate Group (hereinafter referred to as «AG Real Estate») and Messrs Carl, Eric and John Mestdagh for as long as they together hold 100% of the shares of Ascencio S.A.

- two Directors are appointed at the proposal of AG Real Estate;
- the independent Directors<sup>30</sup> are appointed by common accord.

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

As regards the rules applying to amendments of the Articles of Association, in accordance with B-REITs legislation any proposed amendment to the Articles of Association must first be submitted to the FSMA for approval. Furthermore, the rules set out on the Companies Code also apply.

8. *powers of the governing body, in particular concerning the power to issue or buy back shares*

In accordance with Article 8 of the Articles of Association of Ascencio S.C.A., the Manager is authorised to increase the share capital on such dates and conditions as it may establish in one or more times, with a maximum of €36,223,380. This authorisation is valid for a five-year period from 18 December 2014 and is renewable. The balance of the authorised capital remains intact.

In accordance with Article 12 of the same Articles of Association, the Manager is authorised to acquire or dispose of the Company's fully paid up shares when such acquisition or disposal is necessary in order to avoid serious and imminent damage to the Company. This authorisation was renewed for a term of three years by the Extraordinary General Meeting of Shareholders of 18 December 2014.

For further information, we refer you to the section headed Corporate Governance Declaration in this report.

9. *all the important agreements to which the issuer is party and which come into effect, are amended or come to an end in the event of a change of control of the issuer following a takeover bid, and their effects, except when their nature is such that their disclosure would seriously harm the issuer; this exception is not applicable when the issuer is specifically obliged to disclose this information by virtue of legal requirements;*

In accordance with common practice, the Company has included change of control clauses in its financing agreements allowing the bank to demand early repayment of loans in the event of a change of control of the Company. Activation of these clauses could have a negative impact on the Company.

These clauses are approved by the General Meeting of Shareholders in accordance with Article 556 of the Companies Code.

10. *all agreements between the issuer and members of its governing body or personnel which provide for indemnities if members of the governing body resign or have to leave their positions without good reason or if the employment of members of the personnel is terminated as a result of a takeover.*

There is an agreement between SPRL Somabri and Ascencio S.C.A. in respect of the event in which the Company would unilaterally early-terminate the management agreement between them. In such case, the financial compensation provided in favour of SPRL Somabri is equal to the amount of annual remuneration.

For an assessment of this potential indemnification, we refer you to the section headed «Remuneration report» in this report.

<sup>30</sup> in the meaning of Article 526 ter of the Companies Code and of the Belgian Code of Corporate Governance (Code 2009)

# SUMMARY OF THE CONSOLIDATED FINANCIAL STATEMENTS

General comments on the consolidated financial statements for the financial year ended 30 September 2015

CONSOLIDATED BALANCE SHEET (000 EUR)	30/09/2015	30/09/2014
Assets	531,265	493,162
Non-current assets	522,040	478,450
Current assets	9,225	14,712
Equity and liabilities	531,265	493,162
Equity	287,620	274,143
Non-current liabilities	180,981	186,946
Current liabilities	62,664	32,072

## Comments on the consolidated results

### Assets

As at 30 September 2015, investment property was valued at its fair value (as defined by IAS 40) for an amount of €521.0 million, of which

- €353.2 million for properties located in Belgium;
- €167.8 million for properties located in France.

Investment property (including projects in the course of development) represents 98.1% of consolidated assets.

Current assets in the balance sheet amount to €9.2 million, the main items of which are:

- €4.2 million in trade receivables;
- €3.2 million in cash.

### Liabilities & Equity

As at 30 September 2015, equity amounted to €287.6 million, compared with €274.1 million as at 30 September 2014. The increase was due mainly to the capital increase of €7,996,527.33 (including share premium) carried out on 26 February 2015 by means of the contribution of dividends receivable.

As at 30 September 2015, financial debt amounted to €214.6 million, of which

- €160.8 million at more than one year;
- €53.7 million at less than one year.

Apart from financial debt at more than one year, non-current liabilities mainly comprise the negative value of hedging instruments (€14.5 million) and deferred tax of €2.7 million basically representing the amount of exit tax estimated in the event of a merger between Ascencio and its subsidiary Primmodev.

The Company's debt ratio stood at 42.2% at 30 September 2015 as against 38.1% at 30 September 2014.

As at 30 September 2015 Ascencio had remaining investment capacity of €xx million before its ratio would exceed the 50% threshold, and is thus in a position to continue growing by acquiring new properties in Belgium and France that align with its strategy and meet its quality and profitability criteria.

	30/09/2015	30/09/2014
Debt ratio <sup>1</sup>	42.2%	38.1%
Net asset value before distribution (euros)	46.52	45.41
Number of shares existing	6,182,768	6,037,230

CONSOLIDATED RESULTS (000 EUR)	30/09/2015	30/09/2014
<b>Rental income</b>	<b>35,978</b>	<b>32,715</b>
<b>Property result</b>	<b>35,465</b>	<b>32,453</b>
Other income and operating costs	-12	-104
Property charges	-2,308	-2,142
Corporate overheads	-2,807	-2,700
<b>Operating result before portfolio income</b>	<b>30,338</b>	<b>27,507</b>
Operating margin	84.3%	84.1%
Financial income (excl. impact of IAS 39)	1	9
Interest charges	-6,846	-6,807
Other financial charges (excl. impact of IAS 39)	-195	-215
Taxes on current income	-360	-1,229
<b>Net result</b>	<b>22,938</b>	<b>19,266</b>
Net gains and losses on sales of investment property	-50	-114
Changes in the fair value of investment property	-2,518	-151
Other portfolio result	90	-85
<b>Portfolio result</b>	<b>-2,478</b>	<b>-351</b>
Impact of IAS 39 (Changes in fair value of IRS)	2,364	-3,553
Exit Tax	-43	-1,192
Deferred taxes	-235	0
<b>Net result</b>	<b>22,547</b>	<b>14,170</b>

CONSOLIDATED RESULT PER SHARE (EUR)	30/09/2015	30/09/2014
Net current result per share (euros)	3.71	3.75
Earnings per share (EPS) (euros)	3.65	2.76

NUMBER OF SHARES	30/09/2015	30/09/2014
Weighted average number of shares in circulation	6,182,768	5,131,646

<sup>1</sup> Debt ratio calculated in accordance with the Royal Decree of 13 July 2014 on B-REITs

## Comments on the consolidated results

Lease income for the year reached €35.9 million, representing an increase of 10% compared with financial year 2013/2014.

This increase is the result of the significant investments made during the previous financial year:

- the acquisition of a retail park in Chalon-sur-Saône in December 2013 and the acquisition of a portfolio of specialist medium-size units on the Cora shopping sites in Anderlecht, Châtelineau, La Louvière, Messancy and Rocourt in December 2013;
- during this past financial year: acquisition of a retail park in Couillet and of four commercial properties in Belgium and France in March and April 2015.

At constant scope, lease income was up slightly (0.3%).

The property result was up by 9.3% as a result of the increase in lease income.

After deduction of property charges and general expenses, the operating result before portfolio income is €30.3 million (€27.5 million for the previous financial year), or an increase of 10.3%.

The operating margin<sup>30</sup> was 84.3%.

Interest charges amounted to €6.8 million, a level comparable with the previous financial year. The average cost of borrowing was 3.47% (including margins) over the twelve months of the financial year.

After deducting taxes associated with the results of the properties acquired in December from Cora, which are operated by a wholly-owned subsidiary of Ascencio not operating under SIR (Belgian REIT) status until December 2014, and with French tax on the results of the French assets, net income excluding non-recurring items amounted to €22.9 million, an increase of 19.1% on the previous financial year.

Net income excluding non-recurring items per share came to €3.71 (€3.75/share in the previous financial year). The slight fall in net income excluding non-recurring items per share was due to the dilution resulting from the capital increases of March 2014 and February 2015.

Non-monetary items in the income statement amounted to:

-€2.5 million representing the change in fair value of investment property (IAS 40);

+ €2.4 million increase in the fair value of interest rate hedging instruments (IAS 39);

-€0.2 million of deferred taxation relating to the deferred taxation (5% withholding) of unrealised capital gains on French assets.

After deduction of non-monetary items and deferred taxation, the net result of the financial year was €22.5 million as against €14.2 million at 30 September 2014.

<b>NET ASSET VALUE PER SHARE</b>	<b>30/09/2015</b>	<b>30/09/2014</b>
IFRS net asset value (NAV) (€000s)	287,620	274,143
<b>IFRS NAV per share (euros)</b>	<b>46.52</b>	<b>45.41</b>
Restatements:		
Fair value of financial instruments (€000s)	14,489	16,854
<b>EPRA NAV (€000s)<sup>(1)</sup></b>	<b>302,109</b>	<b>290,997</b>
Number of shares	6,182,768	6,037,230
EPRA NAV per share (euros) <sup>1</sup>	48.86	48.20

<sup>1</sup> After the impact of interest rate hedging instruments

<sup>31</sup> Operating margin = Operating profit before portfolio result / Lease income

## ► APPROPRIATION OF PROFIT FOR FINANCIAL YEAR 2015

The following table shows the details of the calculation of the corrected net result on a statutory basis and the calculation of the dividend proposed for distribution on a statutory basis.

DISTRIBUTION OBLIGATION (BASED ON STATUTORY ACCOUNTS)	30/09/2015 (000 EUR)	30/09/2014 (000 EUR)
Statutory net result	22,547	14,170
+ Depreciation	64	70
+ Reductions in value	44	106
+/- Other non-monetary items (Change in value of financial interests)	-234	-75
+/- Other non-monetary items (Change in value of financial instruments)	-2,358	3,626
+/- Other non-monetary results (other non-monetary items)	0	85
+/- Net gains/(losses) on disposals of property assets	50	114
+/- Changes in fair value of property assets	2,752	227
<b>= CORRECTED NET RESULT (A)</b>	<b>22,865</b>	<b>18,323</b>
Net capital gains on the realisation of property assets non-exonerated from the distribution obligation	0	0
+/- Realised capital gains or losses on property assets during the financial year	0	0
<b>= NET CAPITAL GAINS ON THE REALISATION OF PROPERTY ASSETS NON-EXONERATED FROM THE DISTRIBUTION OBLIGATION (B)</b>	<b>0</b>	<b>0</b>
(A) + (B) =	22,865	18,323
<b>TOTAL (80% x (A + B))</b>	<b>18,292</b>	<b>14,658</b>
Net reduction in borrowings during the financial year	-	-
<b>OBLIGATION TO DISTRIBUTE</b>	<b>18,292</b>	<b>14,658</b>
<b>Amount distributed</b>	<b>18,857</b>	<b>15,395</b>
<b>% of distributable distributed</b>	<b>82.47%</b>	<b>84.02%</b>

In view of the corrected net result for the year, the Statutory Manager will propose to the General Meeting of Shareholders of 29 January 2016 the distribution of a gross dividend of €3.05 per share.

The Statutory Manager aims to maintain a dividend distribution policy based on the cash-flow generated by the Company.

	30/09/2015	30/09/2014	30/09/2013
Net current result per share (euros)	3.71	3.75	3.70
Earnings per share (EPS) (euros)	3.65	2.76	3.88
Gross dividend <sup>1</sup>	3.05	3.00	3.00
Net dividend <sup>2</sup>	2.23	2.25	2.25

<sup>1</sup> For 2014/2015, it concerns the dividend proposed to the General Meeting of Shareholders to be held on 29 January 2016, namely €3.05 gross per share.

<sup>2</sup> Based on an advance property levy of 27% in 2016 and 25% in 2014 and 2015

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

(000 EUR)	30/09/2015	30/09/2014
Paid-up capital, or if greater, subscribed capital (+)	36,180	35,306
Share premiums account unavailable for distribution according to the Articles of Association (+)	234,055	226,932
Reserve for the positive balance of changes in fair value of property assets (+) (*)	160	2,678
Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties (-)	-9,786	-8,107
Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (+/-)	-14,489	-16,847
<b>Equity not distributable under Article 617 of the Companies Code</b>	<b>246,120</b>	<b>239,962</b>
<b>Statutory equity after distribution</b>	<b>268,600</b>	<b>258,585</b>
<b>Remaining margin after distribution</b>	<b>22,480</b>	<b>18,623</b>

(\*) After deduction of €5,828,000 of reserve for change in value of properties declared available by the General Meeting of Shareholders of 15 September 2009.

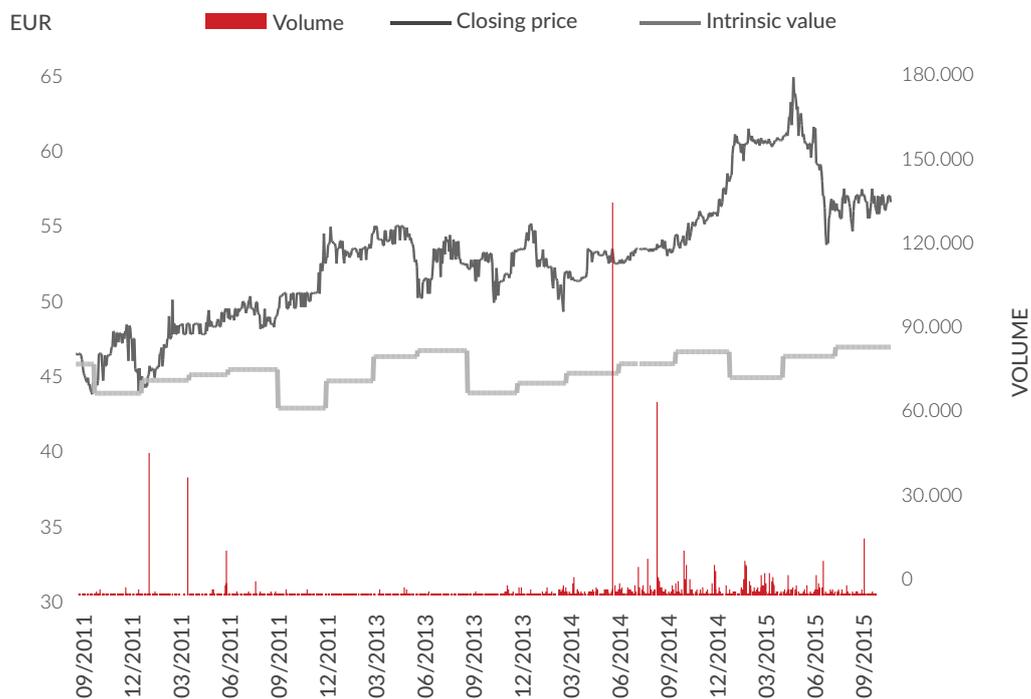
# ASCENCIO ON THE STOCK EXCHANGE

## ▶ MARKET CAPITALISATION

Ascencio's shares are listed on the Euronext continuous market (ticker: ASC). Ascencio is included in the BelMid index.

As at 30 September 2015, the Company's market capitalisation stood at €346.8 million.

## ▶ TRENDS IN THE CLOSING PRICE AND THE INTRINSIC VALUE<sup>32</sup>



<sup>32</sup> Changes in the closing price cover the period to 30 September 2015 inclusive. Each time, the intrinsic value covers the period running between two announcements of results.

## ▶ INVESTOR PROFILES

Ascencio addresses private investors, mainly in Belgium, and institutional investors in Belgium and abroad who are in search of an attractive dividend in combination with a limited risk in the medium term. Ascencio offers them the possibility of positioning themselves in the specific market niche of out-of-town retail property in Belgium and France.

The Company seeks to maintain an attractive return while at the same time preserving a moderate risk profile.

## ▶ LISTED SHARE PRICE

For the fifth consecutive year, the stock market price showed a rise at balance sheet date. For the period from 1 October 2014 to 30 September 2015, the share price rose by 4.4%, without taking account of the dividend for the year.

The total return including the distribution of the dividend came to 9.9% over the past 12 months.

## ▶ PREMIUM

As at 30 September 2015 the intrinsic value per share, calculated on the basis of the fair value of the property portfolio and the financial instruments, was €46.52 (compared with €45.41 at 30 September 2014). Ascencio shares were thus trading at premium of 20.6%.

## ▶ DIVIDEND

The Manager will propose to the Ordinary General Meeting of Shareholders the distribution of a gross dividend of €3.05 by coupon no. 12. Based on the closing price on 30 September 2015 (€56.09), this represents a gross yield of 5.44%<sup>33</sup>. Withholding tax of 27% will apply from 1 January 2016 to the gross dividend proposed to the AGM. This will give a net dividend per share of €2.23 compared with €2.25 for the previous year.

## ▶ VOLUMES AND VELOCITY

Since its listing on the stock exchange, the Company's shareholding has been very stable, and the main shareholders (the Mestdagh family and the AG Insurance group) have favoured a «buy and hold» strategy. However, a number of institutional investors were able to establish a position in Ascencio at the time of the capital increases of 2010 and 2014.

In the period from 1 October 2014 to 30 September 2015, the volume of shares traded on the stock exchange decreased slightly to 519,831 compared with 553,392 in the previous financial year.

The Company's management took part in several road shows and presentations aimed at raising the profile of Ascencio with both institutional and private individual investors.

With a view to ensuring improved liquidity of the shares, the Manager's Board of Directors decided to enter into a liquidity provider agreement with Petercam from 2014.

<sup>33</sup> Based on the closing price at 30 September 2013 (€52.00), the gross dividend distributed in respect of the previous financial year represented a gross yield of 5.76%.

	30/09/2015	30/09/2014	30/09/2013
Number of shares listed	6,182,768	6,037,230	4,226,061
Number of shares issued	6,182,768	6,037,230	4,226,061
Stock market capitalisation based on the closing price (euros)		324,501,112	219,755,172
Closing price as at 30 September (euros)	56.09	53.75	52.00
Highest price (euros)	64.40	54.67	54.50
Lowest price (euros)	53.01	48.80	49.00
Average price (euros)	57.53	52.17	52.16
Annual volume	519,831	553,392	89,929
Velocity	8.4%	10.8%	2.13%
Net asset value of one share (in euros, before distribution)	46.52	45.41	46.29
Gross dividend per share (euros)	3.05	3.00	3.00
Net dividend per share (euros)	2.23	2.25	2.25
Pay-out ratio based on the statutory net result	82.47%	84.02%	80.20%

\*Statutory net result calculated in accordance with the Royal Decree of 13 July 2014

## ▶ SHAREHOLDER'S DIARY<sup>34</sup>

Ordinary general meeting 2016	29 January 2016 at 2.30 p.m.
Interim statement as at 31 December 2015	4 March 2016
Semi-annual financial report as at 31 March 2016	10 June 2016
Interim statement as at 30 June 2016	5 August 2016
Annual press release as at 30 September 2016	25 November 2016
Ordinary general meeting 2017	31 January 2017 at 2.30 p.m.
Dividend payment date	3 February 2017

<sup>34</sup> These dates are subject to change.

# PROPERTY REPORT

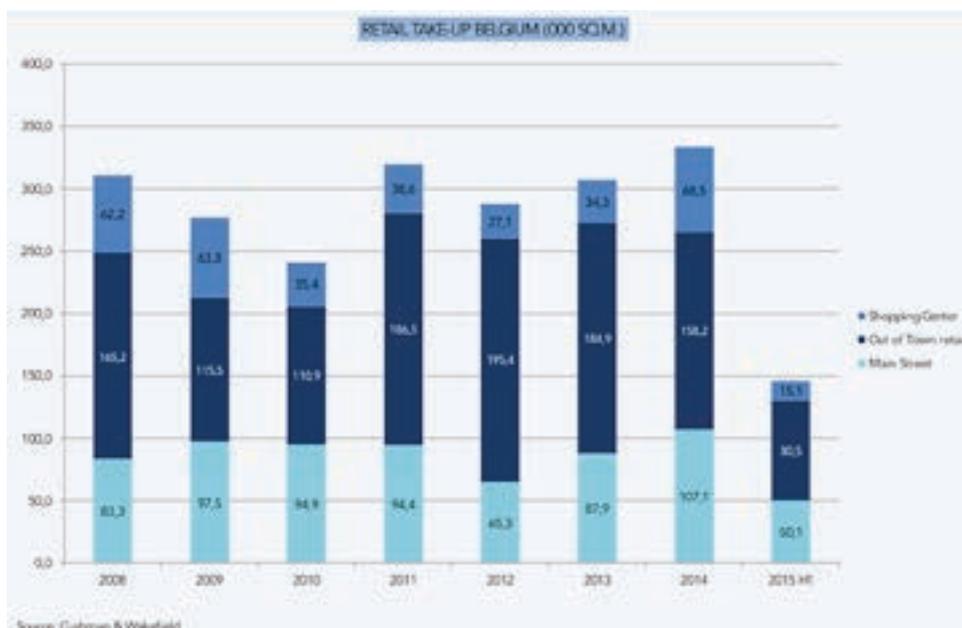
## ► TRENDS IN THE BELGIAN PROPERTY MARKET<sup>35</sup>

### Rental market

The market for retail parks and out-of-town stores is holding up relatively well. There is a clear improvement in formats, architecture and sites under way in this market: the trend is one of high quality designs, far removed from the classic shoebox type. A number of the top downtown brands are entering this market, drawn by the more affordable rentals of the outskirts, as a result of which out-of-town shopping is increasingly shedding its cheap image.

Levels of take-up fell in the first years of the crisis, 2009 and 2010, but quickly returned to their historical averages from 2011 to 2014. The weakening of demand since 2013 has not

been reflected in recent levels of take-up, but most transactions take much longer to decide than before. 2014 was a good year in terms of commercial space let, thanks to some relatively big transactions in most market segments. Activity on the high streets was sustained by retailers such as Primark, Marks & Spencer, Zara and Uniqlo renting large units. Out-of-town shopping was the most active segment, particularly retail parks. Growing chains such as Albert Heijn (with nine transactions in 2014 and another five in the first half of 2015) as well as the typical high street retailers have been very active on town outskirts; demand is being intensified by the expectation of policies limiting the development of out-of-town shopping in the coming years. Shopping centre activity had been falling over the past four years, but seems to have recovered in 2015, supported by transactions in Docks Bruxsel and Rive Gauche Charleroi currently under construction.



<sup>35</sup> Prepared on the basis of the comments of Cushman & Wakefield, with their agreement.

Despite the good take-up, figures, general sentiment in the retail market has cooled over the past few quarters: many retailers' sales and margins are under pressure, and this has led to several bankruptcies, including those of Mer du Nord, O'Cool and Mexx. Vacancy rates have been low in most of the prime retail locations in Belgium over the past few decades, but there are nonetheless vacancies in some of the best places, such as the Meir in Antwerp, which had not really seen vacancies for years; this led to extra activity with brands such as H&M, JD Sports, Uniqlo and Inditex during this past year.

Demand for out-of-town retail sites held up better than other market segments. Many of these peripheral sites have also undergone upgrades in terms of architecture and brands. Certain chains such as H&M, which used to set up only in shopping malls or high streets, can now be found in retail parks, where rents are much lower.

Most prime rentals for retail parks have held up well over the past few quarters. Rentals fluctuate with local demand. By way of example, in Rocourt (Liège) around the Cora site, prices had fallen slightly in the period 2009-2011, but since then they have

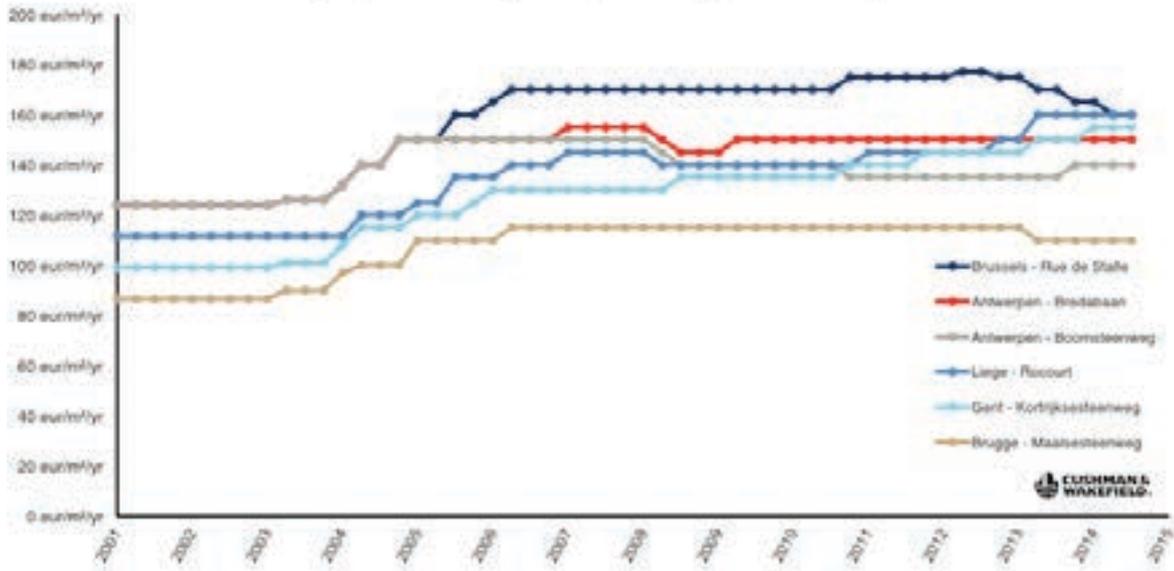
posted exceptional figures, confirming this centre's position as the leading peripheral point of sale in Liège. Now, Rocourt has the second highest rents in Belgium, almost the level of the prime south Brussels site in this market, Rue de Stalle, Drogenbos. On the other hand Boomssesteenweg, near Antwerp, has suffered from over-supply: rents were as high as those of Rue de Stalle until 2006, but now come just fifth among out-of-town retail sites. Out-of-town rentals for Ghent and Liège are higher than those for Antwerp, turning the cities' traditional hierarchy on its head.

In comparing trends in retail rents and retail sales over the past ten years, it is not surprising to see that the growth in out-of-town rents has reversed the trend and come more closely into line with the retail sales index (see graph of retail property rents vs. sales index).

The development and redevelopment of retail parks in Belgium is still very active, and there were several openings and re-openings over the course of the past year.



**Out of Town Retail prime rents**  
(€/square meters/year for prime shops of 1000 m<sup>2</sup>)



Sources: Colman & Wakefield

Investment market

CITY OR TOWN	RECENTLY OPENED OR RE-OPENED RETAIL PARK	TOTAL GLA SQ. M.
Brussels Evere	Leonardo	18.700
Groot Bijgaarden	Dansaert Park	8.500
Tielt	Redevco RP Tielt	7.000
Beringen	Be-MINE	18.000
Waregem St-Eloois-Vijve	Redevco RP St-Eloois-Vijve	13.400

### Investment market

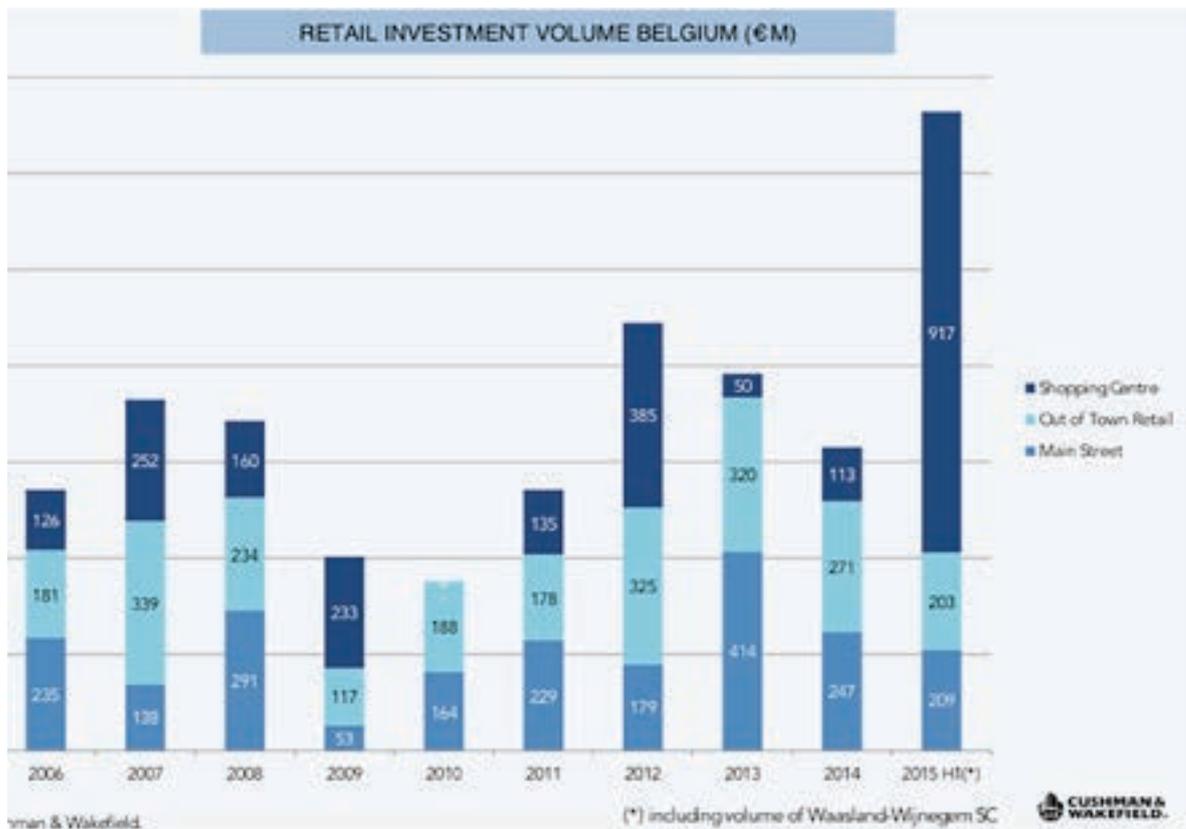
The total volume for the investment market in retail property had already surpassed €1.3 billion in the first six months of 2015. This volume was underpinned by several large sales transactions involving shopping centres and retail parks. If we consider the major transactions envisaged for the second half of the year (MG Real Estate's portfolio in Ghent and Mechelen, the Basilix shopping centre, etc.), 2015 is on course to exceed the record volume of €1.4 billion set in 2001 at the time of the acquisition of the GIB portfolio by Redevco.

So far the biggest transaction in 2015 has been the sale of substantial parts of the Waasland and Wijnegem shopping centres, namely the parts sold by CBRE GI's fund RPFEB to a subsidiary of China Investment Corporation and subsidiaries of AEW Europe. In all, the portfolio sold comprised ten shopping centres in France and Belgium valued by RPFEB at more than €1.3 billion. The offer accepted for the parts of the two main Belgian shopping centres is thought to represent between €800 million and €900 million and an extremely aggressive yield of close to 4%.

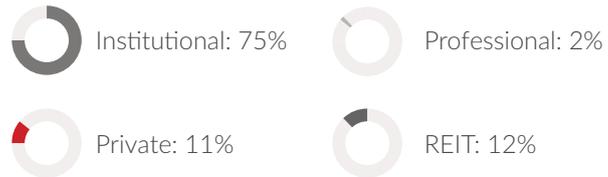
The out-of-town market also saw some large transactions: Rocksprings sold its portfolio of nine retail parks (and two independent stores) to B-REIT Retail Estates for €129 million, and Parc Les Dauphins, in Mouscron, was sold by developer Mitiska to Fidelity (USA) for approximately €40.5 million.

The equilibrium in the Belgian retail market among the three main segments (high street stores, shopping centres and out-of-town retail parks) continues to attract a large number of investors. The volume in the high streets was also quite high in the first six months of 2015, but without transactions of more than €4 million. This market is dominated by private, mostly local players.

75% of the volume was invested by institutional investors during the first half of 2015: this is a higher proportion than in previous years, mainly due to the very large transaction involving shopping centres with a Chinese institutional investor. Commercial property is nowadays considered an ideal segment for investors seeking an alternative to all-time low bond yields. Retail property is likely to remain at the head of properly investors' lists in the next few years.

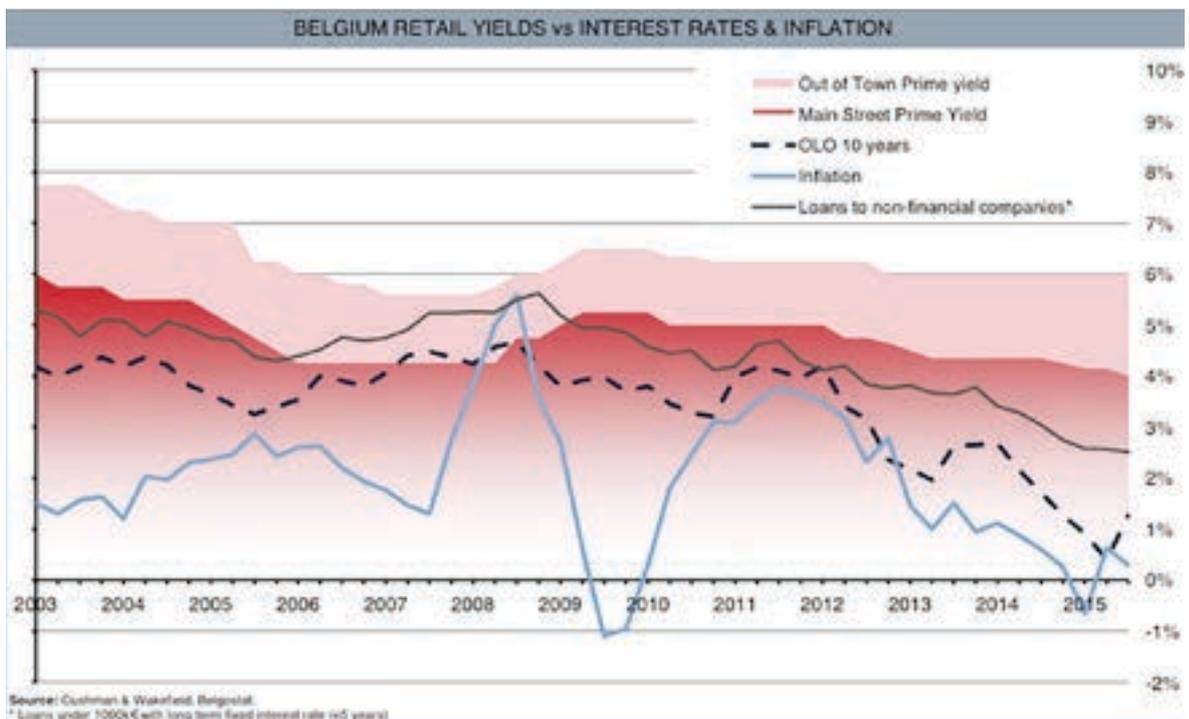


Retail investments Belgium H1



In terms of rental yields, we note that prices are appreciably higher in Belgium than in neighbouring countries for retail properties. The gap between retail yields and interest rates (see ten-year bond rates and lending rates to non-financial businesses in the graph) has widened. Most owners continue to opt for the

safety of their retail investments, and are not inclined to sell. The main factor holding back this market may be the lack of quality investment possibilities. Consequently, the outlook for this market in the next few years is moderate.



## ▶ THE RETAIL MARKET IN FRANCE<sup>36</sup>

### The retail market in France

#### *Macro-economic indicators*

The stagnation of the French economy is due to a slowdown in households' consumption and in public and private players' investment, combined with practically stable production. Households' consumption, the traditional growth driver, fell moderately in the second quarter, stabilising at -0.1% after several months of growth. It is linked to expenditure on energy, which declined by 2.2% in the quarter, while other items of expenditure saw their dynamism lose speed. Taxes and unemployment weigh on consumer decisions, but the government has announced tax cuts for 2016 for the lowest paid.

### Main trends in the rental market

Despite an improvement in the general economic situation, specialist retailers' sales fell by 1.1%. The leisure, culture and catering sectors posted lower earnings. Household goods and clothes and accessories (other than town centre) performed slightly better. Note that new international chains continue to make inroads into the French market (Tiffany & Co., Rituals and Primark for example).

The out-of-town retail sector remains very competitive. With these types of assets the chains, both national and international, are always highly sensitive to location. This is their first criterion for establishment. Openings of retail park programmes continue. The best innovative concepts, offering a maximum of services and a prime location in terms of transport, see good rates of occupancy.

The main openings in 2014 included Waves (60,000 m<sup>2</sup>) in Metz, Parc Saint-Paul (27,000 m<sup>2</sup>) in Saint-Paul-les-Romans and Parc de la Plaine (14,000 m<sup>2</sup>) in Saint-Bonnet-de-Mûre. Among the projects recently delivered in 2015, we would mention the very attractive Frey Super Green project (30,000 m<sup>2</sup>) in Terville, the Enox programme (26,000 m<sup>2</sup>) developed by Compagnie de Phalsbourg in Gennevilliers and Saint-Max Avenue (11,700 m<sup>2</sup>) in Saint-Maximin.

A new feature is that more and more major mass market chains that had hitherto confined their presence to the high street and shopping centres are also starting to look with interest at this type of format.

### Main trends in the investment market

Capturing nearly 28% of the total volume of investment in France in the first half of 2015, retail remains a particularly attractive market. At the end of June 2015, the volume of investment in retail had already reached nearly €1.9 billion. The breakdown of investments by amount shows a market still concentrated in medium- and large-size transactions (for example, the Nice Etoile shopping centre bought by Allianz for €312 million).

As regards yields, we note that they have returned to their 2007 low point. The imbalance between supply and demand in retail, together with the low rates of interest in the financial markets continue to exert strong pressure on prime yields. At present it is not unusual to see rates of return falling below the 3% threshold for so-called 'trophy' assets in the heart of the capital.

The retail park sector is not immune to this trend: prime rates for the best retail parks are holding at around 5.50%.

In the out-of-town shopping centre segment, the main recent transactions concerned the acquisition of the CIFA market (38,000 m<sup>2</sup>) by Eurazeo for €200 million, a portfolio of six Casino outlets sold by Mercalys to BNP Paribas REIM for €110 million and the Style Outlets (28,225 m<sup>2</sup>) brand village in Roppenheim from UK fund TIAA Henderson Real Estate for €55 million.

### Outlook

France remains one of the priority growth markets for the international chains, demand from which shows no signs of slackening.

Apart from this, chains are no longer hesitant to rethink their establishments in terms of both sales formats and locations, with the borders among high street, shopping centres and retail parks becoming increasingly porous. They are also pursuing the diversification of their channels of distribution. The traditional retail formats are thus likely to see further profound and rapid changes, both structural and technological.

As an example, Vivarte and La Halle are closing 230 stores in France (out of 600) to redress their financial performance after creditors took control of the group in the summer of 2014.

<sup>36</sup> Prepared on the basis of comments by Jones Lang LaSalle, with their agreement

## ▶ KEY FIGURES

(000 EUR)	30/09/2015	30/09/2014
Investment value: (excl. projects in development)	538,551	490,330
Fair value (excl. projects in development)	520,974	476,755
Contractual rents	37,101	33,843
Contractual rents including estimated rental value of unoccupied properties	37,962	34,652
<b>GROSS YIELD</b>	<b>6.89%</b>	<b>6.90%</b>
<b>OCCUPANCY RATE, %</b>	<b>97.7%</b>	<b>97.7%</b>

Thanks to the significant investments made during the year, Ascencio closed the 2014/2015 financial year with a property portfolio up by 9.3% relative to 30 September 2014. Its fair value<sup>37</sup> amounted to €521 million as at 30 September 2015, compared with €477 million one year earlier.

As at 30 September 2015 Ascencio held a portfolio of 123 properties spread between Belgium and France with a total area of 416,358 m<sup>2</sup>.

	Surface (m <sup>2</sup> ) 30/09/2015	Fair value (000 EUR) 30/09/2015	Fair value (000 EUR) 30/09/2014
Belgium	318,165	353,180	322,251
France	98,193	167,794	154,504
<b>TOTAL</b>	<b>416,358</b>	<b>520,974</b>	<b>476,755</b>

During the 2014/2015 financial year, Ascencio made two acquisitions in Belgium and four in France, for a total investment amount of €44.5 million:

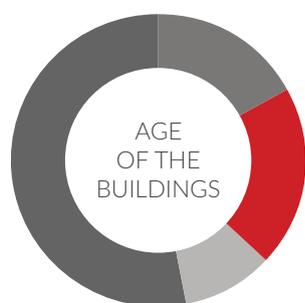
- On 11 March 2015, Ascencio bought the GO Sport outlet (2,151 m<sup>2</sup>) located on the site of the Cora shopping centre car park in Messancy. In December 2013, by acquiring the shares of Moyennes Surfaces Spécialisées S.A., Ascencio had already taken control of all the other medium-size premises in this shopping centre, including that of [major DIY chain] Brico Plan-it.
- On 17 March 2015 Ascencio acquired all the shares of Primodev S.A., owner of the new «Bellefleur» retail complex on Route de Philippeville, Couillet. This 15,000 m<sup>2</sup> shopping complex was opened in February 2014 and basically houses major national retailers (Krëfel, Ava Papier, Action, Orchestra, Luxus, Chaussée, Blokker, Casa, Maxi Toys, etc.) The complex is fully leased out and brings in gross lease income of €1.7 million.
- In March 2015, Ascencio bought three office buildings in Bourgoin-Jallieu, L'Isle d'Abeau and Chanas, in France. These properties, with a total area of 7,800 m<sup>2</sup>, generate annual lease income of €0.7 million and are occupied by Stokomani, Sport 2000, Happy Cash, Satoriz, Boulangerie Blachère and Aldi.
- Lastly, on 23 April 2015, Ascencio acquired an additional Grand Frais store. It concerns a commercial property of 2,100 m<sup>2</sup> in Choisey (Dijon) in France. This investment brings to 15 the number of Grand Frais stores in the Company's portfolio as at 30 September 2015.

<sup>37</sup> Excluding projects in course of development

Ascencio has also continued with its programme of disposing of non-strategic properties:

- On 3 November and 22 December 2014 Ascencio sold two semi-industrial properties located respectively in Haren and Berchem Saint Agathe, for which an undertaking to sell had been given during the previous financial year. These two properties had been shown as held-for-sale assets as at 30 September 2014.
- On 11 August 2015 Ascencio agreed the sale of a 1,140 m<sup>2</sup> non-strategic semi-industrial property located in Sombreffe. This transaction generated a net capital gain of €20,000.
- Lastly, on 28 August 2015, Ascencio sold to Décathlon the land on which their Anderlecht store had been built.

At constant scope, the fair value of the property portfolio declined slightly (-0.5%) relative to 30 September 2014.



## ► ANALYSIS OF THE PROPERTY PORTFOLIO

### BREAKDOWN BY SECTOR<sup>1</sup>

Retail	97.4%
Other	2.6%
<b>TOTAL</b>	<b>100.0%</b>

### GEOGRAPHICAL DISTRIBUTION<sup>1</sup>

Wallonia	54%
France	32%
Flanders	10%
Brussels	3%
<b>TOTAL</b>	<b>100.0%</b>

### BREAKDOWN BY BUSINESS<sup>2</sup>

Food	35%
Textiles/Fashion	15%
Leisure	12%
DIY	10%
Household appliances	5%
Interior decorating	4%
Other	19%
<b>TOTAL</b>	<b>100.0%</b>

### BREAKDOWN OF TENANTS<sup>2</sup>

Group Mestdagh	10.0%
Grand Frais	10.0%
Carrefour	9.3%
Brico	6.9%
Decathlon	3.6%
Top 6-10	10.3%
Others	49.9%
<b>TOTAL</b>	<b>100.0%</b>

<sup>1</sup> Distribution established on the basis of fair value

<sup>2</sup> Distribution established on the basis of rentals received

## ► INSURED VALUE

In accordance with the B-REITs legislation, the Company and its subsidiaries subscribe appropriate insurance cover for all their properties. This cover conforms to the conditions usually applied in the market.

In order to avoid the risk of recourse, and to take advantage of advantageous premiums, the standard lease provides for the insurance policy on the asset to be subscribed by the lessor, with a mutual clause renouncing recourse and confirming that the premiums are to be passed on to the lessee.

In Belgium, the assets insured directly by Ascencio by means of a framework agreement are covered on the basis of new reconstruction value of the buildings, indexed each year to the ABEX index. Furthermore, a portion of the Belgian portfolio is insured directly by holders of emphyteuses and surface rights. The greater part of the premiums paid is re-invoiced to tenants. The portion of the premium remaining for account of Ascencio amounts to €46,000.

In France, the assets insured directly by Ascencio under a framework agreement or directly by tenants in the case of Grand Frais are covered on the basis of the new reconstruction value of the buildings as determined by an expert based on real costs following loss. All premiums are re-invoiced to tenants.

	Acquisition value (000 EUR)	Insured value (000 EUR)	Fair value (000 EUR)	Gross yield
Belgium	334,293	186,974	353,180	6.93%
France	163,884	71,190	167,794	6.81%
<b>TOTAL</b>	<b>498,177</b>	<b>258,164</b>	<b>520,974</b>	<b>6.89%</b>

## ► OPERATIONAL MANAGEMENT

The Company's intention is to develop and manage its property portfolio actively.

For this purpose, Ascencio has a team of 14 people, of whom 10 FTE devote themselves to Ascencio's operating activity.

The technical director and the property director are responsible for optimising the profitability of the assets.

They implement and coordinate with the teams all actions aimed at maximising the value of the assets (works, redevelopment, repositioning, restructuring, re-establishing the lease valuation basis, (re)negotiating the leases, marketing, relations with key accounts etc.) and also take charge of financial monitoring (business plan, forecast budgets, etc.) They also manage insurance and co-properties. Lastly, they carry out the analysis and integration of new acquisitions.

The property management team is responsible for conserving and maximising the value of the assets. It establishes the budgets of charges, participates in the due diligence operations and establishes the reports. It defines the technical policy and establishes the renovation and maintenance plans, in terms of the planning and budget. In France mainly, the team is assisted on the ground by "external" suppliers, while retaining responsibility, however, for the coordination of this task. See hereunder.

The team responsible for rental management also ensures the optimisation of the administrative management.

As such, the team is responsible for managing administrative and legal issues, coordinating and signing the leases, inventories, lease renewals, settlements and re-invoicing of charges, monitoring the outstanding rent procedures, daily communications with leaseholders, claims management, database management and generally monitoring tenants' obligations.

The accounting team is responsible for establishing the rent demands, monitoring the encashment of rents and the payment of suppliers, issuing rent reminders, assisting with the preparation of pre-litigation and litigation procedures, inputting invoices etc.

The legal team is the point of reference for all legal aspects concerning real estate. Responsible for identifying risks and seeking solutions, the team is the principal point of contact of the operational teams.

To monitor and ensure compliance with regulatory constraints, the legal team is also responsible for drafting the various real estate contracts and managing conflicts.

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

Depending on the particular case, the assignments entrusted consist in:

- rental, accounting and administrative management aimed at the proper execution of the lessees' contractual obligations deriving from the leases;
- technical and operational management of the sites aimed at optimising the functioning of the communal services and equipment;
- and providing any assistance that may be needed for communication, marketing and selling.

Ascencio retains overall coordination, makes the decisions and assumes full responsibility for the assignments entrusted. The external managers are selected by means of a competitive bidding process. Contracts are generally short-term and accompanied by Service Level Agreements allowing performance to be evaluated over the life of the contracts.

Ascencio's external managers are:

- TERRANAE S.A.S., a société par actions simplifiée (French «simplified» joint stock company) with capital of €50,000 having its registered office at 27/29, Rue des Poissonniers, Neuilly sur Seine (92200), registered with the Nanterre Trade & Companies Registry under number 478.511.124.
- IF GESTION & TRANSACTIONS S.N.C., with capital of €10,000 having its registered office at 1 Rue René Cassin, Bezannes (Marne), registered with the Reims Trade & Companies Registry under number 494.334.477
- NEVEZ, Sàrl, with capital of Sfr.20,000.00 having its registered office at Chemin Edouard Tavan, 8C, 1206 Geneva, registered with the Geneva Trade & Companies Registry under no. 11793/2012 and Federal no. CH-660-2690012-8.
- ACCESSITE, S.A.S. with capital of €80,000 having its registered office at 47 Cours Pierre Puget, Marseille (13006), registered with the Marseille Trade & Companies Registry under no. 394.232.300.

The external manager's remuneration is partly proportional to the rentals received. The portion not re-invoiceable to tenants amounted to €116,564.27 incl. tax for the financial year ended 30 September 2015.

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

## ► STANDARD COMMERCIAL LEASE

Ascencio generally enters into commercial lease agreements, preferably for a period of nine years, cancellable in accordance with legal requirements. Rentals are payable in advance at the beginning of each month or quarter. They are indexed each year on the anniversary of the lease agreement.

A provision for charges is stipulated in the lease agreement and adapted if necessary depending on consumption and costs actually incurred. A breakdown of actual charges is sent to tenants each year. Advance property levies and taxes are paid annually after notification to the tenant of the tax advice received by the landlord after any necessary breakdown.

A rental guarantee is required of the tenant in order to safeguard the interests of Ascencio and to guarantee compliance with the obligations imposed by the lease agreement. This guarantee, in the form of a bank guarantee payable on first demand or a deposit in guarantee generally represents three months' rentals.

The formalisation of the lease includes drawing up and mutually agreeing an initial inventory. Ascencio also takes care of transferring the utility meters and registering the lease. Upon expiry of the lease, a final inventory is drawn up in order to assess the amount of any loss or damage.

The tenant may not assign the lease or sub-let the areas without Ascencio's prior agreement in writing. This is given only occasionally except in the case of major chains working either with so-called integrated stores or franchisees. In this case, the franchisor remains jointly and severally liable with its franchisees.

Commercial leases in Belgium are subject to the Law of 30 April 1951 on commercial leases. In France, the status of commercial leases is governed by the French Commercial Code. This Code was recently amended by the so-called «Pinel Law».

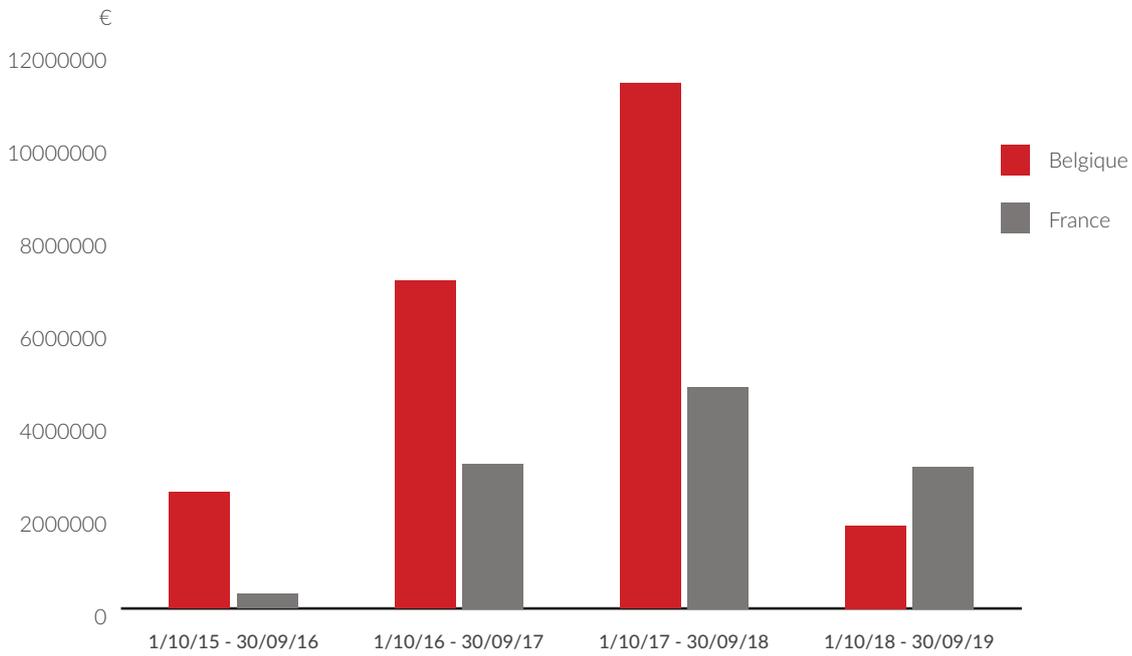
## ► ESTIMATED RENTAL VALUE (ERV)

The estimated rental value (ERV) is the value as determined by independent property experts based on their knowledge of the property market taking account of various factors such as location, terms of leases, the quality of the property and market conditions.

## ► RESIDUAL DURATION OF AGREEMENTS

The average residual duration of commercial lease agreements must be understood as being eighteen months if the commercial leases can be terminated every three years, without indemnification.

### First possibilities of three-yearly termination and associated potential losses of rental income



However, retail location is primordial for the chains, and this translated into an effective turnover rate of 1.35% for financial year 2014-2015 and 2.7% for 2013-2014.

## ► ASCENCIO'S CONSOLIDATED PORTFOLIO<sup>37</sup>

### Retail

Site	Description	Year of construction / renovation	Surface	Contractual rents €(000s)	% occupancy	Contractual rents + ERV on vacant (€000s)	Estimated rental value (ERV) (€000s)
<b>BELGIUM</b>							
Aarschot (3200) Liersesteenweg	Property complex comprising two retail outlets	2000	2,955 m <sup>2</sup>	255	100%	255	241
Andenne (5300) Avenue Roi Albert	Large food store forming part of a retail complex	2000	2,300 m <sup>2</sup>	152	100%	152	161
Andenne (5300) Rue de la Papeterie 20C	Clothes store located in a shopping centre	1992	990 m <sup>2</sup>	121	100%	121	104
Anderlecht (1070) Chaussée de Ninove 1024	Furniture store	1962	1,061 m <sup>2</sup>	129	100%	129	111
Auderghem (1160) Chaussée de Wavre 1130	Household appliances store	2006	1,810 m <sup>2</sup>	267	100%	267	235
Berchem (2600) Fruithoflaan 85	Large food store	1971	2,685 m <sup>2</sup>	232	100%	232	215
Bonnelles (4100) Route du Condroz 20-24	Building comprising several chains in a large shopping centre	1995	3,000 m <sup>2</sup>	489	100%	489	382
Bonnelles (4100) Rue de Tilff 114	Building comprising several chains in a large shopping centre	2004	529 m <sup>2</sup>	113	100%	113	86
Braine l'Alleud (1420) Place St Sébastien 15	Large food store	1978	1,525 m <sup>2</sup>	89	100%	89	107
Bruges (8000) Legeweg 160	Retail outlet	1995	999 m <sup>2</sup>	80	100%	80	80
Chapelle-lez-Herlaimont (7160) Rue de la Hestre 93	Large food store	1973	2,237 m <sup>2</sup>	192	100%	192	179
Charleroi Nord (6000) Grand Rue 302	Building with two retail outlets	1969	1,207 m <sup>2</sup>	0	0%	63	63
Chatelet (6200) Rue de la Station 55	Large food store	1998	2,500 m <sup>2</sup>	153	100%	153	175
Chatelineau (6200) Rue des Prés 45	Large food store	1993	1,924 m <sup>2</sup>	106	100%	106	125
Chatelineau (6200) Rue du Trieu-Kaisin	Property complex comprising several chains in a large shopping centre	1990	24,236 m <sup>2</sup>	2.135	100%	2.135	2.013
Couillet (6010) Chaussée de Philippeville 219	Shopping centre comprising several chains	1970	2,555 m <sup>2</sup>	240	100%	240	213
Couillet (6010) Chaussée de Philippeville 304-317	Small retail outlets forming part of a shopping centre	1990	294 m <sup>2</sup>	48	100%	48	45
Couillet (6010) Chaussée de Philippeville 329	Shopping centre comprising several chains	2014	15,045 m <sup>2</sup>	1.707	100%	1.707	1.696
Courcelles (6180) Rue du 28 Juin	Large DIY store	2005	2,495 m <sup>2</sup>	161	100%	161	160
Courcelles (6180) Place Fr.Roosevelt 56-58	Large food store	1965	1,135 m <sup>2</sup>	95	100%	95	85
Couvin (5660) Route Charlemagne	Shopping complex alongside the N5	2003	1,183 m <sup>2</sup>	77	79%	97	95

<sup>37</sup> Reporting the composition of the portfolio of property assets of Ascencio and its subsidiaries on an individual basis, or based on other criteria such as geography, sector or category of user or tenant is not justified.

Dendermonde (9200) Heirbaan 159	Large food store	1970	3,090 m <sup>2</sup>	357	100%	357	306
Dendermonde (9200) Mechelsesteenweg 24	Building comprising a large food store and a DIY store	1983	4,517 m <sup>2</sup>	377	100%	377	374
Deurne (2100) Lakborslei 143-161	Large food store	1969/ 1992	3,980 m <sup>2</sup>	326	100%	326	259
Florennes (5620) Place Verte 22	Large retail outlet	1971	1,135 m <sup>2</sup>	87	100%	87	79
Frameries (7080) Rue Archimède	Large food store	1978	2,180 m <sup>2</sup>	172	100%	172	153
Gembloux (5030) Avenue de la Faculté d'Agronomie	Building comprising two retail outlets	1976	2,095 m <sup>2</sup>	181	100%	181	189
Gent Dampoort (9000) Pilorijstraat 20	Large food store	1960	2,889 m <sup>2</sup>	294	100%	294	273
Gerpennes (6280) Route de Philippeville 196	Large food store	1970	3,369 m <sup>2</sup>	273	100%	273	334
Gerpennes Bultia (6280) Rue Neuve 182-184	Retail building comprising two chains	1988	1,500 m <sup>2</sup>	128	100%	128	150
Gerpennes (6280) Route de Philippeville 136	Shopping complex comprising several chains	2000	8,111 m <sup>2</sup>	488	89%	548	529
Ghlin (7011) Rue du Temple 23	Large food store	1975	1,957 m <sup>2</sup>	122	100%	122	117
Gilly (6060) Chaussée de Ransart 252	Large food store	1989	2,725 m <sup>2</sup>	232	100%	232	218
Gosselies (6041) Rue Vandervelde 67	Large food store	1972	1,323 m <sup>2</sup>	60	100%	60	73
Gozée (6534) Rue de Marchienne 120A	Large food store	1977	2,431 m <sup>2</sup>	170	100%	170	194
Hamme Mille (1320) Chaussée de Louvain 27	Large food store	2013- 2015	3,764 m <sup>2</sup>	291	87%	333	330
Hannut (4280) Route de Landen	Complex of two retail buildings	2000	5,324 m <sup>2</sup>	496	100%	496	485
Hannut (4280) Route de Huy 54	Shopping centre comprising several chains	1986	9,719 m <sup>2</sup>	821	100%	821	756
Herstal (4040) Rue Basse Campagne	Retail outlet	2003	1,429 m <sup>2</sup>	99	100%	99	97
Hoboken (2660) Sint Bernardsesteenweg 586	Large food store	1988	4,620 m <sup>2</sup>	406	100%	406	346
Huy (4500) Quai d'Arona 19A	Retail building	2002	1,969 m <sup>2</sup>	169	100%	169	148
Jambes (5100) Rue de la Poudrière 14	Large food store	1986	2,302 m <sup>2</sup>	104	100%	104	173
Jemappes (7012) Avenue Maréchal Foch 934	Shopping centre comprising several chains	1966	9,926 m <sup>2</sup>	684	100%	684	734
Jemeppe s/Sambre (5190) Route de la Basse Sambre 1	Shopping centre comprising several chains	2006	1,553 m <sup>2</sup>	134	100%	134	124
Jodoigne (1370) Rue du Piétrain 61A	Large food store	1987	2,245 m <sup>2</sup>	140	100%	140	146
Jumet (6040) Rue de Dampremy	Large food store	1975	1,730 m <sup>2</sup>	159	100%	159	130
Kortrijk (8500) Gentsesteenweg 50-56	Large food store	1965	2,309 m <sup>2</sup>	211	100%	211	185
La Louvière (7100) Avenue de la Wallonie 5	Household appliances store	1991	1,000 m <sup>2</sup>	91	100%	91	80

La Louvière (7100) Rue de la Franco Belge	Property complex comprising several chains in a large shopping centre	1990	22,433 m <sup>2</sup>	2,177	100%	2,177	1,977
Laeken (1020) Rue Marie-Christine 185-191	Retail building comprising several chains	2001	1,586 m <sup>2</sup>	256	100%	256	242
Lambusart (6220) Route de Fleurus et Wainage	Large food store	1976	2,600 m <sup>2</sup>	118	100%	118	169
Lessines (7860) Chemin du Comte d'Egmont 4	Retail outlet close to a DIY store	2000	576 m <sup>2</sup>	52	100%	52	49
Leuze (7900) Avenue de l'Artisanat 1	Retail complex comprising household goods chains	2006	3,464 m <sup>2</sup>	259	100%	259	242
Leuze en Hainaut (7900) Rue de Tournai	Large food store	2006	951 m <sup>2</sup>	87	100%	87	71
Liège (4000) Rue du Laveu 2-8	Shopping centre comprising a retail outlet and a DIY store	1991	2,290 m <sup>2</sup>	144	100%	144	137
Loverval (6280) Allée des Sports 11	Retail complex notably including a DIY store	2002	5,621 m <sup>2</sup>	430	98%	439	401
Marchienne au Pont (6030) Rue de l'Hôpital 3-5	Large food store	1976	2,010 m <sup>2</sup>	139	100%	139	131
Marcinelle (6001) Avenue E. Mascaux 450-470	Building comprising several chains in a shopping centre	1986/ 1988 2001	2,147 m <sup>2</sup>	229	100%	229	192
Messancy (6780) Route d'Arlon	Property complex comprising several chains in a large shopping centre	2001	19,294 m <sup>2</sup>	896	91%	989	912
Mont-sur-Marchienne (6032) Avenue Paul Pastur 59	Retail store	2011	775 m <sup>2</sup>	63	100%	63	58
Morlanwelz (7140) Rue Pont du Nil	Shopping centre comprising several chains	2004	3,951 m <sup>2</sup>	330	100%	330	274
Nivelles (1400) Avenue du Centenaire 6-8	Large food store	1983	3,308 m <sup>2</sup>	231	100%	231	281
Ottignies (1340) Avenue Provinciale 127	Large food store	1984	1,950 m <sup>2</sup>	150	100%	150	175
Philippeville (5600) Rue de France 47	Large food store	1984/ 1989	1,677 m <sup>2</sup>	180	100%	180	168
Philippeville (5600) Rue de Neuville	Household appliances store	2003	1,228 m <sup>2</sup>	113	100%	113	117
Rocourt (4000) Rue de Neuville	Property complex comprising several chains in a large shopping centre	1990	12,132 m <sup>2</sup>	524	100%	524	701
Saint-Vaast (7100) Avenue de l'Europe	Large food store	1980	2,026 m <sup>2</sup>	145	100%	145	142
Schelle (2627) Boomsesteenweg 35	Sports store	1993	5,000 m <sup>2</sup>	488	100%	488	475
Seraing (4100) Boulevard Pasteur	Out-of-town retail	1998	986 m <sup>2</sup>	55	100%	55	44
Sint Nikolaas (9100) Stationstraat 16-24	Downtown retail outlets	1988	1,031 m <sup>2</sup>	155	100%	155	167
Soignies (7060) Rue du Nouveau Monde	Large food store	1975	2,899 m <sup>2</sup>	214	100%	214	217
Soignies (7060) Chaussée du Roelux	Retail store	1997	462 m <sup>2</sup>	36	100%	36	37
Spa (4900) Avenue Reine Astrid	Large food store	2003	595 m <sup>2</sup>	70	100%	70	54
Tournai (7500) Rue de la Tête d'Or 22-24	Large food store	1958	2,713 m <sup>2</sup>	461	100%	461	271
Trazegnies (6183) Rue de Gosselies 76	Large food store	1974	2,869 m <sup>2</sup>	103	100%	103	201

Tubize (1480) Rue du Pont Demeur	Out-of-town retail complex comprising two outlets	2002	3,043 m <sup>2</sup>	276	100%	276	259
Turnhout (2300) Korte Gasthuistraat	Large food store	1966	2,503 m <sup>2</sup>	465	100%	465	283
Uccle (1180) Avenue de Fré 82	Shopping arcade located on major thoroughfare	1970	4,169 m <sup>2</sup>	420	90%	468	518
Verviers	Grand Bazar, Coronmeuse, Crapau- rue 160-178-170	1960	4,660 m <sup>2</sup>	469	73%	642	394
Virton (6760) Faubourg d'Arrival 28	Large food store	1964	1,397 m <sup>2</sup>	95	100%	95	91
Walcourt (5650) Rue de la Forge 34	Large food store	1987/ 2004	1,551 m <sup>2</sup>	196	100%	196	132
Waremme (4300) Chaussée Romaine 189	Large food store	2003	2,013 m <sup>2</sup>	130	100%	130	151
Wavre (1300) Avenue des Princes 9	Large food store	1986	2,358 m <sup>2</sup>	165	100%	165	253
<b>TOTAL RETAIL BELGIUM</b>			<b>290,125 M<sup>2</sup></b>	<b>24,233</b>	<b>97.9%</b>	<b>24,742</b>	<b>23,539</b>

Site	Description	Year of construction/ renovation	Surface	Contractual rents €(000s)	% occupancy	Contractual rents + ERV on vacant (€000s)	Estimated rental value (ERV) (€000s)
<b>FRANCE</b>							
Brives Charensac (43700) Avenue Charles Dupuy 127	Large food store	2006	1,566 m <sup>2</sup>	255	100%	255	238
Bourgoin Jallieu Rue Edouard Branly 1	Property complex comprising three retail outlets	1975	4,963 m <sup>2</sup>	448	100%	448	445
Chanas Lieu dit Les Etises	Property complex comprising two retail outlets	1997	1,750 m <sup>2</sup>	112	100%	112	112
Choisey Rue du Mail - Zone Le Paradis	Large food store	2005	2,013 m <sup>2</sup>	321	100%	321	305
Echirolles (38130) Avenue de Grugliasco 13	Large food store	2006	1,733 m <sup>2</sup>	333	100%	333	321
Essey-lès-Nancy (57270) ZAC du Tronc qui Fume	Large food store	2007	1,458 m <sup>2</sup>	225	100%	225	214
Isle d'Abeau (38080) ZAC St Hubert - Secteur les Sayes	Large food store	2006	1,226 m <sup>2</sup>	250	100%	250	231
Isle d'Abeau (38080) ZAC St Hubert - Secteur les Sayes	Property complex comprising two retail outlets	2013	1,050 m <sup>2</sup>	145	100%	145	146
Le Creusot (71200) Avenue de la République 83	Large food store	2006	1,343 m <sup>2</sup>	211	100%	211	202
Nîmes (30900) Route de Saint Gilles 1245	Large food store	2003	1,936 m <sup>2</sup>	219	100%	219	211
Seyssins (38180) Rue Henri Dunant 2	Large food store	1992	1,194 m <sup>2</sup>	197	100%	197	190
Le Cannet (06110) Boulevard Jean Moulin 17-21	Large food store	2007	1,163 m <sup>2</sup>	228	100%	228	220
Clermont Ferrand (63100) Rue Keppler 1	Large food store	2006	1,505 m <sup>2</sup>	268	100%	268	253
Marsannay-La-Côte (21160) Allée du Docteur Lépine	Large food store	2010	1,648 m <sup>2</sup>	276	100%	276	240
Chasse-sur-Rhône (38670) Lieudit les Charneveaux - Rue Pasteur	Large food store	2002	1,357 m <sup>2</sup>	282	100%	282	256
Seynod Barral (74600) ZI de Vovray - Avenue Zanaroli 18	Large food store	2004	1,060 m <sup>2</sup>	208	100%	208	190
Lozanne (69380) Lieudit Vavre	Large food store	2010	1,581 m <sup>2</sup>	230	100%	230	220
Crèches-sur-Saône (71150) ZAC des Bouchardes	Large food store	2009	1,398 m <sup>2</sup>	192	100%	192	190
Crèches-sur-Saône (71150) ZAC des Bouchardes	Retail Park	2009	11,618 m <sup>2</sup>	1,345	96%	1,395	1,384
Le Pontet (84130) Chemin du Périgord 6	Retail Park	2012	3,585 m <sup>2</sup>	393	100%	393	382
Rots (14980) Delle de la Croix	Retail Park	2011/ 2014	18,365 m <sup>2</sup>	1,938	100%	1,938	2,045
Saint Aunes (34130) Rue des Tamaris 200	Retail Park	2012	9,745 m <sup>2</sup>	1,163	100%	1,163	1,162
Cormontreuil (51350) Avenue des Goisses	Retail Park	2008	13,471 m <sup>2</sup>	1,404	100%	1,404	1,429
Chalon sur Saône (71100) Rue René Cassin	Retail Park	2010	11,465 m <sup>2</sup>	1,361	100%	1,361	1,362
<b>TOTAL RETAIL FRANCE</b>			<b>98,193 M<sup>2</sup></b>	<b>12,005</b>	<b>100%</b>	<b>12,055</b>	<b>11,948</b>

## Others

Site	Description	Year of construction/ renovation	Surface	Contractual rents €(000s)	% occupancy	Contractual rents + ERV on vacant: (€000s)	Estimated rental value (ERV) (€000s)
<b>BELGIQUE</b>							
Braine l'Alleud (1420) Avenue de l'Artisanat 13	Semi-industrial warehouse with offices	1980	2,630 m <sup>2</sup>	156	100%	156	134
Gosselies Aéropole (6041) Avenue Jean Mermoz	Semi-industrial buildings and offices	1992	6,763 m <sup>2</sup>	311	77%	404	339
Hannut (4280) Route de Huy 54	Apartments	2006	296 m <sup>2</sup>	18	100%	18	14
Heppignies (6220) d'Heppignies 1	Warehouse on industrial estate	2002	9,879 m <sup>2</sup>	280	100%	280	311
Overijse (3090) Brusselsesteenweg 288	Office building with storage	1982	8,472 m <sup>2</sup>	97	32%	307	497
<b>TOTAL OTHERS BELGIUM</b>			28,040 m <sup>2</sup>	862		1,165	1,295
<b>TOTAL PORTFOLIO</b>			<b>416,358 M<sup>2</sup></b>	<b>37,100</b>	<b>97.7%</b>	<b>37,962</b>	<b>36,782</b>

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

- The Châtelineau (Belgium) retail park acquired on 17 December 2013. This asset represents 6.0% of the fair value of the consolidated assets. This retail park, built around a CORA shopping arcade, covers more than 24,000 m<sup>2</sup> of medium and large specialist outlets including Decathlon, Brico Plan-it, Quick and Tournesol.
- The La Louvière (Belgium) retail park acquired on 17 December 2013. This asset represents 5.9% of the fair value of the consolidated assets. This retail park, built around a CORA shopping arcade, covers 22,000 m<sup>2</sup> of medium and large specialist outlets including Brico Plan-it, C&A and Wibbra.

- The Couillet retail park acquired on 17 March 2015. This asset represents 5.2% of the fair value of the consolidated assets. This new 15,000 m<sup>2</sup> retail park basically houses national chains (Krëfel, Ava Papier, Action, Orchestra, Luxus, Chaussea, Blokker, Casa, Maxi Toys, etc.)

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

# EXPERTS' REPORT<sup>38</sup>

Brussels, 30 September 2015

Dear Sirs,

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

Our assignment has been carried out entirely independently.

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

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

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

The experts adopted two methods: the term and reversion method and the hardcore method. They also carried out a check in terms of price per square metre.

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

The yield used for both methods represents the yield expected by investors on this type of asset. It reflects the risks intrinsic to the asset and the sector (future 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.)

The sale of a property is in theory subject to stamp duty. This amount depends on, inter alia, the method of sale, the type of buyer and the geographical location of the property. This amount is not known until the sale has been completed. As independent property experts we can state that, based on a representative sample of transactions in the market between 2002 and 2005, the weighted average transaction cost was 2.5% for properties with a value of more than €2.5 million before costs.

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<sup>38</sup> Letter from the property experts of 30 September 2015 reproduced verbatim with their agreement.

The assets are considered as a portfolio.

For properties valued in France, the transfer rate is generally 1.8% when the property is less than five years old and 6.2% in all other cases.

Based on the observations made in the preceding paragraphs, we confirm that the investment value of Ascencio's property assets as at 30 September 2015 amounted to:

**€538,551,000**

**(Five hundred and thirty-eight million, five hundred and fifty-one thousand euros)**

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

After deduction of 2.5% (1.8%/6.2% for properties held in France) as per the recommendations of the BEAMA and your instructions for transactions costs, from the total amount, this gives us a fair value of:

**€520,974,000**

**(Five hundred and twenty million, nine hundred and seventy-four thousand euros)**

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

Yours faithfully,

Ardalan Azari  
Account Manager  
Valuation & Advisory

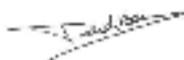
Arnaud van de Werve  
Associate Director  
Valuations and Consulting

Pierre Van der Vaeren  
Head of Valuation  
Valuation Services

For Cushman & Wakefield

For Jones Lang LaSalle

For CBRE



# FINANCIAL REPORT

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# FINANCIAL REPORT

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED BALANCE SHEET

ASSETS (€000S)	Note	30 Sept. 2015	30 Sept. 2014
<b>I NON-CURRENT ASSETS</b>			
A Goodwill		0	0
B Intangible assets	5	121	161
C Investment properties	6	520,974	477,347
D Other tangible assets	7	873	876
E Non-current financial assets	8	72	66
F Finance lease receivables		0	0
G Trade receivables and other non-current assets		0	0
H Deferred tax assets		0	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>522,040</b>	<b>478,450</b>
<b>II CURRENT ASSETS</b>			
A Assets held for sale	9	0	6,884
B Current financial assets		0	0
C Finance lease receivables		0	0
D Trade receivables	10	4,234	3,489
E Tax receivables and other current assets	11	1,513	1,044
F Cash and cash equivalents		3,153	2,671
G Deferred charges and accrued income	12	324	624
<b>TOTAL CURRENT ASSETS</b>		<b>9,225</b>	<b>14,712</b>
<b>TOTAL ASSETS</b>		<b>531,265</b>	<b>493,162</b>

EQUITY AND LIABILITIES (€000S)	Note	30 Sept. 2015	30 Sept. 2014
<b>EQUITY</b>			
<b>I EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>		<b>287,620</b>	<b>274,143</b>
A Capital	13	36,180	35,306
B Share premium account	13	234,055	226,932
C Reserves		-5,162	-2,265
a. Legal reserve		0	0
b. Reserve for changes in fair value of properties		5,591	5,735
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		-9,786	-8,107
e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied		-16,854	-13,301
m. Other reserves		15,888	13,408
D Net result for the financial year		22,547	14,170
<b>II NON-CONTROLLING INTERESTS</b>		<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>		<b>287,620</b>	<b>274,143</b>
<b>LIABILITIES</b>			
<b>I NON-CURRENT LIABILITIES</b>		<b>180,981</b>	<b>186,946</b>
A Provisions	14	652	764
B Non-current financial debts		160,830	154,594
a. Credit institutions	15	158,131	152,231
b. Finance leases	15	2,699	2,363
C Other non-current financial liabilities	16-17	15,912	18,045
D Trade debts and other non-current debts	18	856	1,284
E Other non-current liabilities		0	0
F Deferred tax liabilities	19	2,731	12,259
a. Exit tax		2,496	12,259
b. Other		235	0
<b>II CURRENT LIABILITIES</b>		<b>62,664</b>	<b>32,072</b>
A Provisions		0	0
B Current financial debts		53,733	23,817
a. Credit institutions	15	52,998	23,007
b. Finance leases	15	735	810
C Other current financial liabilities		0	0
D Trade debts and other current debts		7,286	7,187
a. Exit tax		428	428
b. Other	20	6,858	6,759
E Other current liabilities		0	0
F Accrued charges and deferred income	21	1,644	1,069
<b>TOTAL LIABILITIES</b>		<b>243,645</b>	<b>219,018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>531,265</b>	<b>493,162</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)

CONSOLIDATED NET RESULT (€000S)		Note	30 Sept. 2015	30 Sept. 2014
I	Rental income	22	35,978	32,715
III	Charges linked to letting	23	-100	-106
	<b>NET RENTAL RESULT</b>		<b>35,878</b>	<b>32,609</b>
IV	Recovery of property charges		0	0
V	Recovery of rental charges and taxes normally paid by tenants on let properties	24	5,662	4,828
VII	Rental charges and taxes normally paid by tenants on let properties	25	-6,152	-5,000
VIII	Other revenue and charges for letting		77	17
	<b>PROPERTY RESULT</b>		<b>35,465</b>	<b>32,453</b>
IX	Technical costs	26	-899	-811
X	Commercial costs	27	-304	-36
XII	Property management costs	28	-944	-1,067
XIII	Other property charges	29	-161	-228
	<b>PROPERTY CHARGES</b>		<b>-2,308</b>	<b>-2,142</b>
	<b>PROPERTY OPERATING RESULT</b>		<b>33,157</b>	<b>30,311</b>
XIV	Corporate overheads	30	-2,807	-2,700
XV	Other operating income and charges	31	-12	-104
	<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>		<b>30,338</b>	<b>27,507</b>
XVI	Net gains and losses on disposals of investment properties	32	-50	-114
XVIII	Changes in the fair value of investment properties	6-33	-2,518	-151
XIX	Other result on the portfolio		<b>90</b>	<b>-85</b>
	<b>OPERATING RESULT</b>		27,860	27,157
XX	Financial income	34	1	9
XXI	Net interest charges	35	-6,846	-6,807
XXII	Other financial charges	36	-195	-215
XXIII	Changes in fair value of financial assets and liabilities	37	2,364	-3,553
	<b>FINANCIAL RESULT</b>		<b>-4,676</b>	<b>-10,566</b>
	<b>PRE-TAX RESULT</b>		<b>23,184</b>	<b>16,592</b>
XXV	Corporate tax	38	-595	-1,229
XXVI	Exit Tax	39	-43	-1,192
	<b>TAXES</b>		<b>-638</b>	<b>-2,421</b>
	<b>NET RESULT</b>		<b>22,547</b>	<b>14,170</b>
	- Net result - group share		22,547	14,170
	- Net result - Non-controlling interests		0	0
	<b>BASIC NET RESULT AND DILUTED (€/SHARE, GROUP SHARE)</b>	40	<b>3.65</b>	<b>2.76</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME (€000S)		Note	30 Sept. 2015	30 Sept. 2014
<b>I</b>	<b>NET RESULT</b>		<b>22,547</b>	<b>14,170</b>
<b>II</b>	<b>OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT</b>			
A.	Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		-1,679	-2,745
H.	Other comprehensive income for the year, net of tax (*)	7	8	42
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>20,876</b>	<b>11,468</b>
	Attributable to			
	- Group share		20,876	11,468
	- Non-controlling interests		0	0

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

## CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED STATEMENT OF CASH FLOW (€000S)	30 Sept. 2015	30 Sept. 2014
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>2,671</b>	<b>1,595</b>
Net result for the financial year	22,547	14,170
Financial result	4,676	10,566
+ Income tax expense (- tax income)	637	2,422
Income statement items without treasury impact	2,744	286
- Increase (+ decrease) in the fair value of investment properties	2,518	151
+ Goodwill on acquisition of real estate companies	0	0
+ Other non-cash charges and income	164	185
+/- Other non-monetary items	62	-51
Changes in working capital requirement	-239	243
Asset items (trade receivables, deferred charges and accrued income, etc.)	-914	-1,941
Liability items (trade debts, indirect tax liabilities, accrued charges and deferred income, etc.)	675	2,184
Net capital gains realised on disposal of assets	50	114
Taxes paid	-13,378	-490
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>17,037</b>	<b>27,311</b>
- Acquisition of investment properties	-17,577	-30,945
- Acquisition of completed development projects	0	0
- Projects in course of development	-1,835	-749
- Acquisition of real estate companies	-11,439	-72,684
- Acquisition of other assets	0	-43
- Disposals of investment properties	6,095	5,284
- Change in other current and non-current liabilities	-112	-26
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)</b>	<b>-24,868</b>	<b>-99,163</b>
Capital increase	0	79,742
New borrowings	36,152	12,039
Repayment of bank borrowings/finance-lease debts	-13,664	0
Other changes in financial assets and liabilities	237	838
Gross dividends paid	-7,372	-12,678
Finance charges paid	-7,041	-7,021
Financial income received	1	9
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>8,313</b>	<b>72,928</b>
Cash and cash equivalents at the end of the financial year	3,153	2,671

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€000S)	Capital	Share premium account	Reserves				Net result for the financial year	Total equity
			Net change in fair value of properties	Impact of transaction costs on fair value	Net changes in fair value of non-IFRS hedging instruments	Other reserves		
<b>BALANCE AT 30 SEPT. 2013</b>	<b>24,439</b>	<b>158,057</b>	<b>7,721</b>	<b>-5,362</b>	<b>-16,602</b>	<b>10,948</b>	<b>16,411</b>	<b>195,612</b>
Distribution of dividends							-12,678	-12,678
Appropriation to reserves			-2,028		3,301	2,460	-3,733	0
Capital increase	10,867	68,875						79,742
Net result							14,170	14,170
Other elements recognised in the global result			42	-2,745				-2,703
Adjustment to reserves								0
<b>BALANCE AT 30 SEPT. 2014</b>	<b>35,306</b>	<b>226,932</b>	<b>5,735</b>	<b>-8,107</b>	<b>-13,301</b>	<b>13,408</b>	<b>14,170</b>	<b>274,143</b>
<b>BALANCE AT 30 SEPT. 2014</b>	<b>35,306</b>	<b>226,932</b>	<b>5,735</b>	<b>-8,107</b>	<b>-13,301</b>	<b>13,408</b>	<b>14,170</b>	<b>274,143</b>
Distribution of dividends							-7,372	-7,372
Appropriation to reserves			-152		-3,553	2,480	1,225	0
Capital increase	874	7,123					-8,023	-27
Net result							22,547	22,547
Other elements recognised in the global result			8	-1,679				-1,671
Adjustment to reserves								0
<b>BALANCE AT 30 SEPT. 2015</b>	<b>36,180</b>	<b>234,055</b>	<b>5,591</b>	<b>-9,786</b>	<b>-16,854</b>	<b>15,888</b>	<b>22,547</b>	<b>287,620</b>

On 26 February 2015 Ascencio carried out a capital increase of €7,996,527.33 by capitalising dividend receivables and issuing 145,538 new shares.

Based on the accounting par value of the shares (€6.00), the amount of the transaction broke down as follows:

- To share capital: €873,228.00
- To share premium: €7,149,554.25 less €26,254.92 to cover transaction costs, giving a net amount of €7,123,299.33

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: GENERAL INFORMATION ON AND ACCOUNTING PRINCIPLES APPLIED TO THE [ABRIDGED] CONSOLIDATED FINANCIAL STATEMENTS

#### General information

Ascencio S.C.A. (hereinafter referred to as «Ascencio S.C.A.» or the «Company») is an SIR (Société Immobilière Réglementée or Regulated Property Company, hereinafter referred to in the English translation as a «B-REIT» (Belgian real estate investment trust) incorporated under Belgian law. The attached consolidated financial statements of the Company as at 30 September 2015 covering the period from 1 October 2014 to 30 September 2015 were approved by the Board of Directors of the Statutory Manager in its meeting of 26 November 2015.

The figures presented for the previous financial cover the period from 1 October 2013 to 30 September 2014.

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

#### Basis of preparation and accounting methods

##### A. Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as published and effective as at 30 September 2015 and adopted by the European Union.

The consolidated financial statements have also been prepared in accordance with the provisions of the Royal Decree of 13 July 2014 on regulated property companies.

##### Standards and interpretations applicable to the annual period starting on 1 October 2014

- IFRIC 21 - Levies (applicable to annual periods starting on or after 17 June 2014)
- IFRS 10 - Consolidated financial statements (applicable to annual periods starting on or after 1 January 2014)
- IFRS 11 - Joint arrangements (applicable to annual periods starting on or after 1 January 2014)
- IFRS 12 - Disclosure of interests in other entities (applicable to annual periods starting on or after 1 January 2014)
- IAS 27 - Consolidated and separate financial statements (applicable to annual periods starting on or after 1 January 2014)
- IAS 28 - Investments in associates and joint ventures (applicable to annual periods starting on or after 1 January 2014)
- Amendments to IAS 32 - Financial Instruments: presentation - Offsetting financial assets and financial liabilities (applicable to annual periods starting on or after 1 January 2014)
- Amendments to IAS 36 - Impairment of assets – Recoverable amount disclosures for non-financial assets (applicable to annual periods starting on or after 1 January 2014)
- Amendments to IAS 39 - Financial instruments – Novation of derivatives and continuation of hedge accounting (applicable to annual periods starting on or after 1 January 2014)

The new standards have had no impact on these consolidated financial statements with the exception of the information contained in the Notes hereto.

##### New standards, amendments and interpretations not yet adopted for the annual period starting 1 October 2014

- IFRS 9 - Consolidated financial statements (applicable to annual periods starting on or after 1 January 2018, but not yet adopted by the EU)
- IFRS 14 - Regulatory deferral accounts (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)
- IFRS 15 - Revenue from contracts with customers (applicable to annual periods starting on or after 1 January 2017, but not yet adopted by the EU)
- Annual improvements to the IFRS (2011-2013) (applicable to annual periods starting on or after 1 January 2015)
- Annual improvements to the IFRS (2010-2012) (applicable to annual periods starting on or after 1 February 2015)
- Annual improvements to the IFRS (2012-2014) (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: Application of the exemption from consolidation (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)
- Amendments to IFRS 11 - Joint arrangements – Accounting for acquisitions of interests in joint operations (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)
- Amendments to IAS 1 - Presentation of financial statements – Disclosure Initiative (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)

- Amendments to IAS 16 and IAS 38 - Property, plant and equipment and Intangible assets – Clarification of acceptable methods of depreciation and amortisation (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)
- Amendments to IAS 16 and IAS 41 - Property, plant and equipment and Agriculture – Bearer plants (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)
- Amendments to IAS 19 - Employee benefits – Employee contributions (applicable to annual periods starting on or after 1 February 2015)
- Amendments to IAS 27 - Consolidated and separate financial statements - Equity method in separate financial statements (applicable to annual periods starting on or after 1 January 2016, but not yet adopted by the EU)

Ascencio does not expect any significant impact from the application of these new standards.

## B. Basis of presentation

The financial information is presented in thousands of euros. The consolidated financial statements have been prepared on the basis of historical cost, with the exception of investment properties<sup>1</sup>, properties forming part of tangible assets and financial instruments, which are measured at fair value.

The basic principles applied in preparing the consolidated financial statements are as follows.

## C. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and those of the entities over which it has control and its subsidiaries. The Company has control when:

- it holds power over the issuing entity;
- it is exposed to, or has rights to, variable returns from its involvement with the entity;
- it has the ability to affect those returns through its power over the entity.

Companies controlled by the Company are fully consolidated. Full consolidation involves incorporating all the assets and liabilities of the consolidated entities as well as their revenue and expenditure, after elimination of the necessary items. Control constitutes the power to direct the financial and operating policies of an entity so as to obtain benefits from its activities. Consolidation of subsidiaries starts on the date on which Ascencio S.C.A. acquires control of the entity and ends on the date on which that control ceases.

## D. Derivative financial instruments

The Company uses derivative financial instruments in order to hedge its exposure to the interest rate risk arising from the financing of its activities.

The accounting treatment of derivative financial instruments depends on whether or not they are classed as hedging instruments and on the type of hedge. Derivatives are initially recognised at cost on the date on which the derivative contract is entered into, and subsequently measured at fair value at closing date. Gains or losses arising from the application of fair value are recognised immediately in profit or loss, unless the derivative is classed as a hedging instrument and meets the eligibility criteria for hedge accounting as per IAS 39.

If a derivative financial instrument meets the hedge accounting criteria as per IAS 39, the portion of the gain or loss on the hedging instrument that is defined as being effective is recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss. The fair value of derivative financial instruments is the amount that the Company would expect to receive or pay if the derivative financial instrument had to be sold at closing date.

Derivative financial instruments are recognised as financial assets if their value is positive, and as financial liabilities if their value is negative. Derivatives maturing at over twelve months are generally shown as non-current in the balance sheet, whereas remaining derivatives are shown as current.

## E. Goodwill

When the Company acquires control of a business as defined by IFRS 3 – Business combinations, the identifiable assets, liabilities and contingent liabilities of the business acquired are recognised at their fair value on acquisition date.

The positive difference between the cost of acquisition and the proportional part of the fair value of the net assets acquired is recognised as goodwill on the asset side of the balance sheet.

If this difference is negative, the surplus (often referred to as «negative goodwill» or «badwill») is recognised directly in profit or loss after confirmation of the values.

Goodwill is subjected to an impairment test at least once a year in accordance with IAS 36 – Impairment of assets.

<sup>1</sup> Investment properties include the fair value of projects in the course of development

## F. Impairment of assets

At each closing date, the Company reviews the carrying amounts of its assets (with the exception of investment properties) in order to assess whether there are any indications that an asset may have suffered a loss in value, in which case an impairment test is carried out.

An asset is impaired when its carrying amount is higher than its recoverable amount. The recoverable amount of an asset or of a cash generating unit (CGU) is the higher of its fair value less selling costs and its value in use.

If the carrying amount of an asset or a CGU exceeds its recoverable amount, the excess constitutes a loss in value, which is recognised directly as an expense and applied first in reduction of the goodwill allocated to the [asset or] CGU.

At each closing date the Company assesses whether there is any indication that a loss recognised in any previous period(s) on an asset other than goodwill is likely no longer to exist or to have diminished. If there is such an indication, the Company estimates the recoverable amount of the asset. The new carrying amount of this asset, as increased by the reversal of a loss of value, may not exceed the carrying amount that would have applied, net of depreciation or amortisation, if no loss of value had been recognised in respect of this asset in previous financial years. Losses of value on goodwill are never reversed.

## G. Investment properties and development projects

### Measurement on initial recognition

Investment properties are initially valued at acquisition cost including associated expenses. For properties acquired by merger, split or contribution, taxes due on the capital gains of the absorbed companies are included in the cost of acquisition.

### Measurement subsequent to initial recognition

After initial recognition, properties are measured at their fair value.

At the end of each quarter, an independent real estate expert carries out a precise valuation of the following items:

- property assets, other assets attached to them and rights in rem to property assets held by Ascencio S.C.A. and the real estate companies controlled by it;
- options on property assets held by Ascencio S.C.A. and the real estate companies controlled by it, as well as the property assets to which these options refer;
- the rights deriving from the agreements whereby one or more property assets are leased to Ascencio S.C.A. and the real estate companies controlled by it as well as the underlying property.

The experts carry out their valuation in accordance with national and international standards. The fair value, which is calculated by deducting an estimated amount for transfer expenses from the investment value, is defined as the most likely value that can reasonably be obtained between informed parties acting in good faith in normal selling conditions.

The amount estimated for transfer expenses is

- 2.5% for properties located in Belgium with a value of more than €2.5 million (being the average rate for transaction costs defined by BEAMA, the Belgian Asset Managers Association) and between 10% and 12.5% for properties valued at less than this, depending on their location. Ascencio considers its real estate portfolio as a whole, which can be sold in whole or in part.
- from 1.8% to 6.90% for properties located in France, i.e. the rate of transfer expenses applicable locally depending on whether the property is more or less than five years old.

Upon acquisition, the stamp duty that would be payable on a hypothetical subsequent sale is recognised directly in equity. Any subsequent adjustment to fair value is recognised in profit or loss in the period in which it arises and applied to non-distributable reserves when appropriating profits. Subsequent adjustments to fair value do not affect the reserve for transfer expenses and stamp duty in equity.

Upon sale of a property, realised gains or losses are recognised in profit or loss under the heading «XVI Net gains and losses on disposals of investment properties».

### Expenses incurred on works carried out on investment properties

Expenses incurred on works carried out on investment properties are charged to the properties' profit and loss if they do not add to the economic benefits. They are capitalised if they add to the expected economic benefits.

### Sale of investment properties

Gains and losses on the sale of investment properties are recognised in profit and loss for the period under "Net gains and losses on disposals of investment properties" and allocated to retained earnings or accumulated losses at the time of appropriation of profit or loss. Commissions paid for the sale of properties, transaction costs and obligations assumed form an integral part of the gain or loss realised on the sale.

### Development projects

Properties being built or developed with a view to future use as investment properties are classified as development projects and measured at their fair value until construction or development is completed.

At that time they are reclassified and recognised as properties available for lease, still at fair value.

## H. Other tangible assets

Tangible assets other than property assets, the use of which is limited in time, are measured at their acquisition cost less straight-line depreciation over their estimated useful lives and any impairment.

The property occupied by the Company is measured at its fair value.

During the financial year in which the investment is made, depreciation is recognised in proportion to the number of months during which the asset is in use.

Annual depreciation rates:

- Installations, machines and tooling: 20%
- Fixtures and fittings: 10%
- Computer equipment: 33%
- Standard software applications: 33%

If there are indications that an asset may have suffered a loss of value, its carrying amount is compared with its recoverable amount. If the carrying amount is more than the recoverable amount, a loss of value is recognised.

At the time of disposal or derecognition of tangible assets, the acquisition values and associated depreciation or, for properties, their fair values, are removed from the balance sheet and the realised capital gains or losses are recognised in profit or loss.

## I. Current assets

Trade receivables are measured at amortised cost less any impairment of bad and doubtful debts. Cash investments are measured at the lower of acquisition or market value. Associated expenses are charged directly to income statement.

## J. Cash and cash equivalents

Cash and cash equivalents comprise accounts at sight, cash and short-term investments. Since they are subject to only negligible changes in value, they are measured at nominal value.

## K. Equity

Equity instruments issued by the Company are recognised at the value of the consideration received, net of issuance expenses. Dividends are not recognised until they have been approved by the General Meeting of Shareholders.

## L. Provisions

A provision is recognised in the balance sheet when:

- Ascencio S.C.A. or one of its subsidiaries has to fulfil an obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are measured by discounting the expected future cash flows to their present value at market rate and reflecting any risks specific to the obligation.

## M. Trade debts

Trade debts are measured at amortised cost at balance sheet date.

## N. Interest-bearing borrowings

Interest-bearing borrowings are [initially] measured at the amount of proceeds received less directly attributable costs. They are subsequently recognised at amortised cost, the difference between the cost and the redemption value being charged to income statement over the life of the borrowing in accordance with the effective interest rate method.

## O. Revenues

Revenues include gross rental income and revenue from services and property management, and are measured at the fair value of the consideration received. Rent-free periods and incentives granted to clients are recognised as deductions from rental revenue over the duration of the lease agreement (which is defined as the period between the date on which it comes into force and the first termination date of the agreement).

## P. Charges

Costs incurred for services, including those borne on behalf of tenants, are included in direct rental charges. Their recovery from tenants is presented separately.

## Q. Commissions paid to real-estate agents and other transaction costs

Commissions relating to property leases are expensed as incurred.

Commissions paid in respect of the acquisition of properties, registration fees, notaries' fees and other associated costs are considered as transaction costs and included in the acquisition cost of the properties acquired.

## R. Taxes

Tax on income for the financial year comprises current tax and deferred tax. Taxes are recognised in income statement except where they relate to items recognised directly in equity, in which case they too are recognised in equity. Current tax is the estimated tax on taxable income for the past year, using the tax rate in force at balance sheet, and any adjustment to tax liabilities in respect of previous years.

Exit tax is a tax on the capital gain resulting from the merger of a company that does not have the same tax status as the Company.

## NOTE 2: MAIN SOURCES OF UNCERTAINTY REGARDING ESTIMATES AND SIGNIFICANT ACCOUNTING JUDGEMENTS

Investment properties, which constitute almost the entire assets of Ascencio, are measured at their fair value as determined by an independent expert.

The fair value of interest rate swaps is the estimated amount that Ascencio would receive or pay to close the position at balance sheet date, based on the spot and forward interest rates in force at that date, the value of the option and the solvency of the counterparties. The fair value of interest rate hedging instruments is calculated on each accounting closing date by the financial institutions from which these instruments were acquired. (See note 16)

Any provisions recognised are estimated on the basis of the Company's experience, assistance from third parties (experts and lawyers) and any other source that the Company deems relevant (see the section headed «Risk factors – Risks associated with environmental regulations»).

In any case the Company has not had to make any significant changes in applying its accounting methods.

The Company's objectives in managing its equity are:

- to safeguard the continuity of the business;
- to provide shareholders with a satisfactory return.

In preparing its consolidated financial statements, the Company is required to make a number of significant judgements in applying accounting principles (for example when identifying business combinations or calculating deferred taxation) and to make a number of estimates. In arriving at these assumptions, management can rely on its experience, on the assistance of third parties (notably property experts) and on other factors judged to be pertinent. The actual results may differ from these estimates. These estimates are regularly reviewed, and modified if necessary.

## NOTE 3: MANAGEMENT OF FINANCIAL RISKS

The financial risks to which the Company is exposed are also described in the section headed «Risk factors» in the annual report.

## Debt structure and debt ratio

The debt structure as at 30 September 2015 is described in Note 15.

The Company's debt ratio must be held below the maximum authorised for B-REITs (65%) in accordance with Article 23 of the Royal Decree of 13 July 2014. Moreover, Article 24 of the Royal Decree of 13 July 2014 requires B-REITs to submit a financial plan to the FSMA (Financial Services and Markets Authority) in the event that the consolidated debt ratio should exceed 50%.

As at 30 September 2015, Ascencio's debt ratio as defined by the Royal Decree of 13 July 2014 stood at 42.2 % on a consolidated basis and 40.5% for the company alone.

After distribution of the dividend proposed to the General Meeting of Shareholders of 29 January 2016, the consolidated debt ratio will, *ceteris paribus*, come to 45.7%.

## Interest rate risk

As at 30 September 2015, 82.4% of financial liabilities were at floating rates and as such exposed to changes in interest rates. In order to hedge this risk of an increase in interest rates, Ascencio pursues a policy aimed at securing the interest rates on approximately 75% of its financial borrowings on a horizon of several years.

The financial instruments that Ascencio has available to hedge the interest rate risk are described in Note 16.

Based on total financial indebtedness at 30 September 2015 (€214.56 million) and the hedges in place at that date, a portion of the debt equal to €157.81 million, representing 73.5% of total debt, was financed at fixed rates (agreed fixed rates or rates fixed via IRS (interest rate swaps)). The balance of the debt, €56.75 million, was at variable rates.

Based on the hedging in place, the structure and the level of financial debt at 30 September 2015, the impact of a rise in interest rates of 100 basis points would lead to an increase in financial charges estimated at €0.57 million.

Since the hedging instruments in place do not meet the criteria for hedge accounting as laid down by IAS 39, changes in the fair value of financial hedging instruments are recognised in profit and loss (IAS 39 – Changes in the fair value of financial instruments). Shifts in the interest rate curve during the financial year 2014/2015 translated into a positive change of €2.36 million in the fair value of Ascencio's financial hedging instruments. As at 30 September 2015, these contracts had a negative value of €14.49 million, representing the amount that the Company would have to pay if it decided to unwind these contracts.

A simulation indicates that a fall of 25 basis points in long-term (ten-year) interest rates would translate into a new (non-monetary) charge of €1.24 million, corresponding to the negative change in the fair value of the hedging instruments.

## Risk associated with changes in credit margins

The Company's cost of financing also depends on the credit margins required by banks and on the financial markets. These margins evolve as a function of the global economic situation, but also of regulations applicable to the banking sector. The risk of an increase in the average cost of financing as a result of an increase in bank margins arises notably upon renewal or establishment of credit lines.

An increase in credit margins would lead to an increase in financial charges.

In order to limit this risk, the Company spreads the maturities of its financing over time and diversifies its sources of financing.

## Financial liquidity risk

Ascencio is exposed to a liquidity risk associated with the renewal of its borrowings at due date or any additional borrowings that might be needed to meet its commitments. The Company could also be faced with this risk in the event of the termination of any of its borrowing agreements.

If any of these situations were to arise, the Company might also be obliged to put in place new financing arrangements at a higher cost, or to dispose of certain assets on less than ideal terms.

In order to limit this risk, Ascencio diversifies its sources of financing. The Company currently finances itself only by means of bank borrowing, and relies on about ten Belgian and French banks which form a diversified pool.

As at 30 September 2015, Ascencio had €231 million in credit lines with five Belgian financial institutions and one French bank, available in the form of fixed term advances with due dates ranging from 2015 to 2022. As at 30 September 2015, Ascencio had available to it €33.4 million in undrawn balances under these credit lines.

Ascencio also has investment credits available with French banks on certain assets held in France and finance leases on certain Belgian properties.

As at 30 September 2015, these financial liabilities totalled €214.56 million. The principal repayment schedule of these borrowings is as follows:

- 2015/2016 : €53.73 million
- 2016/2017 : €36.51 million
- 2017/2018 : €7.07 million
- 2018/2019 : €65.40 million
- 2019/2020 : €31.43 million
- 2020/2021 : €1.38 million
- 2021/2022 : €16.18 million
- > 2021/2022 : €2.86 million

### **Financial counterparty risk**

Entering into a financing agreement or hedging contract with a financial institution creates a counterparty risk of the institution's defaulting. The Company could find itself in a situation in which it is unable to use the financing put in place or to receive the cash flows to which it is entitled by virtue of hedging instruments.

In order to limit this risk, Ascencio takes care to diversify its banking relationships. As at 30 September 2015, the Company had business relations with various banks:

- As at 30 September 2015, the banks that were counterparties in bank financing arrangements were, in alphabetical order, Banque Popularize Loire et Lyonnais, BECM, Belfius, BNP Paribas Fortis, Caisse d'Epargne Nord Europe, CBC, CIC, CPH, Crédit Agricole and ING.
- As at 30 September 2015, the banks that were counterparties for hedging instruments were, in alphabetical order, Belfius, BNP ParibasFortis, CBC and ING.

### **Risk associated with obligations contained in financing agreements**

The Company is exposed to the risk of its financing agreements being cancelled, renegotiated or terminated early in the event that it were to fail to comply with the undertakings given upon signing these agreements, particularly as regards certain financial ratios (covenants). Moreover, some financing agreements provide for the payment of a penalty in the event that early termination should be necessary.

If a financing agreement were to be called into question, the Company would have to put in place alternative financing, possibly at a higher cost.

In order to limit this risk, Ascencio negotiates with its counterparties levels of covenants compatible with its forecast estimates and regularly monitors trends in the relevant ratios.

### **Exchange risk**

Ascencio obtains all its revenues and incurs all its expenses in the euro zone. Its financing is all provided in euros. Ascencio is therefore not exposed to any exchange risk.

## NOTE 4: SECTOR INFORMATION

Ascencio specialises in investment in commercial premises located mainly in outlying urban areas. Ascencio is active in Belgium and France.

As at 30 September 2015, commercial properties represented 97% of the fair value of the portfolio of investment properties. The remainder was composed of a small number of property assets used for offices, warehouses and residential accommodation.

As at 30 September 2015, properties located in Belgium accounted for 68% of the fair value of the total holdings and those located in France accounted for 32%.

As per IFRS 8, the following operating segments have been identified:

- Belgium: properties located in Belgium,
- France: properties located in France.

This segmentation is consistent with the group's organisation and the Company's internal reporting provided to the General Management (see the Section Declaration of corporate governance, Management). The accounting methods described in Note 1 to the financial statements are used for internal reporting and this also for reporting operating segments as presented hereunder. All revenues come from external clients.

All assets held in France are properties for commercial use.

Two groups of tenants account for 10% or more of consolidated rental income:

- Mestdagh Group: 10.0%
- Grand Frais: 10.0%

(€000S)	BELGIUM		FRANCE		UNALLOCATED		TOTAL	
	30 Sept. 2015	30 Sept. 2014						
I. Rental income	24,602	22,809	11,376	9,906	0	0	35,978	32,715
III. Charges linked to letting	-4	-9	-96	-97	0	0	-100	-106
<b>NET RENTAL RESULT</b>	<b>24,598</b>	<b>22,800</b>	<b>11,280</b>	<b>9,809</b>	<b>0</b>	<b>0</b>	<b>35,878</b>	<b>32,609</b>
V. Recovery of rental charges and taxes normally paid by tenants on let properties	3,158	2,961	2,505	1,867	0	0	5,662	4,828
VII. Rental charges and taxes normally paid by tenants on let properties	-3,556	-3,155	-2,596	-1,845	0	0	-6,152	-5,000
VIII. Other revenue and charges for letting	77	17	0	0	0	0	77	17
<b>PROPERTY RESULT</b>	<b>24,277</b>	<b>22,623</b>	<b>11,189</b>	<b>9,831</b>	<b>0</b>	<b>0</b>	<b>35,465</b>	<b>32,453</b>
IX. Technical costs	-865	-772	-34	-39	0	0	-899	-811
X. Commercial costs	-30	-31	-275	-5	0	0	-304	-36
XII. Property management costs	-610	-675	-334	-392	0	0	-944	-1,067
XIII. Other property charges	-98	-162	-62	-66	0	0	-161	-228
Property charges	-1,603	-1,640	-705	-502	0	0	-2,308	-2,142
<b>PROPERTY OPERATING RESULT</b>	<b>22,674</b>	<b>20,983</b>	<b>10,484</b>	<b>9,329</b>	<b>0</b>	<b>0</b>	<b>33,157</b>	<b>30,311</b>
XIV. Corporate overheads	0	0	0	0	-2,807	-2,700	-2,807	-2,700
XV. Other operating income and charges	-60	-97	49	-7	0	0	-12	-104
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>22,614</b>	<b>20,886</b>	<b>10,532</b>	<b>9,322</b>	<b>-2,807</b>	<b>-2,700</b>	<b>30,338</b>	<b>27,507</b>
XVI. Gains and losses on disposals of investment properties	-50	-114	0	0	0	0	-50	-114

(€000S)	BELGIUM		FRANCE		UNALLOCATED		TOTAL	
	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014
XVIII. Changes in the fair value of investment properties	-2,708	440	190	-591	0	0	-2,518	-151
XIX. Other result on the portfolio	90	0	0	-85	0	0	90	-85
<b>OPERATING RESULT</b>	<b>19,946</b>	<b>21,212</b>	<b>10,722</b>	<b>8,646</b>	<b>-2,807</b>	<b>-2,700</b>	<b>27,860</b>	<b>27,157</b>
XX. Financial income	0	0	0	0	1	9	1	9
XXI. Interest charges	0	0	0	0	-6,846	-6,807	-6,846	-6,807
XXII. Other financial charges	0	0	0	0	-195	-215	-195	-215
XXIII. Changes in fair value of financial assets and liabilities	0	0	0	0	2,364	-3,553	2,364	-3,553
Financial result	0	0	0	0	-4,676	-10,566	-4,676	-10,566
<b>PRE-TAX RESULT</b>	<b>19,946</b>	<b>21,212</b>	<b>10,722</b>	<b>8,646</b>	<b>-7,483</b>	<b>-13,266</b>	<b>23,184</b>	<b>16,592</b>
XXV. Corporate tax	0	0	0	0	-595	-1,229	-595	-1,229
XXVI. Exit Tax	0	0	0	0	-43	-1,192	-43	-1,192
<b>TAXES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-638</b>	<b>-2,421</b>	<b>-638</b>	<b>-2,421</b>
<b>NET RESULT</b>	<b>19,946</b>	<b>21,212</b>	<b>10,722</b>	<b>8,646</b>	<b>-8,121</b>	<b>-15,687</b>	<b>22,547</b>	<b>14,170</b>

(€000S)	BELGIUM		FRANCE		UNALLOCATED		TOTAL	
	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014
Intangible assets	121	161	0	0	0	0	121	161
Investment properties	353,179	322,842	167,794	154,504	0	0	520,974	477,346
Other tangible assets	873	876	0	0	0	0	873	876
Other non-current assets	63	57	9	9	0	0	72	66
Current assets	3,338	11,171	5,887	3,542	0	0	9,225	14,713
<b>TOTAL ASSETS</b>	<b>357,574</b>	<b>335,107</b>	<b>173,690</b>	<b>158,055</b>	<b>0</b>	<b>0</b>	<b>531,265</b>	<b>493,162</b>

## NOTE 5: INTANGIBLE ASSETS

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>BALANCE AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>161</b>	<b>182</b>
Transfer from tangible assets	0	0
Acquisitions	0	28
Depreciation	-40	-49
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>121</b>	<b>161</b>

Intangible assets as at 30 September 2015 comprised software applications (property management and accounting) acquired and developed in 2012 and 2013.

**NOTE 6: INVESTMENT PROPERTIES**

(€000S)	30 Sept. 2015	30 Sept. 2014
Properties available for lease	520,974	476,755
Development projects	0	592
Assets held for own use	0	0
Others	0	0
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>520,974</b>	<b>477,347</b>

Changes in investment properties and projects in the course of development reflect the investments and divestments made during the financial year, as well as the change in fair value of the properties.

**A. Investment properties available for rental**

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>BALANCE AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>476,755</b>	<b>374,322</b>
Acquisitions	43,691	113,018
Transfer from development projects	2,342	2,261
Disposals	-3,353	-5,229
Transfer from assets held for sale	3,927	-6,985
Change in fair value	-2,388	-631
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>520,974</b>	<b>476,755</b>

At constant scope, the fair value of the properties declined slightly (-0.5%) relative to the previous year.

The amount of investment properties has to be added to the fair value of the development projects in B hereunder to obtain the total fair value of investment properties.

The acquisitions and disposals of the financial year are described in the «Management Report, Section Significant Events and Transactions during the Financial Year» and in the section «Real Estate Report: of the Annual Report for 2014/2015».

The biggest investment of the financial year, made on 17 March 2015, concerned the acquisition of Primmodev S.A., owner of a new 15,000 m<sup>2</sup> retail park located in Couillet (a suburb of Charleroi). The main tenants are national chains such as JBC, Ava Papier, Orchestra Prémaman, Luxus, Action, Lunch Garden, Krefel, Heytens, Blokker, Casa and Maxi Toys.

The investment value of this property portfolio established by the real estate expert at the time of acquisition is €28 million (including acquisition expenses) and it generates annual rental revenues of €1.7 million. The initial gross yield amounts to 6.1% and the occupancy rate is 100.0%. During the financial year 2014/2015, Primmodev contributed €0.84 million to consolidated rental revenue.

The acquisition of Primmodev does not constitute a business combination in the meaning of IFRS 3, because Primmodev did not have any processes. Therefore this transaction simply constitutes the acquisition of a series of assets in a market segment identical to that of Ascencio's existing activities. The estimated amount of exit tax payable in the event of merger by absorption of Primmodev, €2.5 million, was deducted from the acquisition price of the shares and recognised as a deferred tax liability in the balance sheet (see Note 17). An amount of €0.4 million corresponding to works remaining to be carried out on the site was also deducted from the acquisition price. At the date of acquisition, there were no significant assets or liabilities in the books of Primmodev, except for a bank loan of €13.6 million which was repaid on the date of acquisition.

As at 30 September 2015, Ascencio held six properties under finance leases for which a purchase option has to be exercised at the end of the lease in order to acquire freehold of the properties. These purchase options amount to a total of €822,000 and are recognised as liabilities in the annual accounts as at 30 September 2015.

## B. Development projects

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>BALANCE AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>592</b>	<b>1,623</b>
Investments	0	0
Acquisitions	1,835	750
Transfer to investment properties	-2,342	-2,261
Disposals	0	0
Change in fair value	-84	480
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>0</b>	<b>592</b>

This amount has to be added to the fair value of the investment properties in point A above to obtain the total fair value of investment properties.

Projects in course of development 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.

As at 30 September 2014, the heading «Development project» represented the amounts already disbursed for the construction of a second commercial building on the Hamme-Mille site. The works were continued and completed in 2014/2015 and the property was transferred to investment properties.

### Fair value measurement

The investment properties were valued as at 30 September 2015 by independent experts (CBRE, Jones Lang Lasalle and Cushman & Wakefield) at fair value. The fair value of a property corresponds to its investment value, i.e. its value including registration fees and other transaction costs, from which is deducted a provision for transfer expenses (see Note 1.G)

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

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

During the financial year 2014/2015 there were no transfers among levels 1, 2 and 3.

### Valuation methods used

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

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

The yield used for both methods represents the yield expected by investors on this type of asset. It reflects the risks intrinsic to the asset and the sector (future 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.)

### Quantitative information concerning fair value measurements using unobservable data

The main quantitative information relating to the establishment of the fair value of investment properties based on unobservable data (level 3) presented below have been extracted from the reports drawn up by the independent property experts:

ASSET CATEGORY	FAIR VALUE 30 Sept. 2015 (€000s)	EVALUATION METHOD	UNOBSERVABLE DATA	MIN	MAX	WEIGHTED AVERAGE
Belgium	353,180	Capitalisation	Estimated rental value	20 € /m <sup>2</sup>	474 € /m <sup>2</sup>	82 € /m <sup>2</sup>
			Capitalisation rate	4.78%	10.50%	6.51%
France	167,794	Capitalisation	Estimated rental value	64 € /m <sup>2</sup>	300 € /m <sup>2</sup>	118 € /m <sup>2</sup>
			Capitalisation rate	6.30%	7.50%	6.77%
<b>TOTAL</b>	<b>520,974</b>					

The estimated rental value (ERV) of a property depends on several factors, mainly its location (outskirts, city-centre), the quality of the property, the nature of the areas (sales, storage, etc.) and the size of the areas let.

#### Sensitivity of fair value of properties to changes in unobservable data

- An increase of 5% in the estimated rental values (ERVs) of the properties would lead to an increase of €20.34 million in the fair value of the portfolio.
- A decrease of 5% in the estimated rental values (ERVs) of the properties would lead to a decrease of €21.17 million in the fair value of the portfolio.
- An increase of 0.5% in the capitalisation rate would lead to a decrease of €36.04 million in the fair value of the portfolio.
- A decrease of 0.5% in the capitalisation rate would lead to an increase of €41.28 million in the fair value of the portfolio.

There may also be correlations among unobservable data, since they are partly determined by market conditions. This correlation was not taken into account however in the aforementioned sensitivity test, which refers to changes that are independent of the rise and fall of these two parameters.

#### Valuation process

The property valuation process is carried out quarterly in the following manner:

- At the end of each quarter the Company sends detailed information on the rental situation of the portfolio to the experts (areas let, leases in progress, break dates and expiries of contracts, investments to be made, etc. These data are extracted from the property management systems. Rental contracts for new acquisitions and addenda to existing ones are also set to the experts.
- The experts then incorporate this information into their valuation model. Based on their market experience, they maintain or modify the valuation parameters used in their model, mainly in terms of estimated rental value (ERV), capitalisation rate and assumptions on rental vacancies.
- The experts then inform the Company of the individual valuations of the property portfolio as produced by their model.
- The valuations are reviewed by property management and senior executives to ensure that the Company has a good understanding of the assumptions used by the experts.
- The summary tables of the individual property valuations are sent to the accounting department for them to pass the necessary entries for the quarterly re-evaluation of the portfolio.
- The portfolio values thus recognised are submitted to the Audit Committee before the financial statements are submitted to the Board of Directors for approval

#### Use of properties

The Company considers that the current use of the investment properties shown at fair value in the balance sheet is optimal, bearing in mind their technical characteristics and the possibilities offered by the rental market.

## NOTE 7: OTHER TANGIBLE ASSETS

(€000S)	Assets held for own use		Other		Total	
	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014
<b>BALANCE AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>805</b>	<b>763</b>	<b>71</b>	<b>86</b>	<b>876</b>	<b>849</b>
Acquisitions	0	0	13	16	13	16
Disposals	0	0	0	0	0	0
Depreciation	0	0	-24	-31	-24	-31
Change in value	8	42	0	0	8	42
<b>BALANCE AT END OF THE FINANCIAL YEAR</b>	<b>813</b>	<b>805</b>	<b>60</b>	<b>71</b>	<b>873</b>	<b>876</b>

The item "Assets held for own use" includes the part of the property located at Avenue Jean-Mermoz, Gosselies, used by the Company as its head office, for an amount of €813,000. This part-property was revalued by €8,000 in order to bring its carrying amount into line with its fair value as at 30 September 2015.

None of these assets is pledged.

## NOTE 8: CURRENT AND NON-CURRENT FINANCIAL ASSETS

(000 EUR)	30 Sept. 2015	30 Sept. 2014
Held-to-maturity assets	0	0
Available-for sale assets	0	0
Assets at fair value through profit and loss	0	0
Loans and receivables	0	0
Others	72	66
<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>72</b>	<b>66</b>
<b>CURRENT FINANCIAL ASSETS</b>	<b>0</b>	<b>0</b>

## NOTE 8 B): CATEGORIES AND DESIGNATION OF FINANCIAL INSTRUMENTS

(€000S)	30 Sept. 2015		30 Sept. 2014		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>72</b>	<b>72</b>	<b>66</b>	<b>66</b>	
Deposits in guarantee lodged	72	72	66	66	Level 2
<b>CURRENT FINANCIAL ASSETS</b>	<b>8,900</b>	<b>8,900</b>	<b>7,204</b>	<b>7,204</b>	
Trade receivables	4,234	4,234	3,489	3,489	Level 2
Tax receivables and other current assets	1,513	1,513	1,044	1,044	Level 2
Cash and cash equivalents	3,153	3,153	2,671	2,671	Level 2
<b>TOTAL FINANCIAL ASSETS</b>	<b>8,972</b>	<b>8,972</b>	<b>7,270</b>	<b>7,270</b>	

(€000S)	30 Sept. 2015		30 Sept. 2014		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>176,741</b>	<b>177,816</b>	<b>172,639</b>	<b>173,577</b>	
Bank borrowings	160,830	161,905	154,594	155,532	Level 2
Derivative instruments (IRS) at fair value through profit and loss	14,489	14,489	16,854	16,854	Level 2
Guarantees received	1,422	1,422	1,191	1,191	Level 2
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>60,319</b>	<b>60,319</b>	<b>29,844</b>	<b>29,844</b>	
Bank borrowings	53,733	53,733	23,817	23,817	Level 2
Trade payables	5,183	5,183	4,498	4,498	Level 2
Other current liabilities	1,403	1,403	1,529	1,529	Level 2
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>237,060</b>	<b>238,135</b>	<b>202,483</b>	<b>203,421</b>	

The fair value of financial instruments can be ranked in a hierarchy of three levels (1, 2 and 3) each corresponding to a degree of observability of fair value:

- Level 1 fair value measurements are those established based on unadjusted prices quoted on active markets for identical assets or liabilities;
- Level 2 fair value measurements are those established on the basis of inputs other than quoted prices as per level 1 but which are observable for the asset or liability concerned, either directly (i.e. from prices) or indirectly (from data deriving from prices);
- Level 3 fair value measurements are those established on the basis of valuation techniques comprising data relating to the asset or liability which are not based on observable market data (unobservable inputs).

There were no transfers between levels during the financial year.

The fair value of financial instruments has been determined in accordance with the following methods:

- For short-term financial instruments such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount as a function of the amortised cost;
- For floating rate borrowings, the fair value is considered not to be significantly different from the carrying amount as a function of the amortised cost;
- For fixed rate borrowings, the fair value corresponds to the net present value of the future flows of principal and interest.
- For derivatives, the fair value is determined by discounting the estimated future cash flows to their net present value based on interest rate curves.

## NOTE 9: ASSETS HELD FOR SALE

(€000S)	30 Sept. 2015	30 Sept. 2014
Investment properties held for sale	0	6,884

As at 30 September 2014, the heading "Assets held for sale" comprised three properties:

- a 3,248 m<sup>2</sup> semi-industrial building located in Haren, for which a promise to sell was signed on 1 July 2014 and assigned on 3 November 2014;
- a 905 m<sup>2</sup> semi-industrial building located in Berchem Saint Agathe, for which a promise to sell was signed on 6 November 2014 and assigned on 22 December
- a shopping arcade and attached properties measuring 4,660 m<sup>2</sup> located in Verviers for which a promise to sell subject to a condition precedent was signed on 13 May 2014. The condition precedent concerns the City of Verviers obtaining financing from the ERDF.

These three properties form part of the operating segment "Properties located in Belgium" (see Note 4).

The Haren and Berchem Saint Agathe properties were sold during the financial year. As regards the Verviers properties, the condition precedent of the promise to sell has not been fulfilled and Ascencio remains the owner of the assets. They have been reclassified as investment properties.

## NOTE 10: CURRENT TRADE RECEIVABLES

(€000S)	> 90 dd	30 to 90 dd	0 to 30 dd	Not due	Total
Non-doubtful receivables	94	185	1,908	1,949	4,136
Doubtful debtors	473	62	44	0	579
Provisions for doubtful debtors	-413	-31	-37	0	-481
<b>BALANCE AT 30 SEPT. 2015</b>	<b>154</b>	<b>216</b>	<b>1,915</b>	<b>1,949</b>	<b>4,234</b>
Non-doubtful receivables	153	91	1,922	1,248	3,414
Doubtful debtors	549	25	0	0	574
Provisions for doubtful debtors	-495	-4	0	0	-499
<b>BALANCE AT 30 SEPT. 2014</b>	<b>207</b>	<b>112</b>	<b>1,922</b>	<b>1,248</b>	<b>3,489</b>

The carrying amount of trade receivables should be recovered in twelve months. This carrying amount constitutes an approximation to the fair value of the assets, which do not bear interest.

The credit risk associated with trade receivables is limited thanks to the diversity of the customer base and the rental guarantees established by tenants to cover their commitments. The amounts shown in the balance sheet are net of value reductions for doubtful debts. As a result, the exposure to credit risk is reflected by the carrying amount of the receivables in the balance sheet.

As at 30 September 2015, doubtful accounts amounted to €579,000 (compared with €574,000 at 30 September 2014). Doubtful accounts had been reduced in value by €481,000 as at 30 September 2015 (compared with €499,000 at 30 September 2014). This amount represents the risk of default estimated at 30 September 2015 on the basis of the analysis of trade receivables at that date. The non-provisioned amount of these doubtful accounts (€98,000) is covered by guarantees established by tenants.

The risk associated with trade receivables (risk of tenants' insolvency) is described in the section headed "Risk factors" in the Annual Report.

The breakdown of tenants (by rentals received) is shown in the section headed "Real estate report" of the Annual Report. Value reductions have evolved as follows:

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>BALANCE AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>499</b>	<b>407</b>
Additions	126	186
Charged to provisions	-118	-124
Reversals	-26	-80
Acquisition of subsidiaries	0	110
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>481</b>	<b>499</b>

## NOTE 11: TAX RECEIVABLES AND OTHER CURRENT ASSETS

(€000S)	30 Sept. 2015	30 Sept. 2014
Taxes	109	587
Salaries and social charges	0	0
Other	1,404	457
<b>TOTAL</b>	<b>1,513</b>	<b>1,044</b>

The heading "Other" notably includes the French property managers' calls for provisions for expenses.

**NOTE 12: DEFERRED CHARGES AND ACCRUED INCOME**

(€000S)	30 Sept. 2015	30 Sept. 2014
Accrued rental income	0	0
Rent-free periods and incentives granted to tenants to be spread	0	0
Prepaid property charges	0	0
Prepaid interest and other financial charges	104	87
Other	220	537
<b>TOTAL</b>	<b>324</b>	<b>624</b>

**NOTE 13: SHARE CAPITAL, SHARE PREMIUM AND RESERVES**

(€000S)	30 Sept. 2015	30 Sept. 2014
Subscribed capital	37,096	36,223
Costs of capital increase	-917	-917
<b>TOTAL</b>	<b>36,180</b>	<b>35,306</b>

As at 30 September 2015 the share capital stood at €37,096,000 represented by 6,182,768 shares with no nominal value. Additional paid-in capital (share premium) amounted to €236,848,000.

After deduction of capital increase expenses (on creation of the Company and on the occasion of subsequent capital increases), the capital and share premium as shown in the consolidated financial statements as at 30 September 2015 amounted to €36,180,000 and €234,055,000 respectively.

Changes in the number of shares since the company's establishment can be summarised as follows:

Number of shares at the time of incorporation of the Company	2,500
Stock split (by 4) dated 23 October 2006	10,000
Shares created when constituting the Company's assets in 2006	2,968,125
New shares issued on the occasion of the capital increase of 3 November 2010	1,192,250
New shares issued on the occasion of the capital increase of 17 December 2012	53,186
New shares issued on the occasion of the capital increase of 31 March 2014	1,811,169
New shares issued on the occasion of the capital increase of 26 February 2015	145,538
<b>Number of shares as at 30 September 2015</b>	<b>6,182,768</b>

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

**NOTE 14: PROVISIONS**

(€000S)	30 Sept. 2015	30 Sept. 2014
Pensions	0	0
Other	652	764
<b>TOTAL</b>	<b>652</b>	<b>764</b>

(€000S)	30 Sept. 2015	30 Sept. 2014
Balance at beginning of the financial year	764	790
Additions	416	0
Charged to provisions	-528	-26
Reversals	0	0
<b>Balance at the end of the financial year</b>	<b>652</b>	<b>764</b>

As at 30 September 2015, the provisions consisted of

- a €362,000 provision relating to clean-up works at one site, as described in the section headed "Risk factors - 4. Risks associated with regulation and others" in the annual report.
- a €290,000 provision for works remaining to be carried out at on-site at the Couillet retail park.

## NOTE 15: CURRENT AND NON-CURRENT FINANCIAL DEBTS

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>NON-CURRENT FINANCIAL DEBT</b>		
a. Credit institutions	158,131	152,231
b. Finance leases	2,699	2,363
<b>CURRENT FINANCIAL DEBT</b>		
a. Credit institutions	52,998	23,007
b. Finance leases	735	810
<b>TOTAL</b>	<b>214,564</b>	<b>178,411</b>

As at 30 September 2015, financial liabilities totalled €214,564,000. They are divided into three types of financing:

- credit lines available in the form of fixed term advances: €197,600,000
- liabilities under finance leases: €3,434,000
- investment credits: €13,530,000

The principal maturities of these financial liabilities are as follows:

(€000S)		Total	Falling due within 1 year	Falling due within 5 years	Falling due at over 5 years
Fixed term advances	30 Sept. 2014	159,700	21,000	138,700	0
	30 Sept. 2015	197,600	51,000	131,600	15,000
Liabilities under finance leases	30 Sept. 2014	3,173	810	2,363	0
	30 Sept. 2015	3,434	735	2,289	410
Investment credits	30 Sept. 2014	15,537	2,007	7,202	6,328
	30 Sept. 2015	13,529	1,998	6,514	5,017
<b>TOTAL</b>	<b>30 SEPT. 2014</b>	<b>178,411</b>	<b>23,817</b>	<b>148,265</b>	<b>6,328</b>
	<b>30 SEPT. 2015</b>	<b>214,564</b>	<b>53,733</b>	<b>140,403</b>	<b>20,427</b>

Future cash flows of principal and interest relating to these financial liabilities, not discounted to present value, are as follows:

(€000S)	Falling due within 1 year	Falling due From 1 to 5 yrs.	Falling due over 5 years	Total
At 30 Sept. 2014	26,397	153,700	7,192	187,289
<b>AT 30 SEPT. 2015</b>	<b>56,565</b>	<b>146,906</b>	<b>21,602</b>	<b>225,073</b>

### Credit lines available in the form of fixed term advances:

As at 30 September 2015, Ascencio had €231 million in credit lines with six banks (BNP Paribas Fortis, ING, CBC, Belfius, CPH and Caisse d'Epargne Nord Europe) available in the form of fixed term advances with due dates ranging from 2015 to 2022.

As at 30 September 2015, the unutilised portion of these lines amounted to €33.4 million.

### Investment credits:

As at 30 September 2015, Ascencio had €13.5 million in investment credits with French banks, with maturities ranging from 2015 to 2027. The majority of these investment credits are at fixed rates of interest.

As at 30 September 2015, financial liabilities consisted of:

- €176,758,000 of floating rate debt
- €37,806,000 of fixed-rate debt.

The carrying amount of the variable rate financial liabilities is an approximation to their fair value. Based on Ascencio's financing conditions as at 30 September 2015, the fair value of fixed rate financial liabilities is estimated at €35,457,000. This estimate is mentioned for information purposes.

The carrying amount of fixed-rate liabilities corresponds to their amortised cost.

During the financial year 2014/2015, the average cost of the financial liabilities (including margins) was:

- 3.47% after the impact of interest rate hedging instruments (interest charges paid in respect of IRS)
- 1.55% before the impact of interest rate hedging instruments.

The liquidity and counterparty risks and the risk associated with the cost of financing are described in Note 3 – Management of financial risks.

## NOTE 16: FINANCIAL INSTRUMENTS

The Company's current indebtedness is based mainly on variable rate borrowings. With a view to limiting the interest rate risk associated with this type of financing, the Company has put in place an interest rate risk hedging policy.

As at 30 September 2015, the hedging ratio<sup>2</sup> was 73.5%.

As at 30 September 2015, hedging consisted of eight IRS, including one callable IRS, on a total notional amount of €120,000,000 compared with €120,581,000 as at 30 September 2014.

Type	Bank	Notional amount at 30 Sept. 2015	Start date	End date	Fixed rate	Variable rate	Fair value (€000s)	
							30 Sept. 2015	30 Sept. 2014
IRS	BNP Paribas Fortis	20,000	28 July 2007	30 Sept. 2022	3.70%	3-mth. EURIBOR	-4,512	-4,741
Callable IRS	ING	50,000	30 June 2008	30 June 2018	4.35%	3-mth. EURIBOR	-6,056	-7,924
IRS	ING	7,500	12 Aug. 2011	12 Aug. 2018	2.39%	3-mth. EURIBOR	-545	-667
IRS	CBC	7,500	12 Aug. 2011	12 Aug. 2021	2.76%	3-mth. EURIBOR	-1,165	-1,165
IRS	BNP Paribas Fortis	10,000	29 Feb. 2012	28 Feb. 2019	1.80%	3-mth. EURIBOR	-617	-705
IRS	BELFIUS	5,000	29 Feb. 2012	28 Feb. 2019	1.81%	3-mth. EURIBOR	-311	-354
IRS	ING	10,000	30 June 2013	30 June 2020	1.50%	3-mth. EURIBOR	-623	-630
IRS	BELFIUS	10,000	3 July 2013	3 July 2020	1.50%	3-mth. EURIBOR	-660	-661
IRS	CIC	0	15 Oct. 2007	15 Oct. 2014	4.57%	3-mth. EURIBOR	0	-4
IRS	CIC	0	31 Oct. 2007	31 Oct. 2014	4.57%	3-mth. EURIBOR	0	-3

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

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

Ascencio does not apply hedge accounting to the financial hedging instruments that it holds. Therefore these instruments are considered as instruments held for trading under IFRS, and changes in their market value are recognised directly and in full in 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.

<sup>2</sup> Hedging ratio = (fixed-rate borrowings + notional rate of IRS) / total borrowings

Since the end of the financial year, Ascencio has entered into three additional interest rate hedging contracts:

- the purchase of a cap at 0.25% over 3-month EURIBOR covering the period from 31 December 2015 to 31 December 2017 on a notional amount of €20 million;
- an IRS at 0.375% against 3-month EURIBOR covering the period from 30 June 2018 to 30 June 2020 on a notional amount of €20 million;
- an IRS at 0.29% against 3-month EURIBOR covering the period from 30 June 2018 to 30 June 2020 on a notional amount of €10 million;

For the financial year ended 30 September 2015, the financial result is income of €2.36 million (as against a charge of €3.55 million for the year ended 30 September 2014), representing the change in fair value of financial instruments to which hedge accounting in the meaning of IAS 39 is not applied. This income item does not affect the Company's cash flow. At the final expiry date of each financial instrument, its value will be zero and the changes in value recognised from one financial year to another will have been entirely reversed out of profit and loss.

A simulation carried out indicates that an additional fall of 25 basis points in long-term (10-year) interest rates would lead to a (non-monetary) charge of €1.24 million).

The risk associated with hedging instruments is described in Note 3 – Management of financial risks.

These financial instruments are all “level 2” derivative products in the meaning of IFRS 7.

The net cash flows, not discounted to present value, of the financial hedging instruments at balance sheet date (30 September 2015) were as follows:

- Falling due within one year: €3,920,000
- Falling due at between one and five years: €9,838,000
- Falling due at more than five years: €1,680,000

## NOTE 17: OTHER NON-CURRENT FINANCIAL LIABILITIES

(€000S)	30 Sept. 2015	30 Sept. 2014
Authorised hedging instruments	14,489	16,854
Other	1,422	1,191
<b>TOTAL</b>	<b>15,912</b>	<b>18,045</b>

## NOTE 18: TRADE DEBT AND OTHER NON-CURRENT DEBTS

(000 EUR)	30 Sept. 2015	30 Sept. 2014
Trade debts	0	0
Other	856	1,284
<b>TOTAL</b>	<b>856</b>	<b>1,284</b>

## NOTE 19: DEFERRED TAX LIABILITIES

As at 30 September 2015 the balance of “Deferred tax liabilities” represented the estimated amount of exit tax that would be payable on the event of the merger by absorption of subsidiary Primmodev S.A. and the deferred tax (5% withheld at source) on unrealised capital gains on French assets.

## NOTE 20: OTHER CURRENT LIABILITIES

(€000S)	30 Sept. 2015	30 Sept. 2014
Suppliers	4,903	4,233
Tenants	280	265
Taxes, salaries and social charges	1,675	2,260
<b>TOTAL</b>	<b>6,858</b>	<b>6,759</b>

The heading "Taxes, salaries and social charges, basically comprises

- VAT payable, mainly in respect of rental of properties in France. In France, unlike Belgium, rentals for commercial properties are subject to VAT.
- and, as at 30 September 2015, corporation tax due by subsidiary Moyennes Surfaces Spécialisées S.A. (absorbed on 18 December 2014 by Ascencio) and the tax due by the French branch (5% withholding on the statutory profit established on the basis of French accounting standards).

## NOTE 21: ACCRUED CHARGES AND DEFERRED INCOME

(€000S)	30 Sept. 2015	30 Sept. 2014
Property income received in advance	450	70
Accrued interest and other charges not yet dues	1,194	998
Other	0	0
<b>TOTAL</b>	<b>1,644</b>	<b>1,068</b>

The heading "Accrued interest and other charges not yet due" relates mainly to the remuneration of the Statutory Manager, the Directors of the Statutory Manager and pro-rata of interest.

## NOTE 22: RENTAL INCOME

(€000S)	30 Sept. 2015	30 Sept. 2014
Rents	36,016	32,753
Guaranteed income	0	0
Cost of rent-free periods	-38	-37
Concessions granted to tenants (incentives)	0	0
Indemnification for early termination of rental contracts	0	0
Finance lease fees and similar	0	0
<b>TOTAL</b>	<b>35,978</b>	<b>32,715</b>

## NOTE 23: CHARGES LINKED TO LETTING

(000 EUR)	30 Sept. 2015	30 Sept. 2014
Rents payable on rented premises	0	0
Write-downs on trade receivables	125	186
Write-back of write-downs on trade receivables	-25	-80
<b>TOTAL</b>	<b>100</b>	<b>106</b>

## NOTE 24: RECOVERY OF RENTAL CHARGES AND TAXES NORMALLY PAID BY THE TENANT ON LET PROPERTIES

(€000S)	30 Sept. 2015	30 Sept. 2014
Rebilling of rental charges invoiced to the landlord	2,174	1,874
Rebilling of property taxes and other taxes on let properties	3,488	2,954
<b>TOTAL</b>	<b>5,662</b>	<b>4,828</b>

For certain tenants, rental charges are periodically invoiced in the form of provisions and are thus recovered from the tenants before being effectively incurred by the Company. There may be a slight timing mismatch between charges actually billed to tenants and those effectively incurred by the Company, since the regularisation is performed annually.

## NOTE 25: RENTAL CHARGES AND TAXES NORMALLY PAID BY THE TENANT ON LET PROPERTIES

(€000S)	30 Sept. 2015	30 Sept. 2014
Rental charges invoiced to the landlord	-2,431	-1,895
Property taxes and other taxes on let properties	-3,721	-3,105
<b>TOTAL</b>	<b>-6,152</b>	<b>-5,000</b>

## NOTE 26: TECHNICAL COSTS

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>RECURRING TECHNICAL COSTS</b>		
- Repairs	-899	-811
- Total-guarantee charge	0	0
- Insurance premiums	0	0
<b>NON-RECURRING TECHNICAL COSTS</b>		
- Major repairs	0	0
- Damage expenses	0	0
<b>TOTAL</b>	<b>-899</b>	<b>-811</b>

Technical costs represent expenses incurred for works on investment properties. They are charged to the operating profit and loss of the properties if they do not bring about economic benefits.

## NOTE 27: COMMERCIAL COSTS

(€000S)	30 Sept. 2015	30 Sept. 2014
Letting fees paid to real estate brokers	-184	-7
Advertising and marketing expenses relating to the properties	-72	-6
Fees paid to lawyers and other legal costs	-48	-23
<b>TOTAL</b>	<b>-304</b>	<b>-36</b>

## NOTE 28: PROPERTY MANAGEMENT COSTS

(€000S)	30 Sept. 2015	30 Sept. 2014
Fees paid to external managers	-150	-292
Internal property management charges	-794	-775
<b>TOTAL</b>	<b>-944</b>	<b>-1,067</b>

## NOTE 29: OTHER PROPERTY CHARGES

(€000S)	30 Sept. 2015	30 Sept. 2014
Insurance	-31	-27
Taxes and duties for landlord's account	-25	-94
Property renting, emphyteuses, rental charges	-105	-108
Other	0	1
<b>TOTAL</b>	<b>-161</b>	<b>-228</b>

**NOTE 30: CORPORATE OVERHEADS**

(€000S)	30 Sept. 2015	30 Sept. 2014
Employee benefits	-717	-776
Remuneration of the Statutory Manager	-754	-616
Remuneration of Directors	-135	-119
Operating costs	-417	-439
Fees	-540	-551
Tax on UCIs	-244	-199
<b>TOTAL</b>	<b>-2,807</b>	<b>-2,700</b>

**NOTE 31: OTHER OPERATING INCOME AND CHARGE**

(€000S)	30 Sept. 2015	30 Sept. 2014
Other operating income	57	5
Depreciation	-64	-79
Other	-6	-30
<b>TOTAL</b>	<b>-12</b>	<b>-104</b>

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

(€000S)	30 Sept. 2015	30 Sept. 2014
Losses on disposals of investment properties	-70	-256
Gains on disposals of investment properties	20	142
<b>TOTAL</b>	<b>-50</b>	<b>-114</b>

(€000S)	30 Sept. 2015	30 Sept. 2014
Net sales of properties (selling price - transaction costs)	3,185	8,286
Carrying amount of properties sold	-3,235	-8,400
<b>TOTAL</b>	<b>-50</b>	<b>-114</b>

**NOTE 33: CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES**

(€000S)	30 Sept. 2015	30 Sept. 2014
Positive changes in the fair value of investment properties	4,918	7,467
Negative changes in the fair value of investment properties	-7,436	-7,618
<b>TOTAL</b>	<b>-2,518</b>	<b>-151</b>

**NOTE 34: FINANCIAL INCOME**

(€000S)	30 Sept. 2015	30 Sept. 2014
Interest and dividends received	1	9
<b>TOTAL</b>	<b>1</b>	<b>9</b>

**NOTE 35: NET INTEREST CHARGES**

(€000S)	30 Sept. 2015	30 Sept. 2014
(-) Nominal interest on borrowings	-2,973	-3,193
(-) Reconstitution of the face value of financial debts	0	0
(-) Charges arising from authorised hedging instruments	-3,872	-3,610
<i>Authorised hedging instruments to which IFRS hedge accounting is not applied</i>	-3,872	-3,610
(+) Income arising from authorised hedging instruments	0	0
(-) Other interest expense	-1	-4
<b>TOTAL</b>	<b>-6,846</b>	<b>-6,807</b>

**NOTE 36: OTHER FINANCIAL CHARGES**

(€000S)	30 Sept. 2015	30 Sept. 2014
Bank charges and other commissions	-195	-215
<b>TOTAL</b>	<b>-195</b>	<b>-215</b>

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

(€000S)	30 Sept. 2015	30 Sept. 2014
Authorised hedging instruments		
<i>Authorised hedging instruments to which IFRS hedge accounting is not applied</i>	2,364	-3,553
<b>TOTAL</b>	<b>2,364</b>	<b>-3,553</b>

**NOTE 38: CORPORATE TAX**

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>PARENT COMPANY</b>		
Pre-tax result	22,869	14,307
Result exempted from income tax due to the RREC regime	-22,869	-14,307
Taxable result	0	0
Tax at standard rate	0	0
Other taxes	-86	-137
Deferred taxes	-235	0
<b>SUBSIDIARIES</b>		
Current tax	-274	-1,092
<b>TOTAL</b>	<b>-595</b>	<b>-1,229</b>

Ascencio has the status of a public B-REIT. This status provides for the application of Belgian corporation tax at the standard rate of 33.99% to a reduced tax base, i.e. mainly on its non-allowable expenses.

The heading "Parent company - Other taxes" comprises the 5% withholding tax at source on the statutory profit of the French branch established on the basis of French accounting standards.

Subsidiaries' tax payable consists of corporation tax of subsidiaries not operating under the same tax regime as the Company. The subsidiary Primmodev S.A. is subject to standard Belgian corporation tax and as such is taxed at the standard rate of 33.99% on its taxable income. The subsidiary Moyennes Surfaces Spécialisées S.A. was also subject to standard Belgian corporation tax until it was absorbed by Ascencio on 18 December 2014.

Deferred taxation represents the estimated amount of deferred taxation (5% withholding at source) on unrealised capital gains on French assets.

## NOTE 39: EXIT TAX

The amount of €43,000 represents the difference between the amount of exit tax actually charged on the merger by absorption of the subsidiary Moyennes Surfaces Spécialisées S.A. and the amount initially set aside as a provision for this.

In 2013/2014 the amount of exit tax (€1,192,000) corresponded to the tax charge associated with the adoption of the status of SIIC by the French subsidiary Les Portes du Sud, owner of a retail park in Chalon-sur-Saône, acquired in December 2013.

## NOTE 40: EARNINGS PER SHARE

The basic EPS is obtained by dividing the net profit for the financial year (numerator) by the weighted average number of shares in circulation during the financial year (denominator).

The diluted EPS is identical, since the Company has no diluting instruments.

	30 Sept. 2015	30 Sept. 2014
Net result for the financial year - (€000s)	22,547	14,170
Weighted average number of shares in circulation	6,182,768	5,131,646
<b>NETR RESULT PER SHARE (BASIC AND DILUTED) (EUROS)</b>	<b>3.65</b>	<b>2.76</b>

The weighted average number of shares during the financial year ended 30 September 2014 consisted of

- the 4,226,061 shares in existence at the beginning of the financial year;
- the 1,811,169 new shares issued on 31 March 2014, weighted 50%.<sup>3</sup>

The weighted average number of shares during the financial year ended 30 September 2015 consisted of

- the 6,037,230 shares in existence at the beginning of the financial year;
- the 145,538 new shares issued on 26 February 2015, weighted 100%.<sup>4</sup>

## NOTE 41: INFORMATION ON RELATED PARTIES

We report hereunder the amounts of transactions carried out with co-promoters Carl Mestdagh, Eric Mestdagh and John Mestdagh on the one hand and AG Real Estate on the other, as well as with parties related to the co-promoters.

(€000S)	30 Sept. 2015	30 Sept. 2014
<b>RENTAL INCOME</b>		
Mestdagh SA	3,678	3,687
Equilis SA	63	63
<b>PURCHASE OF SERVICES</b>		
Equilis SA	0	0
Remuneration of the Statutory Manager	754	616
Remuneration of Manager's Directors	135	119
<b>ASSETS</b>		
Trade receivables Mestdagh S.A.	224	239
Trade receivables Equilis S.A.	0	1

The remuneration granted to executives of the Statutory Manager is referred to in Note 37 hereunder.

Apart from this, on 17 March 2015 Ascencio acquired all the shares in Primmodev S.A. from Carl, Eric and John Mestdagh. This transaction is more fully described in the section Corporate Governance – Conflicts of interest of this Annual Report, as well as in Note 6.A above.

<sup>3</sup> The 1,811,169 new shares issued on 31 March 2014 conferred the right to a dividend for financial year 2013/2014 corresponding to half of that to which existing (pre-capital increase) shares were entitled.

<sup>4</sup> The 145,538 new shares issued on 26 February 2015 are entitled to dividends with effect from 1 October 2014.

## NOTE 42: MANAGERS' REMUNERATION

The remuneration of Ascencio S.A., the Statutory Manager, is set at 4% of the amount of the gross dividend distributed, namely €754,000 for the financial year last ended (€616,000 for the previous financial year). This amount will to be paid until after the Ordinary General Meeting of Shareholders of Ascencio S.C.A.

Additionally, attendance fees paid by Ascencio S.A. to its directors for their attending Board and Audit Committee meetings amounted to €135,000 for the financial year last ended (€119,000 for 2013/2014).

These amounts are passed on by Ascencio S.A. to the Company. The breakdown of these amounts is shown in the report on remuneration above. This remuneration will not be paid until after the Ordinary General Meeting of Shareholders of Ascencio S.C.A.

Lastly, remuneration of the Company's executives, SPRL Somabri, Stéphanie Vanden Broecke and Michèle Delvaux amounted to €603,000 for the financial year last ended.

## NOTE 43: SUBSIDIARIES

SUBSIDIARIES	Held directly	Held indirectly
ETUDIBEL S.A. Avenue Jean Mermoz 1, Building H, Box 4, 6041 Gosselies Company number BE 883,633,970	100%	None
SCI CANDICE BRIVES - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI ECHIROLLES GRUGLIASCO, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI HARFLEUR 2005, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI KEVIN, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI LA PIERRE DE L'ISLE, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI MAS DES ABEILLES, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI ZTF ESSEY LES NANCY, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI CANNET JOURDAN, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI DE LA COTE, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI DU ROND POINT - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI SEYNOD BARRAL - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI CLERMONT SAINT JEAN - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI SAINT AUNES RETAIL PARK - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI LES HALLES DE CRECHES - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI LES HALLES DE LOZANNE - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
SCI LES PORTES DU SUD - Tour Opus 12 - La Défense 9 77 Esplanade du Général de Gaulle - 92914 Paris La Défense - France	100%	None
S.A. PRIMMODEV 1/4 Avenue Jean Mermoz, 6041 Gosselies, Belgium	100%	None

**NOTE 44: FEES OF THE STATUTORY AUDITOR AND RELATED PERSONS**

(€000S)	30 Sept. 2015	30 Sept. 2014
Audit of the financial statements	40	40
Other assignments carried out by the Statutory Auditor	16	111
<b>TOTAL</b>	<b>56</b>	<b>151</b>

All amounts are expressed exclusive of VAT

**NOTE 45: EVENTS AFTER THE REPORTING PERIOD**

On 9 November 2015 Ascencio signed a commitment concerning the sale of the Grand Bazar in Verviers with the City of Verviers. Signing of the official deed is scheduled for December 2015, subject to lifting of the condition precedent, being the approval of the draft deed by the Town Council.

# REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

## To the Shareholders

In accordance with the legal and statutory provisions, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated financial statements as defined hereunder, together with our report on other legal and regulatory obligations. These consolidated financial statements comprise the consolidated balance sheet as at 30 September 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

### Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of Ascencio S.C.A. and its subsidiaries (together the «group»), prepared using accounting methods in accordance with the IFRS as adopted by the Royal Decree of 13 July 2014 on regulated real estate companies, and with the legal and regulatory provisions applicable in Belgium. The consolidated statement of financial position shows total assets of €531,265,000 and the consolidated income statement shows a consolidated profit (attributable to the group) for the year then ended of €22,547,000.

#### *Responsibility of the Manager relating to the preparation and approval of the consolidated financial statements*

The Manager is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the Royal Decree of 13 July 2014 on regulated real estate companies and with the legal and regulatory provisions applicable in Belgium, and for putting place such internal control as it deems necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

#### *Responsibility of the statutory auditor*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with international auditing standards. These standards require us to comply with ethical requirements and to plan and carry out the audit with a view to obtaining reasonable assurance that the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts contained and disclosures made in the consolidated financial statements. The choice of procedures, including those used to assess the risk of the consolidated financial statements containing any material misstatement, whether due to fraud or error, depends on the statutory auditor's judgment. In assessing this risk, the statutory auditor takes into account the group's internal control as it relates to the preparation and fair presentation of the consolidated financial statements in order to establish audit procedures that are appropriate in the circumstances, not with a view to expressing an opinion on the effectiveness of the group's internal control. An audit also involves assessing the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by the Manager and the overall presentation of the consolidated financial statements. We obtained from the group's officials and the Manager the explanations and information required for our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Unqualified opinion*

In our opinion, the consolidated financial statements of Ascencio S.C.A. give a true and fair view of the group's assets and financial position as at 30 September 2015 and of its consolidated results and cash flows for the financial year then ended, drawn up using accounting principles in accordance with the International Financial Reporting Standards (IFRS) as adopted by the Royal Decree of 13 July 2014 on regulated real estate companies and with the legal and regulatory provisions applicable in Belgium.

**Report on other legal and regulatory obligations**

The Manager is responsible for the preparation and content of the Management Report on the consolidated financial statements. As part of our assignment, it is our responsibility to verify, in all material respects, compliance with certain legal and regulatory obligations. On this basis, we make the following additional statement, which does not affect our opinion on the consolidated financial statements:

- The Management Report on the consolidated financial statements deals with information required by law, is consistent in all material respects with the consolidated financial statements and is free of manifest inconsistencies with the information of which we became aware in the performance of our assignment.

Diegem, 10 December 2015  
Statutory auditor

DELOITTE Reviseurs d'Entreprises  
SC s.f.d. SCRL  
Represented by Rik Neckebroeck

## STATUTORY ACCOUNTS

ASSETS (€000S)	30 Sept. 2015	30 Sept. 2014
<b>ASSETS</b>		
<b>I NON-CURRENT ASSETS</b>		
A Goodwill	0	0
B Intangible assets	121	161
C Investment properties	400,112	312,413
D Other tangible assets	873	876
E Non-current financial assets	64,592	108,585
F Finance lease receivables	0	0
G Trade receivables and other non-current assets	0	0
H Deferred tax assets	0	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>465,699</b>	<b>422,035</b>
<b>II CURRENT ASSETS</b>		
A Assets held for sale	0	6,884
B Current financial assets	0	0
C Finance lease receivables	0	0
D Trade receivables	2,214	1,840
E Tax receivables and other current assets	40,526	25,965
F Cash and cash equivalents	1,810	1,577
G Deferred charges and accrued income	178	435
<b>TOTAL CURRENT ASSETS</b>	<b>44,728</b>	<b>36,701</b>
<b>TOTAL ASSETS</b>	<b>510,427</b>	<b>458,735</b>

EQUITY AND LIABILITIES (€000S)	30 Sept. 2015	30 Sept. 2014
<b>EQUITY</b>		
A Capital	36,180	35,306
B Share premium account	234,055	226,932
C Reserves	-5,325	-2,428
<i>a. Legal reserve</i>	0	0
<i>b. Reserve for changes in fair value of properties</i>	8,765	8,909
<i>c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties</i>	-9,786	-8,107
<i>e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied</i>	-16,847	-13,221
<i>m. Other reserves</i>	12,544	9,991
D Net result for the financial year	22,547	14,170
<b>TOTAL EQUITY</b>	<b>287,457</b>	<b>273,980</b>
<b>LIABILITIES</b>		
<b>I NON-CURRENT LIABILITIES</b>		
A Provisions	362	764
B Non-current financial debt	149,299	138,844
<i>a. Credit institutions</i>	146,600	138,700
<i>b. Finance leases</i>	2,699	144
C Other non-current financial liabilities	16,027	18,439
D Trade debts and other non-current debts	0	0
E Other non-current liabilities	0	0
F Deferred tax liabilities	235	0
<b>NON-CURRENT LIABILITIES</b>	<b>165,923</b>	<b>158,047</b>
<b>CURRENT LIABILITIES</b>		
A Provisions	0	0
B Current financial debts	51,735	21,422
<i>a. Credit institutions</i>	51,000	21,000
<i>b. Finance leases</i>	735	422
C Other current financial liabilities	0	0
D Trade debts and other current debts	4,115	4,316
<i>a. Exit tax</i>	0	0
<i>b. Other</i>	4,115	4,316
E Other current liabilities	0	0
F Accrued charges and deferred income	1,197	970
<b>CURRENT LIABILITIES</b>	<b>57,047</b>	<b>26,708</b>
<b>TOTAL LIABILITIES</b>	<b>222,970</b>	<b>184,755</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>510,427</b>	<b>458,735</b>

(€000S)	30 Sept. 2015	30 Sept. 2014
I Rental income	27,477	22,638
II Write-back of lease payments sold and discounted	0	0
III Charges linked to letting	-44	-106
<b>NET RENTAL RESULT</b>	<b>27,433</b>	<b>22,532</b>
IV Recovery of property charges	0	0
V Recovery of rental charges and taxes normally paid by the tenant on let properties	4,089	3,230
VI Costs payable by tenants and borne by the landlord for rental damage and redecoration at the end of the lease.	0	0
VII Rental charges and taxes normally paid by the tenant on let properties	-4,524	-3,438
VIII Other revenue and charges for letting	170	9
<b>PROPERTY RESULT</b>	<b>27,168</b>	<b>22,333</b>
IX Technical costs	-847	-749
X Commercial costs	-303	-33
XI Rental charges and taxes on unlet properties	0	0
XII Property management expenses	-898	-863
XIII Other property charges	-79	-179
<b>PROPERTY CHARGES</b>	<b>-2,127</b>	<b>-1,824</b>
<b>PROPERTY OPERATING RESULT</b>	<b>25,041</b>	<b>20,509</b>
XIV Corporate overheads	-2,590	-2,311
XV Other operating income and charges	114	94
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>22,565</b>	<b>18,292</b>
XVI Gains and losses on disposals of investment properties	-50	-114
XVII Net gains and losses on disposal of other non-financial assets	0	0
XVIII Changes in the fair value of investment properties	-2,752	-227
XIX Other result on the portfolio	0	-85
<b>OPERATING RESULT</b>	<b>19,763</b>	<b>17,866</b>
XX Financial income	6,994	6,253
XXI Net interest charges	-6,296	-6,057
XXII Other financial charges	-184	-204
XXIII Changes in fair value of financial assets and liabilities	2,592	-3,551
<b>FINANCIAL RESULT</b>	<b>3,106</b>	<b>-3,559</b>
<b>PRE-TAX RESULT</b>	<b>22,869</b>	<b>14,307</b>
XXIV Corporate tax	-321	-137
XXV Exit Tax	0	0
<b>TAXES</b>	<b>-321</b>	<b>-137</b>
<b>NET RESULT</b>	<b>22,547</b>	<b>14,170</b>
- Net result - group share	22,547	14,170
- Net result - Non-controlling interests	0	0
<b>Basic net result and diluted (€/share, group share)</b>	<b>3.65</b>	<b>2.76</b>

STATEMENT OF COMPREHENSIVE INCOME		30 Sept. 2015	30 Sept. 2014
<b>I</b>	<b>NET RESULT</b>	<b>22,547</b>	<b>14,170</b>
<b>II</b>	<b>OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT</b>		
	A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-1,679	-2,745
	G. Other comprehensive income (*)	8	42
	<b>Total comprehensive income for the year</b>	<b>20,876</b>	<b>11,467</b>
	Attributable to - Group share	20,876	11,467
	- Non-controlling interests	0	0

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

### Statutory appropriation account

PROPOSED APPROPRIATION (€000S)		30 Sept. 2015	30 Sept. 2014
<b>A.</b>	<b>NET RESULT</b>	<b>22,547</b>	<b>14,170</b>
<b>B.</b>	<b>TRANSFERS TO/FROM RESERVES</b>	<b>3,690</b>	<b>-1,225</b>
1.	Transfer to/from reserves of net change in fair value of property assets (-/+)	-2,518	-152
	- accounting financial year	-2,518	-152
	- previous financial years	0	0
	- realisation of property assets	0	0
2.	Transfer to/from reserves of transaction costs resulting from hypothetical disposal of investment properties (-/+)	0	0
3.	Transfer to reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (-)	0	0
4.	Transfer from reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (+)	0	0
5.	Transfer to reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (-)	2,358	-3,626
	- accounting financial year	2,358	-3,626
	- previous financial years	0	0
6.	Transfer from reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (+)	0	0
	- accounting financial year	0	0
	- previous financial years	0	0
7.	Transfers to/from reserves of net differences on conversion of monetary assets and liabilities (-/+)	0	0
8.	Transfers to/from reserves of fiscal latencies related to investment properties abroad (-/+)	0	0
9.	Transfers to/from reserves of the received dividends aimed at the reimbursement of financial debts (-/+)	0	0
10.	Transfer to/from other reserves	3,850	2,553
11.	Transfer to/from the result carried forward of the previous years (-/+)	0	0
<b>C.</b>	<b>REMUNERATION OF CAPITAL (ART. 13, SECTION 1, PARA. 1)</b>	<b>18,292</b>	<b>14,658</b>
<b>D.</b>	<b>REMUNERATION OF CAPITAL - OTHER THAN C</b>	<b>565</b>	<b>737</b>

# GENERAL INFORMATION

## IDENTIFICATION

### Name

The name of the company is «Ascencio» preceded or followed by the words «Société Immobilière Réglementée publique de droit belge» (Public Regulated Real Estate Company (REIT) under Belgian Law) or «SIR publique de droit belge» (Public REIT under Belgian Law).

### Incorporation, legal form and publication

The company was incorporated as a société en commandite par actions (corporate partnership limited by shares) on 10 May 2006 by deed drawn up by notary Olivier Vandebroucke, in Lambusart (Fleurus) and executed before notary Louis-Philippe Marcelis, published in extract in the Appendices to the Belgian Official Gazette of 24 May 2006 under number 06087799.

The Coordinated Articles of Association are available on Ascencio's website: [www.ascencio.be](http://www.ascencio.be).

### Head office

The registered office is established at Avenue Jean Mermoz, 1, Box 4, B-6041 Charleroi (Gosselies). Ascencio's French branch is established at Tour Opus 12, La Défense 9, Esplanade du Général de Gaulle 77, 92914 Paris La Défense.

### Corporate object – Article 4 of the Articles of Association

The Company's exclusive corporate object is:

- (a) to make properties available to users, either directly or through a company in which it holds an interest in accordance with the provisions of the B-REIT regulations and;
- (b) within the limits set by the B-REIT regulations, to hold the real estate assets referred to in Article 2, section 5, vi to x of the B-REIT Act.

Property (or real estate) asset is understood as:

- i. properties as defined in Articles 517 et seq. of the Belgian Civil Code, and rights in rem to properties, excluding properties of a forestry, agricultural or mining nature;
- ii. shares or units with voting rights issued by real estate companies under the exclusive or joint control of the Company;
- iii. option rights on property assets;
- iv. shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case that joint or exclusive control over these companies is exercised by the Company;
- v. the rights deriving from contracts making one or more assets available to the Company under a finance lease or conferring other analogous rights of use;
- vi. shares in public «SICAFIs» (sociétés d'investissement à capital fixe en immobilier, or «fixed capital real estate investment companies»);
- vii. units in foreign collective real estate funds included in the list referred to in Article 260 of the Law of 19 April 2014 on alternative investment funds and their managers;
- viii. units in collective real estate funds established in another Member State of the European Economic Area and not included in the list referred to in Article 260 of the Law of 19 April 2014 on alternative investment funds and their managers, providing they are subject to supervision equivalent to that applying to public SICAFIs (fixed capital real-estate investment companies);
- ix. shares or units issued by companies (i) with legal personality; (ii) under the law of another Member State of the European Economic Area; (iii) whose shares are admitted to trading on a regulated market and/or are subject to prudential supervision; (iv) whose main activity consists in acquiring or building properties in order to make them available to users, or directly or indirectly holding equity interests in certain types of entities with a similar corporate object; and (v) that are exempt from income tax as regards profits deriving from the activity referred to in (iv) above, subject to compliance with constraints pertaining at least to the legal obligation to distribute part of their income to their shareholders (real estate investment trusts, or «REITs»);
- x. real estate certificates as referred to in Article 5, section 4 of the Law of 16 June 2006.

In the context of the making available of properties, the company can, in particular, perform all activities relating to the construction, rebuilding, renovation, development, acquisition, disposal, management and operation of properties.

On an ancillary or temporary basis, the Company may make investments in negotiable securities which are not property assets in the meaning of the B-REIT regulations. These investments must be made in compliance with the risk management policy adopted by the Company and diversified so as to ensure an appropriate spread of risks. The Company may also hold unallocated liquid assets, in any currency, in the form of sight or term deposits or any monetary market instruments that can easily be realised.

It may also carry out transactions with hedging instruments, with the exclusive aim of hedging the interest rate and exchange risk in the context of the financing and management of the Company's property assets, and excluding any transaction of a speculative nature.

The company may lease (as lessee) or lease out (as lessor) one or more properties. The activity of leasing out properties with a purchase option may be carried out only as an incidental activity, unless these properties are intended for purposes of public interest, including social housing and education (in which case the activity may be carried on as the main activity).

The Company may, by way of merger or otherwise, take an interest in any businesses, undertakings or companies having a similar or related object and which are of a nature such as to favour the development of its business, and, in general, carry out any transactions directly or indirectly linked to its corporate object as well as all acts that are conducive or necessary to the fulfilment of its corporate object.

The Company is obliged to carry out all its activities and transactions in accordance with the rules and within the limits provided by the B-REIT regulations and all other applicable legislation.

## Duration

The Company was incorporated for an indefinite period.

## Share capital<sup>1</sup>

The share capital is set at €37,096,608. It is represented by 6,182,768 shares without nominal value, each representing a six million one hundred and eighty-two thousand seven hundred and sixty-eighth of the share capital and fully paid up.

There are no shares that do not represent capital.

The Company does not hold any of its own shares, either in its own name or through the intermediary of its subsidiaries.

There are no convertible or exchangeable securities or securities with subscription warrants. There are no rights, privileges or restrictions attaching to any different category of share.

## Authorised capital

The Statutory Manager is authorised to increase the share capital in one or more stages on such dates and terms as it may be determine, by a maximum amount of €36,223,380, in accordance with Article 603 of the Companies Code.

The balance of the authorised capital remains intact.

## General Meetings of Shareholders

The Annual General Meeting of Shareholders shall be held on 31 January each year at 2.30 p.m. or if that day is not a business day, on the immediately preceding business day.

An extraordinary general meeting may be called whenever the Company's interests so require.

The threshold from which one or more shareholders may, in accordance with Article 532 of the Companies Code, require a general meeting of shareholders to be called in order to submit one or more proposals is 5% of all the shares with voting rights.

One or more shareholders, together holding at least 3% of the company's share capital may, in accordance with the provisions of the Companies Code, require the addition of items to be dealt with on the agenda of any general meeting of shareholders, as well as presenting proposed resolutions on the items included or to be included in the agenda. The additional items or proposed resolutions to be dealt with must reach the company no later than the twenty-second (22nd) day preceding the date of the general meeting of shareholders.

Ordinary or extraordinary general meetings of shareholders are held at the registered office or at any other place indicated in the meeting notice.

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<sup>1</sup> At the beginning of the financial year the share capital was €36,223,380

## Admission to the meeting

The registration procedure is as follows:

- Holders of nominative shares must be registered in the register of nominative shares of ASCENCIO on the fourteenth (14th) day preceding the General Meeting of Shareholders, at midnight, Belgian time (the «registration date») for the number of shares for which they wish to participate in the General Meeting of Shareholders.
- Owners of dematerialised shares must notify their financial intermediary or approved account holder not later than the fourteenth (14th) day preceding the General Meeting of Shareholders, at midnight, Belgian time (the «registration date») of the number of shares for which they wish to be registered and for which they wish to participate in the General Meeting of Shareholders.

Only persons who are shareholders on the Registration Date shall be entitled to attend and vote in the General Meeting of Shareholders, irrespective of the number of shares held by the shareholder on the day of the General Meeting of Shareholders.

Confirmation of participation is as follows:

Shareholders intending to attend the General Meeting of Shareholders must give notice of such intention not later than the sixth (6th) day before the date of the meeting. In addition to the registration procedure described above, shareholders must inform Ascencio by ordinary letter, fax or e-mail of their intention to attend the meeting not later than the sixth (6th) day prior to the date of the meeting.

In accordance with Article 533 bis of the Companies Code, shareholders may also have themselves represented by a proxy, using the form of proxy established by the Company. This form can be obtained from the Company's website ([www.ascencio.be](http://www.ascencio.be)) or from the Company on request.

Shareholders wishing to have themselves represented must comply with the registration and confirmation procedure described above, and the original form signed on paper must be sent to the registered office of ASCENCIO not later than the sixth (6th) day prior to the date of the meeting.

The general partner(s) is/are admitted de jure to any General Meeting of Shareholders without having to complete any admission formalities.

Actions necessary to alter the rights of shareholders

Any change to shareholders' rights can be made only by an Extraordinary General Meeting of Shareholders, in accordance with Articles 558 and 560 of the Companies Code.

## Change in the shareholding of Ascencio S.A.- Change of control

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

Apart from this, in the framework of the agreements in to which they have entered, the reference shareholders have granted one another purchase and sale options on the shares in Ascencio S.A. that they hold. <sup>2</sup>

The main features of these options are summarised hereunder:

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

<sup>2</sup> The clause barring the transfer of shares and the right of pre-emption are not applicable however (i) in the event of a sale of shares in Ascencio S.A. by Carl, Eric and John Mestdagh to a member of their family or to a company that is 100% controlled by them or (ii) in the event of a sale of shares in Ascencio S.A. by AG Real Estate to a company which it controls exclusively.

## Provision concerning members of administrative, management and supervisory bodies

The provisions concerning this point are contained in Title IV of the Articles of Association of Ascencio S.C.A.

Article 16 of the Articles of Association of Statutory Manager Ascencio S.A. stipulates that the company is administered by a board composed of at least three directors, shareholders or not, at least three of whom must be independent in the meaning of Article 526 ter of the Companies Code and Appendix A to the Belgian Code of Corporate Governance.

Directors are appointed for a maximum of four years by the Ordinary General Meeting of Shareholders and their appointment may be revoked at any time.

The Board of Directors of the Statutory Manager shall elect a Chairman from among its members and shall meet when called by the Chairman or by two Directors with at least 24 hours prior notice.

The Board of Directors of the Statutory Manager is empowered to perform all such acts as may be necessary or conducive to the fulfilment of the Company's corporate object, with the exception of those reserved by Law or by the Articles of Association to the Ordinary General Meeting of Shareholders. For as long as Ascencio S.A. is the Statutory Manager of the Company, it shall be represented in accordance with its own rules as regards general representation and day-to-day management.

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

The Articles of Association of Ascencio S.C.A. were last amended on 26 February 2015. The Articles of Association are available from the Clerk of the Court of the Charleroi Trade Tribunal, from Ascencio at its registered office, and on its website [www.ascencio.be](http://www.ascencio.be)

## Statutory auditor

The statutory auditor is appointed subject to prior agreement of the FSMA (Financial Services and Markets Authority). It also performs a dual control.

Firstly, in accordance with the Companies Code, it checks and certifies the accounting information in the financial statements.

Secondly, in accordance with the law, it cooperates with the Fame's controls. The FSMA may also ask it to confirm the accuracy of information requested by it.

DELOITTE Réviseurs d'Entreprises, represented by Mr. Rik Neckebroeck, having its registered office at Berkenlaan 8a, 1831 Diegem, was appointed by the Company's Ordinary General Meeting on 31 January 2013 for a term of three years, i.e. until the closure of the 2016 Annual Ordinary General Meeting of Shareholders.

The statutory auditor's annual remuneration for the auditing of the financial statements (company only and consolidated) is €40,000 excluding VAT.

## Property experts

In accordance with applicable legislation, Ascencio S.C.A. calls on several independent experts for regular or ad hoc valuations of its assets.

The experts are not tied, have no equity connections with major shareholders, do not perform any management function in the Company and have no other ties or relations with it of a nature such as might affect their independence.

The experts have the professional integrity required and the appropriate experience to carry out property valuations, and their organisation is appropriate to the exercise of the activity of expert.

The experts are appointed for a maximum term of three years, renewable. An expert may not be entrusted with the valuation of a particular property asset for more than three years. In order to ensure compliance with this rule, the Company has put in place a system of rotation of its experts and of the portion of the portfolio that they value.

At the end of each financial year, the experts value the property assets in detail, and this valuation binds the company for the preparation of the financial statements. Additionally, at the end of each of the first three quarters of the financial year, the experts update the overall valuation of the property assets in the light of their characteristics and of market developments. The experts also value the Company's property assets whenever the Company issues shares registers with a stock exchange or buys shares other than on the stock exchange.

The experts also value each property asset to be acquired or sold by the Company before the transaction takes place. If the acquisition or sale price of the property asset differs by more than 5% from this valuation to the Company's disadvantage, the transaction concerned must be justified in the Annual Report and, if applicable, the interim (half-yearly) report.

The value of the portfolio is estimated on a quarterly and annual basis.

The remuneration of the property experts, excluding VAT, is set on a flat basis per property valued. Experts' fees for the financial year last ended amounted to €76,000 to JLL for the valuation of part of the Belgian portfolio and of the French portfolio, €54,000 to Cushman & Wakefield for the valuation of part of the Belgian portfolio and €13,000 to CBRE for the valuation of part of the Belgian portfolio.

The Company's real estate experts are:

## In Belgium

Legal persons	Natural persons	Addresses	Start of term of office	End of term of office
JLL	Arnaud Van de Werve	Avenue Marnix 23 - 1000 Brussels	1 Oct. 2012	30 Sept. 2015
Cushman & Wakefield	Jérôme Lits	Avenue des Arts 56 - 1000 Brussels	1 Oct. 2012	30 Sept. 2015
CB Richard Ellis	Pierre Van der Vaeren	Avenue Lloyd George 7 - 1000 Brussels	1 July 2014	30 June 2017

## In France

JLL	Nicolas Cadoux	Avenue Mermoz 55 69 006 Lyon	1 Oct. 2012	30 Sept. 2015
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Terms of office expiring at the end of the past financial year will be the subject of new negotiation aimed at ensuring rotation of experts.

## Financial services

For its financial services the Company relies on BNP Paribas Fortis Banque S.A.

## Historical information included by reference

The annual financial reports, interim announcements and half-yearly financial reports of the past three financial years are included by reference in this document and may be consulted at the Company's registered office or downloaded from Ascencio's website ([www.ascencio.be](http://www.ascencio.be)).

The conclusions of the property experts updated at the end of the first three quarters in accordance with applicable legislation are also included by reference (Article 47 section 2 of the B-REIT Act).

## Place where documents accessible to the public can be consulted

Throughout the year of validity of the registration document, the following documents can be consulted in physical form at the Company's registered office or via its website:

- Deed of Incorporation and Articles of Association
- Historical financial information on the Company
- Press releases

Interested persons can consult the press releases and the mandatory financial disclosures on the website [www.ascencio.be](http://www.ascencio.be). They may also register free of charge to receive press releases by e-mail.

## LEGAL FRAMEWORK

### STATUS OF PUBLIC REGULATED REAL ESTATE COMPANY (SIRP)

From its establishment in 2006, Ascencio held the status of a «SICAFI» (société d'investissement à capital fixe en immobilier, or «Belgian REIT»).

On 18 December 2014, Ascencio adopted the status of «SIRP» (Société Immobilière Réglementée Publique or Public Regulated Real Estate Company, hereinafter referred to in the English translation as a «public B-REIT»).

In this capacity, the Company is subject to the provisions of the Law of 12 May 2014 and the Royal Decree of 13 July 2014, («the Law»).

Ascencio is incorporated in the form of an «S.C.A.» (société en commandite par actions or corporate partnership limited by shares), whose Statutory Manager, the general partner, is the société anonyme (public limited company) Ascencio S.A. The functions and powers of the Manager of the public B-REIT are performed by the Board of Directors of Ascencio S.A. or under its responsibility.

As a public B-REIT, the Company benefits from a transparent tax regime. Its results (rental income) are exempt from corporation tax at public B-REIT level but not at the level of its subsidiaries.

In order to preserve its status, the public B-REIT complies with the constraints imposed by the Law, and notably:

- to make property assets available to users, (ii), within the limits of the legal framework, may hold other types of property assets (shares in public SICAFs (closed-ended investment companies), units in mutual funds, shares issued by other REITs and title deeds), and (iii) in making available property assets, may perform all activities relating to the construction, rebuilding, renovation, development (for its own portfolio), acquisition, disposal, management and operation of property assets; the public B-REIT may not act either directly or indirectly as a real estate promoter (except on an occasional basis);
- pursue a strategy aimed at holding its assets in the long term;
- give preference to active management in the exercise of its activities;
- be listed on the stock exchange and maintain a free float of at least 30% of its shares;
- se comply with strict rules concerning conflicts of interest and internal control structures.

The public B-REIT may have subsidiaries controlled exclusively or jointly, with or without the status of institutional B-REIT; the public B-REIT is subject to the prudential control of the FSMA.

### Special regulations applicable to public B-REITs

#### Real estate assets

The B-REIT's assets must be diversified so as to ensure an appropriate spread of risks in terms of property assets, by geographical region and by category of user or tenant; no transaction may lead to more than 20% of its consolidated assets being invested in assets forming «a single property complex».

#### Accounting

European legislation stipulates that public B-REITs, like all other listed companies, must prepare their consolidated annual accounts in accordance with IAS/IFRS. Moreover a public B-REIT (like an institutional B-REIT) must also, in application of the Law, prepare its statutory annual accounts in accordance with IAS/IFRS.

Since investment properties represent the greater part of the assets of a B-REIT, B-REITs must measure these investments at their fair value pursuant to IAS 40.

#### Valuation of properties

The fair value of a given property asset is estimated at the end of each financial year by a property expert. This fair value is updated by the expert at the end each of the first three quarters of the financial year in line with market developments and the characteristics of the property asset concerned. These valuations are binding on public B-REITs as regards the preparation of the financial statements (both statutory and consolidated).

The property expert also sometimes has to value specific property assets on an ad hoc basis. Such is the case, inter alia, on the occasion of an issue of shares or a merger, split or similar transaction.

A property asset held by a public B-REIT is not depreciated.

### Pay-out ratio

The REIT must distribute by way of remuneration of capital an amount equal to at least the positive difference between

- 80% of the sum of adjusted earnings and net capital gains on the realisation of property not exempt from the distribution requirement and
- the net reduction in the Company's borrowings during the financial year.

This obligation applies only if the net result is positive and the Company therefore has a distributable margin in accordance with company law.

### Debts and guarantees

Total statutory and consolidated borrowings of a public REIT may not exceed 65% of total statutory or consolidated assets as the case may be (after deduction of authorised hedging instruments). If the consolidated debt ratio exceeds 50% (after deduction of authorised hedging instruments), a financial plan has to be drawn up, accompanied by an execution schedule, describing the measures designed to avoid the consolidated debt ratio's exceeding 65% of consolidated assets.

A REIT or its subsidiaries may not grant mortgages or create pledges or issue guarantees other than in the framework of the financing of group's real estate activities. The total amount covered by mortgages, pledges or guarantees may not exceed 50% of the total fair value of the property assets held by the REIT and its subsidiaries. Further, no mortgage, pledge or guarantee on a given asset may exceed 75% of its value.

### Tax regime

REITs (both public and institutional) are subject to corporation tax at the standard rate but on a reduced tax base consisting of the sum of (1) abnormal or gratuitous benefits received and (2) expenses and costs that are non-deductible as professional expense other than reductions in value and capital losses realised on shares.

The advance levy on dividends paid by a public B-REIT is in principle equal to 27%<sup>1</sup>. This levy is in full discharge for private individuals domiciled in Belgium.

Companies seeking approval as REITs that merge with a REIT or split off part of their property assets and transfer it to a REIT are subject to a specific tax on the capital gain (exit tax) of 16.995% (16.5% plus the crisis contribution of 3%). The exit tax is the percentage of tax that these companies must pay in order to leave the standard tax regime under ordinary law.

## STATUS OF FRENCH «SIIC» (SOCIÉTÉ D'INVESTISSEMENT IMMOBILIER COTÉE OR LISTED REAL ESTATE INVESTMENT COMPANY)

The tax regime for «SIICs» (Sociétés d'Investissement Immobilier Cotée or Listed Real Estate Investment Companies), introduced by the French Finance Act for 2003 no. 2002-1575 of 30 December 2002, allows for the creation, in France, of real estate companies with a favourable tax regime similar to the Belgian regime applicable to the Company.

This regime allows Ascencio's French branch and subsidiaries to benefit from a corporation tax exemption on their rental income and realised capital gains in return for the obligation to distribute 95% of their profits from the leasing of their real estate assets.

The main characteristics of the SIIC regime are as follows:

- The parent company must be an S.A. (société anonyme, or public limited company) or another form of company limited by shares admissible for trading on a European stock market;
- The main activity of the SIIC must be the letting of properties;
- A majority shareholder or a group of shareholders acting in concert may not hold more than 60% of the shares of Ascencio;
- The company benefits from a corporation tax exemption on the portion of the profits deriving from (i) real estate leases, (ii) capital gains on the disposal of properties, (iii) capital gains on the disposal of securities of subsidiaries opting for the SIIC regime or partnerships with an identical object, (iv) income distributed by their subsidiaries opting for the SIIC regime and (v) the proportional part of the profits of partnerships carrying on a real estate activity;
- The company must comply with a pay-out ratio of 95% of the exempted profit from rental income, 60% of the exempted gains from the disposal of properties, securities of partnerships and subsidiaries coming under the SIIC system and 100% of the dividends distributed to them by their subsidiaries liable for corporation tax on companies opting for the SIIC system;
- When the company opts for the SIIC system, this option gives rise to payment over four years of an exit tax at the reduced rate of 19% on unrealised capital gains relating to properties held by the SIIC or its subsidiaries opting for the SIIC system, and to the securities of partnerships not liable for corporation tax.

<sup>1</sup> With effect from 1 January 2016

## DECLARATIONS

### PERSON RESPONSIBLE

The Statutory Manager of Ascencio S.C.A., Ascencio S.A., whose registered office is at Avenue Jean Mermoz 1/4, 6041 Gosselies:

- declares that it assumes responsibility for the information contained in this report except for the information provided by third parties, among which the reports of the statutory auditor and the property experts.
- declares that to the best of its knowledge the financial statements were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results and of the companies included in the consolidation; the financial statements are in accordance with reality and are free of omission.
- declares that to the best of its knowledge the Management Report contains a true statement of the development of the business, the results and situation of Ascencio S.A. and the entities included in the consolidation, as well as a description of the main risks to which they are exposed;
- confirms, after taking all reasonable steps to this end, that the information contained in the registration document is, to the best of its knowledge, in accordance with reality and free of any material omission.
- Subject to the press releases published by the Company since the preparation of this Annual Report, there have been no significant changes in the Company's financial or commercial position since 30 September 2015.

### DECLARATION REGARDING THE DIRECTORS AND EXECUTIVES

The Statutory Manager of Ascencio S.C.A. declares that based on the information provided to it, during the past five years neither its Directors nor the effective managers of the Company:

- has been convicted of fraud;
- has been convicted or declared bankrupt or placed in administration or liquidation;
- has been the subject of any accusation or official public sanction on the part of statutory or regulatory authorities or has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or conduct of business.

The Statutory Manager of Ascencio S.C.A. declares on the basis of the information provided to it:

- that the directors do not hold shares in the Company except as detailed in the section of this report headed "Declaration of governance – Structure of shareholding" for Carl Mestdagh
- that at 30 September 2015 SPRL Somabri held 1,821 shares in Ascencio;
- that to date no options on the Company's shares have been granted; that there are no family ties among the Directors

### JUDICIAL AND ARBITRATION PROCEEDINGS

During the financial year covered by this report there were no governmental, judicial or arbitration proceedings that might have a significant effect on the Company's financial position or profitability.

### INFORMATION FROM THIRD PARTIES, EXPERTS' DECLARATIONS

Ascencio confirms that the information provided by property experts and the approved statutory auditor have been faithfully reproduced with their agreement and that to the best of Ascencio's knowledge and as far as it can ascertain in the light of the data published by these third parties, nothing has been omitted that would make the information reproduced inaccurate or misleading.

<b>COMPANY NAME</b>	Ascencio S.C.A.
<b>STATUS</b>	Société Immobilière Réglementée (Regulated Property Company or «Belgian REIT»)
<b>REGISTERED OFFICE</b>	Avenue Jean Mermoz 1, Bldg H, Box 4, 6041 Gosselies
<b>BRANCH ADDRESS</b>	Tour Opus 12, La Défense 9, Esplanade du Général de Gaulle 77, 92914 Paris La Défense
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<b>E-MAIL</b>	info@ascencio.be
<b>WEBSITE</b>	www.ascencio.be
<b>COMPANIES REGISTRY</b>	Charleroi
<b>COMPANY NUMBER</b>	0881 334 476
<b>FORMATION DATE</b>	10 May 2006
<b>APPROVAL AS A B-REIT</b>	28 October 2014
<b>TERM</b>	indefinite
<b>STATUTORY AUDITOR</b>	Deloitte Rik Neckebroeck
<b>PROPERTY EXPERT</b>	JLL Cushman & Wakefield CBRE
<b>FINANCIAL SERVICES</b>	BNP Paribas Fortis Banque S.A.
<b>FINANCIAL YEAR-END</b>	30 September
<b>SHARE CAPITAL</b>	€37,096,608
<b>NUMBER OF SHARES</b>	6,182,768
<b>LISTED ON</b>	Euronext Brussels
<b>FAIR VALUE OF THE PROPERTY PORTFOLIO</b>	€521 million
<b>NUMBER OF PROPERTIES</b>	123
<b>TYPE OF PROPERTIES</b>	Commercial properties in outlying urban areas and others

This annual financial report is a registration document in the meaning of Article 28 of the Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets. It was approved by the FSMA on 15 December 2015.

The annual financial report is also available in Dutch and English, but only the French version of the document is official. The Dutch and English versions are free translations.

For any additional information:

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