one
UNITED PROPERTIES

ONE UNITED PROPERTIES SA
AND SUBSIDIARIES

Consolidated financial statements for the year ended 31 December 2020

Prepared in accordance with International Financial Reporting Standards adopted by the European Union

CONTENTS

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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, 2020, 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, 2020, 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.

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

4. 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.

5. 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.

6. Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

7. 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.

8. 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.

9. 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

Autoritatea Pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Mirea Ioana Alina
Registru Public Electronic: AF1504

Autoritatea Pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Deloitte Audit S.R.L.
Registru Public Electronic: FA25

Bucharest, Romania
May 26, 2021

(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Goodwill	7	19,256,076	19,256,076
Intangible assets	7	164,707	240,736
Investment properties	8	1,010,415,976	790,855,879
Right of use assets	16	1,221,167	-
Investments in associates	17	1,439,340	2,550
Property, plant and equipment	6	16,077,142	17,049,948
Total non-current assets		**1,048,574,408**	**827,405,189**
Current assets			
Inventories	9	257,348,157	173,210,870
Advance payments to suppliers	10	50,890,026	45,805,125
Trade receivables	11	104,643,962	129,071,523
Other receivables	11	70,781,030	46,963,473
Prepayments		545,370	711,837
Cash and cash equivalents	12	170,971,646	91,747,956
Total current assets		**655,180,191**	**487,510,784**
TOTAL ASSETS		**1,703,754,599**	**1,314,915,973**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	259,824,598	146,964,903
Share premium	14	9,192	5,658
Legal reserves	14	-	4,250,630
Own shares	14	(26,765,560)	-
Other capital reserves	14	463,393	-
Retained earnings		498,235,187	377,494,034
Equity attributable to owners of the Group		**731,766,810**	**528,715,225**
Non-controlling interests		92,264,592	24,913,216
Total equity		**824,031,402**	**553,628,441**
Non-current liabilities			
Loans and borrowings from bank and others	15	70,659,819	146,167,499
Loans and borrowings from minority shareholders	15	120,076,805	-
Provisions		734,913	114,310
Deferred tax liabilities	13	100,904,737	75,741,596
Total non-current liabilities		**292,376,274**	**222,023,405**

(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2020	31 December 2019
Current liabilities			
Employee benefits		444,628	396,029
Loans and borrowings from bank and others	15	156,083,575	38,754,613
Loans and borrowings from minority shareholders	15	37,547,728	23,428,476
Lease liabilities	16	1,208,149	-
Trade and other payables	18	96,243,622	47,538,775
Accrued income		-	11,823
Current tax liabilities	13	1,964,019	2,572,757
Advance payments from customers	19	293,855,202	426,561,654
Total current liabilities		**587,346,923**	**539,264,127**
Total liabilities		**879,723,197**	**761,287,532**
TOTAL EQUITY AND LIABILITIES		**1,703,754,599**	**1,314,915,973**

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 26 May 2021 and signed on its behalf by:

Victor Capitanu
Administrator

(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2020	31 December 2019
Revenues from sales of residential property	20	437,503,724	147,426,152
Cost of sales of residential property	20	(284,286,135)	(110,948,983)
Net income from residential property		**153,217,589**	**36,477,169**
Gains from office buildings under development	8	58,349,105	189,551,990
Gains from completed investment property	8	3,739,093	5,122,612
Gains from investment property for further development (landbank)	8	34,165,272	36,268,915
Gains from investment property		**96,253,470**	**230,943,517**
Rental income	20	1,313,724	11,973,375
Revenues from services to tenants		355,719	4,554,754
Expenses from services to tenants		(355,719)	(4,554,754)
Other property operating expenses		(684,749)	-
Net rental income		**628,975**	**11,973,375**
Commissions for brokerage real estate	21	(1,093,357)	(2,111,831)
Administrative expenses	22	(29,952,793)	(20,709,582)
Other operating expenses	23	(3,737,757)	(5,269,008)
Profit on disposal of investment property		632,372	-
Other operating income		1,377,287	1,474,971
Result from operating activity		**217,325,786**	**252,778,611**
Financial income	24	3,797,874	4,598,650
Financial expenses	24	(15,198,802)	(14,583,414)
Net financial result		**(11,400,928)**	**(9,984,764)**
Share of result of associates	17	733,803	
Result before tax		**206,658,661**	**242,793,847**
Tax on profit	13	(29,722,318)	(45,387,171)
Net result of the period		**176,936,343**	**197,406,676**
Total comprehensive income for the period		**176,936,343**	**197,406,676**
Net result attributable to:			
Owners of the Group		168,679,112	180,467,600
Non-controlling interests		8,257,231	16,939,076
Total comprehensive income attributable to:			
Owners of the Group		168,679,112	180,467,600
Non-controlling interests		8,257,231	16,939,076
Basic/diluted earnings per share attributable to equity holders	32	188	213

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 26 May 2021 and signed on its behalf by:

Victor Capitanu
Administrator

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in RON, unless otherwise mentioned)

	Notes	Share capital	Share premiums	Legal reserves	Other capital reserves	Own shares	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2020		146,964,903	5,658	4,250,630	-	-	377,494,034	24,913,216	553,628,441
Profit of the year		-	-	-	-	-	168,679,112	8,257,231	176,936,343
Other comprehensive income		-	-	-	-	-	-	-	-
Dividends allocated from the statutory profit		-	-	-	-	-	(41,016,046)	(666,581)	(41,682,627)
Issue of ordinary shares	14	8,953,802	103,909,427	-	-	-	-	-	112,863,229
Issue of ordinary shares- premium shares conversion	14	103,905,893	(103,905,893)	-	-	-	-	-	-
Employee share scheme	14	-	-	-	463,393	-	-	-	463,393
Transfer of legal reserve in retained earnings	14	-	-	(4,250,630)	-		4,250,630	-	-
Transactions with non-controlling interests	26	-	-	-	-	-	(11,172,543)	47,327,306	36,154,763
Acquisition of own shares	14	-	-	-	-	(26,765,560)	-	-	(26,765,560)
Non-controlling interest without change in control	26	-	-	-	-	-	-	12,433,420	12,433,420
Balance as at 31 December 2020		**259,824,598**	**9,192**	-	**463,393**	**(26,765,560)**	**498,235,187**	**92,264,592**	**824,031,402**

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 26 May 2021 and signed on its behalf by:

Victor Capitanu
Administrator

(Amounts are expressed in RON, unless otherwise mentioned)

	Notes	Share capital	Share premiums	Legal reserves	Other capital reserves	Own shares	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**
Profit of the year		-	-	-	-	-	180,467,600	16,939,076	197,406,676
Other comprehensive income		-	-	-	-	-	-	-	-
Dividends allocated from the statutory profit		-	-	-	-	-	(43,753,912)	(304,888)	(44,058,800)
Issue of ordinary shares	14	330,831	43,872,881	-	-	-	-	-	44,203,712
Issue of ordinary shares- premium shares conversion	14	137,560,352	(137,560,352)	-	-	-	-	-	-
Net gain from sale of own shares		-	-	-	-	-	1,541,892	-	1,541,892
Legal reserve	14	-	-	2,374,410	-	-	(2,374,410)	-	-
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 26 May 2021 and signed on its behalf by:

Victor Capitanu
Administrator

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

(Amounts are expressed in RON, unless otherwise mentioned)

	Note	31 December 2020	31 December 2019
Cash flows from operating activities			
Result for the year		176,936,343	197,406,676
Adjustments for:			
Depreciation and amortization	22	1,577,459	4,082,671
Share of result of associates	17	(733,803)	-
Allowances for current assets - receivables	23	26,413	206,299
Increase/(decrease) in provisions	23	620,603	16,340
Provisions for untaken holidays		(19,704)	45,980
Increase in fair value of investment property	8	(96,253,470)	(230,943,517)
Profit on disposal of investment property		(632,372)	-
Share-based payments	22	463,393	-
(Gain)/Loss on sale of property, plant and equipment		131,512	(11,738)
Unrealised foreign exchange loss/(gain)		4,147,142	3,792,328
Interest expenses	24	8,602,102	6,989,214
Interest income	24	(1,029,602)	(284,755)
Income tax expenses	13	29,722,318	45,387,171
Changes in working capital			
(Increase)/Decrease in trade and other receivables		14,702,812	(23,653,272)
(Increase)/Decrease in inventories		(8,988,944)	(9,174,912)
Increase/(Decrease) in trade and other payables		18,554,399	3,471,990
Increase/(Decrease) in advance payments from customers		(132,706,452)	82,183,444
Income tax paid		(5,167,915)	(7,724,401)
Net cash from operating activities		**9,952,234**	**71,789,518**
Acquisition of property, plant and equipment		(706,563)	(2,716,931)
Acquisition of intangible assets		(124,792)	(185,513)
Acquisition of investment property		(34,364,756)	(42,161,872)
Expenditure on investment property under development		(148,584,177)	(58,490,860)
Expenditure on completed investment property		(870,671)	-
Proceeds from sale of property, plant and equipment		104,716	-
Proceeds from sale of investment property		4,720,275	-
Amounts paid for transactions with non-controlling interests	26	(22,350,036)	(1,505,512)
Consideration received for transaction with non-controlling interests	26	48,088,931	-
Acquisition of associates		(702,987)	-
Interest received		1,029,602	284,755
Net cash flows used in investing activities		**(153,760,458)**	**(104,775,933)**
Proceeds from loans and borrowings	27	290,059,196	38,028,286
Repayment of borrowings	27	(89,748,396)	(16,858,917)
Dividends paid		(62,050,137)	(30,810,755)
Proceeds from issue of share capital and share premium		112,863,229	44,203,712
Acquisition of own shares		(19,328,247)	-
Cash proceeds from sale of own shares		-	1,541,892
Interest paid	27	(7,849,774)	(6,848,790)
Principal elements of lease payments	27	(913,957)	-
Net cash from financing activities		**223,031,914**	**29,255,428**
Net changes in cash and cash equivalents		79,223,690	(3,730,987)
Cash and cash equivalents at the beginning of the year		**91,747,956**	**95,478,943**
Cash and cash equivalents at the end of the year	12	**170,971,646**	**91,747,956**

The consolidated financial statements were approved by the Management of the Company, authorized for issue on 26 May 2021 and signed on its behalf by:

Victor Capitanu
Administrator

(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 2020 were authorized for issue on 19 April 2021.

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. J40/21705/2007. 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 259,824,598 divided into 997,752 shares at a nominal value of RON 260.41/each. One United Properties SA is owned by Mr. Andrei Diaconescu and Mr. Victor Capitanu holding 37.703% each and other shareholders holding 24.594%. 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 Company had the following subsidiary undertakings as at 31 December 2020 and 31 December 2019:

Name of the subsidiary	Activity	% ownership as at 31 December 2020	% ownership as at 31 December 2019	Registered office
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	99.99%	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	99.99%	99.99%	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%	80.00%	Maxim Gorki street 20, Bucharest, district 1
Skia Real Estate SRL	Operational services – project development	51.00%	51.00%	Maxim Gorki street 20, Bucharest, district 1
One Lake District SRL (former One District Properties SRL)	Real estate developer in Bucharest	98.00%	98.00%	Maxim Gorki street 20, Bucharest, district 1
One North Gate SA	Real estate developer in Bucharest	56.74%	72.13%	Maxim Gorki street 20, Bucharest, district 1
One United Tower SA (former One United Tower SRL)	Real estate developer in Bucharest	70.24%	99.99%	Maxim Gorki street 20, Bucharest, district 1
Neo Properties Development SA	Real estate developer in Bucharest	82.35%	70.00%	Maxim Gorki street 20, Bucharest, district 1

NOTE 1. CORPORATE INFORMATION (CONTINUED)

Group companies	Activity	% ownership as at 31 December 2020	% ownership as at 31 December 2019	Registered office
Neo Floreasca Lake SRL	Real estate developer in Bucharest	80.58%	60.00%	Maxim Gorki street 20, Bucharest, district 1
Neo Mamaia SRL	Real estate developer in Bucharest	82.33%	69.99%	Maxim Gorki street 20, Bucharest, district 1
Neo Timpuri Noi SRL	Real estate developer in Bucharest	82.33%	69.99%	Maxim Gorki street 20, Bucharest, district 1
Neo Herastrau Park SRL (former Neo Dorobanti SRL)	Real estate developer in Bucharest	81.53%	69.30%	Maxim Gorki street 20, Bucharest, district 1
Neo Downtown SRL	Real estate developer in Bucharest	81.53%	69.30%	Maxim Gorki street 20, Bucharest, district 1
One Floreasca Towers SRL (former One Herastrau IV SRL)	Real estate developer in Bucharest	99.99%	99.98%	Maxim Gorki street 20, Bucharest, district 1
One Long Term Investments SRL (former One Herastrau Real Estate SRL)	Real estate developer in Bucharest	100.00%	99.98%	Maxim Gorki street 20, Bucharest, district 1
One Cotroceni Park Office SA	Real estate developer in Bucharest	72.00%	-	Maxim Gorki street 20, Bucharest, district 1
One Cotroceni Park Office Faza 2 SA	Real estate developer in Bucharest	72.00%	-	Maxim Gorki street 20, Bucharest, district 1
One Cotroceni Park Office Faza 3 SA (former One Verdi Park Office SA)	Real estate developer in Bucharest	70.00%	-	Maxim Gorki street 20, Bucharest, district 1
One Mamaia SRL	Real estate developer in Bucharest	99.99%	-	Maxim Gorki street 20, Bucharest, district 1

There were four new subsidiaries established during 2020: One Cotroceni Park Office SA, One Cotroceni Park Office Faza 2 SA, One Cotroceni Park Office Faza 3 SA and One Mamaia SRL. During 2019, there were two new subsidiaries established: One Long Term Investments SRL (former One Herastrau Real Estate SRL) and One Floreasca Towers SRL (former One Herastrau IV SRL).

NOTE 2. GENERAL INFORMATION

2.a Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, applicable at the date of the Group's annual reporting, 31 December 2020.

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 financial assets and liabilities (where the case) at fair value through profit or loss which are 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, considering 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.

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 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective and 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.

New and amended standards and interpretations 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:

- **Amendments to IFRS 3: Definition of a Business** – The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

- **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform** – The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

- **Amendments to IAS 1 and IAS 8 Definition of Material** – The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

- **Conceptual Framework for Financial Reporting issued on 29 March 2018** – The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

- **Amendments to IFRS 16 Covid-19 Related Rent Concessions** - On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

2.d Comparative information

The Group has presented in more granularity some of the information in the current year to increase the level of relevance. Where applicable, the Group has reclassified the comparative information for consistency purposes. The following captions from the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position were changed due to such reclassifications: rental income, expenses from services to tenants, administrative expenses, other operating income and loans and borrowings.

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.

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.

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

3.a Judgements (continued)

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

Determining the timing of revenue recognition on the sale of property

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 with the view to sale 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 receiving of the construction permit (for a transfer from investment property to inventories) or inception of an operating lease to another party or change in the construction permit scope (for a transfer from inventories to investment property).

3.a.3 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., six months to 1 year). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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 and investment property.

The Company has obtained a report from an international valuation company, Cushman & Wakefield Echinox, setting out the estimated market values for the Company's investment property. The most recent real estate investment assessment took place on 31 December 2020. Cushman & Wakefield Echinox 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 assumptions used to determine the fair value of the properties and sensitivity analyses 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 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.

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

3.b Estimates and assumptions (continued)

3.b.4 Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date it ceases to control the subsidiary. The subsidiaries' financial statements are prepared for the same reporting period as those of the parent company, using consistent accounting policies.

The global result of a subsidiary is attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance.

Changes in the ownership of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control on a subsidiary, then it will derecognize the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Intra-group transactions

All intra-group assets and liabilities, allotments of dividends and intra-group transactions as well as any profit not realised as result of intra-group transactions are eliminated in full on consolidation.

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.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Business combinations and goodwill (continued)

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.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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.

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.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

The Group's key sources of income include:

- Revenue from contracts with customers:
    - ✓ Sale of residential property – completed property and property under development
    - ✓ Services to tenants including management charges and other expenses recoverable from tenants
- Rental income

4.3.1 Revenues from the sale of residential property

The Group enters into contracts with customers to sell property that are either completed or under development.

i) Completed inventory property

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

Payments are usually received on the date when contracts are signed or with several days delay.

ii) Property under development

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of property under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Revenue (continued)

4.3.1 Revenues from the sale of residential property (continued)

Revenue arising on contracts which give the customer control over properties as they are constructed, and for which the Group has an enforceable right to payments for work performed to date, is recognised over time. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, costs incurred or labour hours expended) relative to the total expected inputs to the completion of the property. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

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.

iii) Other consideration related to the sale of residential property

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract for the sale of property under development includes a variable amount in the form of delay penalties and, in limited cases, early completion bonuses, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur. At the end of each reporting period, an entity updates the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

In most of the contracts involving the sale of property, the Group is entitled to receive an initial deposit. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

In addition, for contracts involving the sale of property under development, the Group requires customers to make progress payments of the selling price, as work goes on, that give rise to a significant financing component. For contracts where revenue is recognised over time, the Group uses the practical expedient for the significant financing component, as it generally expects, at contract inception, that the length of time between when the customers pay for the asset and when the Group transfers the asset to the customer will be short.

Part exchange

In certain instances, property may be accepted in part consideration for a sale of a residential property. The fair value of the exchanged property 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.

4.3.2 Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Revenue (continued)

4.3.2 Rental income (continued)

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for damages are recognised in the statement of profit or loss when the right to receive them arises.

4.3.3 Revenue from services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning, security, landscaping and snow removal of common areas), as well as other support services (e.g., reception services, catering and other event related services). These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

4.4 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Contract assets are initially recognised for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets are subject to impairment assessment.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Unlike the method used to recognise contract revenue related to sale of completed property, the amounts billed to the customer for the sale of a property under development are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given period do not necessarily coincide with the amounts billed to the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed, the difference is recognised (as a contract asset) and presented in the statement of financial position under "Trade receivables", whereas in contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised (as a contract liability) and presented in the statement of financial position under "Advance payments from customers". Contract liabilities include non-refundable deposits received from customers on conditional exchange of contracts relating to sale of property under development.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
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.

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 investment 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. Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

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 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

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment property (continued)

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 or a property under development 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 receipt of the construction permit and the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party or change in the construction permit scope (for a transfer from inventories to investment property).

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.

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
- 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 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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.

Financial Assets

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.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Since the Group's financial assets (rent and other trade receivables, cash and short-term deposits, loans issued) meet these conditions, they are subsequently measured at amortised cost.

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

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 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). The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Financial assets are written off when there is no reasonable expectation of recovery.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. For all the financial assets due more than 90 days, the Group performs cash collection procedures. The Group maintains close client relationships through its internal sales team, and clients' creditworthiness is monitored regularly by the Group's team.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

The Group's financial liabilities comprise interest-bearing loans and borrowings, lease liabilities 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 (EIR). 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.
Refer to the accounting policy on lease for the subsequent measurement of finance 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.

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 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Leases (continued)

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policies on impairment on non-financial assets in this note.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Refer to the accounting policies on rental income.

4.13 Rent receivables

Rent receivables are recognized at their original invoiced value except where the time value of money is material, in which case rent receivables are recognized at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets in this note.

4.14 Tenant deposits

Tenant deposits are initially recognized at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognized on a straight-line basis over the lease term. Refer also to accounting policies on financial liabilities in this note.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned from property development activities, but not yet to be billed to customers, is initially recognized as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. Refer also to the accounting policies on financial assets in this note for more information.

4.16 Warranties

The sale of property contains certain warranties covering a period of up to 3 years after completion of the property, such as the property meeting specific operational performance requirements (e.g., insulation, energy efficiency, etc.). These conditions represent 'assurance-type' warranties that are legally required to be provided as quality guarantees. Minor repairs are expensed immediately and included in other property operating expenses.

A provision is recognized for expected warranty claims on property sold during the year, based on past experience of the level of major repairs and considering also the stipulations in the contracts with the suppliers (which offer in return warranty for the services provided and the equipment installed). Assurance-type warranty provisions for the year are charged to cost of sales. The estimate of such provision is revised annually.

4.17 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognized its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

4.18 Intangible assets

i) Goodwill

Goodwill is measured as described in note 4.1. Goodwill is not amortized but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Once impaired, goodwill can no longer be appreciated.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Intangible assets (continued)

ii) Licences

Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

iii) Software

Separately acquired software is measured at cost. After initial recognition, the software is carried at cost less any accumulated amortization and any accumulated impairment losses, if any.

Costs associated with maintaining software programmes are recognized as an expense as incurred.

iv) Amortisation method and period

Software is amortized on a straight-line basis for a period of maximum 3 years and licenses are amortized over their validity periods. 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.

4.19 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance costs are recognized in profit or loss when incurred.

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.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to accounting policies on impairment on non-financial assets in this note.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Taxes

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 recognized directly in other comprehensive income or equity is recognized 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward 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 recognized 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 recognized 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 recognized 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 recognized in profit or loss.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Taxes (continued)

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.

4.21 Share-based payments

Employees (senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in administrative expenses, together with a corresponding increase in other reserves in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognized for equity- settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in administrative expenses.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.
Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

4.22 Fair value measurements

The Group measures 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

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Fair value measurements (continued)

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 recognized 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.

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.

(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

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:

	Trade receivables, short-term deposits and cash and cash equivalents	
Description	**31 December 2020**	**31 December 2019**
Trade receivables	33,509,766	4,972,282
Other receivables	38,938,572	8,457,198
Cash and cash equivalents	170,971,646	91,747,956
Total	**243,419,984**	**105,132,436**

	Financial liabilities at amortized cost	
Description	**31 December 2020**	**31 December 2019**
Trade and other payables	94,754,577	46,336,636
Short and long-term loans	384,367,927	208,350,588
Lease liabilities	1,208,149	-
Total	**480,330,653**	**254,687,224**

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:

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 2020 and 31 December 2019, 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 fact that the advance required from clients covers up to 80% of the contracts' value, and the transfer of ownership of the property is done only after the entire receivable has been collected. The customers' outstanding balances were also analysed individually for creditworthiness and after the assessment performed, management considers that the credit quality of the various receivables is good in respect of the amounts outstanding and therefore credit risk is considered to be low. There is no significant concentration of risk.

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 performed the allowance trade receivable analysis taking in consideration historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions Also the outstanding balances from customers at 31 December were analysed for collections in the subsequent period until the issue of these financial statements and minimal risk of non-collection was identified.

(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

5.2.1. Credit risk (continued)

The ECLs relating to cash and short-term deposits of the Group rounds to zero. Group policy is that surplus cash is placed on deposit with the Group's main relationship banks and with other banks. The arrangements in place result in a favourable mix between flexibility and interest earnings. The Group's exposure to credit risk associated cash and cash equivalents is limited using financial institutions of good standing for investment and cash handling purposes.
There is no significant concentration of risk to any single counterparty.

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 Group prepares budgets, cash flow analyses and forecasts, which enable the Directors to assess the level of financing required for future periods. Budgets and projections are used to assess any future potential investments and are compared to existing funds held on deposit to evaluate the nature, and extent of any future funding requirements.

Currently the Group's liquidity enables it to meet the committed and due payments. Furthermore, the Group have drawn a long-term credit facility of EUR 50 million in 2021 which allowed it to repurchase in advance the bonds in balance at 31 December 2020 (RON 82,980,346) and reimburse minority shareholders loans of RON 54,003,847.
During 2020, the focus of the business was on operations, liquidity and capital allocation. The Group has access to a sufficient variety of sources of funding which enable it to meet its financial obligations when they become due.

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

As at 31 December 2020	Less than 1 year	1 to 5 years	More than 5 years
Trade and other payables	94,754,577	-	-
Short and long-term loans	193,631,303	166,681,974	24,054,650
Lease liabilities	1,208,149	-	-
Total	**289,594,029**	**166,681,974**	**24,054,650**

As at 31 December 2019	Less than 1 year	1 to 5 years	More than 5 years
Trade and other payables	46,336,636	-	-
Short and long-term loans	62,183,089	116,523,081	29,644,418
Lease liabilities	-	-	-
Total	**108,519,725**	**116,523,081**	**29,644,418**

The following table details the due date for the Group's financial assets and contract assets. The table below was based on the remaining maturities of the financial assets and contract 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 2020	Less than 1 year	1 to 5 years	More than 5 years
Cash and cash equivalents	170,971,646	-	-
Trade and other receivables	72,448,338	-	-
Contract assets	71,134,196		
Total	**314,554,180**	-	-

(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

5.2.2. Liquidity risk (continued)

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	13,384,480	-	-
Contract assets	124,144,241		
Total	**229,276,677**	-	-

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;

The financial instruments held by the Group that are affected by market risk are principally loans and borrowings

(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.

The interest rates on loans from related parties and minority shareholders are fixed. The annual fixed interest rate of the debenture loan is 5.25% at 31 December 2020. As far as bank loans are concerned, the variable interest is based on 6M or 3M Euribor, plus a margin of 2.75% to 3.55% pa.

31 December 2020 Description	Loans and borrowings – short-term and long term Interest rate fixed	 Interest rate variable
Bank loans and bond issued	82,779,800	117,480,524
Loans from related parties	17,920,339	-
Loans from minority shareholders	38,241,153	-
Total	**138,941,292**	**117,480,524**

31 December 2019 Description	Loans and borrowings – short-term and long term Interest rate fixed	 Interest rate variable
Bank loans and bond issued	95,586,000	55,685,648
Loans from related parties	23,418,570	-
Loans from minority shareholders	2,389,650	-
Total	**121,394,220**	**55,685,648**

31 December 2020 Description	Loans granted Interest rate fixed	 Interest rate variable
Loans granted to related parties	6,646,525	-
Total	**6,646,525**	-

(Amounts are expressed in RON, unless otherwise mentioned)

NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

5.2.3. Market risk (continued)

At 31 December 2019, the Group have no loans granted to related or other parties.

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% and is adjustable to 5.25% in function of the Group's performance, according to the bond contract. The interest rate was revised in 2019 to 5.25% p.a. (and was applied also in 2020) as the financial covenants agreed in the contract for interest rate reduction were met.

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 2020	+/-5%	-/+ 378,625
31 December 2019	+/-5%	-/+ 335,223

(ii) Foreign exchange risk

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

The Group is exposed to foreign exchange risk 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.

The Group's exposure to the risk of changes in foreign exchange rates relates also to its operating activities (when revenue or expense is denominated in a foreign currency).

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

31 December 2020	**EUR**	**USD**	**TOTAL in RON**
Monetary assets			
Cash and cash equivalents	15,494,403	14,715	75,506,806
Other receivables	-	-	-
Monetary liabilities			
Loans	(62,414,690)	(1,085,000)	(308,225,203)
Trade and other payables	(1,633,534)	-	(7,954,330)
Net excess/(exposure)	**(48,553,821)**	**(1,070,285)**	**(240,672,727)**

31 December 2019	**EUR**	**USD**	**TOTAL in RON**
Monetary assets			
Cash and cash equivalents	12,363,777	225	59,091,158
Other receivables	562,050	-	2,686,206
Monetary liabilities			
Loans	(40,153,615)	-	(191,906,174)
Trade and other payables	(5,890)	-	(28,150)
Net excess/(exposure)	**(27,233,678)**	**225**	**(130,156,960)**

NOTE 5. RISK MANAGEMENT (continued)

5.2. Financial risks (continued)

5.2.3. Market risk (continued)

Sensitivity analysis for foreign exchange risk

A 5% appreciation of the RON against the EUR on 31 December 2020 would increase the Group's profit by RON 11,821,399 (2019: RON 6,518,174), while a 5% depreciation of the RON against the EUR as of 31 December 2020 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.

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 a 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 cancelled, all subsequent acts of transfer of ownership may, under certain circumstances, also be cancelled.

NOTE 5. RISK MANAGEMENT (continued)

5.3. Other risks (continued)

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. However due to state of emergency from 2020, the prescription period for financial years 2015-2019 was prolonged with 9 months and for the financial years staring 2016 the prescription period of 5 years starts at July 1 of the next financial year.

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 following the general rules described above), and therefore the Group's tax returns from 2015 to 2020 are still subject to such verifications.

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 needs 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 regarding 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.

The Group's management reviews the capital structure and considers the cost of capital and the risks associated with each class of capital. The Group has a gearing ratio of 26% at 31 December 2020 (21% at 31 December 2019) determined as the proportion of net debt to equity.

Debt is defined as long- and short-term borrowings and lease liabilities. The net debt is computed as debt less cash and cash equivalents. Equity includes all capital and reserves of the Group that are managed as 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 2020 and 2019.

(Amounts are expressed in RON, unless otherwise mentioned)

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						
At 1 January 2019	**1,738,271**	**39,639**	**289,334**	**1,862,127**	**712,634**	**4,642,005**
Additions	13,455,164	201,584	171,015	213,924	832,182	14,873,869
Disposals	-	-	(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**
Additions	257,125	115,239	102,874		278,755	753,993
Disposals	(16,821)	(77,854)	(13,511)	(331,057)	(109,392)	(548,635)
As at 31 December 2020	**15,433,739**	**278,608**	**546,290**	**1,443,171**	**1,714,179**	**19,415,987**
Depreciation and impairment						
At 1 January 2019	917,193	1,865	288,067	396,746	70,849	1,674,720
Additions	115,547	27,961	53,424	394,508	137,072	728,512
Impairment	-	-	-	-	-	
Disposals	-	-	(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**
Depreciation charge for the year	615,775	75,403	125,236	402,376	224,351	1,443,141
Impairment						
Disposals	(4,731)	(29,766)	(13,511)	(200,014)	(16,955)	(264,977)
As at 31 December 2020	**1,643,784**	**75,463**	**449,794**	**754,487**	**415,317**	**3,338,845**
Net book value						
As at 31 December 2019	14,160,695	211,397	118,858	1,222,103	1,336,895	17,049,948
As at 31 December 2020	13,789,955	203,145	96,496	688,684	1,298,862	16,077,142

Under the "land, buildings and barracks" are presented the Group assets from which the main amount is related to One North Gate SA. At 31 December 2019, the Company has reclassified part of 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. During 2020, there were no other similar transfers. As at 31 December 2020, the recoverable amount of One North Gate land and building of RON 12,584,201, based on fair value less costs of disposal, indicates there is no impairment in value registered. Furthermore, no indication of impairment was identified for the rest of property, plant and equipment in balance.

NOTE 7. INTANGIBLE ASSETS

Description	Goodwill	Concessions, patents, licenses	Other intangible assets	Total
Cost				
As at 1 January 2019	**22,436,396**	**177,705**	**362,359**	**22,976,460**
Additions	-	4,433	181,080	185,513
Disposals	-	-	-	-
As at 31 December 2019	**22,436,396**	**182,138**	**543,439**	**23,161,973**
Additions	-	23,358	103,413	126,771
Disposals	(3,180,320)	-	(4,834)	(3,185,154)
As at 31 December 2020	**19,256,076**	**205,496**	**642,018**	**20,103,590**
Amortization and impairment				
As at 1 January 2019	-	**23,609**	**287,393**	**311,002**
Amortization	-	38,916	134,923	173,839
Impairment	3,180,320	-	-	3,180,320
Disposals	-	-	-	-
As at 31 December 2019	**3,180,320**	**62,525**	**422,316**	**3,665,161**
Amortization	-	53,437	147,384	200,821
Impairment	-	-	-	-
Disposals	(3,180,320)	-	(2,855)	(3,183,175)
As at 31 December 2020	-	**115,962**	**566,845**	**682,807**
Net book value				
As at 31 December 2019	**19,256,076**	**119,613**	**121,123**	**19,496,812**
As at 31 December 2020	**19,256,076**	**89,534**	**75,173**	**19,420,783**

As at 31 December 2020 and 31 December 2019 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. This goodwill was written off during 2020. The goodwill which remains in balance refers to One Peninsula. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

As at 31 December 2020, the Group performed the assessment of the recoverable amount of goodwill allocated to One Peninsula based on a value in use calculation taking in consideration the financial budget approved by the management which comprise forecasts of revenue, construction development costs and overheads based on current and anticipated market conditions and a discount rate of 3.30%.

As at 31 December 2020, following the impairment test performed for One Peninsula, the Group assessed the recoverable amount of the identified CGU to which the goodwill relates to be higher than its carrying amount, therefore no impairment loss is recognized.

NOTE 8. INVESTMENT PROPERTY

The Group investment properties are measured at fair value by professionaly qualified valuers at annual reporting dates. The fair value measurement of the investment properties is done at year end reporting dates. The Group holds mainly undeveloped land, office buildings and residential properties held to earn rentals:

Completed investment property:

- Land in surface area of 12,000 sq m located at Sos Pipera Tunari, 2III, owned by subsidiary One North Gate SA;
- Office building in surface area of 34,628 sq m located at Sos Pipera Tunari, 2III, owned by subsidiary One North Gate SA; -
- 6 apartments and 12 parking spaces owned by subsidiary One Long Term Value SA;

Investment property under development:

- Land in surface area of 5,563 sq m owned by subsidiary One Verdi Park SRL and related construction in progress;
- Land in surface area of 58,723 sq m located at Sergent Nutu Ion Street and Calea 13 Septembrie, owned by subsidiary One Cotroceni Park SRL and related construction in progress;
- Land in surface area of 6,096 sq m and related office buiding under construction located at Calea Floreasca, Nr. 159-165, owned by subsidiary One United Tower SA;

Investment property for further development (landbank):

- 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 82,734 sq m owned by subsidiary One Lake District SRL;
- Land in surface area of 5,627 sq m owned by subsidiary One Floreasca Towers SRL;

The changes in investment property values during 2020 and 2019 were as follows:

Completed investment property

	31 December 2020	31 December 2019
At 1 January	**145,509,235**	**153,156,605**
Capital expenditure on owned property	522,561	-
Transfer to owner occupied	-	(12,156,938)
Disposals	(5,537,848)	(613,044)
Fair value adjustment during the year	3,739,093	5,122,612
Lease incentive	348,110	-
At 31 December	**144,581,151**	**145,509,235**

Investment Property under development (office buildings)

	31 December 2020	31 December 2019
At 1 January	**503,555,477**	**234,344,314**
Capital expenditure	157,093,336	57,977,800
Acquisition	-	3,835,437
Interest capitalized	625,364	-
Transfer (to)/from inventories	-	17,845,936
Lease incentive	1,110,710	-
Fair value adjustment during the year	58,349,105	189,551,990
At 31 December	**720,733,992**	**503,555,477**

NOTE 8. INVESTMENT PROPERTY (continued)

Investment Property for further development (landbank)

	31 December 2020	31 December 2019)
At 1 January	141,791,167	66,682,758
Capital expenditure	3,955,274	513,061
Acquisition	37,144,686	38,326,433
Transfer (to)/from inventories	(71,955,566)	-
Fair value adjustment during the year	34,165,272	36,268,915
At 31 December	145,100,833	141,791,167
Grand Total Investment Property at 31 December	1,010,415,976	790,855,879

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 2020 and 31 December 2019 by Cushman & Wakefield, external, independent evaluator, authorized by ANEVAR, having recent experience regarding the location and nature of the properties evaluated. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

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 2020 and 31 December 2019. This assessment is deemed appropriate considering the adjustments of the date for comparable lands and of the construction assessments, including future level of net operating revenues of the investment properties. 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.

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:

31 December 2020

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
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.	• Offer price per square meter for land in Bucharest (239 Euro /square meter up to 2,422 Euro per square meter) • Adjustments to observable offer prices to reflect deal prices, location and condition (5-10% discount for asking price, 5-25% discount for location, access and position) • Offer price per square meter for apartments in Bucharest (2,307 EUR/sq. m up to 6,393 EUR/sq. m) • Adjustments to observable offer prices to reflect deal prices, location and condition (2-3% discount for asking price, 0-15% discount for location, access and position	The estimated fair value would increase/(decrease) if: • Adjustments for liquidity, location, size were lower/ (higher)

NOTE 8. INVESTMENT PROPERTY (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash-flows (DCF) method. This method involves the projection of a series of cash flows, to which an appropriate market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is separately determined and differs from the discount rate. The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal, redevelopment and refurbishment. Cash flows are typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission cost and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.	• Exit yield: 7.00% - 8.5% • Discount rate: 8.23% - 9.83% • Average rent office: 10.62-18.5 EUR/sq. m/month • Average rent retail: 13.50-36 EUR/sq. m/month • Service charge: 3.5 EUR/sq. m/month • Future vacancy: 2.5-8.5% • Capex of NOI: 2% • ERV growth: 1.5%	The estimated fair value would increase/(decrease) if: • Discount rates were lower/(higher) • Costs with tenants were lower/(higher) • Annual rent per sqm was higher/(lower)
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, who 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.	• Hard costs (office): 535-750 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: 14-14.50 EUR/sq. m/month • Rent for underground parking (office): 95-100 EUR/parking space • Rent for above ground parking: 80 EUR/parking space • Profit on Cost: ca.40%	

NOTE 8. INVESTMENT PROPERTY (continued)

31 December 2019

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
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.	• 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	The estimated fair value would increase/(decrease) if: • Adjustments for liquidity, location, size were lower/ (higher)
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.	• Exit yield: 7.00% - 8.5% • Discount 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	The estimated fair value would increase/(decrease) if: • Discount rates were lower/ (higher) • Costs with tenants were lower/(higher) • Annual rent per sqm was higher/(lower)
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, who 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.	• 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/parking space • Profit on Cost: ca.35%	

NOTE 8. INVESTMENT PROPERTY (continued)

Sensitivity analysis at 31 December 2020 and 31 December 2019

A quantitative sensitivity analysis for the properties where discounted cash-flows (DCF) method was used in the valuation report at 31 December 2020 and 31 December 2019, is presented below:

		Effect on fair value		
2020	**Sensitivity used**	**Completed Investment Property**	**Investment Property under development**	**Investment Property for further development (landbank)**
Decrease in Estimated Rental Value (ERV)	5%	(7,791,040)	(12,076,112)	n/a
Increase in Discount Rate/yield	0.25%	(4,723,318)	(16,215,102)	n/a

		Effect on fair value		
2019	**Sensitivity used**	**Completed Investment Property**	**Investment Property under development**	**Investment Property for further development (landbank)**
Decrease in Estimated Rental Value (ERV)	5%	(7,312,329)	(24,517,809)	n/a
Increase in Discount Rate/yield	0.25%	(4,301,370)	(12,951,903)	n/a

A quantitative sensitivity analysis for the properties where residual approach of valuation or market comparison techniques were used in the valuation report performed at 31 December 2020 and 31 December 2019, is presented below:

		Effect on fair value		
2020	**Sensitivity used**	**Completed Investment Property**	**Investment Property under development**	**Investment Property for further development (landbank)**
Decrease with 1% of Fair Value	1%	(198,379)	(3,931,067)	(2,120,672)

		Effect on fair value		
2019	**Sensitivity used**	**Completed Investment Property**	**Investment Property under development**	**Investment Property for further development (landbank)**
Decrease with 1% of Fair Value	1%	(243,314)	(2,250,572)	(1,406,070)

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 (a period of approximately three years), inventory is detailed as follows:

Developer	Project name	31 December 2020	31 December 2019
One Charles de Gaulle Residence SRL	One Charles de Gaulle	-	3,838,690
One Peninsula SRL (former One Herastrau Park Residence SRL)	One Peninsula	52,067,436	62,805,632
One Herastrau Plaza SRL	One Herastrau Plaza	48,694	1,239,623
One Verdi Park SRL	One Verdi Park	10,459,270	5,827,816
One Mircea Eliade Properties SRL	One Floreasca City	58,824,703	43,829,091
One Herastrau Towers SRL	Herastrau Towers	36,271,271	24,104,324
Neo Floreasca Lake SRL	Neo Floreasca Lake	13,457,443	8,486,244
Neo Mamaia SRL	Neo Mamaia	3,303,496	8,096,044
Neo Timpuri Noi SRL	Neo Timpuri Noi	11,277,012	9,926,669
Neo Herastrau Park SRL (former Neo Herastrau Towers SRL)	Neo Herastrau Park	5,519,261	4,999,003
One Modrogran	One Modrogan	57,635,787	-
Neo Mamaia - faza 2		7,401,254	-
Other inventories		1,082,530	57,734
Total		**257,348,157**	**173,210,870**

A summary of movement in inventories is set out below:

	2020	2019
At 1 January	**173,210,870**	164,035,958
Development costs incurred	302,422,623	119,505,406
Transfer to investment property	(5,954,767)	-
Transfer from investment property	71,955,566	-
Transfer from property, plant and equipment	-	618,489
Disposals (recognized in cost of sales)	(284,286,135)	(110,948,983)
At 31 December	**257,348,157**	**173,210,870**

The amounts recognised in cost of sales for the year are as follows:

	2020	2019
In respect of sale of completed inventory property	(5,127,160)	(16,325,320)
In respect of sale of residential property under development	(279,158,975)	(94,623,663)
Total	**(284,286,135)**	**(110,948,983)**

NOTE 10. ADVANCES TO SUPPLIERS

As at 31 December 2020 and 31 December 2019, advances to suppliers are detailed as follows:

Description	31 December 2020	31 December 2019
Advances to suppliers for acquisition of goods	11,538,794	17,763,719
Advances to suppliers for acquisition of services	39,351,232	28,041,406
Total	**50,890,026**	**45,805,125**

NOTE 11. TRADE AND OTHER RECEIVABLES

As at 31 December 2020 and 31 December 2019 trade and other receivables are detailed as follows:

Description	31 December 2020	31 December 2019
Trade receivables – customers	33,513,129	4,787,301
Loss allowances for trade receivables	(53,239)	(26,826)
Accrued receivables	49,876	166,807
Contract assets	71,134,196	124,144,241
Total trade receivables	**104,643,962**	**129,071,523**
VAT receivable	29,807,365	38,506,275
Various debtors	1,451,059	1,898,650
Loans granted to related parties	9,501,359	284
Loans granted to others	225,000	2,895,288
Prepaid interim dividends	23,865,864	3,498,300
Income tax receivables	2,035,093	-
Interest receivable	85,121	-
Other receivables	3,810,169	344,149
Loss allowances for other receivables	-	(179,473)
Total other receivables	**70,781,030**	**46,963,473**
Total	**175,424,992**	**176,034,996**

Related parties' balances are disclosed in Note 25.

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 date.

As at 31 December 2020 and 31 December 2019, 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 collecting the amounts approved for reimbursement.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

NOTE 11. TRADE AND OTHER RECEIVABLES (continued)

The allowance for expected credit losses of trade receivables as at 31 December 2020 was determined as follows:

31-Dec-20 *RON*	Current	< 90 days	91 - 365 days	> 365 days	Total
Expected loss rate	0%	0%	0.5%	2.0%	
Gross carrying amount - trade receivables	25,229,088	2,116,902	4,711,295	1,455,844	33,513,129
Allowance for doubtful receivables	-	-	24,122	29,117	53,239

The expected loss rate for the trade receivable overdue over 90 days as at 31 December 2020 were established based on historical credit losses adjusted for any known factors that would influence the future amount to be received in relation to the receivable. The Group have also taken in consideration the subsequent collections procedures performed until the date of issue of these financial statements and creditworthiness analysis made by the Group's sales team at individual client level.

By using the simplified expected credit loss model, the Group assessed its receivables for allowance and concluded that a net amount of expected credit losses of RON 53,239 (31 December 2019: RON 26,826) are unlikely to be recovered.

NOTE 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

Description	31 December 2020	31 December 2019
Bank deposits in EUR	44,743,006	42,386,289
Bank deposits in RON	88,100,448	15,066,164
Bank accounts in EUR	30,705,439	16,703,910
Bank accounts in USD	58,361	851
Bank deposits in GBP	-	107
Bank accounts in RON	7,193,063	17,418,848
Petty cash – RON	171,329	171,787
Total	**170,971,646**	**91,747,956**

Also, the maturity of bank deposits is as follows:

Description	31 December 2020	Maturity	31 December 2019	Maturity
Bank deposits in EUR	44,743,006	2021	42,386,289	2020
Bank deposits in RON	88,100,448	2021	15,066,164	2020
Total	**132,843,454**		**57,452,453**	

The ECLs relating to cash and short-term deposits of the Group is determined as not material. The cash and cash equivalent amounts are deposited in banks from Romania that belong to banking Groups at European level or state-owned banks and in the recognizable past in Romania there were no cases of bank defaults.

The arrangements in place result in a favourable mix between flexibility and interest earnings. The Group's exposure to credit risk associated cash and cash equivalents is limited using financial institutions of good standing for investment and cash handling purposes.

There is no significant concentration of risk to any single counterparty.

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, One Herastrau Plaza SRL, One Long Term Value SRL, One Cotroceni Park SRL, One Verdi Park SRL, Neo Mamaia SRL and Neo Timpuri Noi SRL - are profit tax payers as of 31 December 2020, 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 2020 and 2019 are 16% for taxable profit and between 1% and 3% of total revenues for micro entities.

The Group's current profit tax for the years 2020 and 2019 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 2020 and 31 December 2019 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 2020	31 December 2019
Current profit tax liabilities	(1,964,019)	(2,572,757)
Deferred tax liabilities	(100,904,737)	(75,741,596)
Total assets /(liabilities)	**(102,868,756)**	**(78,314,353)**

Income tax expense for the years ended 31 December 2020 and 31 December 2019 is detailed as follows:

Description	2020	2019
Current profit tax expenses	4,559,177	7,153,044
Deferred profit tax expenses	25,163,141	38,234,127
Total expenses /(revenues)	**29,722,318**	**45,387,171**

(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:

	2020	2019
Gross result	206,658,661	242,793,847
16% rate	33,065,386	38,847,016
Effect of non-deductible elements	9,936,108	7,778,609
Effect of tax losses	(9,727,563)	-
Legal reserve	(771,191)	(379,906)
Other tax effects	100,989	624,210
Profit tax decrease due to sponsorship expenses	(2,881,411)	(1,482,758)
Total profit tax expenses	**29,722,318**	**45,387,171**

NOTE 13. PROFIT TAX (continued)

(ii) Deferred tax balance movements

As at 31 December 2020 and 31 December 2019, the net deferred tax assets or liabilities relate to temporary differences attributable to:

	Consolidated statement of financial position		Consolidated profit or loss	
	31 December 2020	31 December 2019	2020	2019
Construction contracts – IFRS15 effect	(33,683,701)	(10,163,891)	23,519,810	534,640
Fair value increase of investment property and effect of amortization	(72,455,846)	(65,577,705)	6,878,141	37,699,487
Inventories	(7,410,930)	-	7,410,930	-
Trade and other receivables	(5,746)	-	5,746	
Fiscal losses	9,727,563	-	(9,727,563)	-
Sponsorship	2,881,411	-	(2,881,411)	-
Leases	1,188	-	(1,188)	-
Property, plant and equipment	41,324	-	(41,324)	-
Deferred tax expenses / (income)			**25,163,141**	**38,234,127**
Deferred tax assets / (liabilities) net	**(100,904,737)**	**(75,741,596)**		

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 2020 the Group's share capital is RON 259,824,598 (31 December 2019: RON 146,964,903) divided into 997,752 shares (31 December 2019: 940,455 shares) at a nominal value of RON 260.41 each (31 December 2019: RON 156.27 each). All issued shares are fully paid.

During 2020, according to the decision of the extraordinary general meeting of shareholders number 52/28.09.2020 and Board of Directors approval, the share capital increased by RON 112,859,695 (2019: RON 137,891,182.85) due to incorporation of the share premiums RON 103,905,893 (RON 137,560,353) and share issue RON 8,953,802 (RON 330,830).

NOTE 14. EQUITY (continued)

(i) Share capital (continued)

Structure of share capital

	31 December 2020			31 December 2019		
Name of shareholder	Number of shares	Nominal value [RON]	Holding [%]	Number of shares	Nominal value [RON]	Holding [%]
Andrei Liviu Diaconescu	376,182	97,961,555	37.7030%	395,297	61,773,062	42.0326%
Victor Capitanu	376,182	97,961,555	37.7030%	395,297	61,773,062	42.0326%
Others	245,388	63,901,488	24.5940%	149,861	23,418,779	15.9348%
Total	**997,752**	**259,824,598**	**100.00%**	**940,455**	**146,964,903**	**100.00%**

(ii) Legal reserve

As at 31 December 2020, the legal reserve from 31 December 2019 of RON 4,250,620 was reclassified to retained earnings. The legal reserve of RON 9,070,575, as at 31 December 2020 is recognized in retained earnings.

The legal reserve 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.

(iii) Own shares

During Q4 2020, the Company has repurchased a number of 18,243 own shares in amount of RON 26,765,560. The parties have agreed, along with the transfer of shares, to transfer any right over or in relation thereto, including, but not limited to the dividends of the Company related to the shares for the financial year 2020.

(iv) Other reserves – share based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to senior employees, as part of their remuneration.

A share-based payment plan was set up during Q4 2020 by which a number of 941 shares of the holding company were granted to an employee. The vesting period is of minimum 12 months and the option can be exercised up to 15 months from the granting date. The Group has estimated the reserve by taking into account the fair value of the instrument and the vesting period.

NOTE 15. BORROWINGS

The loans outstanding as at 31 December 2020 and 31 December 2019 are detailed as follows:

Description	Original Currency	31 December 2020	31 December 2019
Secured loans			
Bonds issued due in one year	EUR	82,779,800	-
Bonds issued due in more than one year	EUR	-	95,586,000
Interest related to bonds issued due in one year	EUR	200,546	233,727
Bank loans due in one year	EUR	52,260,413	5,104,148
Bank loans due in more than one year	EUR	65,220,111	50,581,499
Unsecured loans			
Loans received from minority shareholders due in one year	EUR	14,977,322	11,690,961
Loans received from minority shareholders due in more than one year	EUR	70,107,873	-
Loans received from minority shareholders due in one year	USD	1,844,190	-
Loans received from minority shareholders due in one year	RON	20,726,216	11,737,515
Loans received from minority shareholders due in more than one year	RON	49,968,932	-
Loans received from related parties due in one year	EUR	18,376,029	28,709,839
Loans received from related parties due in one year	USD	2,458,920	-
Loans received from related parties due in one year	RON	7,867	4,706,899
Loans received from related parties due in more than one year	RON	5,439,708	-
Total		**384,367,927**	**208,350,588**
Of which:			
Long-term		**190,736,624**	**146,167,499**
Short-term		**193,631,303**	**62,183,089**

Detailed information about the balances and transactions with related parties are presented in Note 25.

The annual interest rate of the debenture loan is 5.25%.

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 subsidiaries companies: One Herastrau Towers SRL, One Herastrau Plaza SRL and One Verdi Park SRL. The Company has repurchased in advance a number of 3 bonds during Q4 2020 and the remaining number of 17 bonds during Q1 2021 for EUR 1,000,000 each and therefore all pledges were removed

Interest rates for bank loans are based on EURIBOR plus margins that vary from 2.75% to 3.55%.

Some of the Group's borrowings have, among others, loan-to-value and debt service coverage ratio covenants. The Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting period.

The bank loan contracts signed during 2020 by the following subsidiaries One Verdi Park SRL, One Herastrau Towers SRL, One Mircea Eliade Properties SRL contain pledges on the real estate projects (land and construction in progress), as well as receivables from customers and bank accounts. In addition, in the subsidiary One Verdi Park bank loan there is a pledge on the holding company's shares in the subsidiary One North Gate SA for a number of 5,104 shares (RON 51,553). The carrying value as at 31 December 2020 of the land plots pledged is of RON 126,090,642 (31 December 2019: RON 25,724,100), construction under development (RON 88,334,749), investment property completed (RON 128,933,115), trade receivables (RON 13,395,996), contract assets (RON 57,398,003), current bank accounts (RON 31,532,932).

NOTE 15. BORROWINGS (continued)

During February 2021, the subsidiary One United Tower SA has reimbursed in full the loans received from minority shareholders (RON 34,744,661) and related parties (RON 17,920,339) that were outstanding on 31 December 2020 and paid related interest balance of RON 1,338,848.

During March and April 2021, the subsidiary One Mircea Eliade SRL reimbursed in full (prepaid) the remaining bank loan balance (balance at 31 December 2020: RON 28,394,767), therefore the pledges attached to land (RON 35,397,537), construction under development (RON 23,427,165), trade receivables (RON 3,848,360) and contract assets (RON 47,975,972) were removed

The subsidiary One Cotroceni Park SRL agrees to convert in share capital the loans received from minority shareholders in total amount of EUR 24,618,910.

As at 31 December 2020 and 31 December 2019, the Group have split the statement of financial position line "Loans and borrowings" included in current and non-current liabilities in two lines for a more disaggregated information: "Loans and borrowings from minority shareholders" and "Loans and borrowings from bank and others".

The reconciliation of the changes in liabilities arising from financing activities is provided in Note 27.

NOTE 16. LEASES

Group as a lessor

The Group has entered into leases on its office property portfolio. Refer to Notes 20 for further information.

Group as a lessee

The Group leases various land, building and equipment. Rental contracts are typically made for fixed periods of 1 to 2 years but may have extension options. Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The Group has lease contracts with lease terms of 12 months or less and has certain leases of equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land	Buildings	Equipment	Total
At 1 January 2020	**998,598**	-	-	**998,598**
Additions	45,474	619,355	396,180	1,061,009
Depreciation expense	(544,545)	(159,895)	(134,000)	(838,440)
At 31 December 2020	**499,527**	**459,460**	**262,180**	**1,221,167**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020	2019
As at 1 January	998,598	-
Additions	1,061,009	-
Accretion of interest	40,906	-
Payments	(913,957)	-
Translation difference	21,593	-
As at 31 December	**1,208,149**	-

NOTE 16. LEASES (continued)

The reconciliation of the changes in liabilities arising from financing activities is provided in Note 27.

The following are the amounts recognised in profit or loss:

	2020	2019
Depreciation expense of right-of-use assets	(191,390)	-
Interest expense on lease liabilities	(21,807)	-
Currency translation gain / (loss)	(21,594)	
Expense relating to leases of low-value assets	(21,577)	-
Expense relating to short-term leases	(43,776)	-
Total amount recognised in profit or loss	**(300,144)**	**-**

NOTE 17. INVESTMENTS IN ASSOCIATES

As at 31 December 2020, the Group has interests in a number of individually immaterial associates that are accounted for using the equity method:

Name of the entity	Place of business/ country of incorporation	% of ownership interest		Carrying amount	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Reinvent Energy SRL	Romania	20%	20%	535,840	50
CTT & ONT AG	Switzerland	49.9%	-	675,656	-
Glass Rom Invest SRL	Romania	20%	-	143,793	-
One Property Support Services SRL	Romania	20%	20%	81,551	-
One Herastrau Office Properties S.A.	Romania	30%	-	-	-
One Herastrau Office S.A.	Romania	20%	-	-	-
Asociatia ASAR	Romania	20%	20%	2,500	2,500
Total equity-accounted investments				**1,439,349**	**2,550**

	2020	2019
Aggregate amounts of the Group's share of:		
Profit from continuing operations	733,803	-
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	**733,803**	**-**

NOTE 18. TRADE AND OTHER PAYABLES

Trade and other payables are detailed as follows:

Description	31 December 2020	31 December 2019
Suppliers	37,714,480	23,663,020
Accrued payables	17,621,651	8,909,655
Performance guarantees retained from suppliers	22,953,965	13,499,015
Capital recharges with shareholders	-	-
Dividends	16,701	15,284
Other taxes and duties	1,489,045	1,202,139
Other creditors	16,412,996	249,662
Interest payable	34,784	-
Total trade and other payables	**96,243,622**	**47,538,775**

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.

Accrued payables represent the value of accepted services rendered by entrepreneurs and contractors for which invoices have not yet been received at the reporting date.

NOTE 19. ADVANCES RECEIVED FROM CLIENTS

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-Dec-20	31-Dec-19
One Herastrau Towers SRL	One Herastrau Towers	-	46,702,386
One Floreasca Towers	One Floreasca Towers	29,263,190	-
One Modrogan SRL	One Modrogan	1,333,568	-
One Herastrau Plaza SRL	One Herastrau Plaza	79,025	752,453
One Peninsula SRL	One Peninsula	74,129,060	89,241,410
One Mircea Eliade Properties SRL	One Mircea Eliade	42,037	84,088,719
One Verdi Park SRL	One Verdi Park	27,260,311	29,888,625
One Cotroceni Park SRL	One Cotroceni Park	105,733,111	105,733,111
One Lake District SRL	One District Properties	31,702,025	28,887,486
Neo Floreasca Lake SRL	Neo Floreasca Lake	12,972,613	10,514,800
Neo Mamaia SRL	Neo Mamaia	7,352,187	8,136,746
Neo Timpuri Noi SRL	Neo Timpuri Noi	266,119	17,950,431
Neo Herastrau Park SRL	Neo Herastrau Park	3,721,956	4,665,487
Total		**293,855,202**	**426,561,654**

Description	2020	2019
Advances received from clients in relation to residential portfolio (contract liabilities)	127,156,877	291,941,057
Advances received from clients in relation to investment property	166,698,325	134,620,597
Total	**293,855,202**	**426,561,654**

NOTE 20. NET INCOME FROM RESIDENTIAL PROPERTY

Contract revenue results from the development of apartments.
The revenues from sales of inventory property and residential property under development are detailed below:

Description	2020	2019
Sales of inventory property – One Peninsula, One Charles de Gaulle Residence and One Herastrau Plaza	6,836,173	4,637,892
Contract revenues - One Herastrau Towers	81,476,817	39,907,880
Contract revenues - One Peninsula	24,986,806	286,122
Contract revenues - One Verdi Park	16,048,216	1,948,571
Contract revenues - One Mircea Eliade Properties	189,410,355	75,840,297
Contract revenues - Neo Floreasca Lake	12,587,810	125,970
Contract revenues - Neo Timpuri Noi	38,840,099	10,727,526
Contract revenues - Neo Mamaia	44,384,164	13,951,894
Contract revenues - Neo Herastrau Park	1,346,479	-
Contract revenues - One Modrogan	19,119,721	-
Contract revenues - Neo Mamaia - faza 2	2,467,084	-
Total revenues from contracts with customers	**437,503,724**	**147,426,152**

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 2020, the aggregate amount of the transaction price allocated to unsatisfied performance obligations on construction contracts was RON 384,847,664 (2019: RON 389,046,037), of which approximately 65% is expected to be recognised as revenues during 2021.

	2020	2019
Rental income (excluding straight-lining of lease incentives)	1,429,912	11,973,375
Straight-lining of lease incentives	(116,188)	-
Rental income	**1,313,724**	**11,973,375**

The Group has granted incentives such as rent free and fit outs. The total unamortised portion of lease incentives is, as follows:

	2020	2019
Gross amount of lease incentives not fully amortised	1,575,010	-
Cumulative amount recognised in profit or loss	(116,188)	-
Net amount of lease incentives not fully amortised	**1,458,822**	-

The net amount of lease incentives not fully amortised are included in the statement of financial position under 'Investment property' at 31 December 2020.

The Group has entered into leases on its office property portfolio. The office property leases typically have lease terms of between 5 and 10 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

NOTE 20. NET INCOME FROM RESIDENTIAL PROPERTY (continued)

The cost of sales of residential property is detailed below:

	2020	2019
Cost of sales of inventory property – One Peninsula, One Charles de Gaulle Residence and One Herastrau Plaza	5,127,160	16,325,320
Contract cost - One Herastrau Towers	50,168,031	25,787,466
Contract cost - One Peninsula	21,068,578	52,925
Contract cost - One Verdi Park	10,679,592	1,249,123
Contract cost - One Mircea Eliade Properties	103,861,747	52,155,893
Contract cost - Neo Floreasca Lake	8,048,099	107,038
Contract cost - Neo Timpuri Noi	26,581,051	7,342,365
Contract cost - Neo Mamaia	38,077,182	7,928,853
Contract cost – Neo Herastrau Park	1,587,472	-
Contract cost – One Modrogan	16,620,139	-
Contract cost – Neo Mamaia – faza 2	2,467,084	-
Total cost of sales	**284,286,135**	**110,948,983**

NOTE 21. SALES BROKERAGE EXPENSES AND OVERHEAD EXPENSES

Description	2020	2019
Sales brokerage commissions	1,093,357	2,111,831
Total	**1,093,357**	**2,111,831**

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

NOTE 22. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses in 2020 and 2019 are detailed as follows:

Description	2020	2019
Bank commissions and similar charges	432,808	98,089
Commissions, fees and legal consultancy	3,194,990	1,924,244
Contractors	2,156,620	2,903,648
Fuel, office equipment and similar	1,153,185	947,544
Amortization of fixed assets	1,386,070	782,492
Owner expenses related to properties which are available for lease	1,902,945	-
Fit out expenses not included in cost of sales	244,328	842,953
Power and water	186,918	506,230
Protocol, advertising and publicity	3,621,261	3,179,841
Taxes and duties	806,395	629,178
Accounting, audit and consultancy services	1,369,770	1,792,694
Valuation services	460,323	50,979
Consultancy in intermediation of purchase and rent of investment property	1,001,527	1,135,961
Other consultancy services	828,524	-
Administration services	3,451,683	906,439
Other expenses with third party services	466,187	57,018
Salaries and similar contributions	5,937,380	3,459,426
Share based payment transactions	463,393	-
Postage and telecommunication expenses	123,183	103,043
Transport and travels	186,215	642,953
Sundry rentals	164,504	496,482
Recruitment	96,035	63,555
Insurance	127,159	186,813
Depreciation RoU	191,390	-
Total	**29,952,793**	**20,709,582**

NOTE 23. OTHER OPERATING EXPENSES

Other operating expenses in 2020 and 2019 are detailed as follows:

Description	2020	2019
Donations granted	2,736,795	1,482,758
Expense with provisions and allowance for impairment	647,015	3,386,619
Contractual penalties	74,011	235,464
Other operating expenses	279,936	164,167
Total	**3,737,757**	**5,269,008**

NOTE 24. NET FINANCIAL RESULT

The financial income and expenses in 2020 and 2019 are detailed as follows:

Description	2020	2019
Interest income	1,029,602	284,755
Foreign exchange income	2,768,272	4,313,895
Total financial income	**3,797,874**	**4,598,650**
Interest expenses	8,602,102	6,989,214
Foreign exchange expenses	6,596,700	7,594,200
Total financial expenses	**15,198,802**	**14,583,414**
Total net financial result	**(11,400,928)**	**(9,984,764)**

NOTE 25. RELATED PARTIES

The Group's related parties with which have incurred transactions at 31 December 2020 and 31 December 2019 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
Lemon Office Design SRL	Romania	Other related party
Smart Capital Investments SA	Romania	Other related party
Ploiesti Logistics SRL	Romania	Other related party
Element Investments SRL	Romania	Other related party
Element Invest Partners SRL	Romania	Other related party
DR Consulting & Other Services SRL	Romania	Other related party
Reinvent Energy SRL	Romania	Associate
One Property Support Services SRL	Romania	Associate
One Herastrau Office Properties S.A.	Romania	Associate
One Herastrau Office S.A.	Romania	Associate
Glass Rom Invest SRL	Romania	Associate
CTT & ONE AG	Switzerland	Associate

NOTE 25. RELATED PARTIES (continued)

Name	Country	Type of affiliation
Lulav Consult SRL (legal represented by David Hay Flusberg)	Romania	Key management personnel (Chief of Board of Directors, replaced in April 2019 by Dragos-Horia Manda)
Dragos-Horia Manda	Romania	Key management personnel
Gabriel-Ionut Dumitrescu	Romania	Key management personnel, minority shareholder of the Group
Adriana-Anca Anton	Romania	Key management personnel
Mihai-Andrei Ionescu	Romania	Key management personnel
Ciprian Nicolae	Polonia	Key management personnel
Raluca-Elena Dragan	Romania	Key management personnel
Claudio Cisullo	Romania	Key management personnel
Marius-Mihail Diaconu	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	2020	2019
Short - term employee benefits	593,593	559,135

The following tables provides the total amount of transactions that have been entered into with related parties during 2020 and 2019, as well as balances with related parties as at 31 December 2020 and 31 December 2019:

		Statement of financial position (Amounts owing (to)/from)	
Nature of balances	Related party categories	31 December 2020	31 December 2019
Receivables and other receivables related to goods and services sold	Key management personnel of the Group	14,471	8,739
	Associates	3,040,023	-
	Other related parties	11,061,376	284,869
Advances paid for purchases of goods and services	Key management personnel of the Group	-	-
	Associates	14,764,439	4,136,889
	Other related parties	12,918,302	10,040,123
Payables related to goods and services paid	Key management personnel of the Group	3,055	-
	Associates	24,379,051	4,672,601
	Other related parties	1,242,836	1,905,428
Dividends paid during the year, net of tax	Key management personnel of the Group	50,979,993	21,972,592
	Non-controlling interests	-	-
Advance payments received	Other related parties	920,311	-

		Income statement (Income/(expense))	
Nature of transactions	Related party categories	2020	2019
Sales of goods and services	Key management personnel of the Group	-	-
	Associates	3,003,737	-
	Other related parties	9,754,600	319
Purchases of various goods and services	Key management personnel of the Group	44,640	-
	Associates	20,792,641	13,003,747
	Other related parties	6,532,461	4,474,419

NOTE 25. RELATED PARTIES (continued)

Loans from related parties		Interest expenses	Amounts owed to related parties
Companies – Other related parties	2020	503,636	23,823,603
	2019	16,705	33,369,743
Key management personnel of the Group:	2020	-	2,458,920
	2019	38,025	46,994
Total loans from related parties	**2020**	**503,636**	**26,282,523**
	2019	**54,730**	**33,416,737**

Loans granted related parties		Interest income	Amounts granted to related parties
Loans granted to associates	2020	50,909	9,501,076
	2019	-	-
Loans granted to other related parties	2020	22,170	284
	2019	80,440	284
Key management personnel of the Group:	2020	-	-
	2019	-	-
Total loans from related parties	**2020**	**73,079**	**9,501,359**
	2019	**80,440**	**284**

At 31 December 2020, the Group have entered into contractual commitments with related parties for the sale of property, development of investment property and residential property in relation to which the related parties perform constructions works such as: design, structure, site organization, installations, envelope, finishes and other services such as: property management, broker commissions.

The transactions with related parties are made on terms equivalent to those that prevail in arm's-length transactions.

NOTE 26. NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized balance sheet	One Cotroceni Park		One North Gate		One United Tower	
	2020	2019	2020	2019	2020	2019
Current assets	43,276,907	5,659,854	5,060,242	8,037,717	5,433,552	7,227,957
Current liabilities	108,479,901	139,435,671	3,234,045	30,417,751	174,736,510	101,451,233
Current net assets	**(65,202,994)**	**(133,775,817)**	**1,826,197**	**(22,380,034)**	**(169,302,958)**	**(94,223,276)**
Non-current assets	323,280,609	194,945,075	135,930,555	132,313,319	316,435,258	255,995,437
Non-current liabilities	156,702,999	10,127,326	50,348,424	46,847,847	26,000,739	26,720,126
Non-current net assets	**166,577,610**	**184,817,749**	**85,582,131**	**85,465,472**	**290,434,519**	**229,275,311**
Net assets	**101,374,616**	**51,041,932**	**87,408,328**	**63,085,438**	**121,131,561**	**135,052,035**

NOTE 26. NON-CONTROLLING INTERESTS (continued)

	One Cotroceni Park		One North Gate		One United Towers	
Summarized statement of comprehensive income	2020	2019	2020	2019	2020	2019
Revenue	9,148	90,908	2,726,095	16,168,186	-	40,268,688
Profit for the period	**50,318,143**	**25,534,047**	**(3,587,110)**	**7,213,403**	**(13,920,474)**	**106,260,929**
Total comprehensive income	**50,318,143**	**25,534,047**	**(3,587,110)**	**7,213,403**	**(13,920,474)**	**106,260,929**
NCI % at year end	*20.00%*	*20.00%*	*43.26%*	*27.87%*	*29.76%*	*0.01%*
Profit allocated to NCI	**10,063,629**	**5,106,809**	**(1,551,819)**	**2,010,375**	**(4,142,733)**	**10,626**
Dividends paid to NCI	-	-	-	-	-	-
Summarized statement of cash flow	**2020**		**2020**		**2020**	
Net cash from operating activities	(7,242,087)		(4,206,735)		(2,176,702)	
Net cash flows from used in investing activities	(65,041,333)		(278,666)		(64,892,012)	
Net cash from financing activities	105,435,280		2,294,214		67,942,562	
Net changes in cash and cash equivalents	**33,151,860**		**(2,191,187)**		**873,848**	

NOTE 26. NON-CONTROLLING INTERESTS (continued)

Transactions with non-controlling interests

During 2020, the Group had several transactions with non-controlling interests. The effect of the main transactions on the equity attributable to owners of the parent is summarised as follows:

	One Peninsula	Neo Floreasca Lake	One United Towers	One United Towers	One North Gate	Neo Properties Development	One Verdi Park	Others	Total
	10% change in NCI	*10% change in NCI*	*30% change in NCI*	*0.25% change in NCI*	*15.39% change in NCI*	*12.35% change in NCI*	*No change in NCI*		
Carrying amount of non-controlling interests acquired/sold	39,329	(172,739)	(39,880,710)	307,465	(9,735,379)	2,130,876	-	(16,148)	(47,327,306)
Consideration (paid)/received to/from non-controlling interests	(7,219,050)	(2,672,450)	39,321,257	(327,136)	8,749,674	(1,715,521)	-	17,989	36,154,763
Impact in retained earnings	**(7,179,721)**	**(2,845,189)**	**(559,453)**	**(19,671)**	**(985,705)**	**415,355**	**-**	**1,841**	**(11,172,543)**
Non-controlling interest on incorporation of subsidiary or on increase in share capital of subsidiary (without change in control)	**-**	**-**	**12,074,020**	**-**	**-**	**-**	**300,000**	**59,400**	**12,433,420**

NOTE 27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1-Jan-20	New leases	Interest charge	Interest charge capitalized in investment property	Cash flows payments	Foreign exchange movements	Other movements	31-Dec-20
Bonds	95,819,727	-	5,079,334	-	(19,726,481)	1,807,766	-	82,980,346
Bank loans	55,685,648	109,283,594	2,472,487	135,779	(51,274,997)	1,178,013	-	117,480,524
Loans received from shareholders	23,428,476	155,259,572	935,714	59,610	(5,953,955)	951,551	(17,056,435)	157,624,533
Loans received from related parties	33,416,737	25,516,029	92,760	410,876	(20,642,736)	205,980	(12,717,122)	26,282,524
Lease liabilities	-	2,059,607	21,807	19,099	(913,957)	21,593	-	1,208,149
Total liabilities from financing activities	**208,350,588**	**292,118,802**	**8,602,102**	**625,364**	**(98,512,126)**	**4,164,903**	**(29,773,557)**	**385,576,076**

	1-Jan-19	New leases	Interest charge	Interest charge capitalized in investment property	Cash flows payments	Foreign exchange movements	Other movements	31-Dec-19
Bonds	93,597,315	-	4,801,163	-	(4,896,300)	2,317,549	-	95,819,727
Bank loans	61,130,679	4,171,812	2,119,106	-	(12,974,482)	1,238,533	-	55,685,648
Loans received from shareholders	18,482,094	5,906,660	30,920	-	(1,177,025)	185,827	-	23,428,476
Loans received from related parties	10,038,378	27,949,815	38,025	-	(4,659,900)	50,419	-	33,416,737
Lease liabilities	-	-	-	-	-	-	-	-
Total liabilities from financing activities	**183,248,466**	**38,028,287**	**6,989,214**	**-**	**(23,707,707)**	**3,792,328**	**-**	**208,350,588**

NOTE 28. 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 2020 (2019: none).

NOTE 29. 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 lift 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 30. FAIR VALUE HIERARCHY

The Group holds financial instruments that are not measured at fair value in the consolidated 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 an approximation of their fair value. The fair value of these types of instruments was determined as level 3 in the fair value hierarchy.

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.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings	384,367,927	208,350,588	345,486,467	197,070,820
Advances from customers	293,855,202	426,561,654	275,054,242	399,599,618

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as at 31 December 2020:

31 December 2020	Level 1	Level 2	Level 3	Total
Financial liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings	-	345,486,467	-	345,486,467
Advances from customers	-	275,054,242	-	275,054,242

NOTE 30. FAIR VALUE HIERARCHY (continued)

31 December 2019

Financial liabilities for which fair values are disclosed:	Level 1	Level 2	Level 3	Total
Interest-bearing loans and borrowings	-	197,070,820	-	197,070,820
Advances from customers	-	399,599,618	-	399,599,618

There were no transfers between Level 1 and 2 during 2020 or 2019.

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The following methods and assumptions were used to estimate the fair values:

- Receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables. As at 31 December 2020, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

- The fair value of advances from customers is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method, using a discount rate that reflects the issuer's borrowing rate including its own non-performance risk as at 31 December 2020.

NOTE 31. SEGMENT REPORTING

Reporting segments are residential, office and corporate and the Group manages operations in accordance with this classification.

There are no sales between segments. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment results 31 December 2020 *RON*	Residential	Office	Corporate	Total
Revenues from sales of residential property	437,503,724	-	-	437,503,724
Revenues from rentals, service charge and similar	-	1,669,443	-	1,669,443
Cost of sales of residential property	(284,286,135)	-	-	(284,286,135)
Cost of rental revenues, service charge and similar	-	(1,040,468)	-	(1,040,468)
Net income	**153,217,589**	**628,975**	-	**153,846,564**
Gains from investment property	-	96,253,470	-	96,253,470
Commissions for brokerage real estate	(1,093,357)	-	-	(1,093,357)
Administrative expenses	(9,947,164)	(9,936,997)	(10,068,631)	(29,952,792)
Other operating expenses	(3,293,328)	(60,822)	(383,606)	(3,737,757)
Profit on disposal of investment property	-	632,372	-	632,372
Other operating income	734,857	608,076	34,352	1,377,286
Result from operating activity	**139,618,597**	**88,125,074**	**(10,417,885)**	**217,325,786**
Financial income	1,140,237	1,271,314	1,386,322	3,797,873
Financial expenses	(1,717,627)	(5,882,199)	(7,598,976)	(15,198,801)
Share of result of associates	-	-	733,803	733,803
Result before tax	**139,041,207**	**83,514,190**	**(15,896,736)**	**206,658,661**

NOTE 31. SEGMENT REPORTING (continued)

Segment results 31 December 2019 *RON*	Residential	Office	Corporate	Total
Revenues from sales of residential property	147,426,152	-	-	147,426,152
Revenues from rentals, service charge and similar	-	16,528,129	-	16,528,129
Cost of sales of residential property	(110,948,983)	-	-	(110,948,983)
Cost of rental revenues, service charge and similar	-	(4,554,754)	-	(4,554,754)
Net income	**36,477,169**	**11,973,375**	**-**	**48,450,544**
Gains from investment property		230,943,517		230,943,517
Commissions for brokerage real estate	(2,111,831)			(2,111,831)
Administrative expenses	(9,475,624)	(5,545,341)	(5,688,617)	(20,709,583)
Other operating expenses	(4,726,184)	(476,378)	(66,445)	(5,269,008)
Profit on disposal of investment property	-	-	-	-
Other operating income	12,744	1,423,047	39,181	1,474,971
Result from operating activity	**20,176,273**	**238,318,219**	**(5,715,881)**	**252,778,610**
Financial income	660,315	724,299	3,214,036	4,598,650
Financial expenses	(786,994)	(5,417,532)	(8,378,888)	(14,583,414)
Share of result of associates	-	-	-	-
Result before tax	**20,049,594**	**233,624,986**	**(10,880,734)**	**242,793,846**

Segment results 31 December 2018 *RON*	Residential	Office	Corporate	Total
Revenues from sales of residential property	219,669,494	-	-	219,669,494
Revenues from rentals, service charge and similar	-	24,587,564	-	24,587,564
Cost of sales of residential property	(152,603,609)	-	-	(152,603,609)
Cost of rental revenues, service charge and similar	-	(8,110,483)	-	(8,110,483)
Net income	**67,065,885**	**16,477,081**	**-**	**83,542,966**
Gains from investment property		64,884,205		64,884,205
Commissions for brokerage real estate	(2,626,147)			(2,626,147)
Administrative expenses	(5,704,906)	(1,196,071)	(1,909,193)	(8,810,170)
Other operating expenses	(3,369,445)	(77,654)	(39,836)	(3,486,935)
Gains on disposal of available -for sale financial assets	-	-	4,232,892	4,232,892
Other operating income	117,947	39,614	102,015	259,576
Result from operating activity	**55,483,335**	**80,127,175**	**2,385,877**	**137,996,387**
Financial income	819,147	1,043,439	2,530,406	4,392,992
Financial expenses	(897,111)	(3,164,824)	(9,365,997)	(13,427,932)
Share of result of associates	-	-	-	-
Result before tax	**55,405,371**	**78,005,790**	**(4,449,714)**	**128,961,447**

NOTE 31. SEGMENT REPORTING (continued)

Segment assets and liabilities 31 December 2020 *RON*	Residential	Office	Corporate	Total
Goodwill	19,256,076	-	-	19,256,076
Intangible assets	3,661	3,316	157,730	164,707
Investment properties	-	1,010,415,976	-	1,010,415,976
Investments in associates	-	-	1,439,340	1,439,340
Right of use assets	763,922	457,245	-	1,221,167
Property, plant and equipment	1,652,523	1,021,637	13,402,983	16,077,142
Total non-current assets	**21,676,182**	**1,011,898,173**	**15,000,053**	**1,048,574,408**
Inventories	257,348,157	-	-	257,348,157
Advance payments to suppliers	29,156,837	21,207,572	525,617	50,890,026
Trade receivables	99,154,890	5,415,842	73,229	104,643,962
Other receivables	5,402,760	2,338,820	63,039,450	70,781,030
Prepayments	224,180	263,905	57,284	545,370
Cash and cash equivalents	67,046,373	46,609,896	57,315,377	170,971,646
Total current assets	**458,333,197**	**75,836,035**	**121,010,958**	**655,180,191**
Total assets	**480,009,379**	**1,087,734,209**	**136,011,011**	**1,703,754,599**
Loans and borrowings - long term	9,555,953	181,180,670	-	190,736,623
Provisions	642,043	6,310	86,560	734,913
Deferred tax liabilities	21,136,500	79,880,609	(112,372)	100,904,738
Total non-current liabilities	**31,334,496**	**261,067,590**	**(25,812)**	**292,376,274**
Employee benefits	81,576	29,144	333,908	444,628
Loans and borrowings - short term	48,716,743	57,607,528	87,307,031	193,631,302
Trade and other payables	59,989,717	26,605,392	9,648,513	96,243,622
Accrued Income	-	-	-	-
Lease liabilities	762,650	445,500	-	1,208,149
Current tax liabilities	10,139	82,471	1,871,409	1,964,019
Advance payments from customers	127,156,877	166,698,326	-	293,855,202
Total current liabilities	**236,717,701**	**251,468,361**	**99,160,861**	**587,346,923**
Total liabilities	**268,052,198**	**512,535,951**	**99,135,048**	**879,723,197**

NOTE 31. SEGMENT REPORTING (continued)

Segment assets and liabilities 31 December 2019 *RON*	Residential	Office	Corporate	Total
Goodwill	19,256,076	-	-	19,256,076
Intangible assets	8,120	1,537	231,078	240,736
Investment properties	-	790,855,879	-	790,855,879
Investments in associates	-	-	2,550	2,550
Right of use assets	-	-	-	-
Property, plant and equipment	2,203,587	1,234,248	13,612,113	17,049,948
Total non-current assets	**21,467,783**	**792,091,664**	**13,845,742**	**827,405,189**
Inventories	173,210,870	-	-	173,210,870
Advance payments to suppliers	31,226,367	14,559,613	19,145	45,805,125
Trade receivables	121,821,735	7,229,904	19,884	129,071,523
Other receivables	2,653,574	368,680	43,941,219	46,963,473
Prepayments	513,044	184,355	14,438	711,837
Cash and cash equivalents	53,706,324	9,701,455	28,340,177	91,747,956
Total current assets	**383,131,914**	**32,044,006**	**72,334,863**	**487,510,783**
Total assets	**404,599,697**	**824,135,670**	**86,180,605**	**1,314,915,973**
Loans and borrowings - long term	-	50,581,499	95,586,000	146,167,499
Provisions	36,264	10,720	67,326	114,310
Deferred tax liabilities	10,163,891	65,577,705	-	75,741,596
Total non-current liabilities	**10,200,155**	**116,169,924**	**95,653,326**	**222,023,405**
Employee benefits	222,676	14,910	158,443	396,029
Loans and borrowings - short term	22,380,276	35,241,051	4,561,762	62,183,089
Trade and other payables	28,447,769	16,567,667	2,523,339	47,538,775
Accrued income	-	11,823	-	11,823
Lease liabilities	-	-	-	-
Current tax liabilities	(143,228)	(1,070,241)	3,786,226	2,572,757
Advance payments from customers	291,941,057	134,620,597	-	426,561,654
Total current liabilities	**342,848,550**	**185,385,807**	**11,029,770**	**539,264,127**
Total liabilities	**353,048,705**	**301,555,731**	**106,683,096**	**761,287,532**

NOTE 31. SEGMENT REPORTING (continued)

Segment assets and liabilities 31 December 2018 *RON*	Residential	Office	Corporate	Total
Goodwill	22,436,396	-	-	22,436,396
Intangible assets	67,305	498	161,259	229,062
Investment properties	-	454,183,676	-	454,183,676
Investments in associates	-	-	3,569	3,569
Right of use assets	-	-	-	-
Property, plant and equipment	2,180,490	714,840	71,955	2,967,285
Total non-current assets	**24,684,191**	**454,899,015**	**236,783**	**479,819,988**
Inventories	164,035,958	-	-	164,035,958
Advance payments to suppliers	21,226,596	4,739,053	28,961	25,994,610
Trade receivables	142,010,795	3,156,728	-	145,167,523
Other receivables	2,213,434	1,875,432	36,688,365	40,777,231
Prepayments	86,038	151,521	35,978	273,537
Cash and cash equivalents	35,920,028	8,841,288	50,717,628	95,478,943
Total current assets	**365,492,849**	**18,764,022**	**87,470,932**	**471,727,802**
Total assets	**390,177,040**	**473,663,036**	**87,707,714**	**951,547,790**
Loans and borrowings - long term	-	52,551,983	93,278,000	145,829,983
Provisions	42,622	4,047	51,301	97,970
Deferred tax liabilities	9,629,251	27,878,218	-	37,507,469
Total non-current liabilities	**9,671,873**	**80,434,248**	**93,329,301**	**183,435,422**
Employee benefits	218,282	10,098	31,904	260,284
Loans and borrowings - short term	1,247,285	35,839,782	331,415	37,418,482
Trade and other payables	31,871,569	4,932,313	6,050,729	42,854,612
Accrued income	-	1,313,760	-	1,313,760
Lease liabilities	-	-	-	-
Current tax liabilities	2,910,423	406,991	2,071,366	5,388,780
Advance payments from customers	248,288,769	76,568,057	-	324,856,826
Total current liabilities	**284,536,328**	**119,071,002**	**8,485,414**	**412,092,744**
Total liabilities	**294,208,201**	**199,505,250**	**101,814,715**	**595,528,166**

NOTE 32. EARNING PER SHARE

The calculation of earnings per share for the year ended 31 December 2020 was based on the profit attributable to equity holders of RON 176,936,343 (31 December 2019: RON 197,406,676) and the weighted average ordinary shares in issue during the year.

The Group have no diluted shares as at 31 December 2020 and 31 December 2019.

RON	31 December 2020	31 December 2019
Profit for the year attributable to equity holders	176,936,343	197,406,676
Weighted average number of shares in issue	941,868	927,675
Basic earnings per share attributable to equity holders	188	213

NOTE 33. EVENTS AFTER THE REPORTING PERIOD

During Q1 2021, the Company has repurchased in advance the remaining number of 17 bonds for EUR 1,000,000 each in relation to the bond agreement signed on October 2017 with a loan maturity of 48 months from the date of issue.

On 19 January 2021, the subsidiary One United Towers SA has signed the loan agreement with Black Sea Trade and Development Bank for an amount of maximum EUR 50,000,000. The loan agreement requires the observance of some financial indicators such as: financial debt less restricted cash to value ratio, forward-looking debt service coverage ratio, debt service coverage ratio.

During February 2021, the subsidiary One United Tower SA has reimbursed in full the loans received from minority shareholders and related parties in total amount of RON 54,003,847.

During March and April 2021, the subsidiary One Mircea Eliade SRL reimbursed in full the remaining bank loan balance (balance at 31 December 2020: RON 28,394,767).

During Q4 2020, the Company has repurchased a number of 18,243 own shares in amount of RON 26,765,560, which were resold during Q1 2021 for a total price value of EUR 7,371,267.

On 26 January 2021, the general meeting of shareholders have approved the sale of shares held in share capital of the subsidiary, Neo Downtown SRL with a nominal value of RON/shares 10.

In March 2021, the subsidiary One Verdi Park SRL has obtained the re-authorization for change in destination from a mixt project, including office to a residential project. As a consequence, the subsidiary has signed an addendum to the existing bank loan contract in order to accommodate the change in destination of the project. The credit facility period was reduced from 144 to 28 months.

The reception procedures for the residential construction of subsidiary Neo Mamaia SRL were finalized during Q1 2021.

In April 2021, the subsidiary One Cotroceni Park SRL has received the authorization for the development of a residential project.

In 2021, new subsidiaries were established: One Proiect 1 SRL, One Proiect 3 SRL, One Proiect 4 SRL and One Proiect 6 SRL which are 100% owned by the Company.

During 2021, the Company changed its ownership in the share capital of the subsidiary One Herastrau Towers SRL from 98% at 31 December 2020 to 100%.

On 19 April 2021, the ordinary general meeting of the shareholders, have approved to be distributed dividends in amount of RON 49,243,000, the equivalent of EUR 10,000,000, from the net profit of the Company.

On 19 April 2021, the extraordinary general meeting of the shareholders have approved to list the holding company One United Properties SA on the regulated market of the Bucharest Stock Exchange.

NOTE 33. EVENTS AFTER THE REPORTING PERIOD (continued)

On 19 April 2021, the extraordinary general meeting of the shareholders have approved to increase the Company share capital from the amount of RON 259,824,598 to the amount of RON 260,014,171, by increasing the nominal value of the shares from the amount of RON 260.41/share to the amount of RON 260.60/share, by incorporating the reserves of RON 189,573. Also have approved to amend the nominal value of one share from the amount of RON 260.60/share to RON 0.2/share. The total number of shares following this change is of 1,300,070,856 shares.

On 22 April 2021, the principal shareholders Victor Capitanu and Andrei Diaconescu have concluded a share sale agreement representing 5% of the subscribed and paid share capital of the Company. The structure of share capital following this change is: the contribution of Victor Capitanu and Andrei Diaconescu to the share capital decreased from 37.7030% each to 35.2030% each and other minority shareholders increased its contribution to the share capital by 5% from 24.5940%.

In May 2021, the subsidiary, One Cotroceni Park SRL have concluded a presale transaction with CCT&One Properties SA for a total value of EUR 20,016,501 for the selling of apartments and parking spaces located in the residential project One Cotroceni Park which is under construction.

In May 2021, the subsidiary, One Lake District SRL have concluded a presale transaction with CCT&One Properties SA for a total value of EUR 14,916,000 for the selling of apartments and parking spaces located in the residential project One Lake District which is under construction on the plot of the land located in Bucharest.

During May 2021, the Company have appointed a new chairman of the board of directors in the person of Mr. Claudio Cisullo.