



ONE UNITED PROPERTIES SA AND SUBSIDIARIES

Consolidated financial statements for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards
adopted by the European Union

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
One United Properties S.A.

Opinion

1. We have audited the consolidated financial statements of One United Properties S.A. and its subsidiaries ("the Group"), with registered office in Bucharest Sector 1, Street MAXIM GORKI, No. 20, identified by unique tax registration code 22767862, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the consolidated financial statements in Romania, including the Regulation and the Law, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 24 in the consolidated financial statements describing management's evaluation of the actual or potential impact of the effects of the COVID-19 coronavirus on the entity. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

5. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
6. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
7. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Numele Deloitte se referă la organizația Deloitte Touche Tohmatsu Limited, o companie cu răspundere limitată din Marea Britanie, la firmele membre ale acesteia, în cadrul cărora fiecare firmă membră este o persoană juridică independentă. Pentru o descriere amănunțită a structurii egale a Deloitte Touche Tohmatsu Limited și a firmelor membre, vă rugăm să accesați www.deloitte.com/ro/despre.



Auditor's Responsibilities for the Audit of the Consolidated Financial statements

8. 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 an 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 ISAs 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.
9. As part of an audit in accordance with ISAs, 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 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 management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting 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 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 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, including the disclosures, 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 or 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.
10. We communicate with those charged with governance regarding, among 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.

On behalf of:
Deloitte Audit SRL

Alina Mirea


Bucharest, Romania
May 19, 2020

**Autoritatea Pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAS)**

**Auditor financiar: Mirela Ioana Alina
Registru Public Electronic: AF1504**

**Autoritatea Pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAS)**

**Auditor financiar: Deloitte Audit S.R.L.
Registru Public Electronic: FA25**

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Goodwill	7	19,256,076	22,436,396
Intangible assets	7	240,736	229,062
Investment properties	8	790,855,879	454,183,676
Investments in associates		2,550	3,569
Property, plant and equipment	6	17,049,948	2,967,285
Total non-current assets		827,405,189	479,819,988
Current assets			
Inventories	9	173,210,870	164,035,958
Advance payments to suppliers	10	45,805,125	25,994,610
Trade receivables	11	129,071,523	145,167,523
Other receivables	11	46,963,473	40,777,231
Prepayments		711,837	273,537
Cash and cash equivalents	12	91,747,956	95,478,943
Total current assets		487,510,784	471,727,802
TOTAL ASSETS		1,314,915,973	951,547,790
EQUITY AND LIABILITIES			
Equity			
Share capital	14	146,964,903	9,073,720
Share premium	14	5,658	93,693,129
Legal reserves	14	4,250,630	1,876,220
Other equity items		-	-
Retained earnings		377,494,034	244,390,045
Equity attributable to owners of the Group		528,715,225	349,033,114
Non-controlling interests		24,913,216	6,986,510
Total equity		553,628,441	356,019,624
Non-current liabilities			
Loans and borrowings	15	146,167,499	145,829,983
Provisions		114,310	97,970
Deferred tax liabilities	13	75,741,596	37,507,469
Total non-current liabilities		222,023,405	183,435,422

Notes attached are an integral part of these consolidated financial statements.

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2019	31 December 2018
Current liabilities			
Employee benefits		396,029	260,283
Loans and borrowings	15	62,183,089	37,418,482
Trade and other payables	16	47,538,775	42,854,612
Accrued income		11,823	1,313,760
Current tax liabilities	13	2,572,757	5,388,780
Advance payments from customers	17	426,561,654	324,856,827
Total current liabilities		539,264,127	412,092,744
Total liabilities		761,287,532	595,528,166
TOTAL EQUITY AND LIABILITIES		1,314,915,973	951,547,790

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 18 May 2020 and signed on its behalf by:

Victor Capitanu
Administrator



ONE UNITED PROPERTIES SA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AT 31 DECEMBER 2019

(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2019	31 December 2018
Revenues from sales of inventory property	18	147,426,152	219,669,494
Cost of sales of inventory property	18	(110,948,983)	(152,603,609)
Net income from inventory property		36,477,169	67,065,885
Revenues from rentals, service charge and similar		17,944,944	24,587,564
Cost of rental revenues, service charge and similar		(3,973,452)	(8,110,483)
Net rental income		13,971,492	16,477,081
Commissions for brokerage real estate	19	(2,111,831)	(2,626,147)
Administrative expenses	20	(21,290,884)	(8,810,170)
Other operating expenses	21	(5,269,008)	(3,486,935)
Gains arising on changes in the fair value of investment property	8	230,943,517	64,884,205
Gains on disposal of available-for sale financial assets		-	4,232,892
Other operating incomes		58,156	259,576
Result from operating activity		252,778,611	137,996,387
Financial income	22	4,598,650	4,392,992
Financial expenses	22	(14,583,414)	(13,427,932)
Net financial result		(9,984,764)	(9,034,940)
Result before tax		242,793,847	128,961,447
Tax on profit		(45,387,171)	(22,841,910)
Net result of the period		197,406,676	106,119,537
Other comprehensive income that are or may be reclassified subsequently to profit or loss			
Available-for-sale financial assets – fair value		-	-
Related tax		-	-
Total comprehensive income for the period		197,406,676	106,119,537
Net result attributable to:			
Owners of the Group		180,467,600	100,419,744
Non-controlling interests		16,939,076	5,699,793
Total comprehensive income attributable to:			
Owners of the Group		180,467,600	100,419,744
Non-controlling interests		16,939,076	5,699,793

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 18 May 2020 and signed on its behalf by:

Victor Capitanu
Administrator



Notes attached are an integral part of these consolidated financial statements.

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

	Share capital	Share premiums	Legal reserves	Other equity items	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2019	9,073,720	93,693,129	1,876,220	-	244,390,045	6,986,510	356,019,624
Total comprehensive income							
Profit of the period	-	-	-	-	180,467,600	16,939,076	197,406,676
Other comprehensive income	-	-	-	-	-	-	-
Transactions with the Group's owners							
Dividends allocated from the statutory profit	-	-	-	-	(43,753,912)	(304,888)	(44,058,800)
Issue of ordinary shares	330,831	43,872,881	-	-	-	-	44,203,712
Issue of ordinary shares- premium shares conversion	137,560,352	(137,560,352)	-	-	-	-	-
Net gain from sale of treasury shares	-	-	-	-	1,541,892	-	1,541,892
Legal reserve	-	-	2,374,410	-	(2,374,410)	-	-
Changes in non-controlling interests							
Non-controlling interest without change in control	-	-	-	-	(2,777,181)	1,292,518	(1,484,663)
Balance as at 31 December 2019	146,964,903	5,658	4,250,630	-	377,494,034	24,913,216	553,628,441

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 18 May 2020 and signed on its behalf by:

Victor Capitanu
Administrator



Notes attached are an integrant part of these consolidated financial statements.

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

	Share capital	Share premiums	Legal reserves	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2018	8,707,920	45,101,487	1,354,736	184,124,766	2,370,332	241,659,241
<i>Effect of restatement*</i>	-	-	-	(26,648,874)	(830,452)	(27,479,326)
Balance at 1 January 2018 (restated)	8,707,920	45,101,487	1,354,736	157,475,892	1,539,880	214,179,915
Total comprehensive income						
Profit of the period	-	-	-	100,419,744	5,699,793	106,119,537
Other comprehensive income	-	-	-	-	-	-
Transactions with the Group's owners						
Dividends allocated from the statutory profit	-	-	-	(13,252,028)	-	(13,252,028)
Issue of new shares	365,800	48,591,642	-	-	-	48,957,442
Legal reserve	-	-	521,484	(521,484)	-	-
Changes in non-controlling interests						
Non-controlling interest without change in control	-	-	-	267,921	(253,163)	14,758
Balance as at 31 December 2018	9,073,720	93,693,129	1,876,220	244,390,045	6,986,510	356,019,624

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 18 May 2020 and signed on its behalf by:

Victor Capitanu
Administrator



Notes attached are an integrant part of these consolidated financial statements.

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AT 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2019	31 December 2018
Cash flows from operating activities			
Result for the year		197,406,676	106,119,537
Adjustments for:			
Depreciation of property, plant and equipment	6	728,512	1,294,268
Amortization of intangible assets	7	3,354,159	109,197
Allowances for current assets - receivables		206,299	17,155
Allowances for current assets - inventories		-	2,301,053
Increase/(decrease) in provisions		16,340	97,970
Increase in fair value of investment property	8	(230,943,517)	(64,884,205)
Gains on sale of available-for sale financial assets		-	(4,232,892)
Gain on sale of property, plant and equipment		(11,738)	(12,551)
Interest expenses	22	6,989,214	8,706,976
Interest income	22	(284,755)	(135,435)
Income tax expenses	13	45,387,171	22,841,910
<i>Changes in working capital</i>			
(Increase)/Decrease in trade and other receivables		(23,859,571)	(121,967,532)
(Increase)/Decrease in inventories		(9,174,912)	(55,843,713)
Increase/(Decrease) in trade and other payables		30,719,551	185,914,555
Income tax paid		(7,724,401)	(9,045,066)
Net cash from operating activities		12,809,028	71,281,227
Acquisition of property, plant and equipment	6	(2,716,931)	(3,290,324)
Acquisition of intangible assets	7	(185,513)	(278,526)
Acquisition of investment property	8	(42,161,872)	(154,390,773)
Proceeds from the sale of available-for sale financial assets		1,453,255	4,232,892
Acquisition of subsidiaries		(2,958,767)	(3,180,320)
Interest received		284,755	135,435
Net cash flows used in investing activities		(46,285,073)	(156,771,616)
Proceeds from loans and borrowings		38,028,286	105,494,138
Repayment of borrowings		(16,858,917)	(75,269,820)
Dividends paid		(30,810,755)	(13,252,028)
Proceeds from issue of share capital and share premium		44,203,712	48,957,442
Net cash from sale of treasury sales		1,541,892	-
Interest paid		(6,359,160)	(9,013,808)
Net cash from financing activities		29,745,058	56,915,924
Net changes in cash and cash equivalents		(3,730,987)	(28,574,465)
Cash and cash equivalents at the beginning of the year		95,478,943	124,053,408
Cash and cash equivalents at the end of the year	12	91,747,956	95,478,943

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 18 May 2020 and signed on its behalf by:

Victor Capitanu
Administrator



Notes attached are an integral part of these consolidated financial statements.

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 1. CORPORATE INFORMATION

The consolidated financial statements of One United Properties SA and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorized for issue on 18 May 2020.

The parent company, **One United Properties SA (the Company)**, was established in 2007 according to Law no. 31/1990, having as object of activity real estate development and sale. The Company has fiscal code RO22767862 and is registered with the Trade Registry under no. 140/21/05/2007. The registered office of the Company is at Maxim Gorki street 20, Bucharest, district 1 and second office at Pipera-Tunari street 2/III, One North Gate, Building NG2, Ilfov.

The share capital of the Company is RON 146,964,903 divided into 940,455 shares at a nominal value of RON 156,277/each. One United Properties SA is owned by Mr. Andrei Diaconescu and Mr. Victor Capitanu holding 42.0326% each and other shareholders holding 15.9348%. All shares are paid in full.

The object of activity of the Group consists in the development and sale/lease of residences and offices in Bucharest, Romania.

The companies from the group are listed in the table below :

Group companies	Activity	% ownership as at 31 December 2019	% ownership as at 31 December 2018	Registered office
One United Properties SA	Parent (holding)	Parent	Parent	Maxim Gorki street 20, Bucharest, district 1
One Modrogan SRL	Real estate developer in Bucharest	99.99%	99.99%	Maxim Gorki street 20, Bucharest, district 1
One Peninsula SRL (former One Herastrau Park Residence SA)	Real estate developer in Bucharest	90.00%	90.00%	Maxim Gorki street 20, Bucharest, district 1
One Charles de Gaulle Residence SRL	Real estate developer in Bucharest	99.99%	99.99%	Maxim Gorki street 20, Bucharest, district 1
One Herastrau Plaza SRL	Real estate developer in Bucharest	98.00%	98.00%	Maxim Gorki street 20, Bucharest, district 1
One Verdi Park S.A.	Real estate developer in Bucharest	90.00%	90.00%	Maxim Gorki street 20, Bucharest, district 1
X Architecture & Engineering Consult SRL	Architecture services for group and non-group projects	80.00%	80.00%	Maxim Gorki street 20, Bucharest, district 1
One Mircea Eliade Properties SRL	Real estate developer in Bucharest	99.98%	99.98%	Maxim Gorki street 20, Bucharest, district 1
One Long Term Value SRL	Real estate developer in Bucharest	98.00%	98.00%	Maxim Gorki street 20, Bucharest, district 1
One Herastrau Towers SRL	Real estate developer in Bucharest	98.00%	98.00%	Maxim Gorki street 20, Bucharest, district 1
One Cotroceni Park SRL (former One Herastrau Properties SRL)	Real estate developer in Bucharest	80.00%	98.00%	Maxim Gorki street 20, Bucharest, district 1
Skia Real Estate SRL (former One District Properties SRL)	Operational services – project development	51.00%	51.00%	Maxim Gorki street 20, Bucharest, district 1
One North Gate SA	Real estate developer in Bucharest	72.13%	73.80%	Maxim Gorki street 20, Bucharest, district 1
One United Tower SA (former One United Tower SRL)	Real estate developer in Bucharest	99.99%	96.48%	Maxim Gorki street 20, Bucharest, district 1
Neo Properties Development SA	Real estate developer in Bucharest	70.00%	70.00%	Maxim Gorki street 20, Bucharest, district 1

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 1. CORPORATE INFORMATION (CONTINUED)

Group companies	Activity	% ownership as at 31 December 2019	% ownership as at 31 December 2018	Registered office
Neo Floreasca Lake SRL	Real estate developer in Bucharest	60.00%	60.00%	Maxim Gorki street 20, Bucharest, district 1
Neo Mamaia SRL	Real estate developer in Bucharest	69.99%	69.99%	Maxim Gorki street 20, Bucharest, district 1
Neo Timपुरi Noi SRL	Real estate developer in Bucharest	69.99%	69.99%	Maxim Gorki street 20, Bucharest, district 1
Neo Herastrau Park SRL (former Neo Dorobanti SRL)	Real estate developer in Bucharest	69.30%	69.30%	Maxim Gorki street 20, Bucharest, district 1
Neo Downtown SRL	Real estate developer in Bucharest	69.30%	69.30%	Maxim Gorki street 20, Bucharest, district 1
One Herastrau IV SRL	Real estate developer in Bucharest	99.98%	-	Maxim Gorki street 20, Bucharest, district 1
One Herastrau Real Estate SRL	Real estate developer in Bucharest	99.98%	-	Maxim Gorki street 20, Bucharest, district 1

Two new subsidiaries were established during 2019: One Herastrau Real Estate SRL and One Herastrau IV SRL.

NOTE 2. GENERAL INFORMATION

2.a. Basis of preparation

The Group has prepared IFRS financial statements which comprise the consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 31 December 2019, notes to the consolidated financial statements which comprise a summary of significant accounting policies and other explanatory information.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (issued by the International Accounting Standards Board), applicable at the date of the Group's annual reporting, 31 December 2019.

The accompanying consolidated financial statements are based on the statutory accounting records of the Group, adjusted and reclassified in order to obtain a fair presentation, according to IFRS. The consolidated financial statements provide comparative information in respect of the previous period.

The Group's financial statements have been prepared on a historical cost basis, except for investment property and available for sale financial assets (were the case) that have been measured at fair value. The consolidated financial statements are presented in RON, except where otherwise indicated.

2.b. Going concern

The Group has prepared forecasts, including certain sensitivities, taking into account the potential impact on the business of the COVID-19 virus. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Accordingly, the consolidated financial statements have been prepared on a going concern basis, which means that the Group will continue its activity in the foreseeable future, the current results estimated by the management of the companies and shareholders being considered solid.

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 2. GENERAL INFORMATION (CONTINUED)

2.c. Standards, amendments and new interpretations of the standards

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2019.

a) Initial application of new amendments to the existing standards effective for the current reporting period

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** – Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 19 "Employee Benefits"** – Plan Amendment, Curtailment or Settlement – adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** – Long-term Interests in Associates and Joint Ventures – adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Group's financial statements.

b) Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Material – adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** – Interest Rate Benchmark Reform – adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

c) New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 3 "Business Combinations"** – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),

ONE UNITED PROPERTIES SA AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2019
(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 2. GENERAL INFORMATION (CONTINUED)

2.c. Standards, amendments and new interpretations of the standards (continued)

c) New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU (continued)

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2022),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application. Hedge accounting for a portfolio of financial assets and liabilities whose principle have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make professional judgments, estimates and assumptions that affect the application of accounting policies, as well as the recognized value of assets, liabilities, revenue and expenses, and the accompanying disclosures. The actual results may vary from the estimated values. The estimates and assumptions are based on the historical experience and other elements, including the expectations regarding the future events considered reasonable in the existing circumstances. The underlying estimates and assumptions are periodically revised. The revision of accounting estimates is recognized starting with the period in which the estimates are revised.

For preparing the consolidated financial statements according to IFRS adopted by the EU, the Group makes estimates and assumptions related to future developments that might have a significant effect on the recognition of the value of the reported assets and liabilities, presentation of contingent liabilities as at the preparation date of the consolidated financial statements and the revenue and expenses reported for the respective period.

3.a Judgements

In the process of applying the Group accounting policies, the management made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

3.a.1 Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determination of performance obligations

With respect to the sale of property, the Group concluded the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property.

Generally, the Group is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Group accounts for them as a single performance obligation because they are not distinct in the context of the contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output i.e., the completed property for which the customer has contracted.

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NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.a Judgements (continued)

3.a.1 Revenue from contracts with customers(continued)

In relation to the services provided to tenants of investment property (such as cleaning, security, landscaping, reception services, catering) as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Group.

Principal versus agent considerations – services to tenants

The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and at the same time, consume the benefits from these services.

Determining the timing of revenue recognition on the sale of property (continued)

The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract.

The Group has generally concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

For contracts relating to the sale of property under development, the Group has generally concluded that the overtime criteria are met and, therefore, recognises revenue over time. The Group's performance does not create an asset with alternative use to the Group. Furthermore, the Group has generally an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, in most contracts, the Group is at all times entitled to an amount that at least compensates it for performance completed to date (usually costs incurred to date plus a reasonable profit margin). In making this determination, the Group has carefully considered the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

3.a.2 Transfers of assets both from and to investment property

IAS 40 Investment property requires that transfers from and to investment property are evidenced by a change in use. Conditions which are indications of a change in use are judgmental and the treatment can have a significant impact on the financial statements since investment property is recorded at fair value and inventory is recorded at cost.

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories).

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NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.b Estimates and assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.b.1 Measurement of progress when revenue is recognised over time

For those contracts involving the sale of property under development that meet the overtime criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation, i.e., the completion of the property.

The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. The Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

3.b.2 Valuation of investment property

Valuation and recoverable amounts of the property developed for sale, investment property and property, plant and equipment.

The Company has obtained a report from an international valuation company, Echinox Property Services SRL, setting out the estimated market values for the Company's investment property, property developed for sale and property, plant and equipment in their current state. The most recent real estate investment assessment took place on 31 December 2019. Echinox Property Services SRL, is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation was based on the assumption as to the best use of each property by a third-party developer.

For investment property assets are mainly valued using the market approach or income approach based on the discounted cash flow technique.

For market approach the key assumptions underlying the market value of the groups land assets are: the selection of comparable land plots resulting in order to determine the "offer price" which is taken as the basis to form an indicative price and the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition.

For income approach based on the discounted cash flow technique the valuations are prepared by considering the aggregate of the net annual rents receivable from the properties, and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

The key inputs are summarized in note 8. The valuation is highly sensitive to these variables and adjustments to these inputs would have a direct impact on the resulting valuation.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value. The management considers that the valuation of its property developed for sale and investment property is currently subject to an increased degree of judgment and an increased likelihood that actual proceeds on a sale may differ from the carrying value.

3.b.3 Operating cycle

The normal operating cycle of the Group is of three years for inventories (residential projects). As a result, the current assets and liabilities contain elements whose realization is designed and/or anticipated to take place during the normal operating cycle of the Group.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies presented below were consistently applied for all periods shown in these consolidated financial statements by the parent company and its subsidiaries.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December, each year. Control is achieved where the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Subsidiaries

Subsidiaries are consolidated at acquisition date, i.e., the date when the Group holds control, and continue to be consolidated until such control ends. The subsidiaries' financial statements are prepared for the same reporting period as those of the parent company, using consistent accounting policies.

Subsidiaries are entities controlled by the Group. The Group holds control over a company when it is exposed to or has the right to variable benefits from its investment in the company and has the capability to influence these benefits through its power over the company.

The global result of a subsidiary is attributed to non-controlling interests even if this results in a negative balance of non-controlling interests.

Changes in the ownership of a subsidiary, without loss of control, is recorded in the books as an equity transaction. If the Group loses control on a subsidiary, then it will:

- derecognize the assets (including goodwill) and liabilities of the subsidiary;
- derecognize the accounting value of any non-controlling interest;
- derecognize the foreign currency differences accumulated and registered in equity;
- recognize the fair value of the received consideration;
- recognize the fair value of any investment not allocated;
- recognize any surplus or excess to profit or loss;
- reclassify to profit or loss or result carried forward, as applicable, the share corresponding to parent company from the elements previously recognized in other comprehensive income.

Transactions written off upon consolidation

The balances, allotments of dividends and intra-group transactions as well as any profit not-realized as result of intra-group transactions are written off upon the preparation of consolidated financial statements.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. In case the business combination is realized in stages, the previous ownership is restated at the fair value of the acquisition date and any gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU.

Non-controlling interest and others

The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the value of the assets and liabilities recognised.

Subsequently, all comprehensive income is attributed to the owners and the non-controlling interests, which may result in the non-controlling interest having a debit balance. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where a subsidiary is disposed of which constituted a major line of business, it is disclosed as a discontinued operation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

4.2 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Revenue

Revenue is recognised when the performance obligation associated with the sale is completed. The transaction price comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue and profit are recognised as follows:

(a) Housing and land sales

Revenue is recognised in the income statement when control is transferred to the customer. This is deemed to be when title of the property passes to the customer on legal completion and the performance obligation associated with the sale is completed.

(b) Long term contracts

Revenue arising on contracts which give the customer control over properties as they are constructed, and for which the Group has a right to payments for work performed, is recognised over time. Revenue and costs are recognised over time with reference to the stage of completion of the contract activity at the balance sheet date where the outcome of a long-term contract can be estimated reliably. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. When legal title to land is transferred at the start of a long-term contract, revenue is recognised at that point in time for the land.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue where recoverability is probable is recognised to the extent of contract costs incurred. The costs associated with fulfilling a contract are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(c) Part exchange

In certain instances, property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors or by the parties, reduced for costs to sell. The original sale is recorded in the normal way, with the fair value of the exchanged property replacing cash receipts.

(d) Cash incentives

The transaction price may include cash incentives. These are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

4.4 Cost of sales

The Group determines the value of inventory charged to cost of sales based on the total budgeted cost of developing a site. Once the total expected costs of development are established, they are allocated to individual plots to achieve a standard build cost per plot.

To the extent that additional costs or savings are identified as the site progresses, these are recognised over the remaining plots unless they are specific to a particular plot, in which case they are recognised in the income statement at the point of sale.

4.5 Foreign currencies

The Group's consolidated financial statements are presented in RON, which is also the parent company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, liability, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs incurred in relation to investment property under development are expensed as incurred.

4.7 Investment property

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both.

Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally offices, commercial and retail property that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- In the case of investment property held under a lease, increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15. Refer to the section "Non-current assets held for sale" on the accounting for investment property classified by held for sale.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of inventory property recognized in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

4.9 Non-current assets held for sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Or

- Is a subsidiary acquired exclusively with a view to resale

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Accounting for financial assets before 1 January 2018 (under IAS 39)

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Loans and receivables (rent and other trade receivables, contract assets and cash and short-term deposits)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

The Group has not designated any financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss.

The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

i) Accounting for financial assets before 1 January 2018 (under IAS 39) (continued)

Loans and receivables (continued)

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

ii) Accounting for financial assets after 1 January 2018 (under IFRS 9)

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

For purposes of subsequent measurement, the Group's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets measured at amortised cost (rent and other trade receivables, contract assets and cash and short-term deposits)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

As the Group's rent and other trade receivables do not contain a significant financing component, they are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, the Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Since the Group's financial assets (rent and other trade receivables, contract assets, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

ii) Accounting for financial assets after 1 January 2018 (under IFRS 9) (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's financial assets are subject to the expected credit loss model. The Group recognises an allowance for expected credit losses (ECLs) for all receivables and contract assets held by the Group.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

iii) Accounting for financial liabilities before 1 January 2018 (under IAS 39)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of all financial liabilities except for derivative financial instruments, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings, rent deposits from tenants and other liabilities, finance lease liabilities and derivative financial instruments.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

iii) Accounting for financial liabilities before 1 January 2018 (under IAS 39) (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category applies to all financial liabilities except derivative financial instruments and lease liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Advance payments from customers

Advance payments from customers, measured at amortised cost, are recorded as a liability on receipt and released to the income statement as revenue upon legal completion or over time where the Group has a right to payments for work performed.

iv) Accounting for financial liabilities after 1 January 2018 (under IFRS 9)

Initial recognition and measurement

The Group's financial liabilities comprise interest-bearing loans and borrowings, finance lease liabilities, derivative financial instruments and trade and other payables.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on lease for the initial recognition and measurement of finance lease liabilities, as this is not in the scope of IFRS 9.

All financial liabilities are recognized initially at fair value and, in the case of all financial liabilities except derivative financial instruments, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

iv) Accounting for financial liabilities after 1 January 2018 (under IFRS 9) (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Advance payments from customers

Advance payments from customers, measured at amortised cost, are recorded as a liability on receipt and released to the income statement as revenue upon legal completion or over time where the Group has a right to payments for work performed.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.11 Intangible assets

The intangible assets acquired are initially recognized at cost and subsequently amortized using the straight-line method based on their useful economic life. Separately acquired intangible assets are measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expense is reflected in profit or loss when the expense is incurred. The useful lives of intangible assets are evaluated as limited or unlimited.

Intangible assets with a defined useful life are amortized over the economic life and measured for impairment whenever there is indication of impairment of the intangible asset.

The amortization period and amortization method for an intangible asset with a determined useful life are reviewed at least at the end of each reporting period. Changes in expected useful lives or expected future economic benefits embodied in assets are accounted for by changes in the method or the amortization period as appropriate and are treated as changes in accounting estimates.

Gains or losses arising from the derecognition of an intangible asset are calculated as difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss when the asset is derecognized.

The intangible assets of the Group are mainly represented by software and licenses. Software is amortized on a straight-line basis for a period of maximum 3 years and licenses are amortized over their validity periods.

Goodwill

The goodwill generated by the acquisition of a new entity is initially measured at cost and represents the difference between the acquisition cost and the fair value of the share acquired from the Company's identifiable assets, liabilities and contingent liabilities. Goodwill is not amortized but is tested annually for impairment. Once impaired, goodwill can no longer be appreciated.

If the goodwill generated by an acquisition is negative, it is recognized as income in the current period.

4.12 Property, plant and equipment

Initial recognition

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. This cost (where applicable) includes the cost of replacing the tangible asset at issue at the time of replacement and the borrowing cost for long-term construction projects if the recognition criteria are met.

When significant parts of tangible assets must be replaced at certain intervals, the Group recognizes those parts as individual assets with a specific useful life and depreciates them accordingly. Also, when carrying out a general inspection, its cost is recognized in the carrying amount of the tangible asset as a replacement if the recognition criteria are met.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1.2 Property, plant and equipment (continued)

Initial recognition (continued)

All other repair and maintenance costs are recognized in profit or loss when incurred.

The present value of estimated costs for the asset's disposal after use is included in the cost of that asset if the criteria for recognizing a provision are met.

The cost of property, plant and equipment is formed of:

- (a) its purchase price, including customs duties and non-refundable purchase taxes, after deduction of trade discounts and rebates;
- (b) other costs attributable directly to bringing the asset to its location and condition so that it can function as intended by the management;
- (c) initial estimate of costs for dismantling and removing the item and rehabilitating the location where it is located, if the Group has this obligation.

Work in progress includes the initial cost of property, plant and equipment and any other direct expenses. They are not depreciated over time until the relevant assets are completed and commissioned.

Subsequent measurement

The Group chose the cost model as a method of further valuation of property, plant and equipment. The cost model requires the presentation of tangible assets at cost less accumulated depreciation and impairment losses.

Depreciation

The economic useful life is the amount of time that the asset is expected to be used by the Group. Depreciation is calculated using the straight-line method over the life of the asset.

Type	Useful life
Light constructions (Shacks, etc.)	3-10 years
Building	8-40 years
Technological equipment	1-5 years
Vehicles	3-5 years
Other fixed assets and IT equipment	1-5 years

The useful life and depreciation method are reviewed periodically and, if necessary, adjusted prospectively, so that there is a consistency with the expected economic benefits of those assets. In situations where the carrying amount increased as a result of the revaluation, the increase is credited directly to equity as a revaluation surplus. When the carrying amount is diminished as a result of the revaluation, the decrease is recorded as an expense, to the extent that it does not diminish a previously recorded revaluation surplus.

The revaluation surplus included in equity is transferred directly to retained earnings when the surplus is realized as the asset is depreciated, disposed or sold.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss resulting from the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement when the asset is derecognized.

Impairment

The carrying amounts of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognized in the income statement.

The recoverable amount of an asset is the highest of its value in use and its fair value less costs to sell.

Impairment losses recognized in prior periods are measured at each reporting date. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the amount that would have been determined, less depreciation, if no impairment loss had been recognized. Impairment losses are recognized in the statement of comprehensive income.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if there is new information about changes in facts and circumstances. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

4.15 Fair value measurements

The Group measures financial instruments such as derivatives and investment property at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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NOTE 5. RISK MANAGEMENT

5.1. General objectives, policies and processes

The Group's activities may give rise to various risks. Management is aware of and monitors, the effects of those risks and events that may have adverse effects on the Group's operations. The main risks to which the Group is exposed may be classified as follows:

Financial risks:

- Credit risk
- Liquidity risk;
- Market risk, which includes interest rate risk, foreign exchange risk and price risk.

Other risks:

- Operating risk
- Strategic risk

5.2. Financial risks

This note provides information on the Group's exposure to the risks mentioned above, the Group's objectives, policies and processes to manage the risks and the methods used to measure them. More quantitative information on these risks is presented in these consolidated financial statements. There were no material changes in the Group's exposure to the risks of a financial instrument, objectives, policies, and processes to manage those risks, or the methods used to measure them in prior periods, unless otherwise specified in this note.

The Group is primarily exposed to risks arising from the use of financial instruments. A summary of the financial instruments held by the Group, depending on the classification category, is presented below:

Description	Trade receivables, short-term deposits and cash and cash equivalents	
	31 December 2019	31 December 2018
Trade receivables	129,071,523	145,167,523
Other receivables	46,963,473	40,777,231
Cash and cash equivalents	91,747,956	95,478,943
Total	267,782,952	281,423,697

Description	Financial liabilities at amortized cost	
	31 December 2019	31 December 2018
Trade and other payables	47,538,775	42,854,612
Employee benefits	396,029	260,283
Loans from minority shareholders and related interest	37,642,695	28,498,699
Loans from related parties and related interest	19,202,518	21,772
Bond issued and related interest	95,819,727	93,597,315
Bank loans	55,685,648	61,130,679
Total	256,285,392	226,363,360

Management has the overall responsibility for determining risk management objectives, policies and processes while retaining ultimate responsibility in this respect.

The overall objective of management is to set policies that aim at mitigating risks as much as possible without unjustifiably affecting the Group's competitiveness and flexibility. Further details on these policies are provided below:

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NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

5.2.1. Credit risk

The carrying amounts of financial assets represent the Group's maximum exposure to credit risk for existing receivables.

Credit risk is the risk that the Group will incur a financial loss as a result of non-fulfillment of the contractual obligations by a client or counterparty to a financial instrument, and this risk arises mainly from the Group's trade receivables, cash and cash equivalents, and short-term deposits.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with its policies.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 31 December 2018, respectively, is the carrying amounts of each class of financial instruments.

In the course of its business, the Group is subject to credit risk, particularly due to trade receivables and bank deposits. The Group management constantly and closely monitors exposure to credit risk.

Credit risk is low due to the large number of clients the Group has, as well as to the fact that the advance required from clients is high, and the transfer of ownership of the sold apartments is done only after the entire receivable has been collected. Therefore, the management considers that there is no significant credit risk. For an ageing analysis of receivables, see Note 11 Receivables and other receivables.

As required by IFRS 9, the Group used the simplified approach in calculating ECL for trade receivables and contract assets that did not contain a significant financing component. The Group applied the practical expedient to calculate ECL using a provision matrix.

The ECLs relating to cash and short-term deposits of the Group rounds to zero.

5.2.2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. The Group's approach to liquidity management is to ensure, as far as possible, that it will have sufficient liquidity to meet its outstanding obligations under both normal and crisis conditions, without incurring major losses or risking affecting the Group's reputation.

The table below shows the remaining contractual maturities for financial liabilities:

	Less than 1 year	1 to 5 years	More than 5 years
As at 31 December 2019			
Trade and other payables	47,538,775	-	-
Current profit tax liabilities	2,572,757	-	-
Employee benefits	396,029	-	-
Short and long-term loans	62,183,089	116,523,081	29,644,418
Total	112,690,650	116,523,081	29,644,418
As at 31 December 2018			
	Less than 1 year	1 to 5 years	More than 5 years
Trade and other payables	37,853,622	5,000,990	-
Current profit tax liabilities	5,388,780	-	-
Employee benefits	260,283	-	-
Short- and long-term loans	37,418,482	112,608,892	33,221,091
Total	80,921,167	117,609,882	33,221,091

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NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

5.2.2. Liquidity risk (continued)

The following table details the due date for the Group's financial assets. The table below was based on the remaining maturities of the financial assets, including the interest earned on these assets, except for those in which the Group anticipates that the cash flow will take place in a different period.

As at 31 December 2019	Less than 1 year	1 to 5 years	More than 5 years
Cash and cash equivalents	91,747,956	-	-
Trade and other receivables	176,034,996	-	-
Total	267,782,952	-	-
As at 31 December 2018	Less than 1 year	1 to 5 years	More than 5 years
Cash and cash equivalents	95,478,943	-	-
Trade and other receivables	60,082,207	125,862,547	-
Total	155,561,150	125,862,547	-

5.2.3. Market risk

Market risk is the possibility of recording losses or not realizing the estimated profits that result, directly or indirectly, from market price fluctuations, the interest rate or exchange rate related to the Group's assets and liabilities. Consequently, the main sub-categories of market risk are the following:

- (i) Interest rate risk:** the risk that the fair value of future cash flows or future cash flows for financial instruments will fluctuate in line with interest rate variations;
- (ii) Foreign currency risk:** the risk that the fair value of future cash flows or future cash flows associated with financial instruments will fluctuate in line with exchange rate fluctuations;
- (iii) Price risk:** the risk that the fair value of future cash flows or future cash flows of financial instruments will fluctuate in line with market price variations, variation due to causes other than interest rate risk or foreign exchange risk, regardless of whether or not these changes are due to factors specific to the individual financial instrument or its issuer or are generated by factors affecting all similar financial instruments traded on the market.

(i) Interest rate risk

Interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

Most interest rates on loans from affiliated entities are fixed as described in Note 16. As far as bank loans are concerned, the negotiated interest is based on 6M or 3M Robor or Euribor, depending on the currency in which the loans are drawn, plus a margin of 2.75% to 3.3% p.a.

Bank deposits held by the Group are short-term deposits, which makes them sensitive to changes in interest rates on the market.

The annual rate of interest of debenture loans is 7.35%, adjustable in function of the Group's performance. The interest rate was revised in 2019 until the date of issue of these financial statements to 5.25% p.a.

The Group's sensitivity analysis of interest rate risk was calculated below, taking into account the interest expense and the interest income recognized in the profit or loss for that year.

Period	Interest rate variation	Change in Group's result
31 December 2019	+/-5%	-/+ 335,223
31 December 2018	+/-5%	-/+ 428,577

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NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

5.2.3. Market risk (continued)

(ii) Foreign exchange risk

Currency risk is the risk that the fair value of future cash flows for financial instruments will fluctuate due to exchange rate fluctuations.

The Group will be exposed to foreign exchange risk mainly on loans that are denominated in a currency other than the functional currency of the Group. The currency used on the domestic market is the Romanian leu (RON). The currency that exposes the Group to this risk is mainly EUR.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities (when revenue or expense is denominated in a foreign currency) and its net investments in foreign subsidiaries.

The carrying amounts of monetary assets and liabilities denominated in foreign currency at the reporting date are as follows:

	EUR	USD	TOTAL in RON
31 December 2019			
<i>Monetary assets</i>			
Cash and cash equivalents	12,363,777	225	59,091,158
Other receivables	562,050	-	2,686,206
<i>Monetary liabilities</i>			
Loans	(40,145,660)	-	(191,868,154)
Trade and other payables	(5,890)	-	(28,150)
Net excess/(exposure)	(27,225,723)	225	(130,118,940)
31 December 2018			
<i>Monetary assets</i>			
Cash and cash equivalents	15,565,911	798	72,601,102
Other receivables	690,939	-	3,222,471
<i>Monetary liabilities</i>			
Loans	(33,175,667)	-	(154,727,993)
Trade and other payables	(1,068)	-	(4,981)
Net position	(16,919,885)	798	(78,909,401)

Sensitivity analysis for foreign exchange risk

A 5% appreciation of the RON against the EUR on 31 December 2019 would increase the Group's profit by RON 6,518,174, while a 5% depreciation of the RON against the EUR as of 31 December 2019 would have a similar, but opposite effect. The 5% sensitivity is the reasonable estimate of management of possible changes in foreign exchange rates.

Sensitivity analysis includes only monetary elements denominated in foreign currency and adjusts their translation at the end of the period for a 5% change in foreign exchange rates. This analysis assumes that all other variables, especially interest rates, remain constant.

(iii) Price risk

The Group is exposed to the price risk, as the value of the financial instruments may fluctuate as a result of the change in market prices. The Group is not exposed to the risk associated to the change in the price of available-for-sale financial assets.

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NOTE 5. RISK MANAGEMENT (continued)

5.3. Other risks

Management cannot anticipate all the developments that could have an impact on the financial market liquidity, depreciation of financial assets and increased volatility on foreign exchange markets and the effect, if any, which it could have on the consolidated financial statements.

The management of the Group believes that it has taken all the necessary measures to support the sustainability and growth of the company's business in the current circumstances through:

- preparing the liquidity crisis strategy and laying down specific measures together with shareholders' support to address potential liquidity crises;
- constant monitoring of its liquidity position;
- short-term forecasting of its liquidity position.

(i) Operating risk

The process of risk assessment over the last few years on the international financial markets has affected the performance of these markets, including the Romanian financial and banking market, and raises an increased uncertainty about the future economic development. Determining the compliance with the lending agreement and other contractual obligations, as well as assessing significant uncertainties, including uncertainties associated with the Group's ability to continue its activity for a reasonable amount of time, have their own challenges.

The Group's debtors could also be affected by the low liquidity level, which could also have an impact on their ability to pay their overdue loans.

(ii) Strategic risk

Strategic risk is the risk that one or more assumptions on which the Group's business strategy is based are no longer valid due to internal and / or external changes. Strategic risk is difficult to quantify because it refers to:

- the strategic decisions of the Group's management;
- uncertainties related to the external environment;
- the management's response level and time to changes in the internal and/or external environment;
- the quality of the IT systems etc.

(iii) Ownership title risk

In Romania, title to private property is guaranteed by the Constitution. However, under the Roman Civil Code, if the ownership title to an immovable property is canceled, all subsequent acts of transfer of ownership may, under certain circumstances, also be canceled.

Therefore, in theory, almost any ownership title in Romania could be exposed to a third-party risk through a litigation or claims for property restitution (either before or after the transfer of the ownership title). For the Group's management, the Group's title risk is low in the light of past history.

(iv) Legislative risk

The Group's economic environment is also influenced by the legislative environment.

In addition, obtaining building permits and other documents required to start residential projects can be affected by political instability as well as possible changes in the administrative organizational structure at the level of local governments where the Group intends to develop its projects.

(v) Taxation risk

The Romanian tax system is subject to many constant interpretations and changes. In Romania, the prescription for tax audits is 5 years.

The legislation and fiscal framework in Romania and their implementation are subject to frequent changes. Tax audits, by their nature, are similar to tax audits carried out by designated tax authorities in many countries, but may extend not only to tax issues, but also to other legislative or regulatory aspects in which the agency in question might be interested.

Moreover, tax returns are subject to verification and correction by the tax authorities for a period of five years after their registration, and therefore the Group's tax returns from 2014 to 2019 are still subject to such verifications.

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NOTE 5. RISK MANAGEMENT (continued)

5.3. Other risks (continued)

In accordance with the relevant tax laws, the tax assessment of a transaction conducted between affiliates is based on the concept of the market price pertaining to the respective transaction. Based on this concept, transfer pricing need to be adjusted such as to reflect the market rates set between non-affiliates acting independently in an arm's length transaction.

It is likely that the tax authorities should conduct verifications of the transfer pricing to determine whether the respective prices are arm's length and the taxable base of the Romanian taxpayer is not distorted. In case of an audit, tax authorities may request a transfer pricing file also for taxpayers not classified as large taxpayers, but which carry out transactions with affiliates, in order to determine whether the arm's length principle has been complied with.

5.4. Capital management

The objectives of the Group's management in regards to capital management are to protect the Group's ability to continue its activity in order to share profit to shareholders, provide benefits to other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group's management can adjust the shareholders' share of profitability or may issue new shares to reduce debts. There were no changes in the Group's management approach to managing capital during 2019 and 2018.

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NOTE 6. PROPERTY, PLANT AND EQUIPMENT

Description	Land, Buildings, barracks	Technological equipment	Measurement apparatus and devices	Vehicles	Furniture and other non- current assets	Total
Cost						
As at 31 December 2018	1,738,271	39,639	289,334	1,862,127	712,634	4,642,005
Inflows	13,455,164	201,584	171,015	213,924	832,182	14,873,869
Outflows	-	-	(3,422)	(301,823)	-	(305,245)
As at 31 December 2019	15,193,435	241,223	456,927	1,774,228	1,544,816	19,210,629
Depreciation and impairment						
As at 31 December 2018	917,193	1,865	288,067	396,746	70,849	1,674,720
Inflows	115,547	27,961	53,424	394,508	137,072	728,512
Outflows	-	-	(3,422)	(239,129)	-	(242,551)
As at 31 December 2019	1,032,740	29,826	338,069	552,125	207,921	2,160,681
Net value						
As at 31 December 2018	821,078	37,774	1,267	1,465,381	641,785	2,967,285
As at 31 December 2019	14,160,695	211,397	118,858	1,222,103	1,336,895	17,049,948

At 31 December 2019, the Company has reclassified the land and building owned by the subsidiary One North Gate SA from investment property in property, plant and equipment for the value of RON 12,156,938, following the occupancy of the own office space.

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NOTE 7. INTANGIBLE ASSETS

Description	Goodwill	Concessions, patents, licenses	Other intangible assets	Total
Cost				
As at 31 December 2018	22,436,396	177,705	362,359	22,976,460
Inflows	-	4,433	181,080	185,513
Outflows	-	-	-	-
As at 31 December 2019	22,436,396	182,138	543,439	23,161,973
Amortization and impairment				
As at 31 December 2018	-	23,609	287,393	311,002
Inflows	3,180,320	38,916	134,923	3,354,159
Outflows	-	-	-	-
As at 31 December 2019	3,180,320	62,525	422,316	3,665,161
Net value				
As at 31 December 2018	22,436,396	154,096	74,966	22,665,458
As at 31 December 2019	19,256,076	119,613	121,123	19,496,812

As at 31 December 2019 and 31 December 2018 other intangible assets include mainly, costs of licenses and IT software.

As at 31 December 2019, the Company recorded impairment for the goodwill value of RON 3,180,320 related to One Charles de Gaulle Residence SRL following the impairment test performed.

NOTE 8. INVESTMENT PROPERTY

The portfolio of assets for which the Group applied IAS 40 as at 31 December 2019 is detailed as follows:

- 3-room apartment, located in Bucharest, Str. Sf. Spiridon, nr. 16, Sc. 1, Et. 6, with a useful surface area of 108.11 sq. m plus 4 balconies in surface area of 14.84 sq. m, resulting a surface area of 122.95 sq. m. The apartment was purchased in 2016 by subsidiary X-Architecture & Engineering Consult SRL;
- Land in surface area of 6,655 sq. m and related office building under construction located at Calea Floreasca, Nr. 159-165, owned by subsidiary One United Tower SA;
- Land in surface area of 4,200 sq. m and related demolished building located at Aleea Modrogan, Nr. 1A, owned by subsidiary One Modrogan SRL;
- Land in surface area of 12,000 sq. m located at Sos Pipera Tunari, II, owned by subsidiary One North Gate SA;
- Land in surface area of 58,795 sq. m located at Sergeant Nutu Ion Street and Calea 13 Septembrie, owned by subsidiary One Cotroceni Park SRL;
- Building in surface area of 34,628 sq. m located at Sos Pipera Tunari, III, owned by subsidiary One North Gate SA;
- 8 apartments and 14 parking spaces owned by subsidiary One Long Term Value SRL;
- Land in surface area of 81,529 sq. m owned by subsidiary One Lake District SRL;
- Land in surface area of 5,563 sq. m owned by subsidiary One Verdi Park SRL.

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NOTE 8. INVESTMENT PROPERTY (continued)

The changes in investment property values during 2018 and 2019 were as follows:

	31 December 2019	31 December 2018
Balance as at 1 January	454,183,676	234,145,812
Acquisitions during the year	42,161,872	125,243,101
Construction during the year	58,490,860	29,147,672
Disposals during the year	(613,044)	-
Reclassification from inventories	17,845,936	762,886
Reclassification to owner occupied property in fixed assets	(12,156,938)	-
Decrease of fair value of investment property – 3-room apartment, useful surface area 122.95 sqm	(372,884)	24,214
Increase of fair value of investment property – Land in surface area of 6,655 sqm and related office building under construction located at Calea Floreasca, Nr. 159-165	131,965,735	11,379,774
Increase of fair value of investment property – Land in surface area of 4,200 sq. m and related demolished building located at Alea Modrogoan 1A	2,080,790	3,825,023
Increase of fair value of investment property – Land in surface area of 12,000 sq. m and related building in surface area of 34,628 sq. m located at Soseaua Pipera Tunari nr 2/III	4,600,177	9,996,352
Increase in fair value of investment properties – eight apartments and 14 parking lots	895,319	9,187,325
Increase/(decrease) in fair value of investment properties – land in surface 58,795 sqm located at Strada Sergeant Nutu Ion nr 44 and Calea 13 Septembrie	32,820,114	30,471,517
Increase/(decrease) in fair value of investment properties – land in surface 81,529 sqm located at Intrarea Gherghiei nr 9A	34,188,125	-
Increase/(decrease) in fair value of investment properties – land in surface 5,563 sqm located at Strada Barbu Vacarescu nr 164	24,766,141	-
Total net increase of fair value of investment property	230,943,517	64,884,205
Balance as at 31 December	790,855,879	454,183,676

Investment property comprises land and properties held with the purpose of capital appreciation or to be rented to third parties.

Valuation processes

The Company's investment properties were valued at 31 December 2019 by independent professionally Echinox Property Services SRL, external, independent evaluators, authorized by ANEVAR, having recent experience regarding the location and nature of the properties evaluated.

For all investment properties, their current use equates to the highest and best use. Below there is description of the valuation technique used in determination of the fair value of investment property.

Fair value hierarchy

Based on the inputs to the valuation technique, the fair value measurement for investment property has been categorized as Level 3 fair value at 31 December 2019. This assessment is deemed appropriate considering the adjustments of the date for comparable lands and of the construction assessments. These adjustments are based on location and condition and are not directly observable. There were no transfers from levels 1 and 2 to level 3 during the year.

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NOTE 8. INVESTMENT PROPERTY (continued)

Valuation techniques

The following table presents the valuation techniques used in the determination of the fair value of investment properties categorized as a Level 3 fair value

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>The fair values are determined through the application of the market comparison technique. The valuation model is based on a price per square meter for both land and buildings, derived from data observable in the market, in an active and transparent market. The valuation derived by the external expert were adjusted downwards by management to take into account the legal status of certain assets.</p>	<ul style="list-style-type: none"> • Offer price per square meter for land in Bucharest (187 Euro /square meter up to 3,400 Euro per square meter) • Adjustments to observable offer prices to reflect deal prices, location and condition (5-10% discount for asking price, 5-20% discount for location, access and position) • Offer price per square meter for apartments in Bucharest (2,800 EUR/sq. m up to 5,000 EUR/sq. m) • Adjustments to observable offer prices to reflect deal prices, location and condition (2-3% discount for asking price, 5-10% discount for location, access and position) 	<ul style="list-style-type: none"> • The estimated fair value would increase/(decrease) if: • Adjustments for liquidity, location, size were lower/(higher)
<p>Discounted cash-flows (DCF) method. The valuation model based on the DCF method estimates the present value of net cash flows to be generated by a rented building considering occupancy rate and costs to be paid by the tenants. The discount rate estimation considers, inter alia, the quality of a building and its location.</p>	<ul style="list-style-type: none"> • Exit yield: 7.00% - 8.5% • Average rent rate: 8.36% - 9.83% • Average rent office: 9.51-17.99 EUR/sq. m/month • Average rent retail: 13.50-30.83 EUR/sq. m/month • Service charge: 3.5 EUR/sq. m/month • Future vacancy: 4-7.5% • Capex of NOI: 2% • ERV growth: 1.5 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • Discount rates were lower/ (higher) • Costs with tenants were lower/(higher) • Annual rent per sqm was higher/(lower)
<p>The Residual Approach of valuation is used when a property has development or redevelopment potential and it is needed when there is an element of latent value that can be released by the expenditure of money on a property. This approach assumes that a potential buyer, which normally would be a developer, will acquire the subject property as at the date of valuation in its current condition and will develop it till completion and sell.</p>	<ul style="list-style-type: none"> • Hard costs (office): 740-800 EUR/sq. m • Hard costs for underground: 450-500 EUR/sq. m • Obtainable rent for the retail space: 14.5-20 EUR/sq. m/month • Obtainable rent for office space: 14.25-14.50 EUR/sq. m/month • Rent for parking (office): 60-100 EUR/sq. m/month • Profit on Cost: ca. 35% 	

The carrying value on 31 December 2019 of the land plots pledged is of RON 25,724,100.

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NOTE 9. INVENTORIES

Most of the Company's subsidiaries have as object of activity the development of residential real estate projects that are sold in the normal course of business. Depending on the estimated completion and sales dates of each real estate project, considering the Group's operating cycle, in the past three years, inventory is detailed as follows:

Developer	Project name	31 December	31 December
		2019	2018
One Charles de Gaulle Residence SRL	One Charles de Gaulle	3,838,690	8,240,740
One Peninsula SRL (former One Herastrau Park Residence SRL)	One Herastrau Park	-	4,728,859
One Peninsula SRL (former One Herastrau Park Residence SRL)	One Peninsula	62,805,632	45,297,791
One Herastrau Plaza SRL	One Herastrau Plaza	1,239,623	10,848,474
One Verdi Park SRL	One Verdi Park	5,827,816	21,794,958
One Mircea Eliade Properties SRL	One Floreasca City	43,829,091	36,368,588
One Herastrau Towers SRL	Herastrau Towers	24,104,324	15,562,222
Neo Floreasca Lake SRL	Neo Floreasca Lake	8,486,244	8,471,516
Neo Mamaia SRL	Neo Mamaia	8,096,044	3,601,132
Neo Timpuiri Noi SRL	Neo Timpuiri Noi	9,926,669	8,645,376
Neo Herastrau Park SRL (former Neo Herastrau Towers SRL)	Neo Herastrau Park	4,999,003	-
Work in progress		43,145	148,292
Consumables	X-Architecture	14,589	328,010
Total		173,210,870	164,035,958
<i>Of which:</i>			
Long term		-	-
Short term		173,210,870	164,035,958

NOTE 10. ADVANCES TO SUPPLIERS

As at 31 December 2019 and 31 December 2018, advances to suppliers are detailed as follows:

Description	31 December	31 December
	2019	2018
Advances to suppliers for acquisition of goods	17,763,719	16,872,410
Advances to suppliers for acquisition of services	28,041,406	9,122,200
Total	45,805,125	25,994,610
<i>of which</i>		
Long-term	-	-
Short-term	45,805,125	25,994,610

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NOTE 11. TRADE AND OTHER RECEIVABLES

As at 31 December 2019 and 31 December 2018 trade and other receivables are detailed as follows:

Description	31 December 2019	31 December 2018
Trade receivables – customers	4,787,301	18,820,865
Allowances for doubtful customers	(26,826)	-
Accrued receivables	166,807	484,111
Contract assets	124,144,241	125,862,547
Total trade receivables	129,071,523	145,167,523
VAT receivable	38,506,275	13,581,079
Various debtors		
Interim dividends paid	4,794,222	10,276,853
Other receivables	3,498,300	16,812,515
Allowances for other receivables	344,149	106,784
	(179,473)	-
Total other receivables	46,963,473	40,777,231
Total	176,034,996	185,944,754
<i>Of which:</i>	-	-
Long term	-	-
Short term	176,034,996	185,944,754

Balances in relation to related parties are disclosed in Note 23.

Contract assets represents the amounts estimated by the management of the Group based on the application of *IFRS 15 Revenue from Contracts with Customers* provisions. For contracts relating to the sale of property under development, the Group has generally concluded that the overtime criteria are met and, therefore, recognises revenue over time with reference to the stage of completion of the contract activity at the balance sheet.

As at 31 December 2019 and 31 December 2018, for the VAT recoverable, the Group filed refund applications. Parent company One United Properties SA acts as the representative of the single tax VAT group. The tax authorities have approved the fund application and after the control performed, the Group is in the process of collecting the amounts approved for reimbursement.

The ageing of trade receivables is analyzed in the table below:

Description	31 December 2019	31 December 2018
Receivables not due	117,744	2,100,343
Receivables due, but not adjusted	-	-
Within 90 days	52,040	11,547,992
Between 91 and 180 days	654,060	2,024
Between 181 and 365 days	1,149,035	3,409,751
More than 365 days	2,814,422	1,760,755
Total	4,787,301	18,820,865

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NOTE 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

Description	31 December 2019	31 December 2018
Bank deposits in EUR	42,386,289	9,779,225
Bank deposits in RON	15,066,164	2,602,202
Bank accounts in EUR	16,703,910	62,818,627
Bank accounts in USD	851	3,504
Bank deposits in GBP	107	-
Bank accounts in RON	17,418,848	20,121,563
Petty cash – RON	171,787	153,822
Total	91,747,956	95,478,943

Also, the maturity of bank deposits is as follows:

Description	31 December 2019	Maturity	31 December 2018	Maturity
Bank deposits in EUR	42,386,289	2020	9,779,225	2019
Bank deposits in RON	15,066,164	2020	2,602,202	2019
Total	57,452,453		12,381,427	

NOTE 13. PROFIT TAX

Parent company One United Properties SA and its subsidiaries: One Peninsula SRL, One Mircea Eliade Properties SRL, One United Tower SA, X Architecture & Engineering SRL, One North Gate SA, One Herastrau Towers SRL, One Charles de Gaulle Residence SRL and One Herastrau Plaza SRL - are profit tax payers as of 31 December 2019, the other subsidiaries being micro-entities paying income tax, according to the provisions of Law no. 571/2003 regarding the Fiscal Code and the application rules. The tax rates for 2018-2019 are 16% for taxable profit and between 1% and 3% for total revenues for micro entities.

The Group's current profit tax for the years 2019 and 2018 is determined at a statutory rate of 16% based on the statutory profit adjusted by non-deductible expenses and non-taxable revenues.

The deferred profit tax as at 31 December 2019 and 31 December 2018 is determined based on the 16% tax rate, which is expected to be effective when temporary differences are reversed.

The current and deferred tax assets and liabilities are detailed as follows:

Description	31 December 2019	31 December 2018
Current profit tax liabilities	(2,572,757)	(5,388,780)
Deferred tax liabilities	(75,741,596)	(37,507,469)
Total assets / (liabilities)	(78,314,353)	(42,896,249)

Profit tax expense for the years ended 31 December 2019 and 31 December 2018 is detailed as follows:

Description	31 December 2019	31 December 2018
Current profit tax expenses	7,153,044	9,706,266
Deferred profit tax expenses	38,234,127	13,135,644
Total	45,387,171	22,841,910

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NOTE 13. PROFIT TAX (continued)

(i) Reconciliation of effective tax rate

The numerical reconciliation between profit tax expenses and the product of accounting result and applicable profit tax rate is as follows:

	31 December 2019	31 December 2018
Gross result	242,793,847	128,961,447
16% rate	38,847,016	20,633,832
Effect of non-deductible expenses	7,778,609	2,916,840
Effect of tax losses	-	(5,202)
Legal reserve	(379,906)	(83,437)
Other tax effects	624,210	254,700
Profit tax decrease due to sponsorship expenses	(1,482,758)	(874,823)
Total profit tax expenses	45,387,171	22,841,910

(ii) Deferred tax balance movements

As at 31 December 2019 and 31 December 2018, the net deferred tax assets or liabilities related to taxable differences are as follows:

	Consolidated statement of financial position		Consolidated profit or loss		Other comprehensive income	
	31 December 2019	31 December 2018	2019	2018	2019	2018
IFRS 15 effect	(10,163,891)	(9,629,251)	534,640	3,051,126	-	-
Fair value increase of investment property	(65,577,705)	(27,878,218)	37,699,487	10,084,517	-	-
Deferred tax expenses / (income)	-	-	38,234,127	13,135,644	-	-
Total deferred tax assets / (liabilities)	(75,741,596)	(37,507,469)	-	-	-	-

(iii) Cumulative temporary differences generating deferred tax

	31 December 2019		31 December 2018	
	Cumulative temporary differences	Deferred tax liabilities / (assets)	Cumulative temporary differences	Deferred tax liabilities / (assets)
Investment property	409,860,654	65,577,705	174,238,861	27,878,218
Inventories	190,649,317	(30,503,891)	213,680,061	(34,188,810)
Trade and other receivables	254,173,634	40,667,782	273,862,877	43,818,061
	854,683,605	75,741,596	661,781,799	37,507,469

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NOTE 14. EQUITY

Management monitors capital, which includes all components of equity (i.e., share capital, retained earnings and reserves). The primary objective of the parent company is to protect its capital and ability to continue its business so that it can continue to provide benefits to its shareholders and other stakeholders.

The parent company establishes the amount of capital that it imposes pro rata with risk. The parent company manages the capital structure and makes adjustments according to the evolution of the economic conditions and the risk characteristics of the underlying assets.

(i) Share capital

As at 31 December 2019 the Group's share capital is RON 146,964,903 divided into 940,455 shares at a nominal value of RON 156,27 each. All issued shares are fully paid.

During 2019, according to Board of Directors approval, the share capital increased by RON 137,891,182.85 due to incorporation of the share premiums (RON 137,560,352.85) and share issue (RON 330,830).

Structure of share capital

Name of shareholder	31 December 2019		31 December 2018	
	Number of shares	Nominal value [RON]	Number of shares	Nominal value [RON]
Andrei Liviu Diaconescu	395,297	61,773,062	42,032,66%	400,000
Victor Capitanu	395,297	61,773,062	42,032,66%	400,000
Others	149,861	23,418,779	15,934,8%	107,372
Total	940,455	146,964,903	100,00%	907,372
				9,073,720
				100,00%

(ii) Legal reserve

The legal reserve of RON 4,250,630 as at 31 December 2019 (2018: RON 1,876,220) is established in accordance with the Company Law, according to which 5% of the statutory annual accounting profit is transferred to legal reserves until their balance reaches 20% of the company's share capital. If this reserve is used wholly or partially to cover losses or to distribute in any form (such as the issuance of new shares under the Company Law), it becomes taxable.

The management of the Group does not expect to use the legal reserve in a way that it becomes taxable (except as provided by the Fiscal Code, where the reserve constituted by the legal entities providing utilities to the companies that are being restructured, reorganized or privatized can be used to cover the losses of value of the share package obtained as a result of the debt conversion procedure, and the amounts intended for its subsequent replenishment are deductible when calculating taxable profit).

The accounting profit remaining after the distribution of the legal reserve is transferred to retained earnings at the beginning of the financial year following the year for which the annual financial statements are prepared, from where it will be distributed.

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NOTE 15. BORROWINGS

The loans outstanding as at 31 December 2019 and 31 December 2018 are detailed as follows:

Description	Original Currency	31 December 2019	31 December 2018
Bonds issued	EUR	95,586,000	93,278,000
Interest related to bonds issued	EUR	233,727	319,315
Bank loans due in one year	EUR	5,104,154	8,566,781
Bank loans due in more than one year	EUR	50,581,494	52,551,983
Interest on bank loans	EUR	-	11,915
Loans received from minority shareholders	EUR	21,199,106	12,583,203
Loans received from minority shareholders	RON	16,397,415	15,900,693
Interest related to loans received from minority shareholders	EUR	46,174	14,803
Loans received from related parties	EUR	19,117,499	-
Loans received from related parties	RON	46,994	21,772
Interest related to loans from related parties	EUR	38,025	-
Total		208,350,588	183,248,465

Of which:

Long-term	146,167,499	145,829,983
Short-term	62,183,089	37,418,482

Detailed information about the balances and transactions with related parties are presented in Note 23.
The annual interest rate of the debenture loan is 7.35% per year and it can be reduced to 6.3% per year and 5.25% per year, depending on the financial performance of the issuer. Starting 2019, the annual interest rate is 5.25%.

The Company provides the consolidated financial statements, prepared in accordance with IFRS, to the bondholders. The semi-annual and annual financial statements are audited/reviewed.

On October 2017, the Company issued a number of 20 bonds in the nominal value of EUR 1,000,000 each, collecting their equivalent value, respectively EUR 20,000,000 on November 2017. The loan maturity is 48 months from the date of issue. For this bond loan, the Company has set up a mortgage on the shares held in the following companies: One Herastru Towers SRL, One Herastru Plaza SRL and One Verdi Park SRL.
The Bonds Agreement requires the observance of some financial indicators starting with June 30, 2018.
Interest rates for bank loans are based on EURIBOR plus margins that vary from 2.75% to 4%.
Some of the Group's borrowings have, among others, loan-to-value and debt service coverage ratio covenants.
The Group believes there is sufficient head room to meet the covenants. They are usually secured by pledges of shares, real estate, receivables and cash at bank accounts.

NOTE 16. TRADE AND OTHER PAYABLES

Trade and other payables are detailed as follows:

Description	31 December 2019	31 December 2018
Suppliers	23,661,726	11,593,656
Accrued payables (*)	8,909,655	20,156,525
Suppliers of non-current assets	1,294	-
Performance guarantees retained from suppliers	13,499,015	5,850,787
Capital recharges with shareholders	-	4,838,895
Dividends	15,284	-
Other taxes and duties	1,202,139	414,749
Other creditors	249,662	-
Total trade and other payables	47,538,775	42,854,612
<i>Of which:</i>	-	-
Long-term	-	-
Short-term	47,538,775	42,854,612

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NOTE 16. TRADE AND OTHER PAYABLES (CONTINUED)

The normal operating cycle of the Group is three years. As a result, current assets and liabilities include items whose realization is intended and / or anticipated to occur during the normal operating cycle of the group.

(*) Representing the value of accepted services rendered by entrepreneurs and contractors for which invoices have not yet been received at the reporting date

NOTE 17. ADVANCES RECEIVED FROM CLIENTS

The advances received from individuals and legal entities as at 31 December 2019 and 31 December 2018 are as follows:

Description	31 December 2019	31 December 2018
Advances received from individuals	59,793,898	43,065,810
Advances received from legal entities	366,767,756	281,791,017
Total	426,561,654	324,856,827
<i>Of which:</i>	-	-
Long-term	-	-
Short-term	426,561,654	324,856,827

At the moment of signing the bilateral sales undertakings between the promissory-seller and the promissory-purchaser, the promissory-seller undertakes not to sell, not to encumber, promise or offer for sale the apartments (with / without parking spaces) to a third party.

Developer	Project name	31 December 2019	31 December 2018
One Herastrau Towers SRL	One Herastrau Towers	46,702,386	38,366,752
One Herastrau Plaza SRL	One Herastrau Plaza	752,453	3,280,558
One Charles de Gaulle Residence SRL	One Charles de Gaulle	-	52,704
One Peninsula SRL	One Peninsula	89,241,410	81,741,364
One Mircea Eliade Properties SRL	One Mircea Eliade	84,088,719	65,096,986
One North Gate SA	One North Gate	-	2,343,996
One Verdi Park SRL	One Verdi Park	29,888,625	26,044,173
One Cotroceni Park SRL	One Cotroceni Park	105,733,111	74,224,061
One Lake District SRL	One Lake District	28,887,486	-
Neo Floreasca Lake SRL	Neo Floreasca Lake	10,514,800	10,563,068
Neo Mamaia SRL	Neo Mamaia	8,136,746	12,599,677
Neo Timपुरi Noi SRL	Neo Timपुरi Noi	17,950,431	10,489,991
Neo Herastrau Park SRL	Neo Herastrau Park	4,665,487	-
Other advances form clients (architecture)		-	53,497
Total		426,561,654	324,856,827

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NOTE 18. NET INCOME FROM INVENTORY PROPERTY

Contract revenue results from the development of apartments.

The revenues from sales of inventory property are detailed below:

Description	2019	2018
Sales of inventory property – One Peninsula, One Charles de Gaulle Residence and One Herastrau Plaza	4,637,892	78,316,669
Contract revenues - One Herastrau Towers	39,907,880	558,136
Contract revenues - One Peninsula	286,122	26,680,252
Contract revenues - One Herastrau Plaza	-	72,035,893
Contract revenues - One Verdi Park	1,948,571	364,968
Contract revenues - One Mircea Eliade Properties	75,840,297	31,185,912
Contract revenues - Neo Floreasca Lake	125,970	1,345,753
Contract revenues - Neo Timपुरi Noi	10,727,526	2,076,990
Contract revenues - Neo Mamaia	13,951,894	7,104,921
Total revenues	147,426,152	219,669,494

The Group's revenue includes revenue from construction contracts that are recognised over time by reference to the stage of completion of the contract with the customer.

At 31 December 2019, the aggregate amount of the transaction price allocated to unsatisfied performance obligations on construction contracts was RON 389,046,037 (2018: RON 299,769,512).

The cost of sales of inventory property is detailed below:

Description	2019	2018
Cost of sales of inventory property – One Peninsula, One Charles de Gaulle Residence and One Herastrau Plaza	16,325,320	43,342,789
Contract cost - One Herastrau Towers	25,787,466	321,159
Contract cost - One Peninsula	52,925	26,697,681
Contract cost - One Herastrau Plaza	-	50,752,202
Contract cost - One Verdi Park	1,249,123	413,569
Contract cost - One Mircea Eliade Properties	52,155,893	22,049,496
Contract cost - Neo Floreasca Lake	107,038	1,316,709
Contract cost - Neo Timपुरi Noi	7,342,365	2,003,256
Contract cost - Neo Mamaia	7,928,853	5,706,748
Total cost of sales	110,948,983	152,603,609

NOTE 19. SALES BROKERAGE EXPENSES AND OVERHEAD EXPENSES

Description	2019	2018
Sales brokerage commissions	2,111,831	2,626,147
Total	2,111,831	2,626,147

Sales brokerage commissions are recorded and paid for signing bilateral purchase undertakings of apartments.

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NOTE 20. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses in 2019 and 2018 are detailed as follows:

Description	2019	2018
Bank commissions and similar charges	98,089	47,575
Commissions, fees and legal consultancy	1,924,244	653,225
Contractors	2,903,648	145,105
Fuel, office equipment and similar	947,544	810,602
Amortization of fixed assets	782,492	544,284
Fit out expenses not included in cost of sales	842,953	1,332,794
Power and water	788,475	155,933
Protocol, advertising and publicity	3,179,841	731,456
Taxes and duties	629,178	319,494
Accounting, audit and consultancy services	1,792,694	1,097,564
Valuation services	50,979	-
Consultancy in intermediation of purchase and rent of investment property	1,135,961	564,815
Administration services	906,439	-
Other expenses with third party services	356,075	872,417
Salaries and similar contributions	3,459,426	791,161
Postage and telecommunication expenses	103,043	75,446
Transport and travels	642,953	168,346
Sundry rentals	496,482	424,807
Recruitment	63,555	-
Insurance	186,813	75,146
Total	21,290,884	8,810,170

NOTE 21. OTHER OPERATING EXPENSES

Other operating expenses in 2019 and 2018 are detailed as follows:

Description	2019	2018
Donations granted	1,482,758	874,823
Bad debts written off	-	17,155
Expense with provisions and allowance for impairment	3,386,619	2,301,053
Contractual penalties	235,464	134,730
Other operating expenses	164,167	159,174
Total	5,269,008	3,486,935

NOTE 22. NET FINANCIAL RESULT

The financial income and expenses in 2019 and 2018 are detailed as follows:

Description	2019	2018
Interest income	284,755	135,435
Foreign exchange income	4,313,895	4,257,557
Total financial income	4,598,650	4,392,992
Interest expenses	6,989,214	8,706,976
Foreign exchange expenses	7,594,200	4,720,956
Total financial expenses	14,583,414	13,427,932
Total net financial result	(9,984,764)	(9,034,940)

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NOTE 23. RELATED PARTIES

As at 31 December 2019 the Group's related parties are:

Name	Country	Type of affiliation
Andrei Liviu Diaconescu	Romania	Shareholder and key management personnel
Victor Capitanu	Romania	Shareholder and key management personnel
Vinci Invest SRL	Romania	Other related party
Liviu Investments SRL	Romania	Other related party
Lemon Interior Design SRL	Romania	Other related party
Smart Capital Investments SA	Romania	Other related party
Ploiesti Logistics SRL	Romania	Other related party
Reinvent Energy SRL	Romania	Associate
DR Consulting & Other Services SRL	Romania	Other related party
Lulav Consult SRL (legal represented by David Hay Flusberg)	Romania	Other related party
Dragos-Horia Manda	Romania	Key management personnel (Chief of Board of Directors, replaced in April 2019 by Dragos-Horia Manda)
Gabriel-Ionut Dumitrescu	Romania	Key management personnel
Adriana-Anca Anton	Romania	Key management personnel, minority shareholder of the Group
Mihai-Andrei Ionescu	Romania	Key management personnel
Ciprian Nicolae	Polonia	Key management personnel
Raluca-Elena Dragan	Romania	Key management personnel

In its normal course of business, the Group carries out transactions with the key management personnel (executive management and directors). The volume of such transactions is presented in the table below:

Key management personnel compensation	31 December 2019	31 December 2018
Short - term employee benefits	559,135	285,023

The following tables provides the total amount of transactions that have been entered into with related parties during 2019 and 2018, as well as balances with related parties as at 31 December 2019 and 31 December 2018:

Nature of balances	Related party categories	Statement of financial position (Amounts owing (to)/from)	
		31 December 2019	31 December 2018
Receivables and other receivables related to goods and services sold	Key management personnel of the Group Associates Other related parties	8,739 -	- -
Advances paid for purchases of goods and services	Key management personnel of the Group Associates Other related parties	- 4,136,889 10,040,123	- 4,007,890 5,168,127
Payables related to goods and services paid	Key management personnel of the Group Associates Other related parties	- 4,672,601 1,905,428	- - 2,452
Dividends paid during the year, net of tax	Key management personnel of the Group Associates Other related parties	21,972,592 -	11,567,166 -

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NOTE 23. RELATED PARTIES (CONTINUED)

Nature of transactions	Related party categories	Income statement (Income/(expense))	
		2019	2018
Sales of goods and services	Key management personnel of the Group	-	-
	Associates	-	-
	Other related parties	80,759	11,677,129
Purchases of various goods and services	Key management personnel of the Group	-	-
	Associates	13,003,747	-
	Other related parties	4,474,419	1,222,889

Loans from related parties

	Interest expenses		Amounts owed to related parties	
	2019	2018	2019	2018
Companies – Other related parties				
	2019	38,025	19,155,524	-
	2018	-	-	-
	2019	-	46,994	-
	2018	-	21,772	-
Key management personnel of the Group:				
	2019	38,025	19,202,518	-
	2018	-	-	21,772
Total loans from related parties				
	2019			
	2018	-	-	21,772

NOTE 24. SUBSEQUENT EVENTS

In order to reduce the mass spread of the COVID-19 virus throughout the country, the Romanian government declared a state of emergency on 16 March 2020 for a period of 30 days, which was subsequently extended by another 30 days until 15 May 2020.

The rapid evolution of the COVID-19 virus and its economic and social impact in Romania and globally may lead to revisions of the estimates used in determining the value of assets and liabilities in the next financial year. Considering the information existing at the date of these financial statements, no elements were detected according to which the Group's management considers that the value of assets and liabilities as of 31 December 2019 will be significantly changed as a result of COVID-19.

The group's management analyzed and identified the potential risks that the group faces during the state of emergency and in the following months following the state of emergency. He developed various scenarios and stress tests, to constantly assess and monitor the various ways of debt coverage during the period, as well as to continue to comply with the requirements imposed by the group's creditors. Despite the fact that the situation is very dynamic, the group's conclusion is that, at present, the liquidity risk for the group and the risk of not respecting agreements with creditors are not significant.

However, due to the long-term impact, there is a risk that the group's profitability in the coming years will be affected by events and the global and national economic evolution generated by this virus and the necessity for review of key assumptions and estimates, which could potentially lead to significant adjustments of the net book value of assets and liabilities during the course of 2020. In particular, it may become necessary to revisit the estimates and assumptions used in the determination of the fair value of investments property and trade receivables. However, due to the significant dynamics of the situation, the impact may not be reliably estimated.

At the date of these financial statements, the group continues to fulfill its obligations according to the due dates and to apply the principle of continuity of activity in the preparation of the financial statements.

During 2020, the Company changed its ownership in the share capital of One United Tower SA from 99.99% at 31 December 2019 to 70% and in the share capital of One North Gate SA from 72.13% at 31 December 2019 to 56.7%.

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NOTE 24. SUBSEQUENT EVENTS (CONTINUED)

During 2020, the Company acquired shares in the share capital of:

- Neo Properties Development SA, increasing its ownership from 70% at 31 December 2019 to 82.35%;
- One Peninsula SRL, increasing its ownership from 90% at December 2019 to 99.99%.

On April 2020, subsidiary One Lake District SRL acquired a land plot with an area of 1,600 sqm located in Bucharest for a price of EUR 210,000.

NOTE 25. COMMITMENTS

Through the contracts concluded with the clients, the Group undertakes to deliver on time, state-of-the-art apartments forming the object of the concluded contracts. Other obligations resulting from the contracts concluded with clients: the apartments were not and are not removed from the civil circuit; are not the subject of any rental agreement; are not the subject of any litigation; are not subject to any form of forced execution; does not constitute contribution to the set-up of any commercial company; is not alienated or mortgaged; is free from any liens.

The Group has no significant capital commitments at 31 December 2019 (2018: none).

NOTE 26. CONTINGENCIES

There are several lawsuits in which the Group entities are involved in the normal course of business, which in case of negative outcome, may have an effect on the Group's operations. However, the Group does not anticipate significant impact based on the status of these lawsuits at the issue date.

The Group in the normal course of business has given warranties for the quality of the apartments for 3 years and is obliged by the local legislation to guarantee the construction design on the entire life time of the construction. Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed.

Starting with October 2019, the Romanian tax authorities carried out a control for the VAT refund that covers the amounts requested for refund until 31 May 2019 inclusive. This control was completed in April 2020 and the Company is in process of collecting the amounts approved for reimbursement. The amounts declined are insignificant for the group, representing approximately 1% from the total amount requested for refund, however the Company intends to challenge them in front of the authorities.

NOTE 27. FAIR VALUE HIERARCHY

The Group holds financial instruments that are not measured at fair value in the statement of financial position. For financial instruments such as cash and cash equivalents, trade and other receivables, the management of the Group has estimated that their carrying amount is the approximation of their fair value. The fair value of these types of instruments was determined as level 3 in the fair value hierarchy.

The available-for-sale financial assets have been measured at fair value using the level 1 fair value method.

Financial liabilities that are not measured at fair value are loans with a contractual maturity of less than one year, debts to employees, trade payables and other debts and qualify for level 3 in the fair value hierarchy.

The tables below present the classification and hierarchy of the fair value of financial instruments as at 31 December 2019 and 31 December 2018.

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NOTE 27. FAIR VALUE HIERARCHY (CONTINUED)

31 December 2019

	Classification of financial instruments			Fair value hierarchy			
	Investment property, trade receivables, other receivables, cash and cash equivalents	Available- for-sale	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets not carried at fair value							
Trade receivables	4,787,301	-	-	-	-	4,787,301	4,787,301
Other receivables	38,506,275	-	-	-	-	38,506,275	38,506,275
Cash and cash equivalents	91,747,956	-	-	-	-	91,747,956	91,747,956
Financial liabilities carried at fair value							
Financial liabilities not carried at fair value							
Short-term loans	-	62,183,089	-	-	-	62,183,089	62,183,089
Long-term loans	-	146,167,499	-	-	-	146,167,499	146,167,499
Trade and other payables	-	47,538,775	-	-	-	47,538,777	47,538,775

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NOTE 27. FAIR VALUE HIERARCHY (CONTINUED)

31 December 2018	Classification of financial instruments			Fair value hierarchy			
	Investment property, trade receivables, other receivables, cash and cash equivalents	Available- for-sale	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets not carried at fair value							
Trade receivables	18,820,865	-	-	-	-	18,820,865	18,820,865
Other receivables	13,581,079	-	-	-	-	13,581,079	13,581,079
Cash and cash equivalents	95,478,943	-	-	-	-	95,478,943	95,478,943
Financial liabilities carried at fair value							
Financial liabilities not carried at fair value							
Short-term loans	-	37,418,482	-	-	-	37,418,482	37,418,482
Long-term loans	-	145,829,983	-	-	-	145,829,983	145,829,983
Trade and other payables	-	42,854,612	-	-	-	42,854,612	42,854,612

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 18 May 2020 and signed on its behalf by:

Victor Capitanu
Administrator

