



## **Ascencio SCA**

Statutory auditor's report to the shareholders' meeting for the year ended 30 september 2020 - Consolidated financial statements

The original text of this report is in French

## Statutory auditor's report to the shareholders' meeting of Ascencio SCA for the year ended 30 September 2020 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Ascencio SCA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 31 January 2020 in accordance with the proposal of the board of directors issued upon recommendation of the Audit Committee. Our mandate will expire on the date of the shareholders' meeting approving the consolidated financial statements for the year ending 30 September 2022. We have performed the statutory audit of the consolidated financial statements of Ascencio SCA for 13 subsequent years.

### Report on the audit of the consolidated financial statements

#### Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated balance sheet as at 30 September 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows for the year then ended and the consolidated statement of changes in equity, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 713 716 (000) EUR and the consolidated income statement a consolidated net profit for the year then ended of 9 246 (000) EUR.

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 2020 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

#### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.


We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters?
<p><b>Valuation of investment properties</b></p> <ul style="list-style-type: none"> <li>Ascencio owns and manages a portfolio of investment properties valued at EUR 698 million as at 30 September 2020 representing 98% of the total consolidated balance sheet. Changes in the value of the real estate portfolio have a significant impact on consolidated net income and shareholders' equity.</li> <li>The Group uses independent real estate experts each quarter to value its investment property portfolio at fair value. These experts are appointed by the Group Management. They have a confirmed knowledge of the real estate markets in which the Group operates.</li> <li>The portfolio (excluding development projects) is valued at fair value. Development projects are valued according to the same methodology but taking into account all the costs necessary for the finalization of the development project as well as a risk premium related to the risks of project realization. The key data of the valuation exercise are the capitalization rates as well as current market rents, which are influenced by market trends, comparable transactions and the specific characteristics of each building in the portfolio.</li> <li>The valuation of the portfolio is subject to significant judgments and is based on a number of assumptions. The uncertainties related to estimates and judgments, combined with the fact that a small percentage difference in individual property valuations could have, in aggregate, a significant impact on the income statement and on the balance sheet, require a particular attention in the context of our audit work.</li> </ul> <p>As required by legislation applicable to regulated real estate companies, the investment properties are valued by external appraisers. In their report as of 30 September 2020, the experts draw attention to a material uncertainty clause with regard to the effects of the Covid 19 pandemic on the valuation of the investment property portfolio. The pandemic and the measures taken to tackle Covid 19 continue to affect the economy and real estate markets around the world causing experts to face an unprecedented set of circumstances and an absence of relevant / sufficient evidence market on which to base their judgment.</p>	<ul style="list-style-type: none"> <li>We considered the internal control implemented by management and we tested the design and implementation of controls over investment properties.</li> <li>We assessed the competence, independence and integrity of the real estate experts.</li> <li>We also reviewed the key assumptions by comparing them with market data or comparable real estate transactions provided by real estate experts, particularly with respect to the capitalization rate and market rents.</li> <li>We compared the amounts included in the valuation reports of real estate experts to the accounting data and then reconciled them to the financial statements.</li> <li>We reviewed and challenged the valuation process, portfolio performance, significant assumptions and judgments especially for capitalization rates.</li> <li>As part of our audit procedures performed on acquisitions and disposals of investment properties, we reviewed significant contracts and documentation of the accounting treatment applied to these transactions.</li> <li>We conducted audit procedures to assess the integrity and completeness of the information provided to the independent experts on rental income, key characteristics of leases and tenancies.</li> <li>We refer to the financial statements, including the notes to the financial statements: Note 1, General Information and Accounting Policies and Note 6, Investment Property.</li> <li>We assessed whether the material uncertainty clause adopted by the experts was included in an appropriate manner in the annual report and the notes to the financial statements.</li> <li>We have verified that the notes to the financial statements are in line with IFRS standards.</li> </ul>


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## **Responsibilities of the board of directors for the preparation of the consolidated financial statements**

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

## **Responsibilities of the statutory auditor for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

### Other legal and regulatory requirements

#### Responsibilities of the board of directors

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

#### Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, as well as to report on these matters.

#### Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

#### Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the non-audit services compatible with the statutory audit of the consolidated financial statements as defined in article 3:65 of the Companies Code have been properly disclosed and disaggregated in the disclosures to the consolidated financial statements.

### Other statements

This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem,

### The statutory auditor

**Digitally signed by**

*Kathleen De Brabander*

Signed By: Kathleen De Brabander (Signature)  
Signing Time: 11/30/2020 | 6:03:48 PM CET

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**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**

Represented by Kathleen De Brabander

# Deloitte.

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