A CONSISTENT 10-YEARS TRACK RECORD

ANNUAL REPORT 2016

10 years

ascencio

QUALITY IN RETAIL

CONTENTS

PROFILE

ASCENCIO is a Regulated Public Real Estate Company (*Société Immobilière Réglementée Publique* or "SIRP", also referred to as a Belgian REIT (real estate investment trust) or "B-REIT") incorporated under Belgian law, subject to the Law of 12 May 2014 and the Royal Decree of 13 July 2014 on regulated real estate companies (the "SIR law" or the "B-REITs Act").

ASCENCIO specialises in investment in commercial premises located mainly on urban peripheries. The company is active in Belgium, France and Spain.

ASCENCIO has a portfolio of 108 properties (not counting projects in the course of development and held-for-sale assets) representing a total area of 415.980 m^2. The fair value of this property portfolio stood at EUR 572 million as at 30 September 2016.

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

For its property investments in France, it has opted for the "SIIC" tax regime (*Société d'Investissements Immobiliers Cotées* or Listed Real Estate Investment Company). In Spain, Ascencio SCA has established a subsidiary in respect of which it is awaiting a reply from the tax authorities to its application for a similar regime, that of "SOCIMI"[1].

As at 30 September 2016, the Company's market capitalisation stood at EUR 410 million.

1. Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario.

RISK factors

In this chapter the main risks to which Ascencio is exposed are described, together with a number of measures aimed at offsetting and/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, France and Spain are covered in the section headed "Property 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 FACTORS
The economic situation 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.
The commercial property market 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 the fair value of the properties. The occupancy rate for the financial year last ended was 98.6%, slightly higher than in 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 periphery urban areas. 3. Continuous improvement of accessibility, visibility and commercial attractiveness. 4. A flexible player in the commercial property market in responding to clients' need.
Risk of deflation Ascencio's leases are indexed to the Health Index (CPI minus products detrimental to health) in Belgium, the Construction Costs Index (ICC) or the Commercial Rentals Index (ILC) in France, and the CPI in Spain, so these revenues are exposed to the risk of deflation.	1. Deterioration of the Company's earnings.	1. Ascencio protects itself contractually whenever the law allows against the risk of negative indexation, and its standard leases contain "floor" rental clauses.
Liquidity risk in respect of Ascencio's shares Despite a free float of 72.7%, Ascencio's shares still suffer from limited liquidity. The trading volume over the past financial year was 527,576 shares and the turnover velocity was 8.30% (compared with 519,831 and 8.40% in the year to 30 September 2015). For further information on the liquidity of the shares, please refer to the chapter headed "Ascencio on the stock exchange" in this report.	1. Difficulty in accessing capital markets. 2. Impact in terms of image.	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 stock and signing of a liquidity provider agreement[2] with Petercam. 3. Building trust-based relationships with existing shareholders.

2. 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.

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 and Spain, 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, 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 FACTORS
Strategy Inappropriate choice of investments.	1. Forecast returns not attained. 2. Portfolio not matching demand. 3. Rental void. 4. Fall in the fair value of the portfolio.	1. Establishment and implementation of a clear and coherent investment strategy. 2. Directors' and managers' experience. 3. Sound procedures for approval by the Board of Directors based on recommendations of the Investment Committee. 4. Strategic analysis of the risks attaching to each acquisition. 5. Internal and external assessment and audit of each acquisition.
Analysis of investments 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.	1. Estimated returns not attained. 2. Buildings not conforming to the Company's standards and quality requirements.	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. Appraisal of the asset by the Company's property expert. 4. Negotiation with vendors of guarantees of assets/liabilities and specific guarantees depending on use.
Projects in state of future completion, redevelopment or change of use Risk associated with acquisitions of projects in state of future completion, with the management of redevelopments and the obtainment of all the town planning and/or operating approvals required.	1. Impossibility of obtaining building and/or operating permits. 2. Significant unwarranted delays and budget overruns. 3. Bankruptcy of subcontractors. 4. Estimated returns not attained.	1. Support from external advisers specialising in redevelopments or changes of use. 2. Commitments of experienced businesses offering sufficient guarantees in terms of professionalism and solvency. 3. Ascencio does not invest in high-risk projects. Projects are not acquired or commenced until the permits for selling the floorspace have been obtained. 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.
Risk of decline in the fair value of the property assets influenced by supply and demand in the buying and rental property markets	1. Negative impact on net result, net asset value (NAV) per share and debt ratio. 2. Impact on dividend distribution capacity if cumulative changes exceed distributable reserves. On a like-for-like basis, the fair value of the property portfolio increased by 2.6% relative to 30 September 2015. Based on the valuation of the portfolio as at 30 September 2016, an additional 1% change in the fair value of the property assets would have an impact in the order of EUR 5.7 million on the net result, EUR 0.90 on the NAV per share and 0.42% on the debt ratio. In comparison, as at 30 September 2015, a 1% change in the fair value of the property assets would have had an impact in the order of EUR 5.2 million on the net result, EUR 0.84 on the NAV and 0.42% on the debt ratio.	1. Quarterly valuation of the portfolio carried out by several independent experts, recommending corrective measures where necessary. 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. 3. Diversified portfolio comprising different types of assets subject to different trends.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Risk of rental void Unforeseen circumstances such as bankruptcies, moves, etc. Non-renewal at maturity High risk resulting from the imperative right to terminate commercial leases at each three-year maturity.	1. Fall in rental income. 2. Fall in the fair value of the portfolio. 3. Increase in direct costs associated with rental voids (charges and taxes on unlet properties) and marketing expenses. The Mestdagh group, the Grand Frais stores and the Carrefour outlets together account for 30% of Ascencio's annual rental income. The amount of potential rental from vacant areas came to EUR 548,000 for the year as against EUR 861,000 for the financial year ended 30 September 2015. Charges and costs associated with the vacant areas are estimated at between 10% and 15% of the amount of the potential rentals. Marketing commissions due to real estate agents are of the order of 15% (plus VAT) of rentals for new leases entered into as a result of their involvement.	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 site cleanliness, aesthetics and safety. 2. Geographical diversification of the portfolio across more than a hundred sites in Belgium (60%), France (35%) and Spain (5%). 3. Diversification across sectors and staggered lease maturities. 4. Dynamic and proactive marketing of vacant units, with support from specialist agents. 5. Negotiation of rental conditions, including balanced compensation clauses for breaks, aimed at ensuring the durability of contractual relationships. Ascencio only exceptionally grants rent-free periods, and these did not exceed 0.6% of rental income in the past financial year. 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.
Risk of obsolescence and impairment of the properties 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. 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.	1. Carrying out of major works and associated risks (planning and budget overruns, failings of subcontractors, rental void of the building, etc.). 2. Damage to the commercial attractiveness of the buildings, possibly resulting in rental void. 3. Fall in the fair value of the properties.	1. Annual and medium-term planning of major works involving constraints for tenants. 2. Consistent annual budget integrated into the Company's cash-flow forecasts. 3. Competitive selection of providers through calls for tender and negotiation of appropriate performance guarantees. 4. Policy of periodic conversations followed up by the Property team and regular visits to the sites followed by reporting.
Risk of destruction of properties Damage caused by fire, flood, explosion or any other natural disaster.	1. Definitive or temporary loss of rental income. 2. Increase in rental voids.	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. Ascencio's entire portfolio is insured for its new reconstruction value. For further information on the value insured, we refer you to the section headed "Property report" in this report. 2. Geographical diversification of the portfolio; there are only three properties that each account for more than 5% of the fair value of the portfolio.
Risk of tenants' insolvency Risk of non-payment of rentals and bankruptcy[3] of tenants.	1. Fall in rental income. 2. Unexpected rental void. 3. Legal expenses. 4. Re-marketing costs to be incurred. 5. Risk of re-renting at a lower rate. As at 30 September 2016, total trade receivables amounted to EUR 4,603,000. Doubtful accounts amounted to EUR 387,000 as against EUR 579,000 one year earlier, and represented 1% of total rentals for the past financial year.	1. Precise selection criteria for new tenants. 2. Staying close to tenants, with frequent exchanges. 3. Diversification across sectors and retail chains. 4. Advance rental payments and guarantees designed to cover part of the commitments that might not be met. 5. Rigorous procedures for following up on receivables. For further information on receivables, we refer you to the section headed "Financial report" in this report.

3. We should mention that during the year three tenants in Belgium and two in France declared bankruptcy. Also two tenants in France are in judicial restructuring.

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 FACTORS
Interest rate risk Fluctuations in interest rates and increase in credit margins. The risk of fluctuations in interest rates concerns only debt at variable interest rates. During the past financial year the average cost of the financial liabilities (including margins) was: - 3.09% after the impact of interest rate hedging instruments (i.e. Including interest charges paid in respect of IRS). - 1.38% before the impact of interest rate hedging instruments (i.e. before interest charges paid in respect of IRS).	1. Increased cost of borrowing. 2. Deterioration of the Company's earnings. 3. Deterioration of distributable profit.	1. Ascencio pursues a policy aimed at securing the interest rates on at least 75% of its financial borrowings at a horizon of several years. As at 30 September 2016, financial liabilities consisted of: - EUR 177,006,000 of floating-rate debt[4]. - EUR 58.489,000 of fixed-rate debt. 2. Diversification of forms of financing. 3. Putting in place of fixed rate borrowings and interest rate hedging instruments. 4. Regular staggering of due dates on credit facilities entered into. The measures taken to mitigate the interest rate risk and the risk of fluctuation in credit margins are more fully described in notes 3,15 and 16 to the consolidated financial statements included in this report.
Liquidity risk Non-availability of financing or of financing at the desired term. 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.	1. Non-renewal or cancellation of existing credit lines leading to additional restructuring costs and possibly higher costs associated with the new facilities. 2. Acquisitions not being financeable at all, or only at higher costs, leading to a fall in profitability relative to estimates. 3. Pressure to sell assets on less than ideal terms.	1. Prudent financing and hedging policy. 2. Diversification of sources and forms of financing, together with spreading of maturities (credit lines, commercial paper, investment loans and finance rental agreements). 3. Diversification of banking relationships. 4. Rigorous treasury policy. 5. Solid reference shareholders. As at 30 September 2016, Ascencio had EUR 255 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 2016 to 2023. As at 30 September 2016, Ascencio had available to it EUR 54.7 million in undrawn balances under these credit lines. As at 30 September 2016 Ascencio's debt ratio stood at 42.7%. After distribution of the dividend proposed to the General Meeting of Shareholders of 31 January 2017, the debt ratio will, *ceteris paribus*, come to 46.2%. As at 30 September 2016, financial liabilities totalled EUR 235,495,000, of which EUR 48,772,000 maturing during financial year 2016/2017. As at 30 September 2016 the Company's working capital was negative in the amount of EUR 39.1 million, due to the fact that a portion (EUR 36 million) of the credit lines would be falling due within twelve months of the end of the reporting period. These credit lines will either be renewed or replaced by new financing.
Counterparty risk Insolvency of financial or banking counterparties	1. Acquisitions not being financeable at all, or only at higher costs, leading to a fall in profitability relative to estimates. 2. Pressure to sell assets on less than ideal terms.	1. Diversification of sources and forms of financing, together with spreading of maturities (credit lines, commercial paper, investment loans and finance rental agreements). 2. Diversification of banking relationships.

4. Before taking account of interest rate hedging instruments.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Hedging instruments Risk of change in fair value of derivative products intended to hedge the interest rate risk.	1. Complexity and volatility of the fair value of hedging instruments and impact on NAV as published in accordance with IFRS[5] and on the result. 2. Counterparty risk.	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. For Ascencio, the change in the interest rate curve during the past financial year translated into a positive change of EUR 162,000 in the fair value of interest rate hedging instruments, compared with a positive change of EUR 2,364,000 in the previous financial year. 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 EUR 1.78 million, corresponding to the negative change in the fair value of the hedging instruments. The impact on NAV per share of a 25 basis point fall in interest rates would be EUR 0.28. 2. All products are held for purposes of hedging and not for speculative purposes.
Exchange rate risk Risk of currency fluctuation for activities outside the euro zone.	Ascencio invests exclusively in Belgium, France and Spain. All rentals and all credits are denominated in euros. The Company therefore has no exchange risk.	n.a.
Risk associated with obligations contained in financing agreements 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, particularly as regards certain financial ratios (covenants).	1. Possible termination of credit agreements in the event of non-compliance with covenants, involving additional costs for refinancing.	1. The Company negotiates with its counterparties covenants in accordance with market practice and compatible with its estimates of how the relevant parameters will evolve.
Article 617 of the Companies Code 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.	1. Limited dividend yield for shareholders.	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. 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.

5. 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 entirely 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, which 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 Belgium, France and Spain. Since neither France nor Spain is 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 FACTORS
B-REITs regime[6] Non-compliance with the legal SIR (B-REIT) regime, or changes to the applicable rules.	1. Loss of approval and hence of tax transparency regime. 2. Non-compliance with covenants and obligation to repay borrowings early. 3. Negative impact on results and/or NAV.	1. Professionalism of the teams and oversight of compliance with legal obligations. 2. Ongoing dialogue with the market authority in the context of prudential control. 3. Membership of organisations representing the B-REITs sector. 4. Constant legal watch and collaboration with leading law firms and tax experts.
Changes in international accounting regulations (IFRS)	1. Influence on reporting, capital requirements and the use of financial products.	1. Constant monitoring of developments in this area and assessment of their impact. 2. Frequent discussions with the Company's statutory auditor on these developments.
Changes in tax legislation Any changes in tax legislation could affect the Company, particularly in the area of exit tax[7]. Exit tax in Belgium 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 within the meaning of said circular is calculated after deduction of 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.	1. Possible effect on acquisition or sale price. 2. Potential impact on the assessment of the fair value of the properties and therefore on NAV.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers. 2. Membership of organisations representing the B-REITs sector.

6. Law of 12 May 2014 and the associated Royal Decree of 13 July 2014 relating to B-REITs.
7. Exit tax is analogous to a tax on the settlement of the net unrealised capital gains and the tax-free reserves.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Changes in town planning or retail licensing legislation	1. Restrictions on possible uses of properties, with potentially negative effects on rental income and voids affecting the Company's profitability. 2. Potentially negative impact on the fair value of the properties and therefore on NAV.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers. 2. Close attention to and commercial enhancement of the Ascencio portfolio. 3. Ongoing exchanges with the competent authorities in the field.
Possible changes in environmental legislation	1. Potentially negative impact on the fair value of the properties and therefore on NAV. 2. Possible clean-up costs. 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 EUR 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 2016, taking account of the work already done, the balance of the provision stood at EUR 238,000. Based on current knowledge of the works, the estimated budget for the clean-up plan will not exceed the provision set aside.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers. 2. Under environmental law, responsibility for pollution rests with the polluter. Given the nature of its business, Ascencio does not perform any polluting actions, and responsibility for any new pollution lies with 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 specialist 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.
Possible changes to laws and regulations 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.	1. Negative effect on the Company's activities, its results, its profitability and, more generally, its financial position.	1. Constant watch on legislative changes in these fields and, where necessary, support from specialist advisers. 2. Membership of various associations bringing together professionals of the sector.

5. OTHER RISKS

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATION AND CONTROL FACTORS
Risk associated with members of the team Risk linked to the unexpected departure of a key employee.	1. Negative impact on the Company's development and growth. 2. Temporary disorganisation of the Company.	1. Human resources policy based on personal development and corporate values. 2. Implementation of a permanent back-up system 3. Full data sharing.

ascencio

10 years of growth

2006

CREATION OF ASCENCIO.

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

2007

ASCENCIO LISTED ON THE STOCK EXCHANGE FOR THE FIRST TIME.

Acquisition of eight retail sites located in the Liège region.
Acquisition of a shopping centre in Hannut.
Acquisition of 29 buildings in the Liège and Hainaut regions.

2008

ACQUISITION OF RETAIL PARK AT JEMAPPES.

2010

OPENING OF THE FRENCH BRANCH.

Adoption of the SIIC status.
Ascencio acquired seven outlets operated by the innovative "Grand Frais" brand in France.

2011

SUCCESSFUL CAPITAL INCREASE OF EUR 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 the "Le Parc des Bouchardes" near Macon.
Ascencio acquired a retail park development project in the Montpellier region, at Saint Aunès.

2012

ASCENCIO INCREASES ITS CAPITAL WITH EUR 2,425,282.

On 17 December 2012, Ascencio completed a capital increase of EUR 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) in 2011.

2013

ASCENCIO PURCHASES SMALL RETAIL PARK AT CORMONTREUIL NEAR 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, Châtelineau, La Louvière, Messancy and Rocourt. The leaseholders are predominantly national and international chains, such as Brico Plan-It, Décathlon, Auto 5, Sports Direct, Quick, McDonald's and Maisons du Monde.

Ascencio acquired the commercial premises "Les Portes du Sud" located in the leading retail area of Chalon-sur-Saône. This recently opened retail park (2009-2010) has 15 retailers including Kiabi, Animalis, Sport 2000 and Maxi Toys.

2014

ASCENCIO APPROVED AS A PUBLIC SIR.

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 EUR 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.

2015

ASCENCIO ACQUIRES 34,538 m² COMMERCIAL RETAIL PREMISES.

On 23 December 2015 Ascencio sold the Grand Bazar all its properties located in Verviers (Liège province) to the Verviers municipality.

On 22 December 2015 Ascencio acquired three stores operated under the Grand Frais banner (6,600 m²) by buying the shares of three French SCIs (SCI being *Société Civile Immobilière*, a specialist type of property owning company). The stores are located in Guyancourt (south-western suburbs of Paris), La Teste-de-Buch (Gironde, south-western France) and Viriat (eastern France, 76 km north-east of Lyon, just north of Bourg-en-Bresse). On an annual basis, these three stores generate rental income of EUR 1.0 million.

In March and April 2015, Ascencio bought four office buildings in France, in Bourgoin-Jallieu, L'Isle d'Abeau, Chanas and Choisey. These properties are fully leased (to Aldi, Stockomani, Sport 2000, Planète Cash, Satoriz, Grand Frais, etc.) They represent a total surface area of 9,900 m².

On 17 March 2015 Ascencio acquired all the shares of Primmodev SA, owner of the new 15,000 m² "Bellefleur" retail park 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.

On 11 March 2015, Ascencio bought the GO Sport outlet (2,151 m²) located on the site of the Cora shopping centre in Messancy. As a result of this acquisition, Ascencio now owns all the medium-sized outlets on this commercial site.

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 EUR 8 million in the Company's equity.

Ascencio completed the construction of a second building with a surface area of 887 m² on its Hamme Mille site.

The first of the two units, leased to a retailer specialising in paint products, opened on 26 May 2015.

2016

ASCENCIO, 10 YEARS OF GROWTH.

On 26 September 2016 Ascencio sold 16 non-strategic retail sites with a total floor area of close to 15,000 m² and a semi-industrial property (2,630 m² comprising offices and storage facilities).

On 16 September 2016 Ascencio acquired the BUT store located in the retail area of Houdemont, a suburb of Nancy, north-eastern France (BUT being France's leading furniture retailer).

On 31 May 2016 Ascencio sold a 9,879 m² warehouse located in Heppignies, close to Gosselies.

In Caen, Lower Normandy, Ascencio built an additional 1,340 m² to allow its tenant Intersport to increase its sales area.

On 1 March 2016 Ascencio made its first investment in Spain, acquiring three stores operated under the Worten banner with a total floor space of 11,828 m². The stores are located in the best retail parks of Madrid, Barcelona and Valencia.

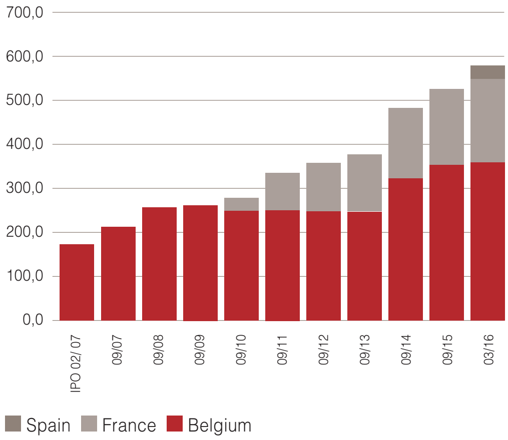
In February 2016, Ascencio once again offered its shareholders the possibility of receiving the dividend in the form of new shares. The success of this transaction (68% acceptance rate) led to an increase of nearly EUR 9.6 million in the Company's equity. As regards the financial conditions of this transaction, please refer to the information memorandum available on the Company's website.

Key Figures

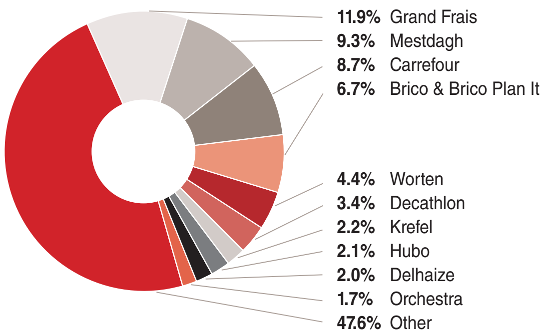
DISTRIBUTION OF THE PORTFOLIO (% OF FAIR VALUE)	30/09/2016	30/09/2015	30/09/2014
Belgium	60.3%	67.8%	68.0%
France	34.8%	32.2%	32.0%
Spain	4.9%	0.0%	0.0%
VALUE OF THE ASSETS (EUR 000S) (1)			
Fair value	572,132	520,974	476,755
Investment value	593,131	538,551	490,330
CONSOLIDATED RESULTS (EUR 000S)			
Real estate result	38,462	35,465	32,453
Operating result before portfolio income	32,870	30,338	27,507
Operating Result	47,995	27,860	27,157
Net income excluding non-recurring items (5)	25,017	22,938	19,266
Net profit (loss)	40,237	22,547	14,170
Gross dividend	20,367	18,857	15,395
CONSOLIDATED RESULTS PER SHARE (EUROS)			
Weighted average number of shares in circulation	6,364,686	6,182,768	5,131,646
Property result	6.04	5.74	6.32
Operating result before portfolio income	5.16	4.91	5.36
Operating Result	7.54	4.51	5.29
Net income excluding non-recurring items (5)	3.93	3.71	3.75
Net profit (loss)	6.32	3.65	2.76
Gross dividend (2)	3.20	3.05	3.00
Net dividend (3)	2.34	2.23	2.25
CONSOLIDATED BALANCE SHEET (EUR 000S)			
Own funds	318,032	287,620	274,143
Debts and other liabilities included in the debt ratio	248,852	224,128	188,073
Debt ratio (4)	42.69%	42.19%	38.14%
Total number of shares in existence at balance sheet date	6,364,686	6,182,768	6,037,230
NAV per share (in euros, before distribution)	49.97	46.52	45.41

(1) Excluding projects in course of development.
(2) For 2016/2017, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2017.
(3) Based on an advance property levy of 30% in 2017, 27% in 2016 and 25% in 2015.
(4) Debt ratio calculated in accordance with the Royal Decree of 13 July 2014.
(5) This is an Alternative Performance Measure (APM) used by Ascencio; its definition, use and reconciliation are shown in the glossary of APMs at the end of this Annual Report.

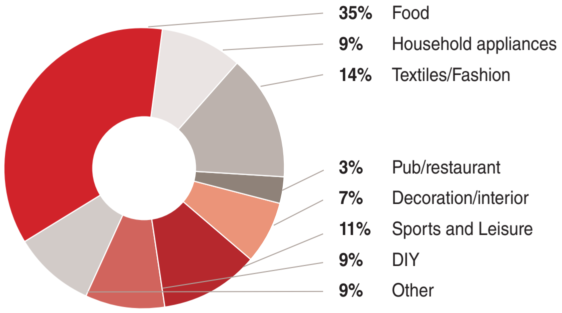
GROWTH OF THE PORTFOLIO (in EUR million)



TOP 10 TENANTS



COMPLEMENTARITY OF SECTORS



ANNUAL RENTAL INCOME

EUR 40 MILLION

STEADY DIVIDEND GROWTH

> EUR 3

NET CURRENT RESULT

EUR 25 MILLION

300

TENANTS

>120

BUILDINGS

10 years
of growth and expansion

Dear Shareholders,

It is a real pleasure to address you now that Ascencio is preparing to celebrate the tenth anniversary of its stock exchange listing.

To all who have believed in us since the first day, and to all who have joined them since: THANK YOU!

Over the course of these first ten years, Ascencio has remained faithful to its strategy of investing in retail areas let to major chains at city outskirts locations with significant catchment areas.

Some history...

In 2007, our initial portfolio stood at EUR 170 million, and our buildings were located exclusively in Belgium. Starting in 2010 we have bought quality properties in France (several retail parks as well as the 18 Grand Frais stores, the last three of which were acquired in December 2015). This past year we crossed a new frontier by becoming the owners in March 2016 of three stores in Spain let to the Worten household appliances chain and located in the best retail parks of Madrid, Barcelona and Valencia. So we ended the 2015-2016 financial year with a portfolio of EUR 572 million, having invested approximately EUR 60 million over the twelve-month period and disposed of less strategic assets for just under EUR 20 million.

Security of cash flows

By giving pride of place to site quality in its investment strategy, Ascencio seeks to secure its cash flows in the long term. The still very high occupancy rate is the best proof of the success of this strategy. This is all the more remarkable in that we are currently going through a crisis of consumption, with the impact of the difficult economic climate exacerbated by heightened awareness of the risks of terrorist attacks in both Belgium and France.

Periphery retail sites

In this environment, periphery retail sites still remain a favourite destination for consumers providing the quality of the buildings, the retail mix, accessibility and sufficient available parking spaces are assured. These factors are becoming ever more crucial in view of the increasing competition from e-commerce.

The success of out-of-town retail parks is also confirmed by the arrival of new brands which until recently set up only in shopping malls or high streets. H&M, Véritas, Orchestra, Cassis Paprika and Club are the most striking examples. Consumers thus now have the convenience of being able to shop at these stores close to their homes.

"Out-of-town retail sites still remain a favourite destination for consumers providing the quality of the buildings, the retail mix, accessibility and sufficient available parking spaces are assured."

Marc Brisack
General Manager

"To all who have believed in us since the first day, and to all who have joined them since: THANK YOU!"

Carl Mestdagh
Chairman of the Board of Directors

SOLID FINANCIAL BASE

Ascencio's growth has always taken place on a solid financial base. In the past, we were able to strengthen our equity by means of two capital increases, one of EUR 40 million in 2010 and another of EUR 80 million in 2014. Furthermore, in the past two years you have reacted very positively to our proposal that you receive your dividend in the form of new shares. We ended this past financial year with a debt ratio of 42.7%, which still leaves a margin for potential investment of nearly EUR 60 million to be financed by borrowings.

In the current context of low and even negative interest rates, the risk premium for property remains attractive. Indeed, even though we have seen a reduction in capitalisation rates in the investment market (yields are now between 5% and 6% for prime out-of-town retail assets), the marginal cost of long-term (5-to-10-year) borrowings has gone below the 2% to 2.50% threshold. Using our remaining leverage capacity could lead to improved earnings per share for the next few financial years.

GOOD RESULTS

Annual rental revenues now exceed EUR 38 million. This is spread among three countries, 120 sites and more than 300 lease agreements. Our assets are thus widely diversified. Net income excluding non-recurring items reached nearly EUR 25 million, and according to our experts there were unrealised capital gains of EUR 15 million on our property portfolio.

AND GROWING DIVIDENDS

These good results lead us to propose the distribution of a gross dividend of EUR 3.20 per share, up by 4.9% compared with last year. Despite the increase in the share price, which peaked at EUR 65 in August 2016, this still represents a gross yield of 4.96%, which is well in excess of rates offered by other savings products such as fixed term deposits or sovereign or corporate bonds.

It is also important to point out that in spite of the increased dividend proposed, the pay-out ratio is still below 85% of corrected statutory net income.

CONCLUSIONS

The first ten years of Ascencio thus end on a positive note.

In an environment full with multiple challenges, these first ten years point to a promising future.

We thank you for the trust you have placed in us and, together with the Board of Directors and the whole Ascencio team, we will continue to work to continue this success story.

Marc Brisack[8]
General Manager

Carl Mestdagh[9]
Chairman of the Board of Directors

PORTFOLIO

EUR 572 MILLION

NET CAPITAL GAIN

EUR 15 MILLION

8. Sprl Somabri.
9. Sprl CAI.

Management report[10]

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.

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, French and Spanish cities. In the 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.

10. This report is based on the consolidated 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.

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 current earnings while keeping risk exposure relatively low in the absence of 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; etc
- the net reduction in the Company's borrowings during the financial year.

The obligation provided 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.

Strategic divestments

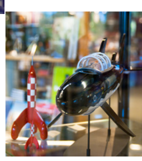
The market for retail space in Belgium, France and Spain is a relatively mature and flourishing one, more stable than residential, industrial or office property. In order to re-centre its activities on retail property, for several years now Ascencio has gradually been selling the properties in the office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



INVESTMENT CONSTRAINTS 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 not 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 only, 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 as authorised by its Articles of Association, excluding 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.

ASCENCIO DID ITS FIRST INVESTMENT IN SPAIN ACQUIRING THREE "WORTEN" SUPERMARKETS WITH A TOTAL SURFACE OF

11.828 m²

HIGHLIGHTS OF THE YEAR

Merger by absorption of a subsidiary

On 13 April 2016 the Board of Directors of Ascencio confirmed the merger by absorption of SA Primmodev, owner of the Couillet-Bellefleur site, with retroactive effect from 1 April 2016.

Investments[11]

During the financial year 2015/2016 Ascencio made several investments in France and Spain:

- on 22 December 2015 Ascencio acquired three stores operated under the Grand Frais banner (6,600 m²) by buying the shares of three French SCIs (SCI being *Société Civile Immobilière*, a specialist type of property owning company). The stores are located in Guyancourt (south-western suburbs of Paris), La Teste-de-Buch (Gironde, south-western France) and Viriat (eastern France, 76 km north-east of Lyon, just north of Bourg-en-Bresse). On an annual basis, these three stores generate rental income of EUR 1.0 million.
- on 1 March 2016 Ascencio made its first investment in Spain, acquiring three stores operated under the Worten banner with a total floor space of 11,828 m². The stores are located in the best retail parks of Madrid, Barcelona and Valencia. On an annual basis, these three stores generate rental income of EUR 1.8 million.
- on 16 September 2016 Ascencio acquired a 7,000 m² BUT store located in the retail area of Houdemont, a suburb of Nancy, north-eastern France (BUT being France's leading furniture retailer). The BUT store, with a total area of 7,000 m² of which 4,000 m² sales area, makes nearly 230 parking spaces available to its customers. It opened in December 2014 and is the chain's flagship store for Lorraine.

In Caen, Lower Normandy, Ascencio built an additional 1,340 m² to allow its tenant Intersport to increase its sales area.

Divestments[12]

On 23 December 2015 Ascencio sold the Grand Bazar shopping centre and all its town centre properties to the Verviers (Liège province) municipality.

On 31 May 2016 Ascencio sold a 9,879 m² warehouse located in Heppignies (Hainaut province).

Lastly on 26 September 2016 Ascencio sold a portfolio of 17 non-strategic properties located in Wallonia.

Financing

During financial year 2015-2016 new credit agreements were entered into with Belgian and French financial institutions for the following amounts and terms:

- EUR 5 million for an indefinite period at a variable rate
- EUR 20 million for a seven-year duration at a fixed rate of interest

We also renewed a EUR 20 million line of credit for seven years, part of it (EUR 12.5 million) at a fixed rate and the remainder at a floating rate.

In order to reduce the cost of its financing, Ascencio has also had, since June 2016, a commercial paper programme for up to EUR 50 million. As at 30 September 2016 this programme was used for short-term issues amounting to EUR 21 million. These commercial paper issues are underpinned by back-up lines established within the lines of credit available by means of fixed term advances.

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.

Use of financial instruments

Ascencio's financial management aims to ensure its permanent access to credits and to monitor and minimise the interest rate risk.

The use of financial instruments (which is the subject of the "financial risks" sub-section in the "risk factors" section of this annual report) is detailed in notes 3, 15 and 16 to the Consolidated Financial Statements. The following matters are dealt with there: structure of debt, interest rate risk, risk associated with changes in credit margins, financial liquidity risk, financial counterparty risk and the risk associated with obligations contained in financing agreements.

Branch

The Company has opened a branch in France.

Ascencio also has a Belgian subsidiary, 19 French *sociétés civiles immobilières* (real estate companies) and a Spanish subsidiary, as shown in the chart below.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the date on which this report was prepared.

11. 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.
12. 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

CORPORATE GOVERNANCE

This corporate governance declaration is made under the provisions of the 2009 Belgian Code on Corporate Governance[13] (the "2009 Code") and the Law of 6 April 201015 amending the Companies Code[14].

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 within 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.

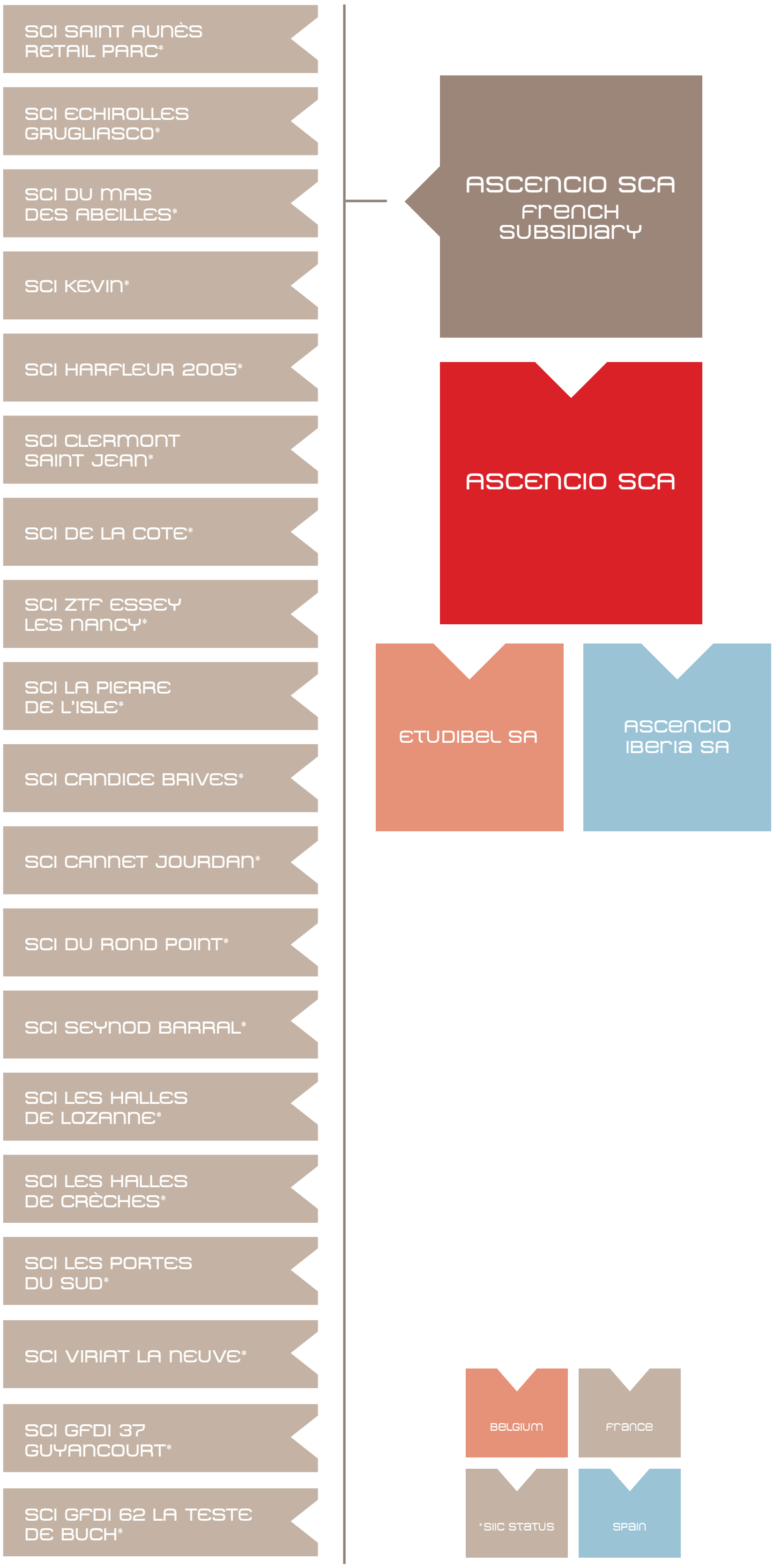
The corporate governance charter describes the main aspects of corporate governance of Ascencio SCA and of its Statutory Manager Ascencio SA. It can be consulted on the Company's website: www.ascencio.be.

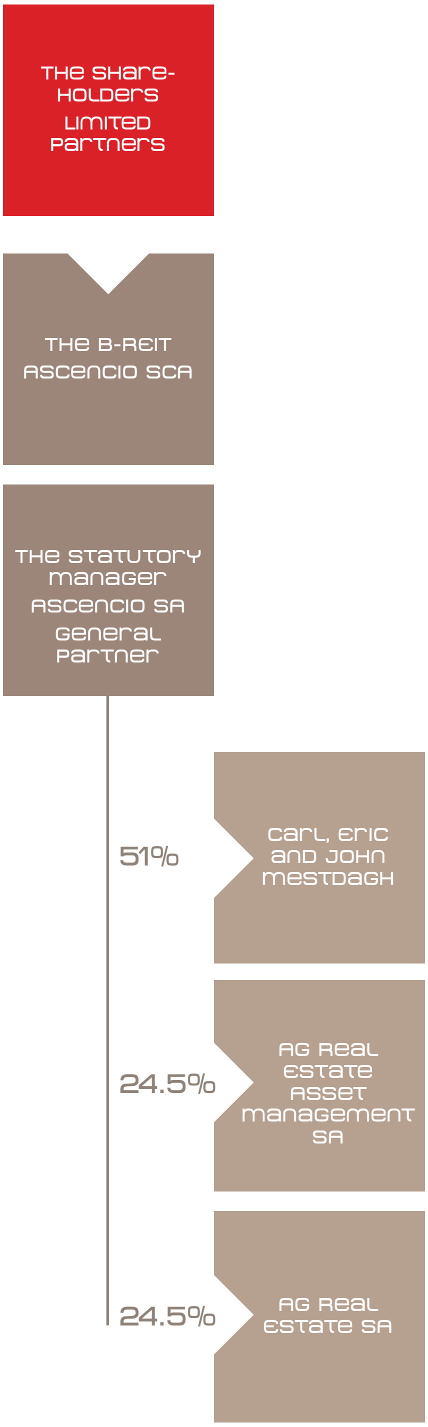
The Charter is completed by the following documents, which form an integral part of it:

- the internal regulations of the Board of Directors of Ascencio SA;
- the internal regulations of Executive Management;
- the internal regulations of the Audit Committee;
- the internal regulations of the Remuneration Committee; the internal regulations of the Investment Committee.

CONTENTS

13. The 2009 Belgian Code on Corporate Governance is available at: http://www.corporategovernancecommittee.be or the *Moniteur Belge* (official Belgian state gazette).
14. Law of 6 April 2011 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 *Moniteur Belge* (Official State Gazette) no. 22709 of 23 April 2011.


SCI SAINT AUNÈS RETAIL PARC*
SCI ECHIROLLES GRUGLIASCO*
SCI DU MAS DES ABEILLES*
SCI KEVIN*
SCI HARFLEUR 2005*
SCI CLERMONT SAINT JEAN*
SCI DE LA COTE*
SCI ZTF ESSEY LES NANCY*
SCI LA PIERRE DE L'ISLE*
SCI CANDICE BRIVES*
SCI CANNET JOURDAN*
SCI DU ROND POINT*
SCI SEYNOD BARRAL*
SCI LES HALLES DE LOZANNE*
SCI LES HALLES DE CRÈCHES*
SCI LES PORTES DU SUD*
SCI VIRIAT LA NEUVE*
SCI GFDI 37 GUYANCOURT*
SCI GFDI 62 LA TESTE DE BUCH*
ASCENCIO SCA FRENCH SUBSIDIARY
ASCENCIO SCA
ETUDIBEL SA
ASCENCIO IBERIA SA
BELGIUM
FRANCE
*SIIC STATUS
SPAIN



MANAGEMENT STRUCTURE OF THE COMPANY

Ascencio SCA 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, limited partners;
- the management bodies, namely:
  - the Statutory Manager of Ascencio SCA: Ascencio SA;
  - the Board of Directors;
  - the specialist committees of the Board of Directors: the Audit Committee, the Remuneration Committee and the Investment Committee;
  - the executive managers of the Company.

SHAREHOLDER BASE STRUCTURE

All shareholders of Ascencio SCA 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 2016 the share capital stood at EUR 38,188,116 represented by 6,364,686 ordinary shares fully paid up. Each share confers one vote in the General Meeting of Shareholders. There are no preferred shares.

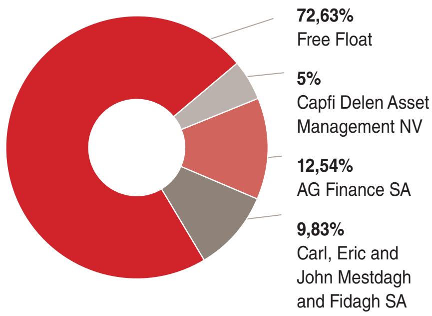
In accordance with the conditions, timeframes and methods stipulated by the Law of 2 May 2007 on the publication of significant shareholdings in issuers whose shares are admitted to trading on a regulated market, each natural or legal person who directly or indirectly acquires or sells shares in the 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[15].

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). This information remains accessible on the website.

The shareholding of Ascencio SCA is as follows according to the transparency declarations recorded at the end of the reporting period:

AG Finance SA	12.54%	798,224
Carl, Eric and John Mestdagh and Fidagh SA	9.83%	625,809
Capfi Delen Asset Management NV	5%	318,234
Free float	72.63%	4,622,419
	100%	**6,364,686**

SHAREHOLDER BASE STRUCTURE



15. Article 16 of the Articles of Association of Ascencio SCA.

THE STATUTORY MANAGER AND ITS BODY: THE BOARD OF DIRECTORS

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

- to perform such acts as may be necessary or conducive to the fulfilment of the corporate object of Ascencio SCA;
- 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 SA is represented in Ascencio SCA 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 SA 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 SCA, 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; and 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 SCA; 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 SCA, 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 year, including notably:

- the Company's strategy;
- the establishment of an Investment Committee;
- the Company's financing and hedging policy;
- investment cases;
- extension projects for certain sites;
- the investment switching policy;
- a capital increase by increasing the authorised capital in the context of an optional dividend.

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 SA met eight times.

All resolutions of the Board of Directors relating to the management of Ascencio SA and, for as long as 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 SA, 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 SA;

ii. changes to the Company's strategy;

iii. investments and divestments of more than EUR 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 managers;

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 SA.

The Board regularly evaluates its size, composition and performance and that of its committees, as well as its interaction with executive management. The Board carried out this evaluation process during the past financial year.

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 SCA, Ascencio SA, 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 will expire at the Ordinary General Meeting of Shareholders of Ascencio SA to be held in June 2017. From that date on the office of Director will be performed by natural persons.

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 share-holders as set out below, the Directors of Ascencio SA 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 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 adapt its composition upon the next expiry of terms of office (June 2017) to the provisions of Article 518 bis of the Companies Code in the timeframes provided. With this in view, the Company has approached the non-profit organisation Women on Board, whose purpose is to promote the presence of women on boards of 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 SA)

The office of Chairman of the Board is performed by SPRL CAI, represented by Carl Mestdagh.

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.

1. Carl Mestdagh
2. Serge Fautré
3. Benoît Godts
4. Fabienne D'Ans
5. Jean-Luc Calonger
6. Damien Fontaine
7. Yves Klein
8. Laurence Deklerck

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 Nalinnes

Carl Mestdagh[16] is Chairman of the Board of Directors of Mestdagh SA and Managing Director of Equilis SA. After studying management and tax, Carl Mestdagh placed his property skills mainly at the service of companies linked to the Mestdagh group.

Start date of term of office[17]:
10 June 2011.

Date of renewal of term of office:
12 June 2009 and 14 June 2013

Offices held during the past five years by Mr Carl Mestdagh: Chairman of the Board of Directors of Mestdagh SA, Chairman of the Board of Directors of Kitozyme SA, Managing Director of Equilis SA, New Mecco SA, GM&CIE SA and Magda SA, 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 SA, NEG SA, CSE H2 SPRL, Domaine des Masques SPRL, Construct Me and other companies in the Mestdagh group.

Terms of office expired during the past five years: in Mestdagh group companies: New GM, New HM, New JM and New Magda[18].

- **Serge Fautré[19], non-executive Director**

AG Real Estate SA,
Avenue des Arts 58, 1000 Brussels

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 Masters in Business Administration (University of Chicago 1983). Dartmouth Executive Program 2009.

Start date of term of office: 8 May 2012[20].

Date of renewal of term of office:
14 June 2013

16. As a private individual or via SPRL CAI.
17. Previously exercising it through SPRL Carl Mestdagh, liquidated on 9 November 2011.
18. These companies have been liquidated.
19. Director nominated by AG Insurance.
20. Date of co-option by the Board, ratified by the Ordinary General Meeting of Shareholders of Ascencio SA of 8 June 2012.

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 SA, DBFM Scholen van Morgen, Devimo Consult SA and FQE.

Terms of office expired during the past five years: European Public Real Estate Association and Cofinimmo.

■ Benoît Godts[21], non-executive Director

AG Real Estate SA, Avenue des Arts 58, 1000 Brussels

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.

Start date of first term of office: 23 October 2006

Date of renewal of term of office: 12 June 2009 and 14 June 2013

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

■ SA Gernel[22] represented by Fabienne D'Ans, non-executive Director

Companies Registry no. 0428 002 602, Rue du Colombier 9, 6041 Gosselies

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

Start date of first term of office: 13 May 2008

Date of renewal of term of office: 14 June 2013

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

Terms of office 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.

Start date of first term of office: 23 October 2006

Date of renewal of term of office: 12 June 2009 and 14 June 2013

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

Degroof Petercam, Rue de l'Industrie 44, 1040 Brussels

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.

Start date of first term of office: 23 October 2006.

Date of renewal of term of office: 12 June 2009 and 14 June 2013

Offices held during the past five years: Director of Petercam SA.

Terms of office expired during the past five years: none.

■ Yves Klein, non-executive independent 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 manager of Corporate Banking for Wallonia. He is currently a member of the Management Committee of CPH.

Start date of first term of office: 16 July 2009.

Date of renewal of term of office: 14 June 2013.

Offices held during the past five years: Ideal SA, Le Maillon ASBL,

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

■ Laurence Deklerck, non-executive independent Director

With Vanderveren, Thys, Wauters & Foriers, 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.

She is also a member of the Tax Committee of the French Order of Lawyers of the Brussels Bar, Associate Professor at EPHEC and head of courses at the CEFIAD in Mons and the EMI in Brussels.

Start date of term of office: 23 January 2015[23].

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

Terms of office expired during the past five years: none.

21. Director nominated by AG Real Estate.
22. Director nominated by Carl, Eric and John Mestdagh.
23. Date of co-option by the Board of Directors.

THE COMMITTEES

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

Although not legally obliged to do so[24], 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.

In accordance with its Corporate Governance Charter, Ascencio created an Investment Committee by resolution of the Board of Directors of 26 November 2015.

The Audit Committee

The Audit Committee is composed of three non-executive Directors appointed to this position at the beginning of their respective terms of office: Ms Laurence Deklerck and Messrs Benoît Godts and Yves Klein. Ms Deklerck and Mr Klein are independent directors and have the qualities and skills required in the field of auditing and accounting. Their terms of office expire in June 2017.

The audit committee meets at least four times a year, at each quarterly closing, after which it reports to the Board of Directors of the managing general partner. It met five times during the past financial year.

The assignments taken on by the Audit Committee are those described in the aforementioned law of 17 December 2008:

- to monitor the process of drawing up the financial information;
- to monitor the effectiveness of the company's internal control, internal audit and risk management systems;
- to oversee the legal control of the annual financial statements and the consolidated financial statements, and to follow up on questions and recommendations made by the Statutory Auditor;
- to examine and monitor the independence of the Statutory Auditor, 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.

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;
- "one to one" rule;
- independent internal auditor's report;
- internal control policy and executive managers' report on internal control.

The Audit Committee's internal regulations, which form an integral part of Ascencio's Corporate Governance Charter, set out in detail the responsibilities of the Audit Committee and are available on the website site www.ascencio.be.

The Remuneration Committee

The Remuneration Committee is composed of three non-executive Directors: Ms Laurence Deklerck, Mr Damien Fontaine and SPRL CAI, represented by Mr Carl Mestdagh. Ms Deklerck was appointed at the beginning of her term of office in 2015, the other two members having been appointed upon the establishment of the Committee in 2011. Their terms of office expire in June 2017.

Although it complies with the legal requirements, the Remuneration Committee 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 twice during the past financial year.

The role of the Remuneration Committee is to advise and assist the Board of Directors of the Statutory Manager. The Remuneration Committee performs its duties 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 General Manager, the Directors and the members of the company's executive management.

24. 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 EUR43 million; c) annual net revenues equal to or less than EUR50 million. Since Ascencio meets two of these three exclusion criteria, it is not obliged to establish such committees.

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 remuneration policy for the executive managers;
- evaluating performance objectives and the related criteria linked to executive managers' variable remuneration;
- preparing the remuneration report.

The Remuneration Committee's internal regulations are available on Ascencio's website (www.ascencio.be).

The Investment Committee

The Investment Committee is composed of the Chairman of the Board of Directors, sprl CAI represented by Carl Mestdagh, two non-executive Directors (Messrs Jean-Luc Calonger and Benoît Godts), the executive managers, the property manager and the technical manager. The Investment Committee may also invite anyone whose presence it considers useful to its meetings.

The Investment Committee meets as often as required for the performance of its responsibilities. It met four times during the past financial year.

The Investment Committee is a consultative committee whose responsibility is to give advice to the Board of Directors on all investment cases submitted to it.

The aim in creating the Investment Committee was to optimise the Company's decision making process as regards investment and divestment proposals.

The Investment Committee performs its duties under the supervision and responsibility of the Board of Directors.

The Investment Committee performs its duties in strict compliance with the rules of good corporate governance laid down in the Ascencio Charter.

The Investment Committee's internal regulations are available on Ascencio's website (www.ascencio.be).

From left to right:

Stéphanie Vanden Broecke, Legal Manager.

Marc Brisack, General Manager.

Michèle Delvaux, Chief Financial Officer.

THE MEMBERS OF EXECUTIVE MANAGEMENT

Composition[25]
In accordance with the B-REITs Act, executive management has been entrusted for an indefinite period to three *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 EUR 500 million in commercial assets divided among shopping centres such as City 2, Woluwe and Ninia, high street stores such as Meir in Antwerp and Veldstraat in Ghent and out-of-town outlets.

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

The other members of executive management[26]:

- Michèle Delvaux, Chief Financial Officer

Michèle Delvaux joined Ascencio in 2012 as CFO.

Previously she had worked in the Corporate Finance department of Banque Degroof, then as Finance Manager of City Hotels and lastly as Finance Manager with the B-REIT Befimmo. She started her professional career in the field of auditing, with Arthur Andersen. She holds commercial engineering qualifications from Solvay Business School, 1983, and a financial analyst diploma from the Belgian Association of Financial Analysts, 1988.

- Stéphanie Vanden Broecke, Legal Manager

After four years of experience at the Brussels Bar with law firms specialising in property law, in 2013 Stéphanie Vanden Broecke joined the Lhoist Group, world leaders in lime and dolomite. As head of corporate housekeeping for the group's subsidiaries, she gained great experience in company law and corporate governance.

Stéphanie Vanden Broecke joined Ascencio in 2008.

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.

25. The Board of Directors of the Statutory Manager has not opted to create a Management Committee within the meaning of the Companies Code.
26. Domiciled professionally at the registered offices of Ascencio SCA.

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

The Manager's remuneration is determined by the Articles of Association. It can therefore be changed only be a resolution to amend the Articles of Association passed by the General Meeting of Shareholders of Ascencio SCA.

The Directors' remuneration is determined by the Ordinary General Meeting of Shareholders of the Company's Statutory Manager, Ascencio SA 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.

Non-executive Directors

Non-executive Directors' remuneration is regularly compared with that 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 principle of continuity with the past is maintained as regards the remuneration of the non-executive Directors.

The basic remuneration and the attendance fees of the Directors of Ascencio SA are paid by Ascencio SA but borne by Ascencio SCA.

Executive managers

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

The Remuneration Committee checks to see whether an adjustment is required in order to attract, retain and motivate them. This is an overall analysis which also sets the objectives determining the level of variable remuneration.

The remuneration of the executive managers is paid by Ascencio SCA.

Information on 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 stock option or purchase plan in place for Directors or executive managers.

Statutory Manager

The Manager receives a portion of the Company's profits. It 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 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 SA, 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 was EUR 815,000.

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 EUR 15, 000 p.a. excl. VAT. That of the other directors is EUR 5,000 p.a. excl. VAT. Attendance fees are EUR 1,000 for each attendance of a Board meeting of the Statutory Manager or meeting of the Audit Committee, Remuneration Committee or Investment Committee.

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.

For the financial year last ended, the members of the Board of Directors will receive a total amount of EUR 130,000. This will be paid in June 2017 after the General Meeting of Shareholders of the Statutory Manager.

Executive managers

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, 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. The qualitative evaluation criteria are subjected to an overall assessment by the Remuneration Committee, which then submits its opinion to the Board of Directors.

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

There is no provision for a right of claw-back for the Company or the executive managers if variable remuneration should prove to have been granted on the basis of erroneous financial information.

Following an assignment carried out by the Remuneration Committee during the past financial year, consisting in a comparison of the executive managers' remuneration with that of other managers performing similar functions in listed or unlisted property companies in Belgium, a proposal was made to the Board of Directors that the executive managers' remuneration be adjusted with effect from 1 January 2016.

For the past financial year, the executive managers' remuneration was as follows:

■ General Manager

The General Manager, Marc Brisack, manager of SPRL SOMABRI, performs his functions in an independent status. His remuneration consists of:

- fixed remuneration of EUR 233,000 for the past financial year;
- variable remuneration of EUR 75,000 for financial year 2014/2015.

The General Manager does not receive any other benefits.

■ Other executive managers

The other executive managers perform their functions under employment contracts. The other executive managers' fixed remuneration for the past financial year totalled EUR 309,000.

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 EUR 52,000.

	SPRL CAI	SA Gernel	Benoît Godts	Serge Fautré	Jean-Luc Calonger	Laurence Deklerck	Damien Fontaine	Yves Klein	
Board of Directors	8	5	7	3	7	9	5	6	
Audit Committee			5			4		5	
Investment Committee	2		4		4				
Remuneration Committee	2					2	2		
TOTAL ATTENDANCE	**12**	**5**	**16**	**3**	**11**	**15**	**7**	**11**	
Basic remuneration (in euros)	15,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Attendance fees (EUR 1,000)	12,000	5,000	16,000	3,000	11,000	15,000	7,000	11,000	
Total remuneration for the financial year (in euros)	**27,000**	**10,000**	**21,000**	**8,000**	**16,000**	**20,000**	**12,000**	**16,000**	**130,000**

SETTLEMENT OF CONFLICTS OF INTEREST

Rules provided in Ascencio's Corporate Governance Charter

UThe 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 SA 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 SA 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 SA 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 SA) 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 SA 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 any conflicts of interest that have arisen during the past financial year.

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 - located in Belgium - in the retail area - with a "deed in hand" value of less than EUR 20 million that might be offered to them[27].

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 Mestdaghs 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.

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 SCA, 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, two cases gave rise the triggering of the procedure provided by Article 523 of the Companies Code. In fact two potential investment cases gave rise to a declaration of conflict of interest on the part of Directors: SPRL CAI, represented by Carl Mestdagh and SA Gernel, represented by Fabienne d'Ans. They abstained from participating in the Board's deliberations on these matters. As at the date of this report, the Board had taken no formal decision on these cases, so the final decision of the Board cannot at this stage be reproduced in this report.

Conflicts of interest with related companies

Article 524 of the Companies Code applies to transactions between Ascencio SCA 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 a 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 SCA and Ascencio SA, 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 no transaction gave rise to the application of the procedure referred to above.

27. 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.

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 organisation of the Company's internal control system is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 Framework. COSO is a private international body recognised in the field of internal control and risk management.

Internal control comprises a set of means, behaviours, procedures and actions adapted to the particular characteristics of the company, which:

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

Specifically, internal control aims to ensure:

- the reliability and integrity of financial reporting such that in particular the annual and half-yearly financial statements and reports comply with the regulations in force;
- the orderly and prudent conduct of business within well-defined objectives;
- the economic and effective use of the resources committed;
- the implementation of general policies, internal plans and 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.

In accordance with the Law, the executive managers draw up a report on internal control in the month following the end of the financial year for the attention of the FSMA and the Company's Statutory Auditor. This report contains descriptions of the Company's internal control process and its key procedures and an assessment of the process based on the 17 principles laid down by the COSO.

In accordance with Article 17 of the law of 12 May 2014, the "B-REIT Act", the Company has the three internal control functions, namely a Compliance Officer, a Risk Manager and an independent internal auditor.

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 and compliance with the obligations regarding transactions with the Company's shares.

Ms Stéphanie Vanden Broecke has been appointed 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 complies strictly with ethical principles, stressing 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 in of any such situation, and abstain from participating in the decision-making process. Lastly, a Director faced with a corporate opportunity must immediately inform the Chairman 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 corporate bodies and personnel 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

In application of the EU Regulation[28] (hereinafter the "Regulation") and of the Law[29] (hereinafter the "Law") on market abuse, the Company in its capacity as issuer has defined a policy for the prevention of the misuse of privileged information relating to its financial instruments.

These rules apply:

- to members of the governing body of Ascencio's Statutory Manager;
- to senior executives who, while not members of the above-mentioned body, have regular access to privileged information directly or indirectly concerning the Company and the power to take management decisions concerning the future development of the Company and its business strategy;

(hereinafter the "managers")

- to persons likely to come into possession of privileged information by reason of their involvement in the preparation of a given transaction.

Privileged information

"any information of a precise nature which has not been made public, relating, directly or indirectly, to [the Company] or to one or more financial instruments and which, if it were made public, could have a significant effect on the evolution and forming of the prices of the financial instruments concerned or of related derivative financial instruments."

Ascencio sees to it that privileged information is made public as soon as possible and in such a way as to allow quick and complete access to and assessment of it by the public.

Ascencio posts all privileged information that it is obliged to publish on its website and leaves it there for at least five years.

Ascencio may defer publication of privileged information, under its own responsibility, providing all the following conditions are met:

- immediate publication would be likely to harm the issuer's legitimate interests;
- the delay in publication is not likely to mislead the public;
- the issuer is in a position to ensure the confidentiality of the information.

When the issuer has deferred publication of privileged information, it must inform the FSMA in writing immediately after the publication of the information.

Insider trading

No person in possession of privileged information may:

- make use of the privileged information to acquire or sell financial instruments on his own behalf or on behalf of a third party;
- make use of the privileged information to cancel or alter a stock exchange order that has been given before the person came into possession of the privileged information;
- recommend, on the basis of this privileged information, to another person that he acquire or sell the Financial Instruments concerned or encourage such person to make such an acquisition or sale;
- recommend, on the basis of this privileged information, to another person that he cancel or alter an existing stock exchange or encourage such person to carry out such a cancellation or alteration;
- disclose the privileged information to another person, except if:
  - such disclosure takes place in the normal course of the performance of his or her work, profession or duties;
  - the recipient of the information is subject to a legal, regulatory, statutory or contractual obligation of confidentiality; and
  - such disclosure is limited on a "need to know" basis.

List of insiders

The Compliance Officer draws up a list of all persons with access to privileged Information, and keeps it updated. This list will include a section called "permanent insiders", containing all the persons who by reason of their function or position have permanent access to all the Company's privileged information.

The Compliance Officer will take all reasonable steps to ensure that the persons on the list of insiders acknowledge in writing the legal and regulatory obligations deriving from such access and confirm that they are aware of the sanctions applying to insider trading or the disclosure of privileged information.

Disclosure of transactions carried out by persons with management responsibilities

Managers and closely related persons must inform the Compliance Officer and the FSMA of any transaction[30] carried out on their behalf and relating to the Company's financial instruments not later than three business days after the date of the transaction, by means of an online notification using the application available on the FSMA's website.

These transactions will then be published on the FSMA's website.

28. Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
29. Law of 27 June 2016 amending, with a view to transposing Directive 2013/50/EU and implementing Regulation 596/2014, the law of 2 August 2002 on the supervision of the finance sector and financial services, the law of 16 June on public offers of in-vestment instruments and the admission of investment instruments to trading on regulated markets, as well as the law of 2 May 2007 on disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market.
30. i.e. all subsequent transactions once the total amount of EUR 5,000 has been reached during a calendar year.

Closed and prohibited periods

In addition to the prohibitions set out above, managers may not carry out transactions with financial instruments, whether on their own behalf or that of third parties, directly or indirectly, during a closed period, namely:

- the thirty calendar days preceding the date of publication of the annual results;
- the thirty calendar days preceding the date of publication of the half-yearly results;

It being understood that to each period is added the stock exchange day during which publication of the results takes place.

Furthermore, managers may not carry out transactions with financial instruments, whether on their own behalf or that of third parties, directly or indirectly, during a period in which the Company and/or certain managers are in possession of privileged information.

Risk Manager

Ms Stéphanie Vanden Broecke, an executive manager, 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 responsibilities 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 ("Transactions");
- management of its financial resources;
- changes in laws and regulations applicable to the Company and its activities in Belgium, France and Spain.

For further information on risk management we refer you to the section headed "Risk factors" in this report.

Independent internal audit

In accordance with Article 17, section 3 of the B-REIT Act, the independent 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, executive manager, has been designated as internally responsible for the internal audit function.

The internal auditor performs a controlling and advisory role and makes sure that the business is properly managed 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 his 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. His summary 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 second cycle was carried out during financial year 2015/2016 and the internal auditor submitted the report on 9 September 2016. This report was presented to the Audit Committee, which forwarded it to the Board of Directors.

The remuneration of SPRL Quiévreux Audit Services amounted to EUR 12,950.41 excl. VAT for the past financial year.

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 SCA amounted to EUR 38,188,116 and was represented by 6,364,686 shares as at 30 September 2016. The shares are registered or paperless, 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 SA (the reference shareholders) have granted one another preferential rights and purchase and sales options on shares in Ascencio SA, the exercise of which would be likely to lead to a change of control of the Statutory Manager of Ascencio SCA.

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[31], the Directors of Ascencio SA 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;
- two Directors are appointed at the proposal of AG Real Estate;
- the independent Directors within the meaning of Article 526ter of the Companies Code 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 in 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 SCA, 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 EUR 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 as at 30 September 2016 stood at EUR 35,131,872.

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 bid.

There is an agreement between SPRL Somabri and Ascencio SCA 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.

31. 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 SA.

SUMMARY
OF THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL COMMENTS ON THE CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (EUR 000S)	30/09/2016	30/09/2015
ASSETS	**583,004**	**531,265**
Investment properties	572,132	520,974
Other non-current assets	1,698	1,066
Trade receivables	4,603	4,234
Cash and cash equivalents	3,341	3,153
Other current assets	1,229	1,837
EQUITY AND LIABILITIES	**583,004**	**531,265**
Own funds	318,032	287,620
Non-current financial debt	186,723	160,830
Other non-current liabilities	17,162	20,151
Current financial debt	48,772	53,733
Other current liabilities	12,315	8,931
DEBT RATIO (*)	**42.7%**	**42.2%**

(*) Calculated in accordance with the Royal Decree of 13.07.14.

FAIR VALUE OF INVESTMENT PROPERTY

EUR 572 MILLION

VALUE OF PORTFOLIO ON A LIKE-FOR-LIKE BASIS

+ 3%

ASSETS

As at 30 September 2016, investment property was valued at its fair value (as defined by IAS 40) for an amount of EUR 572.1 million, representing 98.1% of consolidated assets, of which

- EUR 345.3 million for properties located in Belgium;
- EUR 199.0 million for properties located in France;
- EUR 27.8 million for properties located in Spain.

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

Investments during the financial year:

During the financial year, Ascencio made three acquisitions in France and two in Spain, for a total investment amount of EUR 56 million:

- on 22 December 2015 Ascencio acquired three stores operated under the Grand Frais banner (6,600 m²) by buying the shares of three French SCIs (SCI being Société Civile Immobilière, a specialist type of property owning company). The stores are located in Guyancourt (south-western suburbs of Paris), La Teste-de-Buch (Gironde, south-western France) and Viriat (eastern France, 76 km north-east of Lyon, just north of Bourg-en-Bresse). On an annual basis, these three stores generate rental income of EUR 1.0 million.
- on 1 March 2016 Ascencio made its first investment in Spain, acquiring three stores operated under the Worten banner with a total floor space of 11,828 m². The stores are located in the best retail parks of Madrid, Barcelona and Valencia. On an annual basis, these three stores generate rental income of EUR 1.8 million.
- on 16 September 2016 Ascencio acquired a 7,000 m² BUT store located in the retail area of Houdemont, a suburb of Nancy, north-eastern France (BUT being France's leading furniture retailer). On an annual basis, it generates EUR 0.8 million in rentals.

In Caen, Lower Normandy, Ascencio built an additional 1,340 m² to allow its tenant Intersport to increase its sales area to 3,340 m². At the La Louvière site, Ascencio built 2,500 m² of additional retail floor space, which was rented by Trafic and by Club.

Divestments during the financial year:

During the financial year, Ascencio disposed of several non-strategic properties for a total amount of EUR 22 million:

- on 23 December 2015 Ascencio sold all its properties in Verviers (Liège province) to the Verviers municipality.
- on 31 May 2016 Ascencio sold a 9,879 m² warehouse located in Heppignies, close to Gosselies.
- on 26 September 2016 Ascencio sold a portfolio of 17 properties comprising 16 retail sites located in Mont-sur-Marchienne, Charleroi, Herstal, Spa, Soignies, Seraing, Leuze, Lessines, Florennes, Courcelles, Marcinelle (3), Virton, Couvin and Andenne with a total floor area of close to 15,000 m², and a semi-industrial property in Braine l'Alleud (2,630 m² comprising offices and storage facilities).

On a like-for-like basis, the value of the portfolio grew by 3.0% as a result of increased appraisal valuations associated with the adoption of lower capitalisation rates and slightly higher ERVs (Estimated Rental Values).

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

- EUR 4.6 million in trade receivables;
- EUR 3.3 million in cash.

LIABILITIES & EQUITY

As at 30 September 2016, financial debt amounted to EUR 235.5 million (compared with EUR 214.6 million at 30 September 2015), of which

- EUR 186.7 million at more than one year;
- EUR 48.8 million at less than one year.

The increase in financial debt is the result of financing the investments made during the financial year by borrowings.

Apart from the financial debt at more than one year, non-current liabilities mainly comprise the negative value of hedging instruments (EUR 14.2 million).

The Company's debt ratio stood at 42.7% at 30 September 2016 as against 42.2% at 30 September 2015.

As at 30 September 2016 Ascencio had remaining investment capacity of EUR 85 million before its ratio would exceed the 50% threshold, and is thus in a position to continue growing by acquiring new properties in Belgium, France and Spain that align with its strategy and meet its quality and profitability criteria.

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (EUR 000S)	30/09/2016	30/09/2015
RENTAL INCOME	**38,835**	**35,978**
Charges relating to rentals	-87	-100
Rental charges not re-invoiced	-286	-413
PROPERTY RESULT	**38,462**	**35,465**
Other income and operating expenses	25	-12
Property charges	-2,382	-2,308
General expenses	-3,235	-2,807
OPERATING RESULT BEFORE PORTFOLIO INCOME	**32,870**	**30,338**
Operating margin (**)	***84.6%***	***84.3%***
Financial income	1	1
Net interest expense	-7,307	-6,846
Other financial charges	-204	-195
Taxes on current income (*)	-343	-360
NET INCOME EXCLUDING NON-RECURRING ITEMS (**)	**25,017**	**22,938**
Income from sales of investment property	120	-50
Changes in the fair value of investment property	15,005	-2,518
Other portfolio results	0	90
Portfolio income	15,125	-2,478
Changes in fair value of financial assets and liabilities (IAS 39)	162	2,364
Exit Tax	50	-43
Deferred taxes	-118	-235
NET PROFIT (LOSS)	**40,237**	**22,547**

(*) Taxes excluding deferred tax and exit tax.
(**) This is an Alternative Performance Measure (APM) used by Ascencio; its definition, use and reconciliation are shown in the APM glossary at the end of this Annual Report.

Rental income for the year was up by 7.9% compared with the previous financial year, at EUR 38.8 million.

This improvement was due to the investments made over the course of the previous financial year:

- acquisition of a retail park in Couillet and four commercial properties in Belgium and France in March 2015;
- and the financial year under review: acquisition of three Grand Frais stores in France on 22 December 2015 and three commercial properties in Spain on 1 March 2016.

On a like-for-like basis, rental income was stable (-0.2%).

The following table shows rental income by country:

RENTAL INCOME (EUR 000S)	30/09/2016		30/09/2016	
Belgium	24,784	64%	24,602	68%
France	13,019	33%	11,376	32%
Spain	1,033	3%	0	0%
TOTAL	**38,836**	**100%**	**35.978**	**100%**

Property income amounted to EUR 38.5 million (as against EUR 35.5 million in 2014/2015).

After deduction of property charges and general expenses, the operating result before portfolio income is EUR 32.9 million (EUR 30.3 million for the previous financial year), or an increase of 8.3%. **The operating margin**[32] came to 84.6% .

Investments during the year having been financed by borrowings, interest charges amounted to EUR 7.3 million compared with EUR 6.8 million in 2014/2015.

The **average cost of borrowing**[32] (including margins and the cost of hedging instruments)(APM) was 3.09%, representing a reduction relative to that of the 2014/2015 financial year (3.47%).

After deducting taxes associated with the results of the properties acquired in March 2016 in Spain and the French tax charge on the results of the French assets, **net income excluding non-recurring items**[32] amounted to EUR 25.0 million, an increase of 9.1% on the previous financial year.

Non-monetary items in the income statement amounted to:

- +EUR 15 million representing the change in fair value of investment properties (IAS 40) as a result of the higher appraisal values of the properties, associated with the adoption of lower capitalisation rates and slightly higher ERVs (Estimated Rental Values);
- +EUR 0.2 million increase in the fair value of interest rate hedging instruments (IAS 39);
- -EUR 0.1 million of deferred tax relating to the deferred taxation (5% withholding at source) of unrealised capital gains on the French assets.

Net income for the financial year amounted to EUR 40.2 million compared with EUR 22.5 million for the previous financial year.

CONSOLIDATED DATA PER SHARE

NUMBER OF SHARES	30/09/2016	30/09/2015
Weighted average number of shares	6,364,686	6,182,768
Total number of existing shares	6,364,686	6,182,768

RESULTS PER SHARE (EUROS)	30/09/2016	30/09/2015
Net income excluding non-recurring items per share (EUR)[32]	3.93	3.71
Earnings per share (EPS) (EUR)	6.32	3.65

Net Asset Value (NAV) (EUR 000s)	318,032	287,620
NAV per share (EUR)	49.97	46.52
Restatements:		
Fair value of IRS (Interest Rate Swaps) taken back on the liabilities side (000 EUR)	14,231	14,489
Net Asset Value (NAV) excluding value of IRS (EUR 000s)[32]	**332,263**	**302,109**
Number of shares	6,364,686	6,182,768
NAV per share excluding fair value of IRS (EUR)	52.20	48.86

32. The operating margin, the average cost of borrowing, the net income excluding non-recurring items and the NAV per share excluding fair value of IRS are Alternative Performance Measures (APM's) used by Ascencio; the definition, use and reconciliation of these APM's are shown in the APM glossary at the end of this Annual Report.

APPROPRIATION OF PROFIT FOR THE FINANCIAL YEAR

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 31 January 2017 that it approve the financial statements for the year ended 30 September 2016 (a summary of which is given in the section headed "Summary of the annual statutory accounts" in this Annual Report) and the distribution of a gross dividend of EUR 3.20 per share.

Based on this proposal, the net statutory profit would be appropriated as shown in the following table:

PROPOSED APPROPRIATION (EUR 000S)	30/09/2016	30/09/2015
A. NET PROFIT (LOSS)	**40,237**	**22,547**
B. TRANSFERS TO/FROM RESERVES	**19,870**	**3,690**
1 . Transfer to/from reserves of net change in fair value of property assets (-/+)	15,005	-2,518
- accounting financial year	15,005	-2,518
- previous financial years	0	0
- realisation of property assets	0	0
2. Transfer to/from reserves of estimated transfer expenses and stamp duty arising upon hypothetical disposal of investment properties (-/+)	0	0
3. Transfer to the reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (-)	0	0
4. Transfer from the reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (+)	0	0
5. Transfer to the reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (-)	162	2,358
- accounting financial year	162	2,358
- previous financial years	0	0
6. Transfer from the 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 latte taxes relating to property assets located abroad (-/+)	0	0
9. Transfers to/from reserves of dividends received in repayment of financial debts (-/+)	0	0
10. Transfers to/from other reserves	4,703	3,850
11. Transfer to/from retained earnings/accumulated losses	0	0
C. REMUNERATION OF CAPITAL AS PROVIDED BY ARTICLE 13, SECTION 1, PARA. 1	**11,652**	**18,292**
D. REMUNERATION OF CAPITAL - OTHER THAN C	**8,715**	**565**

In this way the Statutory Manager aims to maintain a dividend distribution policy based on the consolidated net income before non-recurring items generated by the Company.

	30/09/2016	30/09/2015	30/09/2014
Consolidated net income excluding non-recurring items per share (EUR)	3.93	3.71	3.75
Gross dividend* per share	3.20	3.05	3.00

(*) For 2015/2016, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2017.

The proposed dividend complies with the provisions of Article 13, section 1, para. 1 of the Royal Decree of 13 July 2014 on B-REITs:

DISTRIBUTION REQUIREMENT AS PER ROYAL DECREE OF 13 JULY 2014 ON B-REITS	30/09/2016 (EUR 000S)	30/09/2015 (EUR 000S)
NET STATUTORY RESULT	**40,237**	**22,547**
(+) Depreciation and Amortisation	65	64
(+) Reductions in value	107	44
(+/-) Other non-monetary items (Change in value of financial equity interests)	-3,607	-234
(+/-) Other non-monetary items (Change in value of financial instruments)	-162	-2,358
(+/-) Other non-monetary items (other)	0	0
(+/-) Net gains/(losses) on sale of properties	422	50
(+/-) Changes in the fair value of properties	-11,399	2,752
= CORRECTED RESULT (A)	**25,663**	**22,865**
(+/-) Capital gains and losses realised(*) on properties during the financial year	-10,822	
(-) Capital gains realised(*) on properties during the financial year, exempt from the distribution requirement subject to their being re-invested within four years	-276	0
(+) Capital gains realised on properties previously exempt from the distribution requirement and not having been re-invested within four years	0	0
= NET CAPITAL GAINS ON THE REALISATION OF PROPERTY NOT EXEMPT FROM THE DISTRIBUTION REQUIREMENT (B)	**-11,098**	**0**
TOTAL ((A + B) x 80%)	11,652	18,292
(-) REDUCTION IN BORROWINGS	**0**	**0**
DISTRIBUTION REQUIREMENT	**11,652**	**18,292**
AMOUNT DISTRIBUTED	**20,367**	**18,857**
(*) Relative to the acquisition value plus capitalised renovation costs.		
% OF CORRECTED RESULT DISTRIBUTED	**79.36%**	**82.47%**

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

	30/09/2016	30/09/2015
Paid-up capital, or called capital if this is higher (+)	37,271	36,180
Issue premiums not available by virtue of the Articles of Association (+)	242,240	234,055
Positive balance of reserve for changes in fair value of properties	28,518	419 (*)
Reserve for estimated expenses and stamp duty arising on hypothetical disposal of investment properties (-)	-10,389	-9,786
Positive balance of reserve for changes in fair value of hedging instruments to which IFRS hedge accounting is not applied (+/-)	-14,327	-14,489
EQUITY NOT DISTRIBUTABLE UNDER ARTICLE 617 OF THE COMPANIES CODE	**283,313**	**246,379**
STATUTORY EQUITY AFTER DISTRIBUTION	**297,500**	**268,600**
REMAINING MARGIN AFTER DISTRIBUTION	**14,187**	**22,221**

(*) After deduction of EUR 5,828,000 of reserve for change in value of properties declared available by the General Meeting of Shareholders of 15 September 2009. As at 30 September 2016 this amount of EUR 5,828,000 of reserves made available has been reclassified to equity.

PROPERTY REPORT

CONTENTS

BELGIAN RETAIL PROPERTY MARKET

Macro-economic indicators

Following two years of moderate growth, the Belgian economy should continue its recovery at a slower pace in 2017. Despite a declining trend in manufacturing employment and the recent announcements of restructuring in the banking and insurance sectors, the overall employment rate continues to show a positive trend at the macroeconomic level.

Belgium's growth for 2016 is expected to be 1.4%, the negative effect of the terrorist attacks in Brussels having been offset by dynamic domestic and external demand. For 2017 we expect the pace of growth to slow slightly to 1.2%.

In the longer term, we expect relatively sluggish growth of around 1.5% p.a. until 2020, compared with the pre-crisis 2% p.a. The biggest challenges are the high rate of public sector indebtedness and the long-term effects of Brexit. However, the European Central Bank's accommodative financing policy should help to counterbalance these risks.

Confidence indices have been falling since August following the announcements of restructuring in industry, banking and insurance.

Rental market

The out-of-town retail market has been the most stable for the past few years. Numerous retail parks have redevelopment projects and are upgrading. Examples are the Redevco retail park in Kuringen-Hasselt and the redevelopment of the former Ikea site in Ternat.

Consequently, we see in this market a clear improvement in formats, architecture and locations: the trend is more and more away from the classic cheap shoebox style and towards high-quality designs such as Bellefleur in Couillet, D-Shopping in Deinze and Be-Mine in Beringen.

Demand is also evolving towards more up-market retail sites on the outskirts of town, attracting typical high street brands such as H&M. In this segment they can reach a different type of consumer, as well as benefiting from much lower rentals than in city centres.

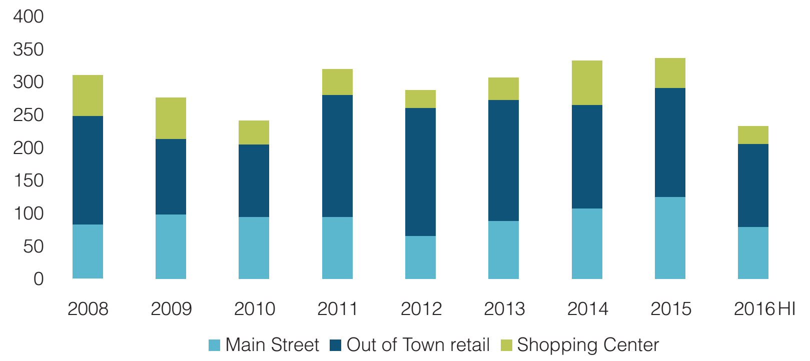
The overall take-up in Belgium in 2015 reached an acceptable level of nearly 340,000 m², a similar level to that of previous years.

We need to be cautious about 2016, because if we discount a whole series of transactions publicised in mid-January 2016 but in fact carried out in 2015, activity in the rest of the first quarter of 2016 was weak, and only 78,500 m² were recorded. The take-up recorded in the second quarter was 164,000 m².

The out-of-town retail segment performed better than the average, and in shopping malls there was less activity than in previous years, a sign of a degree of caution on the part of major retailers in the context of the terrorist attacks.

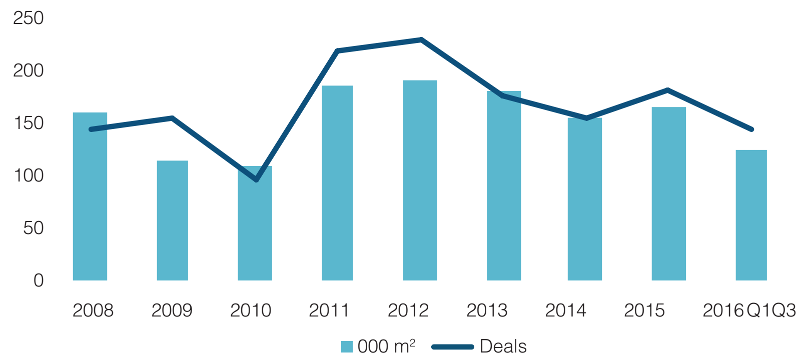
The biggest transaction in the out-of-town segment in the second quarter of 2016 was C&A's rental of 1,832 m² at the be-MINE site in Beringen. In the third quarter of 2016 it was H&M, with 2,000 m² in Froyennes.

OCCUPANCY TAKE-UP (000 M².)



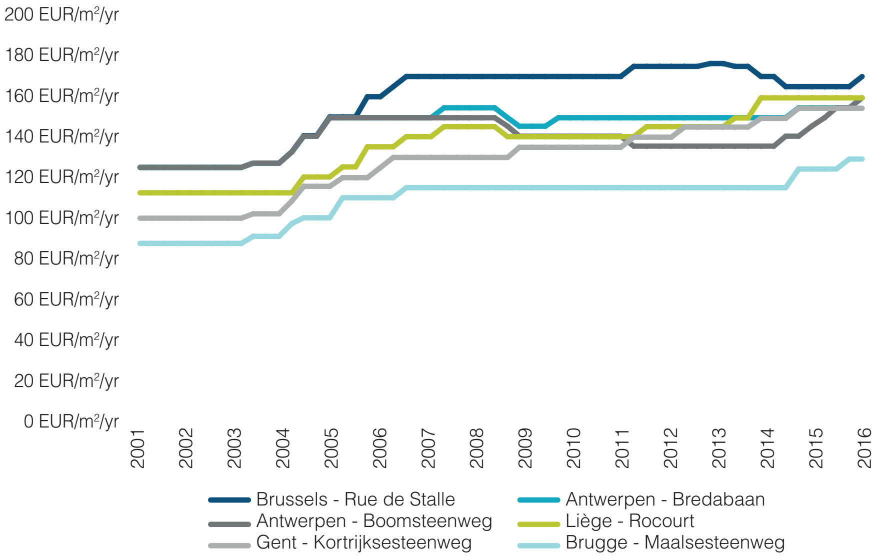
Source: Cushman & Wakefield

TRANSACTIONS ON CITY OUTSKIRTS (DIFFERENT TRANSACTIONS AND M²)



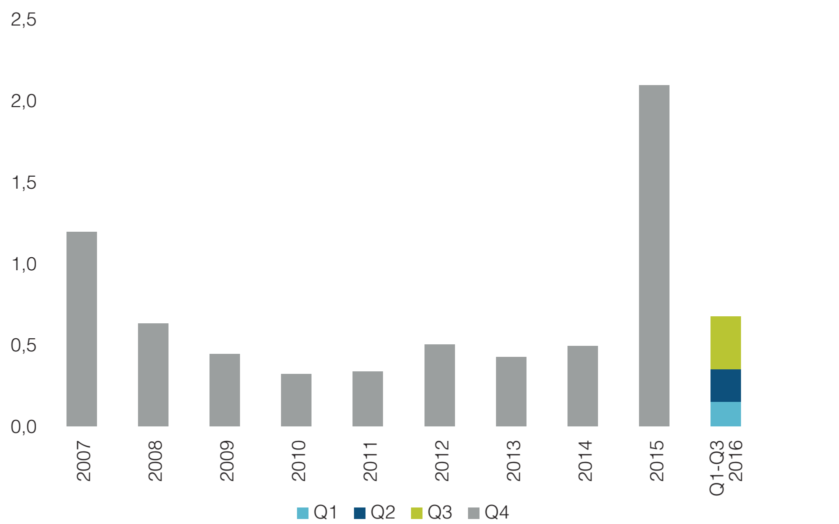
Source: Cushman & Wakefield

PRIME RENTALS: OUT-OF-TOWN RETAIL, EUR/M²/YR (PRIME SHOPS OF 1,000 M²)



Source: Cushman & Wakefield

VOLUMES INVESTED QUARTERLY IN RETAIL PROPERTY (EUR BILLIONS)



Source: Cushman & Wakefield

Rentals

Prime rentals for the best retail parks in Belgium vary from EUR 100/m²/yr for locations such as Mons to EUR 160/m²/yr in Zaventem. They have remained very stable for the last few years, but in the last few quarters there has been a slight upward trend for the best projects. This reflects the sustained demand and the clear up-market trend of this market segment, with the arrival of typical high street chains and improved architecture slowly but surely pushing rentals up.

The investment market

Despite a third consecutive quarter of falling volumes invested, the Belgian investment market remains dynamic, with EUR 900 million invested during the second quarter. This brings the total volume invested since the beginning of the year to about EUR 1.9 billion (including purchases for own occupation), representing an increase of 25% compared with the same period of 2015.

Some 120 transactions have been recorded since the beginning of the year, confirming dynamic activity in the investment market.

Brexit is likely to have a rather limited impact on the Belgian market, and the context of very low interest rates is likely to continue in the next few months, so the investment market should remain dynamic.

Volumes of investment could increase to EUR 4.5 billion between now and the end of 2016 in view of a number of significant transactions still expected in all market sectors before year-end.

In commercial property, EUR 360 million have been invested since the beginning of the year, in strong contrast with the record year 2015 and its EUR 2.1 billion invested. However, activity remains intense, with more than 65 transactions recorded, ranging from EUR 1 million to EUR 28 million. The recent terrorist threats may have led to some retail transactions being placed on stand-by, although there are still some significant transactions in the pipeline for the remainder of 2016.

The most significant transactions of the quarter were the purchase of Demerstraat 21-25 in Hasselt by QRF for EUR 28 million and the acquisition of Chaussée d'Ixelles 60-68 in Brussels by Triuva for EUR 24 million. D-Shopping Deinze, bought for EUR 20 million by Bimmo, completes the top three.

The retail market in 2015 was characterised by the very strong presence of foreign investors, mainly driven by the Chinese acquisition of the Wijnegem and Waasland shopping centres.

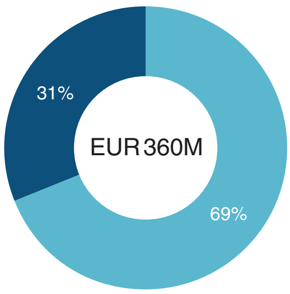
The picture has been very different since the beginning of the year, with Belgian investors accounting for more than 80% of the total.

Belgian investors are present in seven of the ten biggest transactions since the beginning of the year.

The sharp compression of yields seen since mid-2014 eased, but resumed at the beginning of 2016.

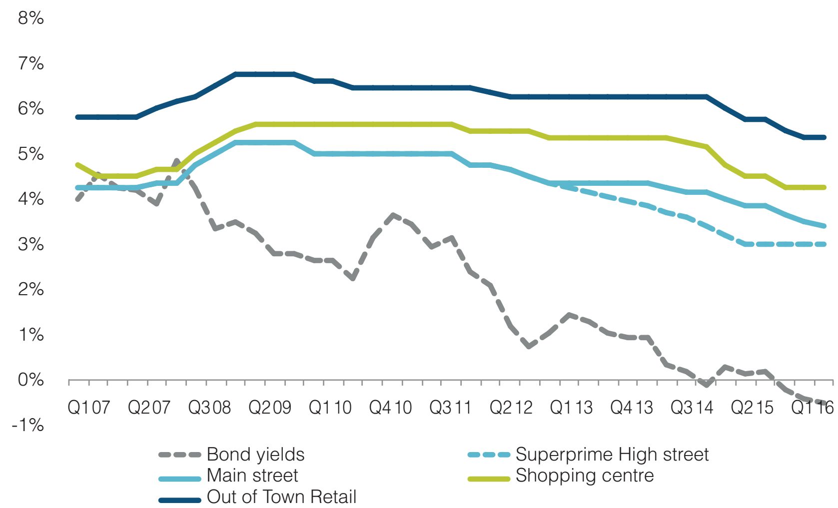
Prime retail yields in the high street segment reached an all-time low of 3.50% in the second quarter, the only sign of compression this quarter. Indeed, prime yields in shopping centres and out-of-town remained unchanged at 4.25% and 5.35% respectively. For trophy assets in certain specific locations, we are still seeing super-prime yields of around or below 3%.

BREAKDOWN OF INVESTMENT VOLUMES BY RETAIL SEGMENT (1st HALF 2016)



Source: Cushman & Wakefield

PRIME YIELDS IN THE VARIOUS RETAIL SEGMENTS



Source: Cushman & Wakefield

FRENCH RETAIL PROPERTY MARKET

After marking time at the end of 2015, household consumption grew by 1% in the first quarter of 2016, its strongest quarterly growth since 2006. Buoyed by the recovery in the automotive market and by Euro 2016, but affected by the gloomy spring weather, the terrorist attacks and the high level of unemployment, the recovery is fragile, as has recently been confirmed by the difficulties of several major French retailers.

Following the Brexit vote, the growth outlook for France in 2017 has been revised downwards from 1.5% to 1.2%. At the same time, the mood in retailing has improved, albeit not to its pre-13 November (Paris terrorist attacks) level. Household consumption remained stable in the second quarter.

For 2016 as a whole, the INSEE (the French national statistics bureau) is forecasting an increase in consumption of 1.6%, nearly as much as in 2015. Thanks to low inflation, purchasing power should increase by 1.7% in 2016, after increasing by 1.6% in 2015.

France remains one of the priority markets for the development of international chains seeking the best locations in order to benefit from the influx of tourists. Avenue des Champs-Elysées, Avenue Montaigne, Rue du Faubourg Saint-Honoré and Rue Saint-Honoré all remain highly prized, as attested to by the recent arrival of Coach, Tony Burch and Alexander McQueen.

The rental market

While household consumption remains dynamic, the chains' wait-and-see stance, brought about by a number of uncertain factors, continues to weigh on the French market. The chains' performances and their rate of expansion vary very appreciably however depending on the style of distribution, business sectors and geographical location of the assets. For example the markets that are more dependent on an international clientele, the big Paris department stores and key locations in the capital are badly affected by the increased threat of terrorism. Thus the chains continue to rationalise their networks of stores in favour of the most profitable and most frequented locations, fuelling moves to the best major thoroughfares, the biggest shopping malls or the most modern retail parks with the biggest catchment areas.

In this difficult context, marked by a significant threat of terrorism, a difficult social climate and a persistently lacklustre jobs market, specialist retail businesses are struggling to recover.

While out-of-town retailers are doing well (+1.2% YTD), downtown shops are suffering more from the current context, with declines of between 3.6% for street-side shops to 1.1% for shops in malls. Except for beauty and healthcare, all sectors show negative trends.

Lastly, specialist retail activity, which had performed well since the beginning of the year, was down by 0.2% for the first five months YTD.

Out-of-town retail sites, a serious alternative for the major retailers

The market for periphery retail sites is highly diverse, ranging from stand-alone outlets through groups of shops at the entrance to towns to architecturally designed retail activity parks, but has been growing strongly and structurally for some years now.

With this type of assets the major retailers, both French and foreign, are highly sensitive to location. Indeed it is the first criterion.

Retail parks continue to open. The most innovative concepts, offering a maximum of services and a first-class location in terms of transport, have good occupancy rates.

The brand outlet or brand village concept, popular with consumers, also continues to develop and attract more brands. In a context of weak growth in purchasing power, the development of these new products leads to an offering that is better suited to consumers' expectations in terms of choice,

ECONOMIC INDICATORS (IN%)	2016(2)	2015(1)
GDP growth	1,5	1,2
CPI	1,1	0,1
Unemployment rate(3)	10,2	10,2
Household consumption	1,4	1,5

Source: Oxford Economics
(1) Estimate / (2) Foecast / (3) In mainland France.

PRIME RENTAL VALUES (EUR/M²/YR.) RETAIL PARKS(1)	4th QUARTER 2014	4th QUARTER 2014
France	180	180

Source: Cushman & Wakefield
(1) For 1,000 m² and new products at prime sites in high catchment areas.

price, etc. and provides brands with a privileged, quality channel for disposing of unsold stock.

Outlook for the rental market

Regional and supra-regional out-of-town shopping malls and retail parks continue to gain market share thanks to their ability to improve the quality of the customer experience and their development of cross-channel strategies, whereas visits to shopping centres as a whole were down by 3.7% for the first three quarters of 2016.

The investment market

The imbalance between supply of and demand for retail products, together with the low rates on OATs keeps prime yields under strong pressure. Thus we are seeing a return to the record lows of 2007, or even lower for street-side shops.

Retail has once again proved attractive to investors. Government bonds saw their remuneration fall to a new low point in the second quarter of 2016 (0.21% at the end of June), widening the spread with prime rates. The differential now stands at more than 279 bps for street-side shops and nearly 480 bps for periphery retail sites.

Volumes of investment in retail reached EUR 2.3 billion in the first half of 2016, confirming the excellent performance seen in 2015. Amounts for the whole year 2016 should reach EUR 5 billion.

Large transactions made a significant contribution to this result: Seven transactions of more than EUR 100 million, totalling EUR 1.3 billion, were recorded in the first six months, four of them concerning out-of-town assets. Transactions of between EUR 30 million and EUR 100 million amounted to EUR 612 million, 27% of the total.

Retail products continue to be relatively liquid, and the weight of this asset class in the market is greater than before thanks to a larger number of products offered for sale. While the Paris market is still mainly a market for offices, retail is holding its own and represents a fair-sized part of the investments made (20%).

Investors are nonetheless very selective and prudent in their investment choices. They are also very attentive to the major retailers' sales figures and the rental values they bear. In this regard, the scale of yields is holding steady between prime and non-prime assets.

Street-side shops were the most popular, with EUR 1.1 billion of investments, helped notably by the sale by Meyer Bergman and Thor Equities of “65, Champs Elysées” for EUR 490 million.

After a particularly dynamic 2015, with nearly EUR 1.8 billion invested thanks partly to CIC’s acquisition of the Franco-Belgian “Celsius” portfolio for an estimated EUR 475 million (the French part), investments in shopping centres returned to a more classic level of activity in the first half of 2016, with EUR 310 million invested.

The biggest transaction in the first half of 2016 was the acquisition by Trimax Développement and the Desjouis Group from private investors of the Nice One shopping centre, 27 000 m^2 opened in February 2016, for EUR 100 million. The remainder of the activity was basically concentrated in transactions of between EUR 30 million and EUR 100 million.

Prime yields, which were stable from one quarter to the next, stood at 4.25% in the second quarter 2016, their lowest level since 2007.

PRIME PROPERTY YIELDS (IN%)	4th QUARTER 2014	4th QUARTER 2015
Regional shopping centres	4.50	4.00
Shops	3.50	3.00
Retail parks	5.75	5.00

Source: Cushman & Wakefield

EXAMPLES OF OPENINGS OF RETAIL PARKS	M²
2015	**332,263**
Toulouse Fenouillet - Fenouillet (Haute-Garonne)	33,500
Sens Sud - Sens (Yonne, Bourgogne)	28,300
SuperGreen - Terville (Moselle)	28,000
Enox - Gennevilliers (Hauts-de-Seine)	26,700
St-Max Avenue - Saint Mixim (Oise)	15,500
PAC Auchan - Saint-Jean-de-la-Ruelle (Loiret)	9,000
2016	**332,263**
La Petite Madelaine - Chambray-les-Tours (Indre-et-Loire)	31,500
Les Montagnes - Champniers (Charente)	22,200
Les Blancs-Monts - Cormontreuil (Marne)(1)	18,500
Parc Avenue - Saint-Mixim (Oise)	15,500
Cap Emeraude - Pleurtuit (Ile-et-Vilaine)	13,500
L'Hippodrome - Toulouse (Haute-Garonne)	10,500

Source: Cushman & Wakefield
(1) Extension and redevelopment.

Out-of-town retail sites much sought after in the first half of 2016

Following an excellent 2015 (EUR 1.15 billion invested), periphery retail sites kept up a similar trend in the first half of 2016, turning in one of their best ever performances with EUR 860 million, 38% of total investments in retail.

Four large transactions, each of more than EUR 100 million, contributed to this result. We would mention in particular the acquisition by Ares Capital Europe of two McArthurGlen brand outlets in Troyes and Roubaix from Resolution Property for approximately EUR 200 million, the purchase by Frey, Predica and ACM of the Villebon 2 retail park from Hammerson for EUR 170 million and lastly the acquisition by Meyer Bergman European Retail Properties III of the “Octave” portfolio, consisting mainly of retail parks.

French investors accounted for 82% of investments in out-of-town retail sites in the first half of 2016.

The benchmark prime rate saw some slight compression during the last three months, positioning itself between 5.00% and 5.50% in the second quarter of 2016.

Recent developments in the periphery retail sector

Although there has been a slowdown in the number of projects starting from scratch, we have seen the opening of several new retail parks over these past two years.

SPANISH RETAIL PROPERTY MARKET

The economic context

Investors continue to allocate substantial amounts to the Spanish property market. The total volume of investments YTD to the end of the third quarter of 2016 is estimated at EUR 6 billion, not counting residential. In 2015, the total volume for the whole year was EUR 10.3 billion, in 2014 it was EUR 6.2 billion and in 2013 EUR 3 billion. This activity reflects confirmed confidence in the growing Spanish economy (see graph hereunder).

Following the years of recession, from 2008 to 2014, the unemployment rate has eased appreciably and wages (pre-tax) are once again starting to grow, after a deflationary period, suggesting some capacity for a revival in consumption.

Domestically, Spain has been without a government since December 2015, and following fresh general elections in June 2016 it seems that a coalition might finally be put together before year-end.

All in all, the economic context remains positive, with a booming tourism sector and oil prices at their lowest ever.

With consumer confidence growing, one sees a return to better performances for retailers established in the best locations.

Although the unemployment rate remains relatively high, one must bear in mind the traditional underground economy, which remains important in rural areas and in the tourism sector.

Overall, it is generally accepted that the economic context is improving, driven by consumption which is benefiting from the tax cuts, the fall in unemployment and lower oil prices.

Availability of finance remains considerable thanks to the persistently low rates. In view of the correctly adjusted and stable rental levels, valuations do not seem excessive.
The stock of projects from the past few years has performed relatively well, particularly in retail.

ECONOMIC INDICATORS (IN%)	2015	2016	2017 (FORECAST)
Annual GDP growth	3.2	3.2	2.3
Annual growth in consumption	3.1	3.3	2.3
Unemployment rate	22.1	19.9	18.1

Source: Oxford Economics 16 septembre 2016

The rental market

The retail park market in Spain represents approximately 1,850,000 m², or 12.50% of the retail market.

Only two retail parks were opened in 2015, in Madrid and Seville, and there are only eight retail parks with an area of more than 50,000 m². The Madrid, Valencia and Andalusia regions account for nearly 60% of the total stock in this market segment.

In general terms, the average size of the retail parks varies between 10,000 m² and 20,000 m², and this represents about 40% of the market.

The "big boxes" represent about 2,600,000 m². The total out-of-town retail market can be estimated at 4,500,000 m², or more than a third of total retail area.

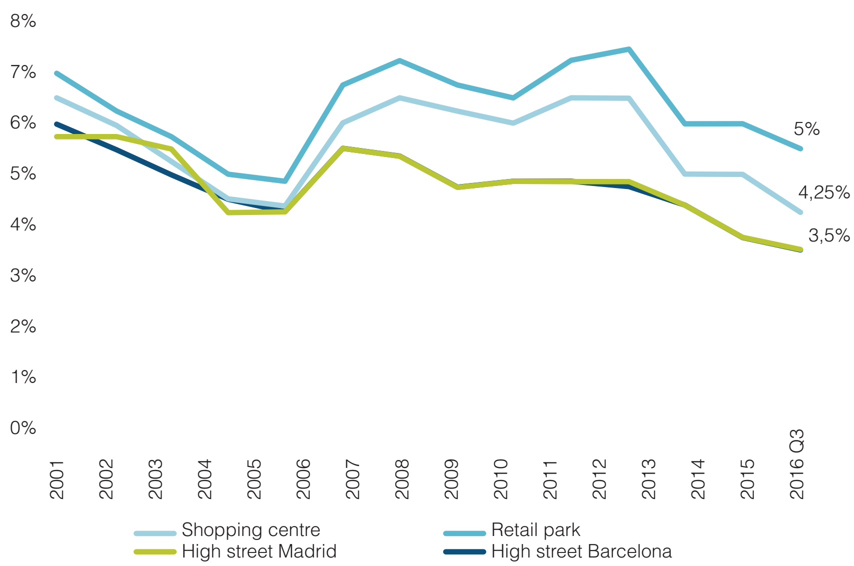
The major international retailers, many of them French, have been present in Spain for many years, such as the Mulliez group (Auchan, Kiabi, Adeo, etc.), Vivarte (Merkal) and Carrefour. They deploy their various brands such as Auchan, Kiabi, Norauto, Leroy Merlin, Aki and Bricomart and continue with ambitious development plans; we should add Conforama, Media Markt, Costco and the Aldi and Lidl groups.

More recently, Ikea embarked upon a market conquest, and aims to capture 80% of Spanish households, as sales have increased by 10% in one year.

Rentals for prime sites are expected to rise from 2016, the rest of the market remaining stable.

The retail park market is in a stabilisation phase following the continual falls since the crises of 2008 and 2011. On average, rentals are at EUR 10/m²/mth to EUR 12/m²/mth for the commonest formats.

PRIME YIELDS FOR SHOPPING CENTRES, RETAIL PARKS AND HIGH STREET STORES



Source: Cushman & Wakefield

The investment market

The past three years have seen a significant inflow of capital to Spain. As regards the property market, interest is mainly directed to core products, which are relatively scarce on the supply side. As for secondary sites, despite potential buyers' caution, the favourable financing conditions contribute positively to investments in this segment.

In general there is an abundance of capital available in the market, much of it from "SOCIMIS" (Spanish REITs). This puts pressure on yields demanded by vendors, who are in a favourable position. Given the core funds' aversion to the risk of volatility on the stock markets and the excessively low yields available on the bond market, funds seeking yield from property are pushing prices up still further.

Initial rates offered on prime shopping centres have been compressed to 4.25% (stabilised rentals). For the best centres, rates will remain marginally more aggressive, while for those in the second category valuation by rates is less significant. Suffering from chronic rental voids and uncertain revenues, investors prefer to put business plans in place for these retail assets so as to attain IRRs in the order of 15% without leverage.

Net initial rates for prime retail parks offer yields in the order of 5.5%. This does not concern stand-alone buildings, isolated or around a communal car park, for which rates remain despite all a little higher.

Main transactions in retail parks since 2015

The following table shows a number of major transactions in the past 15 months.

This confirms investors' increased and constant interest in the Spanish market, which should continue in the future.

Moreover, it seems that certain investors, deterred by the significant fall in yields, must be being replaced by those anticipating a rise in rental yields thanks to the confirmed growth of the economy and the positive effects it should have on rental values.

RETAIL PARK	Date	Location	GLA (en m²)	Vendor	Acquirer	Price (EUR millions)
Portal Mediterraneo - Vinaroz	September 2016	Vinaroz - between Valencia and Barcelona	12,000	Private	Mitiska	Not disclosed
Parla Natura - Madrid	August 2016	South of Madrid (30km)	18,000	Frey Invest	Veracruz	16.3
Vistahermanosa - Alicante	June 2016	Alicante	33,550	Baupost	Lar Espana	42.5
Portefeuille de 6 retail parks	April 2016	Southern Spain	84,250	Bogaris	Redevco-Ares	95.0
Viapark - Almeria	April 2016	Almería - Southern Spain	15,500	Solvia	Axa Re	20.0
El Manar - Valence	September 2015	North of Valencia (20 km)	23,500	Pradera	Harbert	Not disclosed
La Dehesa - Madrid	September 2015	North-east of Madrid (40 km)	9,500	IVG	MDSR	Not disclosed
Vista Alegre - Zamora	August 2015	Zamora - Castile and León	16,750	KKR	UBS	Not disclosed
Parc Connecta - Cordoue	August 2015	Cordoba	15,000	Alpha	MDSR	15.3

THE MARKET OF RETAIL PARKS IN SPAIN REPRESENTS

12,5%

OF THE RETAIL MARKET

KEY FIGURES

Thanks to the significant investments made during the year, Ascencio closed the 2015/2016 financial year with a property portfolio up by 9.1% relative to 30 September 2015. Its fair value[33] amounted to EUR 572 million as at 30 September 2016, compared with EUR 521 million one year earlier.

As at 30 September 2016 Ascencio held a portfolio of 102 properties spread among Belgium, France and Spain with a total area of 415,980 m².

During the 2015/2016 financial year Ascencio made several investments in France and Spain:

- on 22 December 2015 Ascencio acquired three stores operated under the Grand Frais banner (6,600 m²) by buying the shares of three French SCIs (SCI being Société Civile Immobilière, a specialist type of property owning company). The stores are located in Guyancourt (south-western suburbs of Paris), La Teste-de-Buch (Gironde, south-western France) and Viriat (eastern France, 76 km north-east of Lyon, just north of Bourg-en-Bresse). On an annual basis, these three stores generate rental income of EUR 1.0 million.
- on 1 March 2016 Ascencio made its first investment in Spain, acquiring three stores operated under the Worten banner with a total floor space of 11,828 m². The stores are located in the best retail parks of Madrid, Barcelona and Valencia. On an annual basis, these three stores generate rental income of EUR 1.8 million.
- on 16 September 2016 Ascencio acquired a 7,000 m² BUT store located in the retail area of Houdemont, a suburb of Nancy, north-eastern France (BUT being France's leading furniture retailer). The BUT store, with a total area of 7,000 m² of which 4,000 m² sales area, makes nearly 230 parking spaces available to its customers. It opened in December 2014 and is the chain's flagship store for Lorraine.

(EUR 000S)	30/09/2016	30/09/2015
Investment value (excluding projects in development)	593,131	538,551
Fair value (excluding projects in development)	572,132	520,974
Contractual rentals	39,850	37,101
Contractual rentals including estimated rental value of unoccupied properties	40,398	37,962
Gross yield	6.72%	6.89%
OCCUPANCY RATE%	**98.6%**	**97.7%**

	SURFACE (M²)		FAIR VALUE (000 EUR)	
(000 EUR)	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Belgium	288,562	318,165	345,310	353,180
France	115,592	98,193	199,047	167,794
Spain	11,828	0	27,775	0
TOTAL	**415,982**	**416,358**	**572,132**	**520,974**

In Caen, Lower Normandy, Ascencio built an additional 1,340 m² to allow its tenant Intersport to increase its sales area.

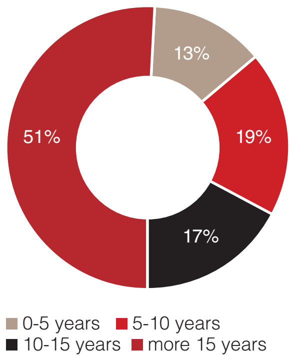
At the La Louvière site, Ascencio built an additional 2,500 m² of retail floor space, which were taken up by Trafic and Club.

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

- on 23 December 2015 Ascencio sold all its properties in Verviers (Liège province) to the Verviers municipality with a small capital gain.
- on 31 May 2016 Ascencio sold a 9,879 m² warehouse located in Heppignies, close to Gosselies, with a small capital gain.
- lastly, on 26 September 2016, Ascencio sold 17 non-strategic properties for a price (before deduction of selling expenses) that was 2.5% more than their fair value as at 30 June 2016.

On a like-for-like basis, the fair value of the property portfolio increased by 3% relative to 30 September 2015.

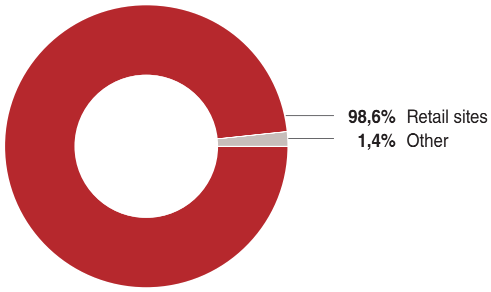
AGE OF BUILDINGS



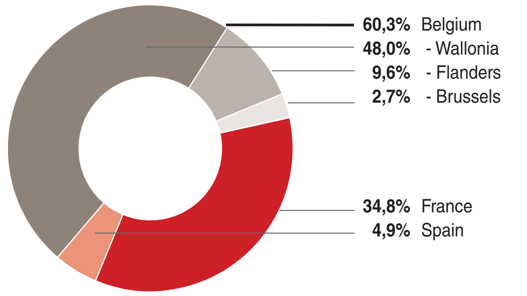
33. Excluding projects in course of development.

ANALYSIS OF THE PROPERTY PORTFOLIO

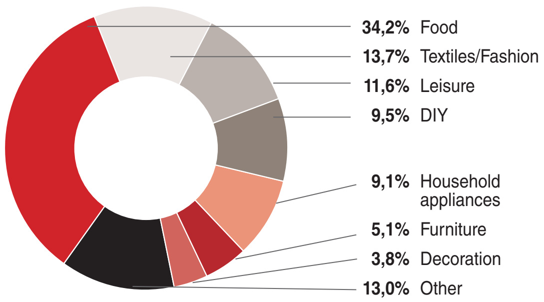
BREAKDOWN BY SECTOR (1)



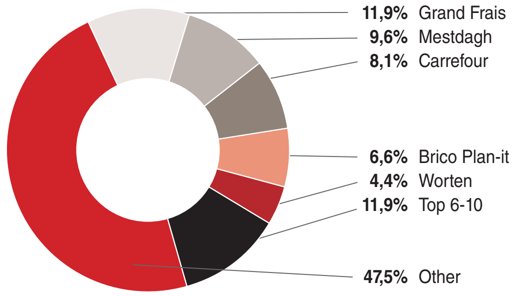
GEOGRAPHICAL DISTRIBUTION (1)



BREAKDOWN BY BUSINESS (2)



BREAKDOWN OF TENANTS (2)



(1) Breakdown based on fair value.
(2) Breakdown based on rentals received.

+9.1%

INCREASE OF PROPERTY PORTFOLIO AT 30/09/2016

INSURED VALUE

In accordance with the B-REITs legislation, the Company and its subsidiaries subscribe appropriate insurance cover for all their properties. As at 30 September 2016, the insured value represented 47% of the fair value of the portfolio[34]. This cover conforms to the conditions usually applied in the market.

In order to avoid the risk of recourse, and to be able to benefit from 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 under 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 EUR 39,400.

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 for tenants' account.

In Spain, the assets are insured directly by the tenants on the basis of new reconstruction value of the buildings.

The following table shows the initial acquisition values, insured values, fair values and gross yields of Ascencio's various sub-portfolios of property assets.

(EUR 000S)	ACQUISITION VALUE	INSURED VALUE	FAIR VALUE	GROSS YIELD
Belgium	312,215	168,654	345,310	6.78%
France	191,157	83,804	199,047	6.68%
Spain	27,479	16,100	27,775	6.22%
TOTAL	**530,851**	**268,558**	**572,132**	**6.72%**

OPERATIONAL MANAGEMENT

The Company aims to develop and manage its property portfolio actively.

For this purpose, Ascencio has a team of thirteen people, two thirds of whom (FTE) devote themselves to Ascencio's operating activity.

The Technical Manager and the Real Estate Management Division 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" providers, while retaining responsibility, however, and 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 following up on tenants' obligations generally.

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 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.

Mainly 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 sales.

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 for a limited duration and accompanied by Service Level Agreements allowing performance to be evaluated over the life of the contracts.

Ascencio's external managers are:

- TERRANAE SAS, with capital of EUR 50,000 having its registered office at 3/5, Rue des Graviers, Neuilly sur Seine (92200), registered with the Nanterre Trade & Companies Registry under number 478.511.124;

34. The difference relative to the fair value of the portfolio is due to the fact that land, car parks, cabling and in general, anything that is in the ground, is not insured. Furthermore, assets on which an emphyteusis has been granted are not included in the value insured.

- IF GESTION & TRANSACTIONS SNC, with capital of EUR 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, SARL, with capital of Sfr.20,000 having its registered office at Chemin Edouard Tavan, 8D, 1206 Geneva, registered with the Geneva Trade & Companies Registry under no. 11793/2012 and Federal no. CH-660-2690012-8;
- ACCESSITE, SAS, with capital of EUR 80,000 having its registered office at 47 Cours Pierre Puget, 13006 Marseille, registered with the Marseille Trade & Companies Registry under no. B 394.232.300, as its agent (mandataire) within the meaning of Article L.622-24 of the Commercial Code.

The external manager's remuneration is partly proportional to the rentals received. The portion not re-invoiceable to tenants amounted to EUR 121,713.88 incl. tax for the financial year ended 30 September 2016.

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.

In Spain, the units owned by Ascencio form part of retail parks managed by an association. Ascencio makes sure that the units are properly maintained by direct contact with its tenants.

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.

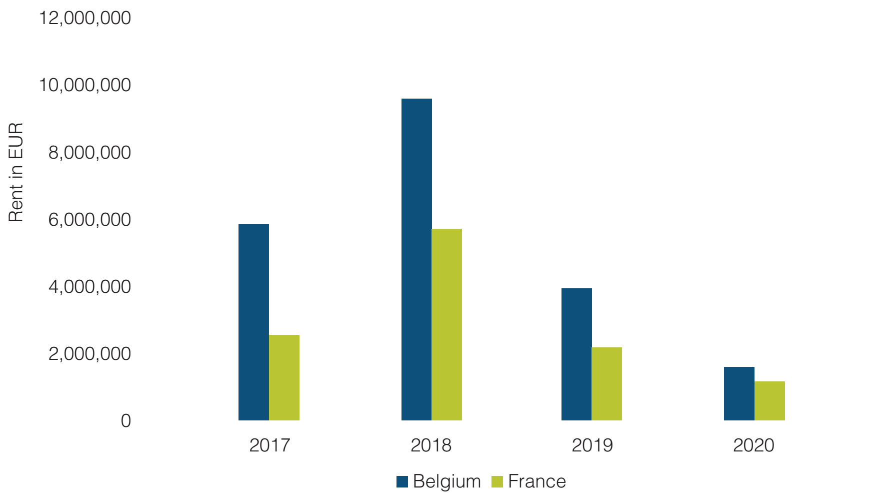
The formalisation of the lease includes drawing up and mutually agreeing an initial inventory. Ascencio also takes care of transferring the utility meters and registering the lease. Upon expiry of the lease, a final inventory is drawn up in order to assess the amount of any loss or damage.

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".

In Spain, commercial leases are subject to law 29/1994 of 24 November 1994, the Ley de arrendamientos urbanos or "law on urban leases", abbreviated as "ULA". However this law is merely supplementary to the parties' wishes, which prevail in Spain.

RENTS M²/MONTH BY TYPOLOGY OF ACTIVITIES



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.

For further information on the valuation methods used by the independent property experts and the valuation process, please refer to Note 6 to the Consolidated Financial Statements.

RESIDUAL DURATION OF AGREEMENTS

The average residual duration of commercial lease agreements must be understood as being eighteen months, since commercial leases can be terminated every three years, without indemnification[35].

However, retail location is primordial for the chains, and this translated into an effective turnover rate of 1.40% for financial year 2015/2016 and 1.35% for 2014/2015.

35. Mathematical average based on possible break every three years.

ASCENCIO'S CONSOLIDATED PORTFOLIO [36]

Retail sites

SITE (AT 30/09/2016, ALL SITES ARE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR000S)	ESTIMATED RENTAL VALUE (ERV) (EUR000S)
BELGIUM							
Aarschot (3200) Liersesteenweg 21	Property complex comprising two retail outlets	2000	2,955 m²	260	100%	260	247
Andenne (5300) Avenue Roi Albert	Large food store forming part of a retail complex	2000	2,300 m²	155	100%	155	173
Anderlecht (1070) Chaussée de Ninove 1024	Furniture retailer	1962	1,061 m²	132	100%	132	101
Auderghem (1160) Chaussée de Wavre 1130	Household appliance store	2006	1,810 m²	274	100%	274	262
Berchem (2600) Fruithoflaan 85	Large food store	1971	2,685 m²	235	100%	235	242
Boncelles (4100) Route du Condroz 20-24	Building comprising several chains in a major retail centre	1995	3,000 m²	500	100%	500	437
Boncelles (4100) Rue de Tilff 114	Building comprising several chains in a major retail centre	2004	597 m²	115	100%	115	97
Braine l'Alleud (1420) Place St Sébastien 15	Large food store	1978	1,525 m²	91	100%	91	114
Bruges (8000) Legeweg 160	Retail area	1995	999 m²	81	100%	81	80
Chapelle-lez-Herlaimont (7160) Rue de la Hestre 93	Large food store	1973	2,237 m²	196	100%	196	179
Chatelet (6200) Rue de la Station 55	Large food store	1998	2,500 m²	156	100%	156	175
Chatelineau (6200) Rue des Prés 45	Large food store	1993	1,924 m²	109	100%	109	125
Chatelineau (6200) Rue du Trieu-Kaisin	Property complex comprising several chains in a major retail centre	1990	24,236 m²	2,209	100%	2,209	2,019
Couillet (6010) Chaussée de Philippeville 219	Shopping centre with several chains	1970	2,556 m²	244	100%	244	226
Couillet (6010) Chaussée de Philippeville 304-317	Small retail outlets forming part of a shopping centre	1990	294 m²	37	74%	50	52
Couillet (6010) Chaussée de Philippeville 329	Shopping centre with several chains	2014	15,045 m²	1,741	100%	1,741	1,696
Courcelles (6180) Rue du 28 Juin	Large DIY store	2005	2,301 m²	167	100%	167	161
Dendermonde (9200) Heirbaan 159	Large food store	1970	3,090 m²	362	100%	362	201
Dendermonde (9200) Mechelsesteenweg 24	Building comprising a large food store and a DIY store	1983	4,342 m²	384	100%	384	356
Deurne (2100) Lakborslei 143-161	Large food store	1992	3,980 m²	334	100%	334	259
Frameries (7080) Rue Archimède	Large food store	1978	2,180 m²	177	100%	177	153
Gembloux (5030) Avenue de la Faculté d'Agronomie	Building comprising two retail outlets	1976	2,095 m²	185	100%	185	188
Gent Dampoort (9000) Pilorijstraat 20	Large food store	1960	2,889 m²	301	100%	301	274
Gerpinnes (6280) Route de Philippeville 138	Retail complex with several chains	2000	8,011 m²	428	88%	489	519

36. 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.

SITE (AT 30/09/2016, ALL SITES ARE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR000S)	ESTIMATED RENTAL VALUE (ERV) (EUR000S)
Gerpinnes (6280) Route de Philippeville 196	Large food store	1979	3,369 m²	279	100%	279	319
Gerpinnes Bultia (6280) Rue Neuve 182-184	Retail building comprising two chains	1988	1,500 m²	130	100%	130	146
Ghlin (7011) Rue du Temple 23	Large food store	1975	1,957 m²	124	100%	124	127
Gilly (6060) Chaussée de Ransart 252	Large food store	1989	2,725 m²	237	100%	237	232
Gosselies (6041) Rue Vandervelde 67	Large food store	1972	1,323 m²	61	100%	61	79
Gozée (6534) Rue de Marchienne 120A	Large food store	1977	2,431 m²	174	100%	174	219
Hamme Mille (1320) Chaussée de Louvain 27	Large food store	2013	3,696 m²	333	100%	333	339
Hannut (4280) Route de Huy 54	Shopping centre with several chains	1986	9,704 m²	835	100%	835	893
Hannut (4280) Route de Landen	Complex of two retail buildings	2000	5,319 m²	506	100%	506	514
Hoboken (2660) Sint Bernardsesteenweg 586	Large food store	1988	4,620 m²	416	100%	416	346
Huy (4500) Quai d'Arona 19A	Commercial building	2002	1,969 m²	162	100%	162	157
Jambes (5100) Rue de la Poudrière 14	Large food store	1986	2,302 m²	106	100%	106	173
Jemappes (7012) Avenue Maréchal Foch 934	Shopping centre with several chains	1966	9,926 m²	696	100%	696	619
Jemeppe s/Sambre (5190) Route de la Basse Sambre 1	Shopping centre with several chains	2006	1,553 m²	137	100%	137	135
Jodoigne (1370) Rue du Piétrain 61A	Large food store	1987	2,245 m²	143	100%	143	168
Jumet (6040) Rue de Dampremy	Large food store	1975	1,730 m²	163	100%	163	130
Kortrijk (8500) Gentsesteenweg 50-56	Large food store	1965	2,309 m²	215	100%	215	196
La Louvière (7100) Avenue de la Wallonie 5	Household appliance store	1991	1,000 m²	93	100%	93	90
La Louvière (7100) Rue de la Franco Belge	Property complex comprising several chains in a major shopping centre	1990	24,878 m²	2,488	100%	2,488	2,261
Laeken (1020) Rue Marie-Christine 185-191	Retail building comprising several chains	2001	1,586 m²	255	100%	255	205
Lambusart (6220) Route de Fleurus et Wainage	Large food store	1976	2,600 m²	121	100%	121	156
Leuze (7900) Avenue de l'Artisanat 1	Retail complex comprising household goods chains	2006	3,492 m²	199	74%	268	261
Liège (4000) Rue du Laveu 2-8	Shopping centre comprising a retail outlet and a DIY store	1991	2,290 m²	148	100%	148	160
Loverval (6280) Allée des Sports 11	Retail complex notably including a DIY store	2002	5,621 m²	442	100%	442	420
Marchienne au Pont (6030) Rue de l'Hôpital 3-5	Large food store	1976	2,010 m²	143	100%	143	131
Messancy (6780) Route d'Arlon	Property complex comprising several chains in a major shopping centre	2001	19,294 m²	936	94%	995	912

SITE (AT 30/09/2016, ALL SITES ARE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR000S)	ESTIMATED RENTAL VALUE (ERV) (EUR000S)
Morlanwelz (7140) Rue Pont du Nil	Shopping centre with several chains	2004	3,951 m²	333	100%	333	349
Nivelles (1400) Avenue du Centenaire 6-8	Large food store	1983	2,693 m²	236	100%	236	242
Ottignies (1340) Avenue Provinciale 127	Large food store	1984	1,950 m²	154	100%	154	176
Philippeville (5600) Rue de France 47	Large food store	1989	1,677 m²	184	100%	184	168
Philippeville (5600) Rue de Neuville	Household appliance store	2003	1,228 m²	115	100%	115	114
Rocourt (4000) Chaussée de Tongres	Property complex comprising several chains in a major shopping centre	1990	12,132 m²	537	100%	537	701
Saint-Vaast (7100) Avenue de l'Europe	Large food store	1980	2,026 m²	149	100%	149	142
Schelle (2627) Boomsesteenweg 35	Sports store	1993	5,375 m²	528	100%	528	538
Sint Niklaas (9100) Stationstraat 16-24	Downtown retail outlets	1988	1,031 m²	153	100%	153	153
Soignies (7060) Rue du Nouveau Monde	Large food store	1975	2,899 m²	219	100%	219	246
Tournai (7500) Rue de la Tête d'Or 22-24	Large food store	1958	2,713 m²	468	100%	468	217
Trazegnies (6183) Rue de Gosselies 76	Large food store	1974	2,869 m²	105	100%	105	201
Tubize (1480) Rue du Pont Demeur	Out-of-town retail complex comprising two outlets	2002	3,043 m²	282	100%	282	275
Turnhout (2300) Korte Gasthuistraat	Large food store	1966	2,503 m²	475	100%	475	283
Uccle (1180) Avenue de Fré 82	Shopping arcade located on major thoroughfare	1970	4,170 m²	415	92%	453	443
Walcourt (5650) Rue de la Forge 34	Large food store	2004	1,551 m²	201	100%	201	147
Waremme (4300) Chaussée Romaine 189	Large food store	2003	2,013 m²	133	100%	133	161
Wavre (1300) Avenue des Princes 9	Large food store	1986	2,358 m²	169	100%	169	224
TOTAL RETAIL SITES, BELGIUM			**272,243 m²**	**23,272**	**99.0%**	**23,512**	**22,504**

Retail sites

SITE (AT 30/09/23016, ALL FRENCH SITES ARE HELD BY THE 100% AFFILIATES, OR BY THE FRENCH BRANCH OFFICE OF ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR000S)	ESTIMATED RENTAL VALUE (ERV) (EUR000S)
FRANCE							
Bourgoin Jallieu Rue Edouard Branly 1 (held by SCI La Pierre de l'Isle)	Property complex comprising three retail outlets	1975	4,961 m²	444	100%	444	444
Brives Charensac (43700) Avenue Charles Dupuy 127 (held by SCI Candice Brives)	Large food store	2006	1,576 m²	254	100%	254	255

SITE (AT 30/09/23016, ALL FRENCH SITES ARE HELD BY THE 100% AFFILIATES, OR BY THE FRENCH BRANCH OFFICE OF ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR000S)	ESTIMATED RENTAL VALUE (ERV) (EUR000S)
Chalon sur Saône (71100) Rue René Cassin (held by SCI Les Portes du Sud)	Retail Park	2010	11,675 m²	1,297	96%	1,357	1,367
Chanas Lieu dit Les Etises (held by SCI du Rond Point)	Property complex comprising two retail outlets	1997	1,750 m²	112	100%	112	112
Chasse-sur-Rhône (38670) Lieudit les Charneveaux - Rue Pasteur (held by SCI du Rond Point)	Large food store	2002	1,356 m²	282	100%	282	254
Choisey Rue du Mail - Zone Le Paradis (held by SCI Seynod Barral)	Large food store	2005	2,142 m²	320	100%	320	303
Clermont Ferrand (63100) Rue Keppler 1 (held by SCI Clermont Saint Jean)	Large food store	2006	1,428 m²	267	100%	267	243
Cormontreuil (51350) Avenue des Goisses (held by the French branch office)	Retail Park	2008	13,473 m²	1,430	100%	1,430	1,386
Crèches-sur-Saône (71150) ZAC des Bouchardes (held by the French branch office)	Retail Park	2009	11,618 m²	1,343	96%	1,393	1,368
Crèches-sur-Saône (71150) ZAC des Bouchardes (held by SCI Les Halles de Crèches)	Large food store	2009	1,398 m²	192	100%	192	191
Echirolles (38130) Avenue de Grugliasco 13 (held by SCI Echirolles Grugliasco)	Large food store	2006	1,742 m²	332	100%	332	320
Essey-lès-Nancy (57270) ZAC du Tronc qui Fume (held by SCI ZTF Essey les Nancy)	Large food store	2007	1,460 m²	224	100%	224	224
Guyancourt (78280) Route de Dampierre et rue Denis Papin (held by SCI GFDI 37 Guyancourt)	Large food store	2015	2,348 m²	548	100%	548	548
Houdemont (54180) Avenue des Erables 6 (held by the French branch office)	Household appliance store	2014	7,000 m²	805	100%	805	770
Isle d'Abeau (38080) ZAC St Hubert - Secteur les Sayes (held by SCI La Pierre de l'Isle)	Large food store	2006	1,226 m²	244	100%	244	225
Isle d'Abeau (38080) ZAC St Hubert - Secteur les Sayes (held by SCI La Pierre de l'Isle)	Property complex comprising two retail outlets	2013	1,050 m²	145	100%	145	145
Le Cannet (06110) Boulevard Jean Moulin 17-21 (held by SCI Cannet Jourdan)	Large food store	2007	1,408 m²	268	100%	268	244
Le Creusot (71200) Avenue de la République 83 (held by SCI Harfleur 2005)	Large food store	2006	1,545 m²	211	100%	211	186
Le Pontet (84130) Chemin du Périgord 6 (held by succursale française)	Retail Park	2012	6,185 m²	353	97%	365	359

SITE (AT 30/09/23016, ALL FRENCH SITES ARE HELD BY THE 100% AFFILIATES, OR BY THE FRENCH BRANCH OFFICE OF ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR 000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR 000S)	ESTIMATED RENTAL VALUE (ERV) (EUR 000S)
Lozanne (69380) Lieudit Vavre (held by SCI Les Halles de Lozanne)	Large food store	2010	1,585 m²	230	100%	230	220
Marsannay-La-Côte (21160) Allée du Docteur Lépine (held by SCI de la Cote)	Large food store	2010	1,649 m²	269	100%	269	239
Nîmes (30900) Route de Saint Gilles 1245 (held by SCI du Mas des Abeilles)	Large food store	2003	1,511 m²	219	100%	219	210
Rots (14980) Delle de la Croix (held by the French branch office)	Retail Park	2011	19,629 m²	2,178	100%	2,178	2,175
Saint Aunes (34130) Rue des Tamaris 200 (held by SCI Saint Aunès Retail Parc)	Retail Park	2012	9,746 m²	1,192	100%	1,192	1,196
Seynod Barral (74600) ZI de Vovray - Avenue Zanaroli 18 (held by SCI Seynod Barral)	Large food store	2004	1,062 m²	208	100%	208	208
Seyssins (38180) Rue Henri Dunant 2 (held by SCI Kevin)	Large food store	1992	1,195 m²	197	100%	197	191
Test de Buch (33260) Avenue de Binghampton (held by SCI GFDI 62 La Teste de Buch)	Large food store	1997	2,008 m²	295	100%	295	295
Viriat (01440) Rue du Plateau (held by SCI Viriat la Neuve)	Large food store	2009	1,866 m²	178	100%	178	178
TOTAL RETAIL SITES, FRANCE			**115,592 m²**	**14,039**	**99.1%**	**14,160**	**13,856**

Retail sites

SITE (AT 30/09/2016, ALL SPANISH SITES ARE HELD BY THE ASCENCIO IBERIA SAU, 100% AFFILIATE OF ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR 000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR 000S)	ESTIMATED RENTAL VALUE (ERV) (EUR 000S)
SPAIN							
Sant Boi (08830, Barcelona) Centro Comercial Sant Boi C/Hortells, 6-8	Retail area	2003	3,354 m²	564	100%	564	580
San Sebastián de los Reyes (28703, Madrid) Centro Comercial Megapark Plaza del Comercio, 2	Retail area	2002	3,660 m²	684	100%	684	818
Aldaia (46960, Valencia) Parque Comercial Bonaire Carretera N-III, Km. 345	Retail area	2005	4,814 m²	522	100%	522	483
TOTAL RETAIL SITES, SPAIN			**11,828 m²**	**1,770**	**100.0%**	**1,770**	**1,881**

Other

SITE (AT 30/09/2016, ALL NON COMMERCIAL SITES ARE HELD BY ASCENCIO SCA)	DESCRIPTION	YEAR OF CONSTRUCTION /RENOVATION	AREA	CONTRACTUAL RENTAL (EUR 000S)	% OCCUPANCY	CONTRACTUAL RENTAL + ERV OF VACANT UNITS (EUR 000S)	ESTIMATED RENTAL VALUE (ERV) (EUR 000S)
BELGIUM							
Gosselies Aéropole (6041) Avenue Jean Mermoz	Semi-industrial buildings and offices	1992	6,764 m²	425	100%	425	369
Hannut (4280) Route de Huy 54	Apartments	1986	296 m²	18	100%	18	18
Overijse (3090) Brusselsesteenweg 288	Office building with storage	1982	9,259 m²	326	64%	513	441
TOTAL OTHERS BELGIUM			**16,319 m²**	**769**	**80.4%**	**956**	**828**
TOTAL PORTFOLIO			**415,982 m²**	**39,850**	**98.6%**	**40,398**	**39,070**

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.

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 retail park (Belgium). This asset represents 5.5% of the fair value of the consolidated assets. The main tenants are Decathlon, Brico Plan-it, Quick and Tournesol.
- The La Louvière retail park (Belgium). This asset represents 6.1% of the fair value of the consolidated assets. The main tenants are Brico Plan-it, Maison du Monde, McDonald's and C&A.
- The Caen retail park (France). This asset represents 5.6% of the fair value of the consolidated assets. The main tenants are Decathlon, Kiabi, Darty, Intersport, Gémo and La Grande Récrée.

The residual duration of these contracts is 18 months.

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

EXPERTS'
REPORT[37]

Brussels, 30 September 2016

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 asked Jones Lang LaSalle, CBRE and Cushman & Wakefield to value the properties located in Belgium, France and Spain 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.

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.)

37. Letter from the property experts of 30 September 2016 reproduced verbatim with their agreement.

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 EUR 2.5 million before costs.

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 6.9% 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:

EUR 593,131,000
(five hundred and ninety-three million, one hundred and thirty-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% for properties located in Belgium (the average transactions costs defined by B-REIT experts), 1.8%/6.9% for properties located in France and 2.5% for those in Spain, this gives us a fair value of:

EUR 572,132,000
(five hundred and seventy-two million, one hundred and thirty-two thousand euros),

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

Yours faithfully,

Ardalan Azari
Associate
Valuation & Advisory
Cushman & Wakefield Belgique

Arnaud van de Werve
Associate Director
Valuations and Consulting
Jones Lang LaSalle

Pierre van der Vaeren MRICS
Director
Valuation Services
CBRE

Tony Loughran MRICS
Partner – Head of Valuation
& Advisory
Cushman & Wakefield
Espagne

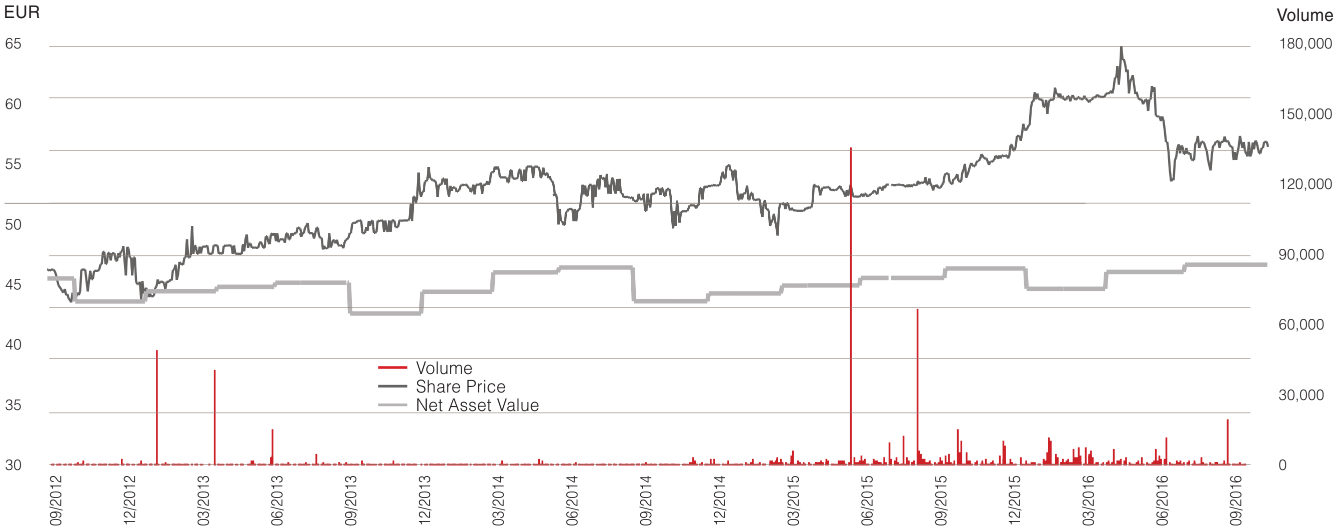
Valérie Parmentier MRICS
Director – Valuation France
Cushman & Wakefield
France

Christophe Adam MRICS
Manager, Regions
Jones Lang LaSalle Expertises
France

ASCENCIO
ON THE STOCK EXCHANGE

Ascencio's stock has been listed on NYSE Euronext Brussels (ticker ASC) since 2007.

TRENDS IN CLOSING PRICE AND INTRINSIC VALUE[38]



As at 30 September 2016, its market capitalisation stood at EUR410 million.

INVESTOR PROFILE

In view of the persistence of record low interest rates and investors' wish to increase their weighting in real estate, B-REITs have been much prized these past few months. Both private and institutional investors, especially in Belgium but also abroad, are in search of an acceptable dividend combined with a limited medium-term risk. Ascencio offers them the possibility of positioning themselves in the specific niche of out-of-town retail property in Belgium, France and Spain.

The Company seeks to maintain an attractive and regularly increasing yield while at the same time keeping a moderate risk profile.

SHAREHOLDER BASE STRUCTURE

Ascencio's Articles of Association provide a disclosure threshold of 5% for the application of the legal rules relating to disclosure of significant equity interests in issuers whose shares are admitted to trading on a regulated market.

Based on the notifications received, the shareholding structure of Ascencio SCA. Is as follows:

AG Insurance and related companies	12.50%
Carl, Eric and John Mestdagh and Fidagh (a related company)	9.80%
Capfi Delen Asset Management	5.00%
TOTAL	**27.30%**
FLOAT	**72.70%**

Number of shares as at 30 September 2016: 6.364.686.

38. Trends in closing price extend to 30 September 2016 inclusive. Each time, the intrinsic value covers the period running between two announcements of results.

LISTED SHARE PRICE

Ascencio's shares moved within a range of EUR 55.60 to EUR 64.99 during these past twelve months. It closed at EUR 64.50 on 30 September 2016, compared with EUR 56.09 on 30 September 2015, an increase of 15%.

PREMIUM

As at 30 September 2016, the net asset value per share was EUR 49.97 (compared with EUR 46.52 as at 30 September 2015). Thus Ascencio stock was trading at a premium of 29% as at 30 September 2016.

DIVIDEND AND TOTAL YIELD

A 67.7% proportion of the dividend paid in February 2016 was distributed in the form of new shares. This led to the issue of 181,918 new shares and allowed the Company to increase its equity by EUR 9.3 million.

The Manager will propose to the Ordinary General Meeting of Shareholders of 31 January 2017 the distribution of a gross dividend of EUR 3.20 per share. Based on the closing price on 30 September 2015 (EUR 64.50), this represents a gross yield of 4.96%.

The gross dividend distributed in respect of the previous year (EUR 3.05) represented a gross yield of 5.44% relative to the closing price on 30 September 2015 (EUR 56.09).

Total profitability to the shareholder is measured by combining movements in the share price and the distribution of the dividend. For the financial year 2015/2016, Ascencio produced a total gross return for its shareholders of 20.4%.

The net dividend will be affected by the increase in withholding tax, from 27% to 30% as of 1 January 2017.

VOLUMES AND TURNOVER VELOCITY

Since its first 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.

In the period from 1 October 2015 to 30 September 2016, 527,576 shares were traded on the stock exchange, giving a turnover velocity ratio of 8.3%[39].

All investors are therefore advised to work with limit orders if they wish to place buy or sell orders for significant volumes of shares.

With a view to ensuring improved liquidity of the shares, the Company has entered into a liquidity provider agreement with Bank Degroof Petercam.

Ascencio also continued to make efforts to raise the profile of its stock and promote its liquidity by joining the VFB (Flemish Investors' Federation) and taking part for the first time in *Dag van de Tips* (Tips Day) on 8 October 2016 at Square Brussels Meeting Centre.

39. Turnover velocity = Total volume of shares traded in the twelve months of the financial year, divided by the total number of shares listed at closing date.

	30/09/2016	30/09/2015	30/09/2014
Number of shares listed	6,364,686	6,182,768	6,037,230
Number of shares issued	6,364,686	6,182,768	6,037,230
Stock market capitalisation based on the closing price (EUR)	410,522,247	346,791,457	324,501,112
Closing price on 30 September (EUR)	64.50	56.09	53.75
Highest price (EUR)	64.99	64.40	54.67
Lowest price (EUR)	55.60	53.01	48.80
Average price (EUR)	60.18	57.53	52.17
Annual volume	527,576	519,831	553,392
Turnover velocity	8.30%	8.40%	10.80%
NAV per share (in EUR)	49.97	46.52	45.41
Gross dividend per share (EUR) (1)	3.20	3.05	3.00
Net dividend per share (EUR) (1) (2)	2.34	2.23	2.25
Pay-out ratio based on corrected statutory net result (3)	79.36%	82.47%	84.02%

(1) For 2016/2017, this concerns the dividend proposed to the General Meeting of Shareholders to be held on 31 January 2017.
(2) Based on withholding tax of 30% in 2017, 27% in 2016 and 25% in 2015.
(3) Corrected result within the meaning of the Royal Decree of 13 July 2014 on B-REITs.

SHAREHOLDERS' DIARY[40]

Ordinary General Meeting of Shareholders	31 January 2017 at 2.30 p.m.
Interim statement as at 31 December 2016	23 February 2017
Interim financial report as at 31 March 2017	12 June 2017
Interim statement as at 30 June 2017	03 August 2017
Annual press release as at 30 September 2017	27 November 2017
Ordinary General Meeting of Shareholders	31 January 2018 at 2.30 p.m.

40. These dates are subject to change. Any changes will be announced to shareholders by press release or on Ascencio's website www.ascencio.be.

RAPPORT FINANCIER

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED BALANCE SHEET

ASSETS (EUR 000s)		Note	30/09/2016	30/09/2015
ASSETS				
I	**NON-CURRENT ASSETS**			
A	Goodwill		0	0
B	Intangible assets	5	81	121
C	Investment properties	6	572.132	520.974
D	Other property, plant & equipment	7	1.224	873
E	Non-current financial assets	8	393	72
F	Finance rental receivables		0	0
G	Non-current trade receivables and other assets		0	0
H	Deferred tax assets		0	0
TOTAL NON-CURRENT ASSETS			573.830	522.040
II	**CURRENT ASSETS**			
A	Held-for-sale assets		0	0
B	Current financial assets		0	0
C	Finance rental receivables		0	0
D	Trade receivables	10	4.603	4.234
E	Tax receivables and other current assets	11	881	1.513
F	Cash and cash equivalents		3.341	3.153
G	Prepaid expenses, accrued income, etc.	12	348	324
TOTAL CURRENT ASSETS			9.174	9.225
TOTAL ASSETS			**583.004**	**531.265**

LIABILITIES & EQUITY (EUR 000s)		Note	30/09/2016	30/09/2015
EQUITY				
I	**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY**		**318.032**	**287.620**
A	Capital	13	37.271	36.180
B	Additional paid-in capital	13	242.240	234.055
C	Reserves		-1.716	-5.162
	b. Reserve of balance of changes in fair value of properties		10.337	5.591
	c. Reserve for estimated expenses and stamp duty arising on hypothetical disposal of investment properties		-10.389	-9.786
	e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied		-14.489	-16.854
	m. Other reserves		12.825	15.888
D	Net profit for the financial year		40.237	22.547
II	**NON-CONTROLLING INTERESTS**		**0**	**0**
TOTAL EQUITY			318.032	287.620
LIABILITIES				
I	**NON-CURRENT LIABILITIES**		**203.885**	**180.981**
A	Provisions	14	256	652
B	Non-current financial debt		186.723	160.830
	a. Credit institutions	15	184.577	158.131
	b. Finance rentals	15	2.146	2.699
C	Other non-current financial liabilities	16-17	16.126	15.912
D	Non-current trade payables and other liabilities	18	428	856
F	Deferred tax liabilities	19	352	2.731
	a. Exit tax		0	2.496
	b. Other		352	235
II	**CURRENT LIABILITIES**		**61.087**	**62.664**
B	Current financial debt		48.772	53.733
	a. Credit institutions	15	27.204	52.998
	b. Finance rentals	15	568	735
	b. Other	15	21.000	0
C	Other current financial liabilities		0	0
D	Current trade payables and other liabilities		11.035	7.286
	a. Exit tax		2.824	428
	b. Other	20	8.211	6.858
F	Prepaid expenses, accrued income, etc.	21	1.280	1.644
TOTAL LIABILITIES			264.972	243.645
TOTAL LIABILITIES & EQUITY			**583.004**	**531.265**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT

CONSOLIDATED NET PROFIT (EUR 000s)		Note	30/09/2016	30/09/2015
I	Rental income	22	38.835	35.978
III	Charges relating to leases	23	-87	-100
NET LEASING RESULT			**38.748**	**35.878**
IV	Recovery of property charges		0	0
V	Recovery of rental charges and taxes normally assumed by the tenant on rented properties	24	5.749	5.662
VII	Rental charges and taxes normally assumed by the tenant on rented properties	25	-6.049	-6.152
VIII	Other revenue and expenditure relating to rental		14	77
PROPERTY RESULT			**38.462**	**35.465**
IX	Technical costs	26	-1.053	-899
X	Sales expenses	27	-95	-304
XII	Property management expenses	28	-1.030	-944
XIII	Other property charges	29	-204	-161
	PROPERTY CHARGES		**-2.382**	**-2.308**
OPERATING RESULT ON PROPERTY			**36.080**	**33.157**
XIV	General expenses	30	-3.235	-2.807
XV	Other operating income and expense	31	25	-12
OPERATING RESULT BEFORE PORTFOLIO INCOME			**32.870**	**30.338**
XVI	Net gains and losses on disposals of investment properties	32	120	-50
XVIII	Changes in the fair value of investment property	6-33	15.005	-2.518
XIX	Other portfolio results		0	90
OPERATING RESULT			**47.995**	**27.860**
XX	Financial income	34	1	1
XXI	Net interest expense	35	-7.307	-6.846
XXII	Other financial charges	36	-204	-195
XXIII	Changes in fair value of financial assets and liabilities	37	162	2.364
FINANCIAL RESULT			**-7.348**	**-4.676**
PROFIT (LOSS) BEFORE TAX			**40.647**	**23.184**
XXV	Tax on income	38	-461	-595
XXVI	Exit tax	39	50	-43
TAXES			**-411**	**-638**
NET PROFIT (LOSS)			**40.237**	**22.547**
	Net profit attributable to the group		**40.237**	**22.547**
	Net profit attributable to non-controlling interests		0	0
BASIC AND DILUTED EPS (IN EUR ATTRIBUTABLE TO THE GROUP)		40	**6.32**	**3.65**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	STATEMENT OF COMPREHENSIVE INCOME (EUR 000s)	Note	30/09/2016	30/09/2015
I	**NET PROFIT (LOSS)**		**40.237**	**22.547**
II	**OTHER ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS**			
A	Impact on fair value of estimated expenses and stamp duty arising on hypothetical disposal of investment properties		-603	-1.679
H	Other comprehensive income for the year, net of tax (*)	7	369	8
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**40.003**	**20.876**
	Attributable to - Group		40.003	20.876
	- Non-controlling interests		0	0

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

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 000s)	30/09/2016	30/09/2015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**3.153**	**2.671**
Net profit for the financial year	40.237	22.547
Financial result	7.348	4.676
Net capital gains/(losses) realised on disposal of assets	-120	50
Income tax expense (- tax income)	411	637
Profit & Loss items not affecting cash	-14.853	2.682
+/- Changes in the fair value of investment properties	*-15.005*	2.518
+ Depreciation and Amortisation	*65*	64
+ Reductions in value	*87*	100
Changes in working capital requirement	3.536	-239
+/- Change in trade receivables	*-456*	*-745*
+/- Change in tax receivables and other current assets	*632*	*-469*
+/- change in accrued income, prepaid expenses, etc.	*-24*	*300*
+/- change in current trade payables and other liabilities	*3.749*	*100*
+/- change in accrued income, prepaid expenses, etc.	*-364*	*575*
Changes in operating non-current assets and liabilities	*-3.128*	*-112*
+/- Change in non-current financial assets	-321	0
+/- change in current trade payables and other liabilities	-428	0
+/- Change in non-current deferred tax liabilities	-2.379	-112
Change in provisions and other non-monetary items	-396	62
Tax paid	-422	-13.378
NET CASH FROM OPERATING ACTIVITIES	**32.613**	**16.925**
- Acquisition of investment properties	-42.751	-17.577
- Projects in course of development	0	-1.835
- Acquisition of property companies	-3.319	-11.439
- Acquisition of intangible assets	0	0
- Acquisition of property, plant and equipment	-7	0
+ Disposals of investment properties	21.865	6.095
NET CASH FROM INVESTING ACTIVITIES	**-24.212**	**-24.756**
Capital increase expenses	-40	0
Net change in financial liabilities	20.932	22.488
- Repayment of financial debts and working capital of companies acquired	-12.430	0
Other changes in financial assets and liabilities	376	237
Gross dividends paid	-9.541	-7.372
Finance charges paid	-7.510	-7.040
NET CASH FROM FINANCING ACTIVITIES	**-8.213**	**8.313**
Cash and cash equivalents at the end of the financial year	3.341	3.153

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR000s)			Reserves					
	Capital	Additional paid-in capital	Balance of changes in fair value of properties	Impact of stamp duty on fair value	Balance of changes in fair value of non-IFRS hedging instruments	Other reserves	Net profit for the financial year	Total equity
BALANCE AT 30/09/2014	**35.306**	**226.932**	**5.735**	**-8.107**	**-13.301**	**13.408**	**14.170**	**274.143**
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 profit (loss)							22.547	22.547
Other comprehensive income			8	-1.679				-1.671
Adjustment to reserves								0
BALANCE AT 30/09/2015	**36.180**	**234.055**	**5.591**	**-9.786**	**-16.854**	**15.888**	**22.547**	**287.620**

(EUR000s)			Reserves					
	Capital	Additional paid-in capital	Balance of changes in fair value of properties	Impact of stamp duty on fair value	Balance of changes in fair value of non-IFRS hedging instruments	Other reserves	Net profit for the financial year	Total equity
BALANCE AT 30/09/2015	**36.180**	**234.055**	**5.591**	**-9.786**	**-16.854**	**15.888**	**22.547**	**287.620**
Distribution of dividends							-9.541	-9.541
Appropriation to reserves			-2.518		2.364	3.843	-3.690	0
Capital increase	1.091	8.185					-9.316	-40
Net profit (loss)							40.237	40.237
Other comprehensive income			369	-603				-233
Reclassification of reserves			6.895			-6.895		0
Adjustment to reserves						-11		-11
BALANCE AT 30/09/2016	**37.271**	**242.240**	**10.337**	**-10.389**	**-14.489**	**12.825**	**40.237**	**318.032**

Capital increase:

On 26 February 2016 Ascencio carried out a capital increase of EUR 9,316,020.78 by capitalising dividend receivables and issuing 181,918 new shares.

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

- To share capital: EUR 1,091,508.00
- To share premium: EUR 8,224,512.78 less EUR 39,520.00 to cover transaction costs, giving a net amount of EUR 8,184,992.78

Reclassification of reserves

- **Reclassification of reserves for changes in fair value of properties sold:**
  During the financial year 2015/2016, Ascencio reclassified a negative amount of EUR 12,723,000 from Reserve for Balance of Changes in Fair Value of Properties to Other Reserves. This amount concerns the balance of changes in fair value of properties that have been sold.
- **Reclassification of reserves for changes in value of properties declared available by the General Meeting of Shareholders:**
  As at 30 September 2016, the EUR 5,828,000 of reserves for changes in the value of properties declared available by the General Meeting of Shareholders of 15 September 2009 have been reclassified as “Other reserves”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 : GENERAL INFORMATION AND ACCOUNTING METHODS

GENERAL INFORMATION

Ascencio SCA (hereinafter referred to as "Ascencio SCA" 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 consolidated financial statements of the Company as at 30 September 2016 covering the period from 1 October 2015 to 30 September 2016 were approved by the Board of Directors of the Statutory Manager in its meeting of 24 November 2016.

The figures presented for the previous financial cover the period from 1 October 2014 to 30 September 2015.

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 2016 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 2015

Amendments to IAS 19 - Employee benefits – Employee contributions (applicable to annual periods starting on or after 1 February 2015)

New standards, amendments and interpretations not yet adopted for the annual period starting 1 October 2015

- New standard: IFRS 9 Financial Instruments (applicable to annual periods starting on or after 1 January 2018);
- Amendment to IFRS 11 Joint Arrangements;
(applicable to annual periods starting on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (applicable to annual periods starting on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 Agriculture: bearer plants (applicable to annual periods starting on or after 1 January 2016);
- New standard: IFRS 14 Regulatory Deferral Accounts (applicable to annual periods starting on or after 1 January 2016, subject to adoption by the EU);
- New standard: IFRS 15 Revenue from Contracts with Customers (applicable to annual periods starting on or after 1 January 2018, subject to adoption by the EU);
- New standard: IFRS 16 Leases (applicable to annual periods starting on or after 1 January 2019, subject to adoption by the EU);
- Amendment to IAS 27 Equity method in Separate Financial Statements (applicable to annual periods starting on or after 1 January 2016);
- IFRS Annual Improvements Cycle 2012-2014 published in September 2014 (applicable to annual periods starting on or after 1 January 2016);
- Amendment to IAS 1 Disclosure Initiative (applicable to annual periods starting on or after 1 January 2016);
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable to annual periods starting on or after 1 January 2016, subject to adoption by the EU);
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (applicable to annual periods starting on or after 1 January 2017, subject to adoption by the EU);
- Amendment to IAS 7 Disclosure Initiative (applicable to annual periods starting on or after 1 January 2017, subject to adoption by the EU);
- Clarification of IFRS 15 Revenue from Contracts with Customers (applicable to annual periods starting on or after 1 January 2018, subject to adoption by the EU);
- Amendment to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable to annual periods starting on or after 1 January 2018, subject to adoption by the EU).

The Company is in the process of assessing the consequences of the changes listed above, but does not expect any significant impact from their application.

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[41], properties forming part of Property, plant and equipment 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 SCA 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.

[41] 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 SCA and the real estate companies controlled by it;
- options on property assets held by Ascencio SCA 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 SCA 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 EUR 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, and applies a deduction of 2.5% for all its properties.
- 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.
- at 2.5% for properties located in Spain, which is the average rate of transfer expenses applicable in Spain.

Upon acquisition, the stamp duty that would be payable on a hypothetical subsequent sale is recognised directly in equity through the consolidated statement of comprehensive income (heading “II.A. Effect on fair value of estimated expenses and stamp duty arising on hypothetical disposal of investment properties”). 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". The amount initially recognised in equity in the reserves for estimated transfer expenses and stamp duty arising upon hypothetical disposal of investment properties is reversed out.

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". 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 PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment 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 as per IAS 16.

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 citations 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 property, plant and equipment, 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 impairments of bad and doubtful debts. Cash investments are measured at the lower of acquisition or market value. Associated expenses are charged directly to profit and loss.

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 SCA 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 PAYABLES

Trade payables 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 profit and loss 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 profit and loss 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 the Company, are measured at their fair value as determined by independent experts (see note 6).

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 17)

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 2016 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 2016, Ascencio's debt ratio as defined by the Royal Decree of 13 July 2014 stood at 42.7% on a consolidated basis and 41.2% for the company alone.

After distribution of the dividend proposed to the General Meeting of Shareholders of 31 January 2017, the consolidated debt ratio will, *ceteris paribus*, come to 46.2%.

INTEREST RATE RISK

As at 30 September 2016, 75.2% 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 2016 (EUR 235.49 million) and the hedges in place at that date, a portion of the debt equal to EUR 178.49 million, representing 75.8% of total debt, was financed at fixed rates (agreed fixed rates or rates fixed via IRS (interest rate swaps). The rest of the indebtedness, EUR 57 million, is at variable rates; EUR 20 million of it is hedged by a CAP option.

Based on the hedging in place, the structure and the level of financial debt at 30 September 2016, the impact of a rise in interest rates of 100 basis points would lead to an increase in financial charges estimated at EUR 0.42 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 2015/2016 translated into a positive change of EUR 0.16 million in the fair value of Ascencio's financial hedging instruments. As at 30 September 2016, these contracts had a negative value of EUR 14.20 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 EUR 1.78 million, corresponding to the negative change in the fair value of the hedging instruments.

RISK ASSOCIATED WITH CHANGES IN CREDIT MARGINS

The Company's average cost of borrowing also depends on the credit margins required by banks and in 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 borrowing 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 by means of bank borrowing from about ten Belgian and French banks which form a diversified pool, and by means of commercial paper.

- As at 30 September 2016, Ascencio had EUR 255 million in credit lines with four Belgian financial institutions and one French bank, available in the form of fixed term advances with due dates ranging from 2016 to 2023. As at 30 September 2016, Ascencio had available to it EUR 54.7 million in undrawn balances under these credit lines.
- Ascencio has investment credits available with French banks on certain assets held in France and finance leases on certain Belgian properties.
- In order to reduce the cost of its financing, Ascencio has had, since June 2016, a commercial paper programme for up to EUR 50 million. As at 30 September 2016 this programme was used for short-term issues amounting to EUR 21 million. These commercial paper issues are underpinned by back-up lines established within the lines of credit available by means of fixed term advances as referred to above.

As at 30 September 2016, total financial liabilities amounted to EUR 235.49 million. The principal repayment schedule of these borrowings is as follows:

- 2016/2017: EUR 48.77 million
- 2017/2018: EUR 22.47 million
- 2018/2019: EUR 52.40 million
- 2019/2020: EUR 31.43 million
- 2020/2021: EUR 1.38 million
- 2021/2022: EUR 26.18 million
- 2022/2023: EUR 50.74 million
- > 2022/2023: EUR 2.12 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 2016, the Company had business relations with various banks:

- As at 30 September 2016, the banks that were counterparties in bank financing arrangements were, in alphabetical order, Banque Populaire Loire et Lyonnais, BECM, Belfius, BNP Paribas Fortis, Caisse d'Epargne Nord Europe, CBC, CIC, Crédit Agricole and ING.
- As at 30 September 2016, the banks that were counterparties for interest rate hedging instruments were, in alphabetical order, Belfius, BNP Paribas Fortis, 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 on urban peripheries. Ascencio is active in Belgium, France and Spain.

As at 30 September 2016, commercial properties represented 99% of the fair value of the portfolio of investment properties. The remainder was composed of two properties used for offices and warehouses.

As at 30 September 2016, properties located in Belgium accounted for 60% of the fair value of the total holdings, those located in France for 35% and those in Spain 5%.

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

- Belgium: properties located in Belgium;
- France: properties located in France;
- Spain: properties located in Spain.

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 and Spain are properties for commercial use.

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

- Grand Frais: 12.0%
- Mestdagh Group: 10.0%

(EUR 000s)		Belgium		France		Spain		Unallocated		Total	
		30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015
I	Rental income	24.784	24.602	13.019	11.376	1.033	0	0	0	38.835	35.978
III	Charges relating to leases	-8	-4	-79	-96	0	0	0	0	-87	-100
NET LEASING RESULT		**24.776**	**24.598**	**12.940**	**11.280**	**1.033**	**0**	**0**	**0**	**38.748**	**35.878**
V	Recovery of rental charges and taxes normally assumed by the tenant on rented properties	3.289	3.158	2.355	2.505	105	0	0	0	5.749	5.662
VII	Rental charges and taxes normally assumed by the tenant on rented properties	-3.548	-3.556	-2.396	-2.596	-105	0	0	0	-6.049	-6.152
VIII	Other revenue and expenditure relating to rental	17	77	0	0	-3	0	0	0	14	77
PROPERTY RESULT		**24.534**	**24.277**	**12.899**	**11.189**	**1.030**	**0**	**0**	**0**	**38.462**	**35.465**
IX	Technical costs	-991	-865	-62	-34	0	0	0	0	-1.053	-899
X	Sales expenses	-69	-30	-26	-275	0	0	0	0	-95	-304
XII	Property management expenses	-812	-610	-218	-334	0	0	0	0	-1.030	-944
XIII	Other property charges	-132	-98	-72	-62	0	0	0	0	-204	-161
PROPERTY CHARGES		**-2.004**	**-1.603**	**-378**	**-705**	**0**	**0**	**0**	**0**	**-2.382**	**-2.308**
OPERATING RESULT ON PROPERTY		**22.530**	**22.674**	**12.521**	**10.484**	**1.030**	**0**	**0**	**0**	**36.080**	**33.157**
XIV	General expenses	0	0	0	0	0	0	-3.235	-2.807	-3.235	-2.807
XV	Other operating income and expense	24	-60	1	49	0	0	0	0	25	-12
OPERATING RESULT BEFORE PORTFOLIO INCOME		**22.554**	**22.614**	**12.522**	**10.532**	**1.030**	**0**	**-3.235**	**-2.807**	**32.870**	**30.338**
XVI	Net gains and losses on disposals of investment properties	120	-50	0	0	0	0	0	0	120	-50
XVIII	Changes in the fair value of investment properties	11.392	-2.708	2.852	190	761	0	0	0	15.005	-2.518
XIX	Other portfolio results	0	90	0	0	0	0	0	0	0	90
OPERATING RESULT		**34.066**	**19.946**	**15.374**	**10.722**	**1.791**	**0**	**-3.235**	**-2.807**	**47.995**	**27.860**

(EUR 000s)		Belgium		France		Spain		Unallocated		Total	
		30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015
XX	Financial income	0	0	0	0	0	0	1	1	1	1
XXI	Interest expense	0	0	0	0	0	0	-7.307	-6.846	-7.307	-6.846
XXII	Other financial charges	0	0	0	0	0	0	-204	-195	-204	-195
XXIII	Changes in fair value of financial assets and liabilities	0	0	0	0	0	0	162	2.364	162	2.364
FINANCIAL RESULT		**0**	**0**	**0**	**0**	**0**	**0**	**-7.348**	**-4.676**	**-7.348**	**-4.676**
PROFIT (LOSS) BEFORE TAX		**34.066**	**19.946**	**15.374**	**10.722**	**1.791**	**0**	**-10.583**	**-7.483**	**40.647**	**23.184**
XXV	Tax on income	-121	-253	-239	-342	-101	0	0	0	-461	-595
XXVI	Exit Tax	50	-43	0	0	0	0	0	0	50	-43
TAXES		**-71**	**-296**	**-239**	**-342**	**-101**	**0**	**0**	**0**	**-411**	**-638**
NET PROFIT (LOSS)		**33.995**	**19.650**	**15.135**	**10.380**	**1.690**	**0**	**-10.583**	**-7.483**	**40.237**	**22.547**

(EUR000s)	Belgium		France		Spain		Unallocated		Total	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Intangible assets	81	121	0	0	0	0	0	0	81	121
Investment properties	345.310	353.179	199.047	167.794	27.775	0	0	0	572.132	520.974
Other property, plant & equipment	1.224	873	0	0	0	0	0	0	1.224	873
Other non-current assets	89	63	9	9	295	0	0	0	393	72
Current assets	5.002	3.338	4.335	5.887	128	0	0	0	9.464	9.225
TOTAL ASSETS	**351.705**	**357.574**	**203.391**	**173.690**	**28.198**	**0**	**0**	**0**	**583.294**	**531.265**

NOTE 5 : INTANGIBLE ASSETS

(EUR 000s)	30/09/2016	30/09/2015
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**121**	**161**
Transfer from property, plant and equipment	0	0
Acquisitions	0	0
Amortisation	-40	-40
BALANCE AT THE END OF THE FINANCIAL YEAR	**81**	**121**

Intangible assets as at 30 September 2016 comprised software applications (property management and accounting) acquired and developed in 2012 and 2013.

NOTE 6 : INVESTMENT PROPERTIES

(EUR 000s)	30/09/2016	30/09/2015
Properties available to let	572.132	520.974
Development projects	0	0
Fixed assets for own use	0	0
Other	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**572.132**	**520.974**

Investment properties comprise properties available to let (point A hereunder) and development projects (see point B hereunder).

A. Properties available to let

(EUR 000s)	30/09/2016	30/09/2015
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**520.974**	**476.755**
Acquisitions	57.413	43.691
Transfer from projects in course of development	0	2.342
Disposals	-21.261	-3.353
Transfer of held-for-sale assets	0	3.927
Change in fair value	15.005	-2.388
BALANCE AT THE END OF THE FINANCIAL YEAR	**572.132**	**520.974**

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

Investments during the financial year:

During the financial year, Ascencio made three acquisitions in France and two in Spain, for a total investment amount of EUR 56 million:

- on 22 December 2015 Ascencio acquired three stores operated under the Grand Frais banner (6,600 m²) by buying the shares of three French SCIs (SCI being *Société Civile Immobilière*, a specialist type of property owning company). The stores are located in Guyancourt (south-western suburbs of Paris), La Teste-de-Buch (Gironde, south-western France) and Viriat (eastern France, 76 km north-east of Lyon, just north of Bourg-en-Bresse). On an annual basis, these three stores generate rental income of EUR 1.0 million. With the exception of the stores, these companies had no significant assets or liabilities, their bank borrowings having been repaid on the date of acquisition.
- on 1 March 2016 Ascencio made its first investment in Spain, acquiring three stores operated under the Worten banner with a total floor space of 11,828 m². The stores are located in the best retail parks of Madrid, Barcelona and Valencia. On an annual basis, these three stores generate rental income of EUR 1.8 million.
- on 16 September 2016 Ascencio acquired a 7,000 m² BUT store located in the retail area of Houdemont, a suburb of Nancy, north-eastern France (BUT being France's leading furniture retailer). On an annual basis, it generates EUR 0.8 million in rentals.

In Caen, Lower Normandy, Ascencio built an additional 1,340 m² to allow its tenant Intersport to increase its sales area to 3,340 m². At the La Louvière site, Ascencio built an additional 2,500 m² of retail floor space, which were taken up by Trafic and Club.

Divestments during the financial year:

During the financial year Ascencio made the following sales:

- on 23 December 2015 Ascencio sold all its properties in Verviers (Liège province) to the Verviers municipality.
- on 31 May 2016 Ascencio sold a 9,879 m² warehouse located in Heppignies, close to Gosselies.
- on 26 September 2016 Ascencio sold a portfolio of 17 properties comprising 16 retail sites located in Mont-sur-Marchienne, Charleroi, Herstal, Spa, Soignies, Seraing, Leuze, Lessines, Florennes, Courcelles, Marcinelle (3), Virton, Couvin and Andenne with a total floor area of close to 15,000 m², and a semi-industrial property in Braine l'Alleud (2,630 m² comprising offices and storage facilities).

On a like-for-like basis, the value of the portfolio grew by 3.0% as a result of increased appraisal valuations associated with the adoption of lower capitalisation rates and slightly higher ERVs (Estimated Rental Values).

As at 30 September 2016, Ascencio held three 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 EUR 675,000 and are recognised as liabilities in the annual accounts as at 30 September 2016.

B. Development projects

(EUR 000s)	30/09/2016	30/09/2015
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**0**	**592**
Investments	0	0
Acquisitions	0	1.835
Transfer to investment properties	0	-2.342
Disposals	0	0
Change in fair value	0	-84
BALANCE AT THE END OF THE FINANCIAL YEAR	**0**	**0**

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 2016 there were no development projects under way.

FAIR VALUE MEASUREMENT

The investment properties were valued as at 30 September 2016 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 2015/2016 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 INPUTS

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

COUNTRY		VALUATION METHOD	UNOBSERVABLE INPUTS	MIN.	MAX.	WEIGHTED AVERAGE
Belgium	345.310	Capitalisation	Estimated rental value	EUR 47/m²	EUR 182/m²	EUR 97/m²
			Capitalisation rate	3.75%	9.20%	6.57%
France	199.047	Capitalisation	Estimated rental value	EUR 58/m²	EUR 234/m²	EUR129/m²
			Capitalisation rate	6.02%	7.48%	6.54%
Spain	27.775	Capitalisation	Estimated rental value	EUR 100/m²	EUR 223/m²	EUR 170/m²
			Capitalisation rate	6.00%	6.75%	6.22%
TOTAL	**572.132**					

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 INPUTS

- An increase of 5% in the estimated rental values (ERVs) of the properties would lead to an increase of EUR 19,182,000 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 EUR 19,925,000 in the fair value of the portfolio.
- An increase of 0.5% in the capitalisation rate would lead to a decrease of EUR 38,965,000 in the fair value of the portfolio.
- A decrease of 0.5% in the capitalisation rate would lead to an increase of EUR 45,452,000 in the fair value of the portfolio.

There may also be correlations among unobservable inputs, 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 PROPERTY, PLANT & EQUIPMENT

(EUR 000s)	Fixed assets for own use		Other		Total	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**813**	**805**	**60**	**71**	**873**	**876**
Acquisitions	0	0	6	13	6	13
Disposals	0	0	0	0	0	0
Amortisation	0	0	-25	-24	-25	-24
Change in value	369	8	0	0	369	8
BALANCE AT THE END OF THE FINANCIAL YEAR	**1.182**	**813**	**41**	**60**	**1.224**	**873**

The item "Property 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 EUR 1,182,000. This part-property was revalued by EUR 369,000 in order to bring its carrying amount into line with its fair value as at 30 September 2016.

None of these assets is encumbered.

NOTE 8 : CURRENT AND NON-CURRENT FINANCIAL ASSETS

(EUR 000s)	30/09/2016	30/09/2015
Held-to-maturity assets	0	0
Available-for-sale assets	0	0
Assets at fair value with changes through profit and loss	0	0
Loans and receivables	0	0
Other	393	72
NON-CURRENT FINANCIAL ASSETS	**393**	**72**
CURRENT FINANCIAL ASSETS	**0**	**0**

NOTE 9: CATEGORIES AND DESIGNATION OF FINANCIAL INSTRUMENTS

(EUR 000s)	30/09/2016		30/09/2015		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT ASSETS	**393**	**393**	**72**	**72**	
Deposits in guarantee lodged	366	366	72	72	Level 2
Derivative instruments (IRS-CAP) at fair value through profit and loss	27	27	0	0	Level 2
CURRENT ASSETS	**8.825**	**8.825**	**8.900**	**8.900**	
Trade receivables	4.603	4.603	4.234	4.234	Level 2
Tax receivables and other current assets	881	881	1.513	1.513	Level 2
Cash and cash equivalents	3.341	3.341	3.153	3.153	Level 2
TOTAL	**9.218**	**9.218**	**8.972**	**8.972**	

(EUR 000s)	30/09/2016		30/09/2015		Classification of fair values
	Carrying amount	Fair value	Carrying amount	Fair value	
NON-CURRENT LIABILITIES	**202.849**	**205.047**	**176.741**	**177.816**	
Bank borrowings	186.723	188.921	160.830	161.905	Level 2
Derivative instruments (IRS) at fair value through profit and loss	14.231	14.231	14.489	14.489	Level 2
Guarantees received	1.895	1.895	1.422	1.422	Level 2
CURRENT LIABILITIES	**56.983**	**56.983**	**60.319**	**60.319**	
Bank borrowings	27.772	27.772	53.733	53.733	Level 2
Other current financial liabilities	21.000	21.000	0	0	Level 2
Trade payables	6.453	6.453	5.183	5.183	Level 2
Other current liabilities	1.758	1.758	1.403	1.403	Level 2
TOTAL	**259.832**	**274.816**	**237.060**	**238.135**	

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 10 : CURRENT TRADE RECEIVABLES

(EUR 000s)	More than 90 dd	from 30 to 90 dd	From 0 to 30 dd	Not due	Total
Non-doubtful accounts	59	63	34	4.310	4.466
Doubtful accounts	387	0	0	0	387
Reductions in value of doubtful accounts	-250	0	0	0	-250
BALANCE AT 30/09/2016	**196**	**63**	**34**	**4.310**	**4.603**
Non-doubtful accounts	94	185	1.908	1.949	4.136
Doubtful accounts	473	62	44	0	579
Reductions in value of doubtful accounts	-413	-31	-37	0	-481
BALANCE AT 30/09/2015	**154**	**216**	**1.915**	**1.949**	**4.234**

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 2016, doubtful accounts amounted to EUR 387,000 (compared with EUR 579,000 at 30 September 2015). Doubtful accounts had been reduced in value by EUR 250,000 as at 30 September 2016 (compared with EUR 481,000 at 30 September 2015). This amount represents the risk of default estimated at 30 September 2016 on the basis of the analysis of trade receivables at that date. The non-provisioned portion of these doubtful accounts (EUR 137,000) is either covered by guarantees established by tenants or corresponds to French VAT due only in the event of actual payment of the receivable.

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:

(EUR 000s)	30/09/2016	30/09/2015
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**481**	**499**
Additions	132	126
Charged to provisions	-318	-118
Reversals	-45	-26
Acquisition of subsidiaries	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**250**	**481**

NOTE 11 : TAX RECEIVABLES AND OTHER CURRENT ASSETS

(EUR 000s)	30/09/2016	30/09/2015
Taxes	237	109
Employee benefits and social charges	0	0
Other	644	1.404
TOTAL	**881**	**1.513**

The heading “Taxes” comprises amounts of VAT to be recovered.

The heading “Other” consists mainly of French property managers’ calls for provisions in respect of charges invoiced to tenants.

NOTE 12 : ACCRUED INCOME, PREPAID EXPENSES, ETC.

(EUR 000s)	30/09/2016	30/09/2015
Property income accrued, not due	0	0
Rental discounts and other benefits granted to tenants pending allocation	0	0
Property charges paid in advance	0	0
Interest and other financial charges paid in advance	115	104
Other	233	220
TOTAL	**348**	**324**

NOTE 13 : SHARE CAPITAL AND ISSUE PREMIUMS

(EUR 000s)	30/09/2016	30/09/2015
Capital subscribed	38.188	37.096
Capital increase expenses	-917	-917
TOTAL	**37.271**	**36.180**

As at 30 September 2016 the share capital stood at EUR 38,188,000 represented by 6.364.686 shares with no nominal value. Additional paid-in capital (share premium) amounted to EUR 245,072,000.

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 2016 amounted to EUR 37,271,000 and EUR 242,240,000 respectively.

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

Number of shares at the time of establishment 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
New shares issued on the occasion of the capital increase of 26 February 2016	181.918
NUMBER OF SHARES AS AT 30 SEPTEMBER 2016	**6.364.686**

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

NOTE 14 : PROVISIONS

(EUR 000s)	30/09/2016	30/09/2015
Pensions	0	0
Other	256	652
TOTAL	**256**	**652**

As at 30 September 2015, the provisions consisted of

- a EUR 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 EUR 290,000 provision for works remaining to be carried out at on-site at the Couillet retail park.

As at 30 September 2016, the provisions consisted of

- a EUR 238,000 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 EUR 18,000 balance of provision for works remaining to be carried out at on-site at the Couillet retail park.

(EUR 000s)	30/09/2016	30/09/2015
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**652**	**764**
Additions	0	416
Charged to provisions	-396	-528
Reversals	0	0
BALANCE AT THE END OF THE FINANCIAL YEAR	**256**	**652**

The use of the provisions recognised in the financial year relates to the provision for clean-up operations for EUR 124,000 and the provision for works at Couillet for EUR 272,000.

NOTE 15 : CURRENT AND NON-CURRENT FINANCIAL DEBT

(EUR 000s)	30/09/2016	30/09/2015
Non-current financial debt		
a. Credit institutions	197.363	158.131
b. Finance rentals	2.146	2.699
Current financial debt		
a. Credit institutions	14.418	52.998
b. Finance rentals	568	735
c. Other - commercial paper	21.000	0
TOTAL	**235.495**	**214.564**

As at 30 September 2016, financial liabilities totalled EUR 235,495,000 They are divided into four types of financing:

- credit lines available in the form of fixed term advances: EUR 200,250,000
- liabilities under finance rentals: EUR 2,714,000
- investment credits: EUR 11,531,000
- commercial paper: EUR 21,000,000

The principal maturities of these financial liabilities are as follows:

(EUR 000s)	Date	Total	Falling due within 1 year	Falling due between 1 and 5 years	Falling due at over 5 years
Fixed term advances	30/09/2015	197.600	51.000	131.600	15.000
	30/09/2016	200.250	25.250	100.000	75.000
Liabilities under finance rentals	30/09/2015	3.434	735	2.289	410
	30/09/2016	2.714	568	1.856	290
Investment credits	30/09/2015	13.529	1.998	6.514	5.017
	30/09/2016	11.531	1.954	5.818	3.759
Commercial paper	30/09/2015	0	0	0	0
	30/09/2016	21.000	21.000	0	0
TOTAL	**30/09/2015**	**214.564**	**53.733**	**140.403**	**20.427**
	30/09/2016	**235.495**	**48.772**	**107.674**	**79.049**

The following table shows, for information purposes, the future cash flows of principal and interest relating to these financial liabilities, not discounted to present value, based on market rates and the conditions of the credit lines as at 30 September 2016.

(EUR 000s)	Falling due within one year:	Falling due between 1 and 5 yrs.	Falling due at over 5 years	Total
At 30/09/2015	56.565	146.906	21.602	225.073
At 30/09/2016	**51.789**	**115.051**	**80.764**	**247.604**

Credit lines available in the form of fixed term advances:

As at 30 September 2016, Ascencio had EUR 255 million in credit lines with five banks (BNP Paribas Fortis, ING, CBC, Belfius, and Caisse d'Epargne Nord Europe) available in the form of fixed term advances with due dates ranging from 2016 to 2023.

As at 30 September 2016, the unutilised portion of these lines amounted to EUR 54.75 million.

Investment credits:

As at 30 September 2016, Ascencio had EUR 11.5 million in investment credits with French banks, with maturities ranging from 2016 to 2027. The majority of these investment credits are at fixed rates of interest.

Commercial paper:

In order to reduce the cost of its financing, Ascencio has had, since June 2016, a commercial paper programme for up to EUR 50 million. As at 30 September 2016 this programme was used for short-term issues amounting to EUR 21 million. These commercial paper issues are underpinned by back-up lines established within the lines of credit available by means of fixed term advances as referred to above.

Fixed rate borrowings – Variable rate borrowings

As at 30 September 2016, financial liabilities consisted of:

- EUR 177,006,000 of floating rate debt (before taking account of IRS (interest rate swaps)).
- EUR 58,489,000 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 and market rates as at 30 September 2016, the fair value of fixed rate financial liabilities is estimated at EUR 60,687,000. This estimate is mentioned for information purposes.

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

Average cost of borrowing

During the financial year 2015/2016, the average cost of the financial liabilities (including margins) was:

- 3.09% after the impact of interest rate hedging instruments (i.e. Including interest charges paid in respect of IRS)
- 1.38% before the impact of interest rate hedging instruments (i.e. before interest charges paid in respect of IRS).

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: DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2016, 75% of the Company's borrowings were at variable rates. With a view to limiting the interest rate risk associated with this type of financing, the Company has put in place an interest rate risk hedging policy.

As at 30 September 2016, interest rate hedging was composed of:

- 17 IRS contracts, of which one callable IRS, on a total notional amount of EUR 260 million, of which EUR 120 million was effective as at 30 September 2016 and EUR 140 million would be effective at a later date;
- four CAP option contracts on a notional amount of EUR 75 million, of which EUR 20 million effective as at 30 September 2016 and EUR 55 million at a later date.

Based on financial indebtedness as at 30 September 2016 and the interest rate hedging instruments active at that date, the hedging ratio[42] was 84.3%.

[42] Hedging ratio = (Fixed rate borrowings + Notional amount of IRS + Notional amount of CAPs) / Total financial liabilities
The hedging ratio is an APM (alternative performance measure) used by Ascencio. The calculation of this indicator is shown at the end of this annual report. This is not the indicator referred to in Article 8 of the B-REITs Act.

Type	Notional amount (EUR 000s)	Start date	End date	Interest rate	Variable reference rate	Fair value (EUR 000s)	
						30/09/2016	30/09/2015
Callable IRS	50.000	30/06/2008	29/06/2018	4.35%	3-month EURIBOR	-4.167	-6.056
IRS	7.500	12/08/2011	12/08/2018	2.39%	3-month EURIBOR	-418	-545
IRS	10.000	29/02/2012	28/02/2019	1.80%	3-month EURIBOR	-545	-617
IRS	5.000	29/02/2012	28/02/2019	1.81%	3-month EURIBOR	-274	-311
IRS	10.000	30/06/2013	30/06/2020	1.50%	3-month EURIBOR	-706	-623
IRS	10.000	03/07/2013	03/07/2020	1.50%	3-month EURIBOR	-750	-660
IRS	7.500	12/08/2011	12/08/2021	2.76%	3-month EURIBOR	-1.179	-1.165
IRS	20.000	28/09/2007	30/09/2022	3.70%	3-month EURIBOR	-4.823	-4.512
IRS	20.000	29/06/2018	30/06/2020	0.38%	3-month EURIBOR	-292	-
IRS	10.000	29/06/2018	30/06/2020	0.29%	3-month EURIBOR	-129	-
IRS	20.000	29/06/2018	30/06/2019	0.19%	3-month EURIBOR	-112	-
IRS	30.000	30/06/2019	30/06/2020	0.28%	3-month EURIBOR	-184	-
IRS	15.000	31/12/2019	31/12/2022	0.34%	3-month EURIBOR	-181	-
IRS	10.000	30/09/2019	31/12/2023	0.39%	3-month EURIBOR	-163	-
IRS	10.000	30/09/2019	31/12/2023	0.40%	3-month EURIBOR	-168	-
IRS	10.000	30/06/2020	30/06/2023	0.35%	3-month EURIBOR	-92	-
IRS	15.000	30/06/2020	30/06/2023	0.15%	3-month EURIBOR	-47	-
CAP purchased	20.000	31/12/2015	31/12/2017	0.25%	3-month EURIBOR	0	-
CAP purchased	20.000	31/12/2017	31/12/2018	0.45%	3-month EURIBOR	5	-
CAP purchased	15.000	30/06/2018	31/12/2019	0.45%	3-month EURIBOR	9	-
CAP purchased	10.000	31/12/2018	31/12/2019	0.25%	3-month EURIBOR	6	-
CAP purchased	10.000	31/12/2018	30/09/2019	0.25%	3-month EURIBOR	6	-

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 heading 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.

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

- an IRS at 0.182% against 3-month EURIBOR covering the period from 30 June 2020 to 31 December 2021 on a notional amount of EUR 30 million;

For the financial year ended 30 September 2016, the financial result is income of EUR 0.16 million (as against income of EUR 2.36 million for the year ended 30 September 2015), 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 EUR 1,777,000).

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 were as follows:

- Falling due within one year: EUR 4,233,000
- Falling due at between one and five years: EUR 9,000,000
- Falling due at more than five years: EUR 1.229,000

NOTE 17 : OTHER NON-CURRENT FINANCIAL LIABILITIES

(EUR 000s)	30/09/2016	30/09/2015
Authorised hedging instruments	14.231	14.489
Other	1.895	1.422
TOTAL	**16.126**	**15.912**

The heading “Other” basically consists of rental guarantees received.

NOTE 18 : NON-CURRENT TRADE PAYABLES AND OTHER LIABILITIES

(EUR 000s)	30/09/2016	30/09/2015
Trade payables	0	0
Other	428	856
TOTAL	**428**	**856**

NOTE 19 : DEFERRED TAX LIABILITIES

As at 30 September 2016 the balance of "Deferred tax liabilities" represented the deferred tax (5% withheld at source) on unrealised capital gains on the French assets.

NOTE 20 : OTHER CURRENT LIABILITIES

(EUR 000s)	30/09/2016	30/09/2015
Suppliers	5.643	4.903
Tenants	810	280
Taxes, employee benefits and social charges	1.758	1.675
TOTAL	**8.211**	**6.858**

“Taxes, employee benefits and social charges” basically consists of

- VAT payable, mainly in respect of rental of properties in France. In France, unlike Belgium, rentals for commercial properties are subject to VAT.
- tax due by the French branch (5% withholding on the statutory profit established on the basis of French accounting standards).
- tax due by the Spanish subsidiary, which is subject to ordinary Spanish corporation tax (25%).
- provisions for holiday allowances and end-of-year bonuses.
- as at 30 September 2015, corporation tax due by subsidiary Moyennes Surfaces Spécialisées SA (absorbed on 18 December 2014 by Ascencio)

NOTE 21 : ACCRUALS, UNEARNED INCOME, ETC.

(EUR 000s)	30/09/2016	30/09/2015
Property income received in advance	38	450
Interests and other charges accrued not due	1.242	1.194
Other	0	0
TOTAL	**1.280**	**1.644**

The heading "Interest and other charges accrued not due" mainly concerns the Statutory Manager's remuneration, the Statutory Manager's directors' remuneration and pro-rata of interest.

NOTE 22 : RENTAL INCOME

(EUR 000s)	30/09/2016	30/09/2015
Rentals	38.954	36.016
Guaranteed revenues	0	0
Rental discounts	-124	-38
Concessions granted to tenants (incentives)	0	0
Indemnification for early termination of leases	5	0
Fees for finance-renting and similar	0	0
TOTAL	**38.835**	**35.978**

NOTE 23 : CHARGES RELATING TO RENTALS

(EUR 000s)	30/09/2016	30/09/2015
Rental payable on rented premises	0	0
Reductions in value of trade receivables	132	125
Reversals of reductions in value of trade receivables	-45	-25
TOTAL	**87**	**100**

NOTE 24 : RECOVERY OF RENTAL CHARGES AND TAXES NORMALLY ASSUMED BY THE TENANT ON RENTED PROPERTIES

(EUR 000s)	30/09/2016	30/09/2015
Re-invoicing of rental charges incurred by the owner	1.848	1.633
Re-invoicing of advance levies and taxes on let properties	3.901	4.029
TOTAL	**5.749**	**5.662**

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 ASSUMED BY THE TENANT ON RENTED PROPERTIES

(EUR 000s)	30/09/2016	30/09/2015
Rental charges incurred by the owner	-2.121	-1.890
Withholding and other taxes on rented premises	-3.928	-4.262
TOTAL	**-6.049**	**-6.152**

NOTE 26 : TECHNICAL COSTS

(EUR 000s)	30/09/2016	30/09/2015
Recurring technical costs		
- Repairs	-808	-899
- Fees for total guarantee	0	0
- Insurance premiums	-3	0
Non-recurring technical costs		
- Major repairs	-241	0
- Accidents	0	0
TOTAL	**-1.053**	**-899**

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 : SALES EXPENSES

(EUR 000s)	30/09/2016	30/09/2015
Agency commissions	-41	-184
Advertising and marketing expenses relating to the properties	-14	-72
Lawyers' fees and legal costs	-40	-48
TOTAL	**-95**	**-304**

NOTE 28 : PROPERTY MANAGEMENT EXPENSES

(EUR 000s)	30/09/2016	30/09/2015
Fees paid to managers (external)	-171	-150
Internal property management charges	-859	-794
TOTAL	**-1.030**	**-944**

NOTE 29 : OTHER PROPERTY CHARGES

(EUR 000s)	30/09/2016	30/09/2015
Insurance	-34	-31
Taxes and charges for Company's account	-65	-25
Real estate renting, emphyteuses, rental charges	-105	-105
Other	0	0
TOTAL	**-204**	**-161**

NOTE 30 : GENERAL EXPENSES

(EUR 000s)	30/09/2016	30/09/2015
Employee benefits	-835	-717
Remuneration of the Statutory Manager	-815	-754
Directors' remuneration	-130	-135
Operating costs	-416	-417
Fees	-706	-540
Tax on UCIs	-269	-244
Amortisation	-65	0
TOTAL	**-3.235**	**-2.807**

NOTE 31 : OTHER OPERATING INCOME AND EXPENSE

(EUR 000s)	30/09/2016	30/09/2015
Other operating income	37	57
Amortisation	0	-64
Other	-12	-6
TOTAL	**25**	**-12**

NOTE 32 : NET GAINS AND LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

(EUR 000s)	30/09/2016	30/09/2015
Losses on sale of investment property	-234	-70
Gains on sale of investment property	354	20
TOTAL	**120**	**-50**

(EUR 000s)	30/09/2016	30/09/2015
Net sales of properties (selling price - transaction costs)	21.865	3.185
Carrying amount of properties sold	-21.745	-3.235
TOTAL	**120**	**-50**

NOTE 33 : CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

(EUR 000s)	30/09/2016	30/09/2015
Positive changes in the fair value of investment property	24.705	4.918
Negative changes in the fair value of investment property	-9.700	-7.436
TOTAL	**15.005**	**-2.518**

NOTE 34 : FINANCIAL INCOME

(EUR 000s)	30/09/2016	30/09/2015
Interest and dividend received	1	1
TOTAL	**1**	**1**

NOTE 35 : NET INTEREST EXPENSE

(EUR 000s)	30/09/2016	30/09/2015
(-) Nominal interest on borrowings	-3.158	-2.973
(-) Reconstitution of the face value of financial debts	0	0
(-) Charges arising from authorised hedging instruments	-4.149	-3.872
Authorised hedging instruments to which IFRS hedge accounting is not applied	-4.149	-3.872
(+) Income arising from authorised hedging instruments	0	0
(-) Other interest expense	0	-1
TOTAL	**-7.307**	**-6.846**

NOTE 36 : OTHER FINANCIAL CHARGES

(EUR 000s)	30/09/2016	30/09/2015
Bank charges and other commissions	-204	-195
TOTAL	**-204**	**-195**

NOTE 37 : CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(EUR 000s)	30/09/2016	30/09/2015
Authorised hedging instruments		
Authorised hedging instruments to which IFRS hedge accounting is not applied	162	2.364
TOTAL	**162**	**2.364**

NOTE 38 : TAX ON INCOME

	30/09/2016	30/09/2015
PARENT COMPANY		
Profit (loss) before tax	40.472	22.869
Exempt profit in accordance with the tax regime applicable to the Company	-40.472	-22.869
Taxable result	0	0
Tax at standard rate	0	0
Other taxes	-117	-86
Deferred taxes	-118	-235
SUBSIDIARIES		
Tax payable	-225	-274
TOTAL	**-461**	**-595**

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 SA was subject to standard Belgian corporation tax and as such was taxed at the standard rate of 33.99% on its taxable income until its merger by absorption into Ascencio in April 2016. The Spanish subsidiary Ascencio Iberia SA is also subject to the ordinary income tax regime in Spain (25%).

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 income of EUR 50,000 represents the difference between the amount of exit tax actually charged on the merger by absorption of the subsidiary Primmodev S.A. and the amount initially set aside as a provision for this.

In 2014/2015 the exit tax charge of EUR 43,000 represented the difference between the amount of exit tax actually charged on the merger by absorption of the subsidiary Moyennes Surfaces Spécialisées SA and the amount initially set aside as a provision for this.

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.

	30/09/2016	30/09/2015
Net profit/(loss) for the financial year - (EUR 000s)	40.237	22.547
Weighted average number of shares in circulation	6.364.686	6.182.768
Basic and diluted EPS (euros)	**6.32**	**3.65**

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, entitled to dividends from 1 October 2014 and weighted 100%.

The weighted average number of shares during the financial year ended 30 September 2016 consisted of

- the 6.182.768 shares in existence at the beginning of the financial year;
- the 181.918 new shares issued on 26 February 2016, entitled to dividends from 1 Oktober 2015 and weighted 100%.

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.

(EUR 000s)	30/09/2016	30/09/2015
Rental income		
Mestdagh SA	3.772	3.678
Equilis SA	66	63
Purchase of services		
Equilis SA	0	0
Remuneration of the Manager	815	754
Remuneration of Manager's Directors	130	135
Assets		
Trade receivables Mestdagh SA	217	224
Trade receivables Equilis SA	1	0

The remuneration granted to executives of the Statutory Manager is referred to in Note 43 hereunder.

NOTE 42 : MANAGERS' REMUNERATION

The remuneration of Ascencio SA, the Statutory Manager, is set at 4% of the amount of the gross dividend distributed, namely EUR 815,000 for the financial year last ended (EUR 754,000 for the previous financial year). This amount will to be paid until after the Ordinary General Meeting of Shareholders of Ascencio SCA.

Additionally, attendance fees paid by Ascencio SA to its directors for their attending Board and Audit Committee meetings amounted to EUR 130,000 for the financial year last ended (EUR 135,000 for 2014/2015). These amounts are passed on by Ascencio SA 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 SCA.

Lastly, remuneration of the Company's executive managers, SPRL Somabri, Stéphanie Vanden Broecke and Michèle Delvaux amounted to EUR 684,000 for the financial year last ended. The remuneration of the executive managers is paid by the B-REIT Ascencio SCA.

NOTE 43 : SUBSIDIARIES

SUBSIDIARIES	Held directly	Held indirectly
ETUDIBEL S.A. Avenue Jean Mermoz 1 Bte 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
SCI GUYANCOURT, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI TESTE DE BUCH, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SCI VIRIAT, Tour Opus 12, La Défense 9 77 Esplanade du Général de Gaulle, 92914 Paris La Défense, France	100%	None
SAU ASCENCIO IBERIA Calle Hermosilla 11 Planta 3A, 28001 Madrid, Spain	100%	None

NOTE 44 : FEES OF THE STATUTORY AUDITOR AND RELATED PERSONS

(EUR000s)	30/09/2016	30/09/2015
Audit of the accounts	47	40
Other assignments carried out by the Statutory Auditor	215	16
TOTAL	**262**	**56**

All amounts are expressed exclusive of VAT

In derogation of Article 133, section 5 of the Companies Code, the amount of remuneration of the Statutory Auditor for services provided during financial year 2015/2016 other than assignments entrusted to it by the law exceeded the total amount of emoluments referred to in Article 134, section 1 of the Companies Code.

These services basically concerned two *ad hoc* assignments:

- the property, accounting and tax due diligence relating to Ascencio's first investment in the Spanish market in March 2016;
- And a feasibility study of a possible partnership with a French property company.

The derogation of Article 133, section 5 of the Companies Code was the subject of favourable deliberation by the Audit Committee, on the one hand in view of the fact that an initial investment in a country such as Spain justified extra caution in the regulatory, accounting and tax areas as well as in property valuation;

- The fact that Deloitte is a recognised market player in Spain in these different areas while at the same time being Ascencio's Statutory Auditor presented an opportunity for the Company to be supported by a quality service provider with a view to facilitating correct understanding and mastery of the rules of this new market and to have the due diligence carried out on the assets.
- and on the other hand in view of Deloitte's thorough acquaintance with Ascencio's activities and the particularities of the B-REITs regime necessary for a study of the partnership envisaged. Apart from this the choice of Deloitte was made following a call for tenders.

NOTE 45 : EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period as at the date on which this report was prepared.

REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 30 September 2016, the consolidated income statement, 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 the 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 SCA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union as executed by the Royal Decree of 13 July 2014 relating to regulated real estate companies and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 583.004 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 40.237 (000) EUR.

Manager' responsibility for the preparation of the consolidated financial statements

The manager is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as executed by the Royal Decree of 13 July 2014 relating to regulated real estate companies and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the manager, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the manager the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Ascencio SCA give a true and fair view of the group's net equity and financial position as of 30 September 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union as executed by the Royal Decree of 13 July 2014 relating to regulated real estate companies and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The manager is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Antwerp, 7 December 2016
The statutory auditor

DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Kathleen De Brabander

STATUTORY ACCOUNTS

ASSETS (EUR 000s)		30/09/2016	30/09/2015
ASSETS			
I	**NON-CURRENT ASSETS**		
A	Goodwill	0	0
B	Intangible assets	81	121
C	Investment properties	431.244	400.112
D	Other property, plant & equipment	1.224	873
E	Non-current financial assets	61.878	64.592
F	Finance rental receivables	0	0
G	Non-current trade receivables and other assets	0	0
H	Deferred tax assets	0	0
TOTAL NON-CURRENT ASSETS		**494.426**	**465.699**
II	**CURRENT ASSETS**		
A	Held-for-sale assets	0	0
B	Current financial assets	0	0
C	Finance rental receivables	0	0
D	Trade receivables	3.389	2.214
E	Tax receivables and other current assets	67.605	40.526
F	Cash and cash equivalents	1.976	1.810
G	Prepaid expenses, accrued income, etc.	186	178
TOTAL CURRENT ASSETS		**73.156**	**44.728**
TOTAL ASSETS		**567.582**	**510.427**

LIABILITIES & EQUITY (EUR000s)		30/09/2016	30/09/2015
EQUITY			
A	Capital	37.271	36.180
B	Additional paid-in capital	242.240	234.055
C	Reserves	-1.881	-5.325
	a. Legal reserve	*0*	*0*
	b. Reserve of balance of changes in fair value of properties	*13.511*	*8.765*
	c. Reserve for estimated expenses and stamp duty arising on hypothetical disposal of investment properties	*-10.389*	*-9.786*
	e. Reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied	*-14.489*	*-16.847*
	m. Other reserves	*9.486*	*12.544*
D	Net profit for the financial year	40.237	22.547
TOTAL EQUITY		**317.867**	**287.457**
LIABILITIES			
I	**NON-CURRENT LIABILITIES**	**192.914**	**165.923**
A	Provisions	256	362
B	Non-current financial debt	177.146	149.299
	a. Credit institutions	*175.000*	*146.600*
	b. Finance rentals	*2.146*	*2.699*
C	Other non-current financial liabilities	15.160	16.027
D	Non-current trade payables and other liabilities	0	0
E	Other non-current liabilities	0	0
F	Deferred tax liabilities	352	235
II	**CURRENT LIABILITIES**	**56.801**	**57.047**
A	Provisions	0	0
B	Current financial debt	46.818	51.735
	a. Credit institutions	*25.250*	*51.000*
	b. Finance rentals	*568*	*735*
	b. Other	*21.000*	*0*
C	Other current financial liabilities	0	0
D	Current trade payables and other liabilities	8.726	4.115
	a. Exit tax	*2.396*	*0*
	b. Other	*6.331*	*4.115*
E	Other current liabilities	0	0
F	Prepaid expenses, accrued income, etc.	1.257	1.197
TOTAL LIABILITIES		**249.715**	**222.970**
TOTAL LIABILITIES & EQUITY		**567.582**	**510.427**

(EUR 000s)		30/09/2016	30/09/2015
I	Rental income	29.203	27.477
III	Charges relating to leases	-107	-44
NET LEASING RESULT		**29.096**	**27.433**
V	Recovery of rental charges and taxes normally assumed by the tenant on rented properties	4.219	4.089
VII	Rental charges and taxes normally assumed by the tenant on rented properties	-4.505	-4.524
VII	Other revenue and expenditure relating to rental	17	170
PROPERTY RESULT		**28.827**	**27.168**
IX	Technical costs	-1.001	-847
X	Sales expenses	-74	-303
XII	Property management expenses	-992	-898
XIII	Other property charges	-149	-79
PROPERTY CHARGES		**-2.216**	**-2.127**
OPERATING RESULT ON PROPERTY		**26.611**	**25.041**
XIV	General expenses	-3.034	-2.590
XV	Other operating income and expense	228	114
OPERATING RESULT BEFORE PORTFOLIO INCOME		**23.805**	**22.565**
XVI	Net gains and losses on disposals of investment properties	-422	-50
XVIII	Changes in the fair value of investment properties	11.399	-2.752
OPERATING RESULT		**34.782**	**19.763**
XX	Financial income	8.965	6.994
XXI	Interest expense	-6.853	-6.296
XXII	Other financial charges	-192	-184
XXIII	Changes in fair value of financial assets and liabilities	3.769	2.592
	- Change in value of hedging instruments	162	2.358
	- Proportional part of the change in value of financial equity interests linked to properties	3.607	234
FINANCIAL RESULT		**5.689**	**3.106**
PROFIT (LOSS) BEFORE TAX		**40.472**	**22.869**
XXV	Tax on income	-235	-321
XXVI	Exit Tax	0	0
TAXES		**-235**	**-321**
NET PROFIT (LOSS)		**40.237**	**22.547**
	Net profit attributable to the group	40.237	22.547
	Net profit attributable to non-controlling interests	0	0
Basic and diluted EPS (EUR/share)		6.32	3.65

STATEMENT OF COMPREHENSIVE INCOME (EUR 000s)		30/09/2016	30/09/2015
I	**NET PROFIT (LOSS)**	**40.237**	**22.547**
II	**OTHER ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS**		
A	Impact on fair value of estimated stamp duty arising on hypothetical disposal of investment properties	-603	-1.679
B	Other comprehensive income (*)	369	8
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**40.003**	**20.876**

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

PROPOSED APPROPRIATION (EUR 000s)		30/09/2016	30/09/2015
A	**NET PROFIT (LOSS)**	**40.237**	**22.547**
B	**TRANSFERS TO/FROM RESERVES**	**19.870**	**3.690**
1.	Transfer to/from reserves of net change in fair value of property assets (-/+)	15.005	-2.518
	- accounting financial year	15.005	-2.518
	- previous financial years	0	0
	- realisation of property assets	0	0
2.	Transfer to/from reserves of estimated transfer expenses and stamp duty arising upon hypothetical disposal of investment properties (-/+)	0	0
3.	Transfer to the reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (-)	0	0
4.	Transfer from the reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is applied (+)	0	0
5.	Transfer to the reserve for changes in fair value of authorised hedging instruments to which IFRS hedge accounting is not applied (-)	162	2.358
	- accounting financial year	162	2.358
	- previous financial years	0	0
6.	Transfer from the 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 latte taxes relating to property assets located abroad (-/+)	0	0
9.	Transfers to/from reserves of dividends received in repayment of financial debts (-/+)	0	0
10.	Transfers to/from other reserves	4.703	3.850
11.	Transfer to/from retained earnings/accumulated losses	0	0
C	**REMUNERATION OF CAPITAL AS PROVIDED BY ARTICLE 13, SECTION 1, PARA. 1**	**11.652**	**18.292**
D	**REMUNERATION OF CAPITAL - OTHER THAN C**	**8.715**	**565**

STATUTORY STATEMENT OF CHANGES IN EQUITY

(EUR 000s)			Reserves					
	Capital	Additional paid-in capital	Balance of changes in fair value of properties	Impact of stamp duty on fair value	Balance of changes in fair value of non-IFRS hedging instruments	Other reserves	Net profit for the financial year	Total equity
BALANCE AT 30/09/2014	**35.306**	**226.932**	**8.909**	**-8.107**	**-13.221**	**9.991**	**14.170**	**273.980**
Distribution of dividends							-7.372	-7.372
Appropriation to reserves			-152		-3.626	2.553	1.225	0
Capital increase	874	7.123					-8.023	-27
Net profit (loss)							22.547	22.547
Other comprehensive income			8	-1.679				-1.671
Adjustment to reserves								0
BALANCE AT 30/09/2015	**36.180**	**234.055**	**8.765**	**-9.786**	**-16.847**	**12.544**	**22.547**	**287.457**

(EUR 000s)			Reserves					
	Capital	Additional paid-in capital	Balance of changes in fair value of properties	Impact of stamp duty on fair value	Balance of changes in fair value of non-IFRS hedging instruments	Other reserves	Net profit for the financial year	Total equity
BALANCE AT 30/09/2015	**36.180**	**234.055**	**8.765**	**-9.786**	**-16.847**	**12.544**	**22.547**	**287.457**
Distribution of dividends							-9.541	-9.541
Appropriation to reserves			-2.518		2.358	3.850	-3.690	0
Capital increase	1.091	8.185					-9.316	-40
Net profit (loss)							40.237	40.237
Other comprehensive income			369	-603				-233
Reclassification of reserves			6.895			-6.895		0
Adjustment to reserves						-13		-13
BALANCE AT 30/09/2016	**37.271**	**242.240**	**13.511**	**-10.389**	**-14.489**	**9.486**	**40.237**	**317.867**

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 Vandenbroucke, 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).

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) assets are understood to mean:

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

Ascencio's share capital is EUR 38,188,116. It is represented by 6,364,686 shares without nominal value, each representing a six million three hundred and sixty-four thousand six hundred and eighty-sixth 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 EUR 36,223,380, in accordance with Article 603 of the Companies Code and the B-REIT regulations.

The Statutory Manager has made use of this authorisation only once, so the balance of capital authorised stood at EUR 35,131,872 as at the date of this report.

The nominal value per share is EUR 6.00.

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 Company Code, request the addition of items to be dealt with on the agenda of any general meeting of shareholders, as well as present decision proposals regarding 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.

Admission to the meeting

The registration procedure is as follows:

- Holders of registered shares must be registered in the register of registered 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 paperless 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) 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 SA - Change of control

In order to ensure the permanence of the shareholding of Ascencio SA, the major shareholders have mutually agreed pre-emptive rights to the Ascencio SA shares that they hold[43].

43. 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 SA 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 SA by AG Real Estate to a company which it controls exclusively.

Apart from this, in the framework of the agreements in to which they have entered, the major shareholders have granted one another purchase and sale options on the shares in Ascencio SA that they hold.

The main features of these options are summarised hereunder:

- AG Real Estate holds a purchase option on Ascencio SA 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 SA (or of 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 major shareholders leading to persistent disagreement as to the conduct of the Statutory Manager's business not being settled by a conciliation procedure, each major 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.

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 SCA.

Article 16 of the Articles of Association of Statutory Manager Ascencio SA 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 SA 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 SCA

The Articles of Association of Ascencio SCA were last amended on 26 February 2016. 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

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 FSMA's controls. The FSMA may also ask it to confirm the accuracy of information requested by it.

Deloitte Réviseurs d'Entreprises, represented by Kathleen De Brabander, having its registered office at Berkenlaan 8a, 1831 Diegem, was appointed by the Company's Ordinary General Meeting on 29 January 2016 for a term of three years, i.e. until the adjournment of the 2019 Annual Ordinary General Meeting of Shareholders.

The statutory auditor's annual remuneration for the auditing of the financial statements (company only and consolidated) is EUR 45,000 excluding VAT.

Property experts

In accordance with applicable legislation, Ascencio SCA 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. The experts' fees amounted to EUR 140,000[44] for the financial year last ended.

The Company's real estate experts are:

SITE	Legal persons	Natural persons	Addresses	Last rotation	End of term of office
BELGIUM	Jones Lang LaSalle SPRL	Arnaud Van De Werve	Avenue Marnix 23 1000 Bruxelles	1st October 2015	30 September 2018
	Cushman & Wakefield SPRL	Ardalan Azari	Avenue des Arts 58 1000 Bruxelles	1st October 2015	30 September 2018
	CBRE SA	Pierre Van Der Vaeren	Avenue Lloyd George 7 1000 Bruxelles	1st October 2015	30 September 2018
FRANCE	Cushman & Wakefield (ex DTZ)	Valérie Parmentier	Rue de l'Hôtel de Ville 8 92522 Neuilly-Sur-Seine	1st October 2015	30 September 2018
	Jones Lang LaSalle Expertises SAS	Christophe Adam	Rue de la Boétie 40-42 75008 Paris	1st October 2015	30 September 2018
SPAIN	Cushman & Wakefield	Tony Loughran	Jose Ortega 4 Gasset 29 - 6°Planta 28006 Madrid	1st February 2016	31 December 2018

Financial services

For its financial services the Company relies on BNP Paribas Fortis Banque SA.

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).

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 electronically on its website:

- latest Articles of Association of the Company;
- historical financial information on the Company;
- annual reports including the reports of the Statutory Auditor and the property experts;
- press release.

The Deed of Incorporation and Articles of Association are available on the website of *Moniteur Belge*, the official Belgian state gazette: www.ejustice.just.fgov.be.

44. JLL Belgique EUR 24,525, Cushman & Wakefield Belgique EUR 30,600, CBRE Belgique EUR 28,700, Cushman & Wakefield España EUR 1,950, Cushman & Wakefield France EUR 23.390, JLL France EUR 30,570.

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 "SCA" (*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 SA. The functions and powers of the Manager of the public B-REIT are performed by the Board of Directors of Ascencio SA 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;
- 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 30%[45]. 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.

45. With effect from 1 January 2017.

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 SA (sociéte 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.

Declarations

Person responsible

The Statutory Manager of Ascencio SCA, Ascencio SA, whose registered office is at Avenue Jean Mermoz 1, box 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 SA 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 2016.

Declaration regarding the Directors and executives

The Statutory Manager of Ascencio SCA declares that based on the information provided to it, during the past five years none of its Directors or of 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 SCA 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 headed "Declaration of governance – Structure of shareholding" of this report for Carl Mestdagh; 500 shares for Mr Yves Klein, 225 shares for Mr Jean-Luc Calonger, 1,130 shares for SA Gernel, and 2,500 shares for Mr Damien Fontaine.
- that SPRL Somabri and its manager Mr Marc Brisack hold 2,380 shares in Ascencio; Ms Michèle Delvaux holds 320 shares;
- 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.

Name	Ascencio SCA
Status	*Société Immobilière Réglementée* (Regulated Property Company or "Belgian REIT")
Head office	Avenue Jean Mermoz 1 Building H Box 4 – 6041 Gosselies
Branch address	Tour Opus 12, La Défense 9, Esplanade du Général de Gaulle 77 – 92914 Paris La Défense
Telephone	+32 (71) 91 95 00
Fax:	+32 (71) 34 48 96
E-mail	info@ascencio.be
Website	www.ascencio.be
Companies Registry	Charleroi
Company number	0881.334476
Date established	10 May 2006
Approval as a public B-REIT	28 October 2014
Duration	indefinite
Statutory auditor	Deloitte Kathleen De Brabander
Property experts	Jones Lang LaSalle – Cushman & Wakefield – CB Richard Ellis
Financial service	BNP Paribas Fortis Banque SA
Financial year-end	30 September
Share capital	EUR 38,188,116
Number of shares	6.364.686
Listing	Euronext Brussels
Fair value of the real estate portfolio	EUR 572 million
Number of properties	102
Types of properties	Commercial properties in periphery 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 20 December 2016.

The annual financial report is also available in Dutch and English, but only the French version of the document is official.

The English and Dutch versions are free translations.

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

An APM is a financial indicator, historical or forward-looking, of the performance, financial situation or cash flows other than a financial indicator defined or described by the applicable accounting standards.

In its financial reporting Ascencio has for many years used APMs (Alternative Performance Measures) within the meaning of the guidelines recently laid down by the European Securities and Markets Authority, ESMA. These APMs have been defined by Ascencio with a view to offering the reader a better understanding of its results and performances. Performance indicators defined by IFRS or by law are not considered to be APMs. Nor are indicators that are not based on balance sheet or income statement account headings.

AVERAGE COST OF BORROWING

Definition:
This is the average cost of the financial debts, obtained by dividing the annual charges on these debts by the weighted average debt outstanding during the period.

The numerator is the sum of

- the net interest charges, taken from heading XXI of the income statement, annualised
- plus commissions on undrawn balances of credit facilities and opening commissions and charges on credit facilities, annualised.

The denominator is the average level of financial debts by reference to daily drawings of the various facilities (bank loans, finance-rental and commercial paper).

The components of this APM relate to the last period ended on closing date of the financial year.

Use:
The Company finances itself partly by means of financial debt. This APM allows us to measure the cost of this source of financing and its effect on the results. It also allows an analysis of how it evolves over time.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

		30/09/2016	30/09/2015
Net interest expense (heading XXI) (EUR 000s)		7,307	6,846
Commissions on undrawn balances under credit facilities		132	131
Opening commission and charges in credit facilities		36	30
TOTAL COST OF FINANCIAL DEBTS	**= A**	**7,475**	**7,007**
WEIGHTED AVERAGE DEBT FOR THE PERIOD	**= B**	**241,547**	**202,097**
AVERAGE COST OF BORROWING	**= A/B**	**3.09%**	**3.47%**

HEDGING RATIO

Definition:
This is the percentage of financial debts the interest rate of which is fixed or capped relative to total financial debts.

The numerator is the sum

- of fixed-rated financial debts,
- variable-rate financial debts converted into fixed-rate debts by means of IRS,
- and variable-rate financial debts converted into fixed-rate debts by means of CAPs.

The denominator is the total amount of financial debts.

The components of this APM relate to the debts and hedging instruments as at closing date of the financial year.

Use:
A significant portion of the Company's financial debts is at variable rates. This APM measures the risk associated with interest rate fluctuations and its potential effect on the results.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

(EUR 000S)		30/09/2016	30/09/2015
Fixed-rated financial debts,		58,489	37,806
Variable-rate financial debts converted into fixed-rate debts by means of IRS		120,000	120,000
Variable-rate financial debts converted into fixed-rate debts by means of CAPs.		20,000	0
TOTAL FIXED RATE OR CAPPED FINANCIAL DEBTS	**= A**	**198,489**	**157,806**
TOTAL VARIABLE RATE FINANCIAL DEBTS	**= B**	**37,006**	**56,758**
TOTAL FINANCIAL DEBTS		**235,495**	**214,564**
HEDGING RATIO	**= A/B**	**84.3%**	**73.5%**

OPERATING MARGIN

Definition:
This is the operating result before portfolio income divided by rental income.

The components of this APM relate to the last period ended on closing date of the financial year.

Use:
This APM allows us to measure the operating profitability of the Company as a percentage of rental income.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

		30/09/2016	30/09/2015
Operating result before portfolio income (EUR 000s)	= A	32,870	30,338
Rental income (EUR 000s)	= B	38,835	35,978
OPERATING MARGIN	**= A/B**	**84.6%**	**84.3%**

NET INCOME EXCLUDING NON-RECURRING ITEMS

Definition:
This is the operating result before portfolio income,

plus

- financial income (heading XX in the income statement)

less

- net interest expense (heading XXI in the income statement)
- other financial charges (heading XXII in the income statement)
- corporation tax (heading XXV in the income statement) excluding deferred tax.

The components of this APM relate to the last period ended on closing date of the financial year.

This indicator does not conform to the guidelines laid down by ESMA, the European Securities and Market Authority in force since 3 July 2016. An appropriate alternative indicator will shortly be proposed by the whole sector meeting within the Association of B-REITs.

Use:
This APM allows us to measure the operating profitability of the Company after the financial result and after tax on the operating results but before portfolio income, changes in the fair value of financial assets and liabilities, exit tax and deferred taxation.

Reconciliation:
Details of the calculation of this APM are provided hereunder (see “Earnings per Share before non-recurring items”).

NET INCOME EXCLUDING NON-RECURRING ITEMS PER SHARE

Definition:
This is net income excluding non-recurring items divided by the number of shares in circulation entitled to the dividend.

Use:
This APM allows us to measure the net income excluding non-recurring items per share and compare it with the dividend paid.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

	30/09/2016	30/09/2015
Operating result before portfolio income (EUR 000s)	32,870	30,338
Financial income (EUR 000s)	1	1
Net interest expense (EUR 000s)	-7,307	-6,846
Other financial charges (EUR 000s)	-204	-195
Tax on income (EUR 000s)	-461	-595
Deferred taxation (EUR 000s)	118	235
NET PROFIT/(LOSS BEFORE NON-RECURRING ITEMS (EUR 000S)	**25,017**	**22,938**
Number of shares in circulation entitled to the dividend	6,364,686	6,182,768
NET INCOME EXCLUDING NON-RECURRING ITEMS PER SHARE (EUR)	**3.93**	**3.71**

NET ASSET VALUE (NAV) EXCLUDING VALUE OF IRS

Definition:
This is the net asset value minus the fair value of IRS at closing date.

Use:
This APM allows us to measure the net asset value without taking account of the fair value of the IRS since their impact will be incorporated into the financial charges of future years if they are not cancelled before maturity.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

NET ASSET VALUE (NAV) EXCLUDING VALUE OF IRS PER SHARE

Definition:
This is the sum of the net asset value excluding the fair value of IRS divided by the number of shares in circulation entitled to the dividend.

Use:
This APM allows us to measure the net asset value per share without taking account of the fair value of the IRS since their impact will be incorporated into the financial charges of future years if they are not cancelled before maturity.

Reconciliation:
Details of the calculation of this APM are provided hereunder.

	30/09/2016	30/09/2015
Net Asset Value (NAV) (EUR 000s)	318,032	287,620
Number of shares	6,364,686	6,182,768
NAV per share (euros)	49.97	46.52
Restatements:		
Fair value of IRS (Interest Rate Swaps) (EUR 000s)	14,231	14,489
NET ASSET VALUE (NAV) EXCLUDING FAIR VALUE OF IRS (EUR 000S)	**332,263**	**302,109**
Number of shares	6,364,686	6,182,768
NAV PER SHARE EXCLUDING FAIR VALUE OF IRS (EUR)	**52.20**	**48.86**

CONTRACTUAL RENTALS

Definition:
The sum of the rentals on an annual basis at the balance sheet closing date, as defined contractually in the lease agreements, after deduction of any rental discounts granted to tenants.

Use:
- This APM allows us to estimate the rentals to be generated by the property portfolio over the coming 12 months from the closing date based on the rental situation at that date;
- it allows us to calculate the gross yield on the portfolio at a given date (Contractual rentals / Investment value).

For any additional information:

MARC BRISACK

Representative of SPRL SOMABRI

General Manager

marc.brisack@ascencio.be

MICHÈLE DELVAUX

Chief Financial Officer

michele.delvaux@ascencio.be

STÉPHANIE VANDEN BROECKE

Legal Director

stephanie.vandenbroecke@ascencio.be