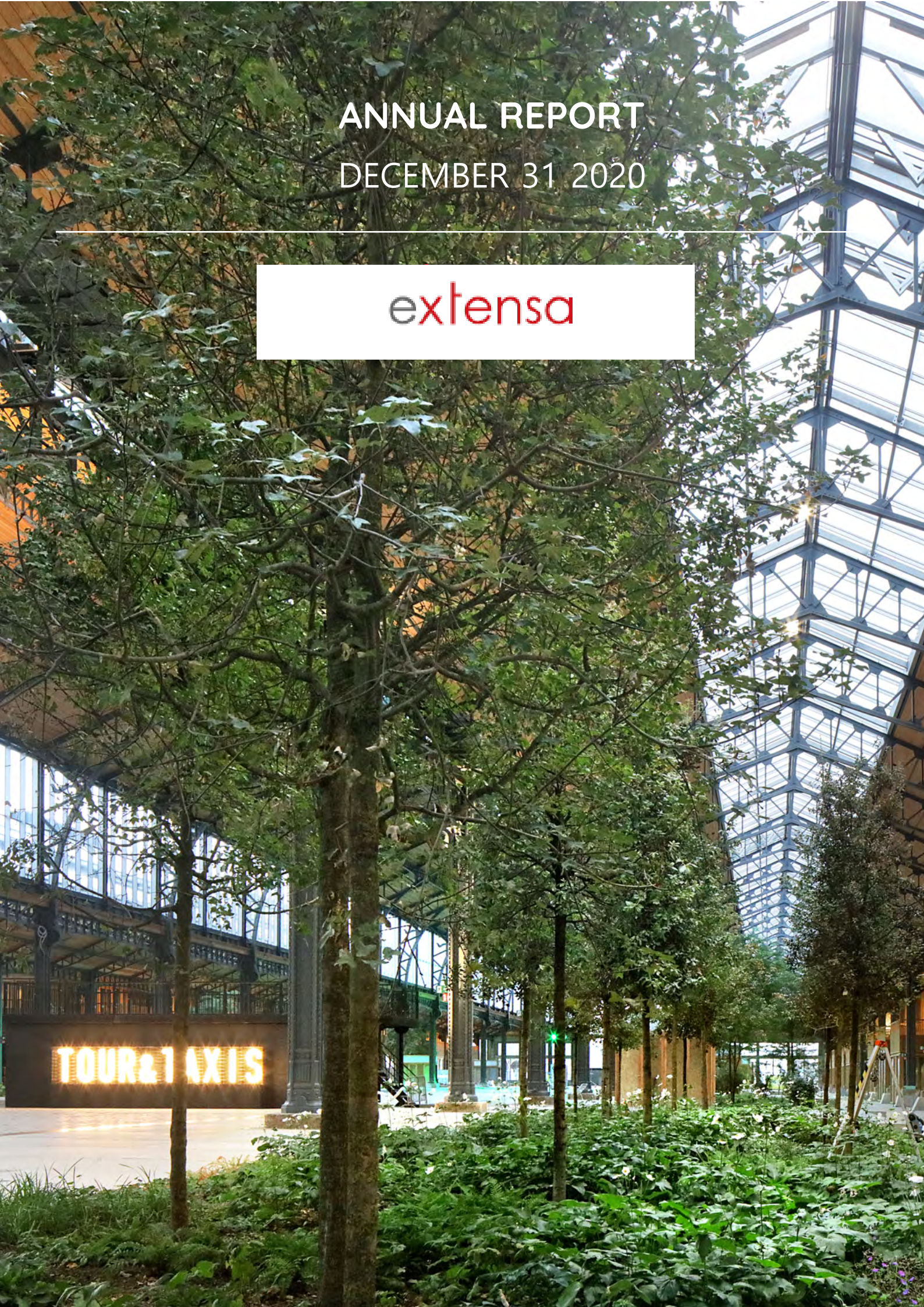
ANNUAL REPORT

DECEMBER 31 2020

extensa



extensa

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Shareholding percentage AvH: 100%




Kris Verhellen | Peter De Durpel | Laurent Jacquemart | Ward Van Gorp

EXTENSA GROUP

Extensa is a real estate developer that is primarily focused on mixed-purpose projects in Belgium and the Grand Duchy of Luxembourg.

FINANCIAL OVERVIEW 2020

Extensa reported a net profit of 25.9 million euros over the 2020 financial year. The decrease relative to previous years (29.5 million euros in 2019) is largely due to the impact of the COVID-19 crisis on Extensa's operating and development activities.

The one-month suspension, followed by a gradual resumption of construction activity in Belgium and Luxembourg in the second quarter led to a lower profit recognition on the projects under construction (percentage of completion). Apart from the slightly higher finance cost, it only concerns a deferment of the projected profits to the next financial year. The cancellation of trade fairs, events and conferences, however, resulted in an actual loss of income compared to previous years.

Sales of residential projects continued to be highly satisfactory, notwithstanding the restrictions imposed and the fact that the administrative procedures in general took more time. The office market stagnated somewhat, as many businesses are reassessing their future requirements as a result of increased telework.

The net contribution (after tax, but before allocation of overhead costs of Extensa) of the projects on the Tour & Taxis site in Brussels amounted to 3.9 million euros, while that of the projects on the Cloche d'Or site in Luxembourg came to 25.5 million euros.

Extensa - Gare Maritime - Brussels

The balance sheet total evolved from 551.1 million euros at year-end 2019 to 598.4 million euros at year-end 2020, mainly as a result of investments in Tour & Taxis. The heritage buildings on the Tour & Taxis site are strategic assets under management and at year-end 2020 represented an estimated market value of 271.9 million euros. The group's total shareholders' equity increased from 217.7 million euros (2019) to 243.6 million euros (2020).

OPERATIONAL OVERVIEW 2020

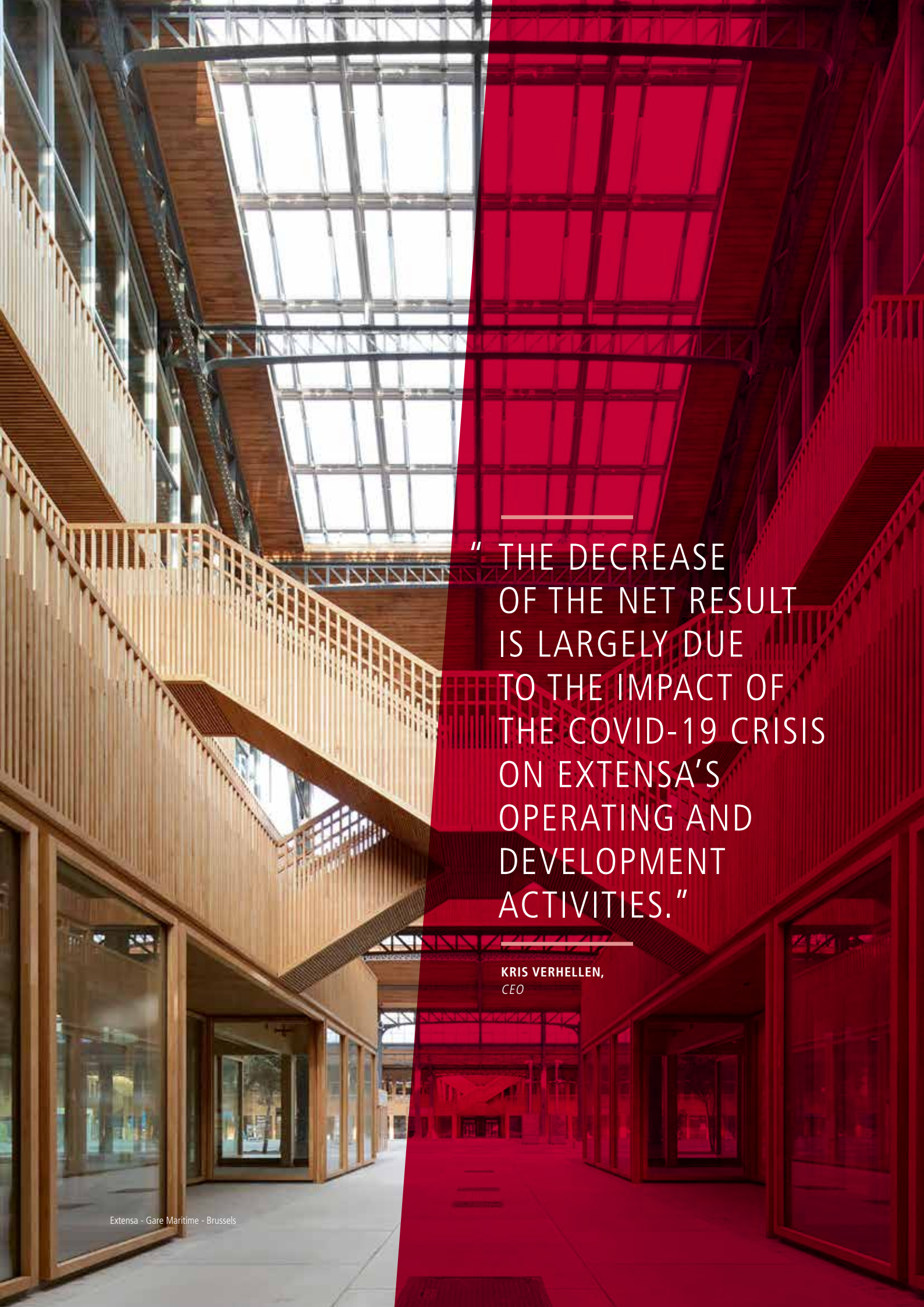
- **Tour & Taxis**

Several tenants postponed their actual move to the Gare Maritime due to the compulsory telework in the first half of 2020. In the meantime, Publicis Groupe, BSH, Spaces, Collibra and Universal Music have brought their premises into use. The further allotment of the mixed-purpose area on the ground floor (catering businesses, theme shops, culture and entertainment) was delayed by the lockdown measures. The commercialisation continued, however, with a view to opening in the third quarter of 2021. At year-end 2020, a long-term agreement was concluded with Bruxelles Formation (Brussels Region) for offices and classrooms totalling 7,900 m².

The first phase of 'Park Lane' is under construction. The new underground car park (908 parking places) was brought into use in the second quarter of 2020, and Anima started construction work on a residential care centre (197 beds). Of the 319 apartments (in 6 buildings), more than 200 were sold off-plan by year-end 2020. Planning permission for phase 2 (350 apartments) has been requested, and sales are expected to begin in the third quarter of 2021.

All the apartments in the Riva project (139 units) were already sold in 2019 and were delivered in the first quarter of 2020. The new Suzan Daniel bridge is under construction (by Beliris) and will open in the autumn of 2021, which will also enhance the value of the retail spaces on the ground floor of Riva. Some of these spaces have already been sold or let, such as to a supermarket, an electric car dealer, and a property manager.

The 'Sheds' still realised their planned turnover in January and February 2020, but from March onwards they were confronted with the cancellation of virtually all activities. The same applies to Maison de la Poste, which nevertheless could still keep organising smaller events on a limited scale in the spacious rooms.



" THE DECREASE OF THE NET RESULT IS LARGELY DUE TO THE IMPACT OF THE COVID-19 CRISIS ON EXTENSA'S OPERATING AND DEVELOPMENT ACTIVITIES."

KRIS VERHELLEN,
CEO

Extensa - Gare Maritime - Brussels

Extensa - Tour & Taxis (artist impression)

Extensa - Cloche d'Or

- ## Cloche d'Or

The last of in total 909 apartments of îlot A were delivered during 2020, which fully completes this project. The 151 apartments of the new residential complex îlot D-Sud were almost entirely sold off-plan, and construction is proceeding as planned.

The special office building Bijou (6,021 m²), which was developed at Extensa's own risk, could be fully let and then sold to an institutional investor. Four more office buildings totalling approximately 24,000 m² are under construction. An office building of 4,259 m² has been pre-let to the International Workspace Group, which will operate it under the brand name 'Spaces'. The project company has already been sold off-plan to international investors. The new head office of Banca Intesa Sanpaolo (10,830 m²) is under construction and will be delivered in 2021. Two other office buildings will be delivered after 2021.

- ## Other developments

Various other development projects are currently going through planning procedures or administrative appeals, in which no formal decisions were taken during the financial year.

Extensa Group NV

(€ 1,000)	**2020**	2019	2018
Contribution Tour & Taxis	**3,855**	6,586	1,585
Contribution Cloche d'Or	**25,517**	26,018	34,392
Net result (group share)	**25,913**	29,475	27,238
Shareholders' equity (group share)	**243,633**	217,654	190,859
Net financial position	**-232,090**	-189,386	-114,345
Balance sheet total	**598,425**	551,081	441,795

OUTLOOK 2021

The measures taken to combat the pandemic will continue to adversely affect the results of certain activities in 2021. In so far as the current office and residential projects can be continued under normal conditions, Extensa expects again good results in 2021.

PARTNERS FOR SUSTAINABLE GROWTH

- Extensa's ESG strategy is entirely in keeping with its mission of developing and embedding mixed-use urban neighbourhoods through responsible co-creation. This strategy is focused on the following Sustainable Development Goals: 'SDG 7 Affordable and Clean Energy', 'SDG 11 Sustainable Cities and Communities' and 'SDG 12 Responsible Consumption and Production'.
- Extensa is setting a good example by taking large-scale environmental actions. The Gare Maritime project on the Tour & Taxis site stands out in terms of environmental and energy performance. Examples include circular construction, natural ventilation, heating and cooling using geothermal energy, photovoltaic power generation, laminated timber structures, use of recycled materials for footpaths, rainwater collection and planting of large gardens.
- In co-creation with its stakeholders - local authorities, investors, tenants, residents, event planners, contractors and suppliers - Extensa fosters ecodynamic entrepreneurship with focus on responsible production and consumption, well-being and craftsmanship.
- Local partnerships improve the social cohesion and community spirit on the site.

CONSOLIDATED FINANCIAL STATEMENTS OF EXTENSA GROUP NV

DECEMBER 31 2020

extensa

CONSOLIDATED FINANCIAL STATEMENTS OF EXTENSA GROUP NV

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Consolidated Statement of Financial Position as at 31 December 2020

All figures in Euro

	Notes	31/12/2020	31/12/2019
ASSETS			
Non-current assets		**324.282.561**	**283.086.253**
Intangible assets	5	1.066.989	1.200.628
Property, plant & equipment	6	1.901.821	1.691.020
Investment property	7	272.866.998	243.564.329
Investments in associates and joint ventures	8	31.447.292	14.793.934
Trade and other receivables	13	6.212.214	12.547.867
Financial fixed assets		1.844	8.451
Finance lease receivable	9	3.033.679	3.680.024
Deferred tax assets	10	7.751.724	5.600.000
Current assets		**274.142.101**	**267.995.021**
Inventories	11	112.588.585	151.330.091
Contract assets	12	82.265.546	31.031.858
Trade and other receivables	13	49.627.761	55.504.000
Finance lease receivable	9	646.345	620.295
Current tax assets	10	2.174.522	790.331
Cash and cash equivalents	14	23.932.121	27.381.529
Deferred charges and accrued income		2.907.221	1.336.917
TOTAL ASSETS		**598.424.662**	**551.081.274**
EQUITY		**254.053.388**	**237.983.858**
Equity Group Share		**243.632.960**	**217.654.235**
Issued capital		15.939.028	15.939.028
Consolidated reserves		227.416.295	201.503.275
Foreign currency translation reserve		277.637	211.932
Non-controlling interests		**10.420.428**	**20.329.623**
LIABILITIES			
Non-current liabilities		**286.736.983**	**179.119.426**
Provisions	8, 17	1.951.311	2.189.189
Deferred tax liabilities	10	28.763.485	34.349.717
Financial Liabilities	15	255.886.162	142.375.780
Lease liability		136.025	204.740
Current liabilities		**57.634.291**	**133.977.990**
Provisions	8, 17	6.118.004	7.019.648
Financial Liabilities	15	-	74.187.313
Trade and Other payables	16	40.391.349	44.046.070
Current tax payables	10	9.127.175	6.416.216
Accrued charges and deferred income		1.997.763	2.308.743
TOTAL EQUITY AND LIABILITIES		**598.424.662**	**551.081.274**

Consolidated Statement of Profit and Loss for the year ending 31 December 2020

All figures in Euro

	Notes	2020	2019
Operating income		**40.680.434**	**99.498.263**
Revenue	18	27.582.870	88.266.372
Property rental income	19	7.169.715	8.249.821
Other operating income	20	5.927.849	2.982.070
Operating expenses		**- 33.583.385**	**- 61.921.876**
Property development expenses	21	- 17.947.584	- 44.761.335
Employee expenses	22	- 6.775.947	- 7.436.777
Depreciation, amortisation and impairment losses	5, 6	- 573.574	- 472.368
Other operating expenses	23	- 8.286.280	- 9.251.396
Change in fair value of Investment Properties	7	2.110.034	1.283.974
Profit/(loss) on disposal of assets	8, 29	1.403.903	1.045.812
Share in the net profit (loss) of equity accounted investments	8	20.164.625	11.081.986
Earnings before Interests & Taxes (EBIT)		**30.775.611**	**50.988.159**
Finance income	24	5.208.389	4.903.611
Finance expenses	25	- 4.874.342	- 3.829.837
Change in fair value of derivatives		-	112.616
Profit/(loss) before tax (PBT)		**31.109.658**	**52.174.549**
Income taxes	10	- 758.215	- 4.691.159
Profit/(loss) of the year		**30.351.443**	**47.483.390**
Non-controlling interest		4.438.423	18.008.584
Share of the group		**25.913.020**	**29.474.806**

Consolidated Statement of Comprehensive Income for the year ending 31 December 2020

	Notes	2020	2019
Profit / (loss) of the year		**30.351.443**	**47.483.390**
Non-controlling interest		4.438.423	18.008.584
Share of the group		**25.913.020**	**29.474.806**
Other comprehensive income		65.705	- 2.679.421
Items that may be reclassified to profit or loss in subsequent periods			
Foreign currency translation reserve	29	65.705	- 2.679.421
Total comprehensive income		**30.417.148**	**44.803.969**
Non-controlling interest		4.438.423	18.008.584
Share of the group		**25.978.725**	**26.795.385**

Earnings per share

		31/12/2020	31/12/2019
Basic and Diluted earnings per share from continuing operations		40	46
Total Basic and Diluted earnings per share	32	**40**	**46**

Consolidated Statement of Changes in Equity for the year ending 31 December 2020

All figures in Euro

	Notes	Issued Capital	Foreign currency translation reserve	Consolidated reserves	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2018		**15.939.028**	**2.891.353**	**172.028.469**	**190.858.850**	**17.565.491**	**208.424.341**
Profit for the year				29.474.806	29.474.806	18.008.584	47.483.390
Other comprehensive income for the year, net of income tax			- 2.679.421		- 2.679.421		- 2.679.421
Total comprehensive income for the year		-	- 2.679.421	29.474.806	26.795.385	18.008.584	44.803.969
Dividend						- 15.244.452	- 15.244.452
Balance at 31 Dec 2019		**15.939.028**	**211.932**	**201.503.275**	**217.654.235**	**20.329.623**	**237.983.858**
Profit for the year				25.913.020	25.913.020	4.438.423	30.351.443
Other comprehensive income for the year, net of income tax			65.705		65.705		65.705
Total comprehensive income for the year		-	65.705	25.913.020	25.978.725	4.438.423	30.417.148
Dividend	29					- 14.347.618	- 14.347.618
Balance at 31 December 2020		**15.939.028**	**277.637**	**227.416.295**	**243.632.960**	**10.420.428**	**254.053.388**

Issued share capital comprises 642,979 fully paid shares, which have a par value of EUR 25 per share. This is consistent with prior year.

Consolidated Statement of Cash Flows for the year ending 31 December 2020

All figures in Euro

	Notes	31/12/2020	31/12/2019
Cash flows from operating activities			
Profit before tax		31.109.658	52.174.549
Adjustments for:			
Share in the net profit of equity accounted investments	8	- 20.164.625	- 11.081.986
Finance expense	25	4.874.342	3.829.837
Finance income	24	- 5.208.389	- 4.903.611
Change in fair value of Investment Properties	7	- 2.110.034	- 1.283.974
Profit/(loss) on disposal of assets	8, 29	- 1.403.903	- 1.045.812
Depreciation and impairment losses		573.574	472.368
Change in fair value of derivatives		-	- 112.616
Changes in provisions		- 85.509	534.148
		7.585.114	38.582.903
Movements in working capital:			
Decrease / (Increase) in Inventory	11	4.193.881	- 8.983.265
Decrease / (Increase) in Trade and other receivables	13	17.443.272	20.282.961
Decrease / (Increase) in Contract assets	12	- 21.986.533	- 4.989.968
Decrease / (Increase) in Deferred charges and accrued income		- 1.570.304	- 358.430
(Decrease) / Increase in Provisions	17	- 681.644	- 200.352
(Decrease) / Increase in Trade and other payables	16	- 7.921.885	- 5.689.947
(Decrease) / Increase in Accrued charges and deferred income		375.181	28.956
Movement in financial fixed assets		6.607	- 1.250
Income tax paid	10	- 7.156.483	- 5.086.910
Dividends received	8	971.943	669.500
Net cash flow from operating activities		**- 8.740.851**	**34.254.198**
Cash flows from Investing activities			
Capital expenditure on investment properties	7	- 17.853.618	- 105.773.375
Purchase of property, plant & equipment	6	- 545.931	- 1.069.155
Purchase of intangible assets		- 134.128	- 435.517
Receipt of finance lease receivables	9	620.295	595.433
Net cash inflow on disposal of subsidiary	29	-	- 576.799
Net cash inflow on disposal of joint ventures		2.383.063	29.153.881
Proceeds from the disposal of property, plant & equipment	6	14.686	61.915
Proceeds from the disposal of assets held for sale		-	795.287
Interest received	24	638.510	12
Dividends paid	29	- 14.347.618	- 15.244.452
Net cash flow used in investing activities		**- 29.224.741**	**- 92.492.770**
Cash flows from financing activities			
Proceeds from borrowings	15	73.914.000	88.761.000
Repayment of borrowings	15	- 34.272.744	- 4.000.000
Net cash flow in other long term receivables	13	- 664.347	- 12.547.867
Repayment of lease liabilities		- 68.715	- 55.212
Interest paid	25	- 4.109.012	- 2.985.758
Financing related expense paid	25	- 282.999	- 678.537
Net cash flow from financing activities		**34.516.183**	**68.493.626**
Net change in cash and cash equivalents		- 3.449.408	10.255.053
Cash and cash equivalents at the beginning of the year		27.381.529	17.126.476
Cash and cash equivalents at the end of the year	14	**23.932.121**	**27.381.529**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Extensa Group NV (the "**Company**") is a limited liability company governed by Belgian law. The address of its registered office is Avenue du Port 86c, 1000 Brussels, Belgium.

The Company and its affiliates (together referred as the "**Group**") are active in the real estate development industry. The Group is ultimately controlled by its parent, Ackermans & Van Haaren.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Standards and interpretations applicable to the Group for the annual period beginning on 1 January 2020

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards

The potential impacts of these standards and interpretations on the consolidated accounts of the Group have been determined. These changes have no significant impact on the Group's financial statements.

2.2 Standards and interpretations (applicable to the Group) published, but not yet applicable for the annual period beginning on 1 January 2020

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

The potential impacts of these standards and interpretations on the consolidated accounts of the Group are being determined. The Group does not expect these changes to have a significant impact on the Group's financial statements.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

3.1 Statement of compliance

The Group's consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"). The Group has consistently applied the accounting policies throughout all periods presented, unless stated otherwise.

3.2 Basis of preparation

The consolidated financial statements are presented in euros, unless otherwise stated. Euro is also the functional currency of Group. The functional currency is the currency of the economic environment in which an entity operates. The consolidated financial statements have been prepared on a historical basis, unless otherwise stated. The following items are measured at fair value:

- Investment property

Separate notes have been included for the abovementioned fair value balances only where these are material.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

The Company reassesses 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 listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non--controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or 1oss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Investments in associates and joint ventures

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 or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations

or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.5 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group’s consolidated financial statements only to the extent of other parties’ interests in the joint operation. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, unless the standards require otherwise.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.6 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or

groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.8 Property, plant and equipment

Furniture, machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant & equipment are depreciated on a straight-line basis over their useful lives as follows:

- Buildings: 25 to 35 years
- Furniture: 3 to 10 years
- Machinery: 10 to 20 years
- Equipment: 3 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held through leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives (generally 5 years). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.10 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model.

Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their valuation reports. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Fair values are calculated based on the capitalisation of (rental) income, discounted cash flow of rental income (adjusted for land market value if applicable) or capitalised construction costs.

The capitalisation of income is a valuation technique that converts future income (often rental income) to a single current (ie discounted) amount. This fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. The key inputs for this valuation technique are future income and the capitalisation rate.

The discounted cash flow of income is a valuation technique that converts future income (often rental income) to a single current (ie discounted) amount. This fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. This technique is chosen if the future income is limited in time. This value can be adjusted for the land market value in specific situations. The key inputs for this valuation technique are future income and the capitalisation rate.

The capitalised construction costs is a valuation technique that reflects the amount of incurred construction costs that have been capitalised. The key input for this valuation technique are the incurred costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.11 Inventories

Land and premises acquired and held for future development as well as in-process development projects (other than Investment Properties) are classified as Inventories. Inventories mainly comprise residential properties.

Inventories are measured at the lower of cost and net realizable value at the financial reporting date.

The cost of in-process development projects comprises architectural design, engineering studies, raw materials, other production materials, direct labour, other direct and external borrowing costs directly attributable to the acquisition or construction of the qualifying inventories.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at the financial reporting date is lower than the carrying value. The Group performs regular reviews of the net realizable value of its inventories.

3.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.15 Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost of FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3.15.1 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. IF, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

3.15.2 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been an significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Low credit risk

The Group assumes that the credit risk on an financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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.

(iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty an there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.15.3 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.16 Financial liabilities and equity instruments

3.16.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.16.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

3.16.2.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

3.16.2.2 Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3.16.2.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.17 Leasing

3.17.1 The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.17.2 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.19 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.19.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period

3.19.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, often based on industry practices.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.20 Revenue recognition

3.20.1 Revenue

The Group recognises revenue from the following major sources:

- Revenue from real estate services
- Revenue from the sale of land
- Revenue from development
- Revenue from management fees

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or a service to a customer.

Revenue from the real estate services

The Group provides real estate services to third parties. Revenue is recognised over time as the services are rendered. The transaction price is a fixed fee per year.

Revenue from the sale of land

The Group sells plots of land and revenue is recognised when control of the land has transferred, being at the point when the notary deed is signed. Payment of the transaction is due immediately upon signature of the deed.

Revenue from development

The Group constructs and sells residential properties under long-term fixed price contracts with customers. Such contracts are entered into in the early stage of construction of the residential properties. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent an invoice for the related milestone payment, based on a relevant statement of work prepared by a third party. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

The amount of properties recognized as an expense during the period referred to as “Property Development Expenses” comprises costs directly related to the property development projects sold during the year.

Revenue from management fees

The Group provides its management services to its associates and joint ventures. Revenue is recognised over time as the services are rendered. The transaction price is a fixed fee per year.

Contract costs
Incremental costs incurred as a result of obtaining a contract are capitalised, if it is expected that these costs will be recovered. Costs that are incurred regardless of whether the contract is obtained are expensed as they are incurred unless they meet the criteria to be capitalised as fulfilment costs.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard, the Group shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

3.20.2 Property Rental income
Rental income from Investment Properties leased is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of the total rental income (i.e. are spread over the lease term).

3.20.3 Dividend and interest income
Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.21 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

The principal exchange rates versus EUR that have been used are as follows:

	2020		2019	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Romanian Lei	4.868	4.838	4.7830	4.7453

3.22 Fair value measurements

The group measures derivatives and investment properties at fair value at each reporting date. Fair value related disclosures for items measured at fair value or where fair values are disclosed are summarised in the individual notes, in particular Note 7 for Investment Properties.

3.23 Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IFRS 9 unless the retained interest continues to be an associate or a joint venture, in which case the

Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

When a contract for the sale of a property upon completion of construction is judged to meet the criteria of recognition over time, revenue is recognised using the percentage of completion method as construction progresses. The Group considers the terms and conditions of the contract, including how the contract was negotiated and the structural elements that the customer specifies when identifying individual projects for which the revenues are recognised over time. The percentage of completion is estimated by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred to date and the estimated costs to complete. Furthermore, the proportion of units sold to the total units of the project are taken into account for the estimation of the percentage of completion.

Classification of property

The Group determines whether a property is classified as investment property, inventory or contract assets:

- Investment property comprises buildings (principally non-residential properties) 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. Investment property comprises property for which a valid permit is obtained and construction has commenced.
- Inventory comprises land and buildings that is held for sale in the ordinary course of business for which no building permit is obtained, construction has not started and, in case of a residential project, no sales contract has yet been signed.

- Contract assets comprises residential property for which a valid permit is obtained, construction has commenced and a sales contract is signed.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the next financial year.

Estimation of net realisable value for inventory
Inventory is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

Valuation of investment property
The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement.

Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined, in which case the properties are measured at cost. The significant methods and assumptions used by valuation experts in estimating the fair value of investment property are set out in Note 7.

5 Intangible assets

All figures in Euro

Cost	Software	Client list	Total
Balance at 1 January 2019	**1.340.495**		**1.340.495**
Additions	185.517	250.000	435.517
Additions/disposals through business combinations			
Disposals	- 7.211		- 7.211
Foreign exchange differences	- 445		- 445
Balance at 31 December 2019	**1.518.356**	**250.000**	**1.768.356**
Additions	134.128		134.128
Additions/disposals through business combinations			
Disposals	- 3.003		- 3.003
Foreign exchange differences	- 42		- 42
Balance at 31 December 2020	**1.649.439**	**250.000**	**1.899.439**
Accumulated amortisation and impairment			
Balance at 1 January 2019	**- 340.338**		**- 340.338**
Amortisation expense	- 197.073	- 37.500	- 234.573
Impairment losses recognised in profit and loss	-		-
Eliminated on disposal of assets	6.769		6.769
Foreign exchange differences	414		414
Balance at 31 December 2019	**- 530.228**	**- 37.500**	**- 567.728**
Amortisation expense	- 217.764	- 50.000	- 267.764
Impairment losses recognised in profit and loss			-
Eliminated on disposal of assets	3.003		3.003
Foreign exchange differences	39		39
Balance at 31 December 2020	**- 744.950**	**- 87.500**	**- 832.450**

Carrying amounts @ 31/12/2019	988.128	212.500	1.200.628
Carrying amounts @ 31/12/2020	904.489	162.500	1.066.989

There are no items of Intangible assets pledged as security for liabilities.

6 Property, plant & equipment

All figures in Euro

Cost	Machinery & equipment	Buildings	Furniture	Total
Balance at 1 January 2019	**530.129**	**447.381**	**1.616.008**	**2.593.518**
Additions	64.290	-	1.004.865	1.069.155
Additions through business combinations	-	-	-	-
Disposals		- 415.650	- 184.913	- 600.563
Foreign exchange differences	-	- 20.508	- 2.157	- 22.665
Balance at 31 December 2019	**594.419**	**11.223**	**2.433.803**	**3.039.445**
Additions	129.249	-	416.682	545.931
Additions through business combinations	-	-	-	-
Disposals	- 30.280		- 17.439	- 47.719
Foreign exchange differences	-		- 201	- 201
Balance at 31 December 2020	**693.388**	**11.223**	**2.832.845**	**3.537.456**
Accumulated depreciation and impairment				
Balance at 1 January 2019	**- 228.355**	**- 222.717**	**- 987.989**	**- 1.439.061**
Depreciation expense	- 58.846	-	- 178.947	- 237.793
Impairment losses recognised in profit and loss	-		-	-
Eliminated on disposal of assets	-	201.549	115.195	316.744
Foreign exchange differences	-	9.945	1.740	11.685
Balance at 31 December 2019	**- 287.201**	**- 11.223**	**- 1.050.001**	**- 1.348.425**
Depreciation expense	- 71.896	-	- 239.398	- 311.294
Impairment losses recognised in profit and loss	-		-	-
Eliminated on disposal of assets	7.745		16.161	23.906
Foreign exchange differences	-		178	178
Balance at 31 December 2020	**- 351.352**	**- 11.223**	**- 1.273.060**	**- 1.635.635**
Carrying amounts @ 31/12/2019	307.218	-	1.383.802	1.691.020
Carrying amounts @ 31/12/2020	342.036	-	1.559.785	1.901.821

There are no items of Property, Plant & Equipment pledged as security for liabilities.

7 Investment Properties

All figures in Euro

	31/12/2020	31/12/2019
Balance at beginning of year	243.564.329	133.294.620
Additions	21.892.165	106.158.536
Gain/(loss) on property revaluations	2.110.034	1.283.974
Transfer from inventory	5.300.470	2.827.199
Balance at end of year	**272.866.998**	**243.564.329**

Commercial name	Country	Fair value hierarchy level	Valuation method	31/12/2020	31/12/2019
Events (Maison de la Poste, Openbaar Pakhuis, Solar panels)	Belgium	3	Capitalisation of rental income	29.870.000	33.950.000
Parking lot (Outside parking lot, Underground parking lot)	Belgium	3	Capitalisation of rental income	47.154.000	21.625.000
Offices (Gare Maritime)	Belgium	3	Capitalisation of rental income	186.990.000	-
Development (Hôtel des Douanes)	Belgium	3	Capitalised construction cost	7.928.770	186.949.004
Semi-industrial & other properties	Belgium	3	Capitalisation of rental income / Discounted cash flow of income	924.228	1.040.325
				272.866.998	**243.564.329**

All investment properties were valued by an independent valuator, CBRE Valuation Services, with the exception of following properties:

- Kapittelhoeve
- Hôtel des Douanes

Investment properties comprise commercial buildings and as such the buy-and-sell transactions in the same market for similar properties are infrequent. Consequently, the Group engages an independent valuer who uses a valuation technique requiring the estimation of future rental income and yield for the properties. As such, the fair value of these properties are classified as Level 3 in accordance with the requirements of IFRS 13 Fair Value Measurement, due to the use of significant unobservable inputs in estimating the fair values.

The additions in Investment Property relate to the projects under development Gare Maritime and Parking Maritime. These projects were completed during 2020 and thus classified from the subcategory "Development" to the subcategories "Offices" and Parking lot" respectively.

For the investment property categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Valuation technique	Significant unobservable inputs	Sensitivity
Capitalisation of income	Future income (often rental income), taking into account the differences in location and individual factors between the comparables and the property.	An increase in the income would result in an increase in fair value, and vice versa.
	Capitalisation rate, taking into account the capitalisation of income potential, nature of the property and prevailing market condition.	An increase in the capitalisation rate would result in a significant decrease in fair value, and vice versa.
Discounted cash flow of income	Future income (often rental income), taking into account the differences in location and individual factors between the comparables and the property.	An increase in the income would result in an increase in fair value, and vice versa.
	Capitalisation rate, taking into account the capitalisation of income potential, nature of the property and prevailing market condition.	An increase in the capitalisation rate would result in a significant decrease in fair value, and vice versa.

No range or average is disclosed because it would not give a fair representation of the inputs considering the mix in use.

The impact of the Covid-19 virus on the key parameters underlying the valuation of the investment properties has been reflected in the Group's figures presented as per 31 December 2020 and is not material.
The table outlines the sensitivity of the key investment properties to changes in the yield. Rental income is not considered to have a material impact on the fair value of these investment properties.

Investment property	FV at 31/12/2020	+ 50 basis points	- 50 basis points
Events	29.870.000	27.800.000	32.300.000
Parking lots	47.154.000	43.400.000	51.600.000
Offices	186.990.000	169.349.434	208.733.023

All other investment properties have fair values that are either based on fixed lease agreements and/or detailed construction plans and are therefore not subject to significant changes in inputs to the fair value calculation.

Pledged amount of investment properties as security for financial liabilities amounts to EUR 160,242,000 (2019: EUR 160,242,000).

8 Investments in Associates and Joint Ventures

All figures in Euro

Investments in Joint Ventures

Name	Country of incorporation	Principal activity	Proportion of ownership interest and voting rights held 31/12/2020	31/12/2019	
CBS Development NV	Belgium	Real estate development	50,00%	50,00%	
CBS-Invest NV	Belgium	Real estate development	50,00%	50,00%	
Grossfeld Immobilière SA	Luxembourg	Real estate development	50,00%	50,00%	
Grossfeld PAP SICAV-RAIF SA	Luxembourg	Real estate development	50,00%	50,00%	
Banca I SA	Luxembourg	Real estate	45,00%	0,00%	*
Banca II SàRL	Luxembourg	Real estate development	50,00%	0,00%	**
Darwin I SàRL	Luxembourg	Real estate development	50,00%	0,00%	**
Darwin II SàRL	Luxembourg	Real estate development	50,00%	0,00%	**
NEIF III Kockelscheuer SàRL	Luxembourg	Real estate development	45,00%	0,00%	**
Les Jardins de Oisquercq NV	Belgium	Real estate development	50,00%	50,00%	*
Top Development AS	Slovakia	Real estate	0,00%	50,00%	

* No summarised financial information provided for these entities as they are not material to the annual financial statements.
** These entities are indirectly held by Grossfeld PAP SICAV-RAIF SA. The summarised financial information of Grossfeld PAP includes these indirectly held investments.

The Group has sold its 50% stake in the entity Top Development AS on 6 February 2020 for EUR 2,383,057. No material gain or loss is recognised in the Statement of Profit and Loss because the Group's stake was recognised at fair value.

	31/12/2020	31/12/2019
Balance at 1 January	14.793.934	32.765.173
Net income from joint ventures	20.164.625	11.081.986
Provision for negative equity	- 158.739	- 659
Dividend received from joint ventures	- 971.943	- 669.500
Disposal of investment	- 2.380.585	- 28.383.066
Balance at 31 December	**31.447.292**	**14.793.934**
Goodwill included in carrying amount of investments in joint ventures	336.904	336.904

The entity Delo 1 has been sold on 29 January 2019 for EUR 56,797,762, meaning EUR 28,398,881 for the Group's 50% stake. No gain or loss is recognised in the Statement of Profit and Loss because the Group's stake was recognised at fair value.

The entity TMT RWP SRO (100% held by Top Development) has been sold on 27 June 2019 for EUR 2,398,705, meaning EUR 1,199,352 for the Group's 50% stake. A gain of EUR 672,672 is recognised in "Share in the net profit (loss) of equity accounted investments" in the Statement of Profit and Loss.

Summarised financial information of Grossfeld PAP

	31/12/2020	31/12/2019
Revenue and other operating revenues	889.941	246.231
Profit (loss) before interest and taxation	40.316.444	21.251.440
Taxation	-	- 276.092
Profit (loss) for the year	**40.318.527**	**20.975.348**
Profit (loss) attributable to owners of the company	20.160.186	10.487.674

	31/12/2020	31/12/2019
Non-current assets	92.918	39.041
Current Assets	253.132.721	215.345.165
Total Assets	**253.225.639**	**215.384.206**
Non-current liabilities	122.908.043	113.569.074
Current liabilities	69.989.670	82.935.668
Total Liabilities	**192.897.713**	**196.504.742**
Net assets	**60.327.926**	**18.879.464**
Group's share of net assets	29.599.911	9.439.732

Summarised financial information of Grossfeld Immobilière

	31/12/2020	31/12/2019
Revenue and other operating revenues	178.948	612.677
Profit (loss) before interest and taxation	1.656.522	283.508
Taxation	- 939.925	- 319.628
Profit (loss) for the year	**716.597**	**- 35.074**
Profit (loss) attributable to owners of the company	358.298	- 17.538

	31/12/2020	31/12/2019
Non-current assets	13.431	2.763
Current Assets	56.344.317	11.101.078
Total Assets	**56.357.748**	**11.103.841**
Non-current liabilities	1.254.738	314.813
Current liabilities	56.126.287	12.528.902
Total Liabilities	**57.381.025**	**12.843.715**
Net assets	**- 1.023.277**	**- 1.739.874**
Group's share of net assets	- 511.640	- 869.938

Summarised financial information of CBS Development

	31/12/2020	31/12/2019
Revenue and other operating revenues	30.000	-
Profit (loss) before interest and taxation	364.238	- 1.764.779
Taxation	-	- 386.823
Profit (loss) for the year	**6.590**	**- 2.305.686**
Profit (loss) attributable to the owners of the company	3.295	- 1.152.843

	31/12/2020	31/12/2019
Non-current assets	3.700.303	5.093.090
Current Assets	747.251	2.130.111
Total Assets	**4.447.554**	**7.223.201**
Non-current liabilities	-	-
Current liabilities	6.997.245	9.779.482
Total Liabilities	**6.997.245**	**9.779.482**
Net assets	**- 2.549.691**	**- 2.556.281**
Group's share of net assets	- 1.274.845	- 1.278.140

Summarised financial information of CBS Invest

	31/12/2020	31/12/2019
Revenue and other operating revenues	355.000	-
Profit (loss) before interest and taxation	- 651.448	- 341.135
Taxation	- 37.818	- 206.014
Profit (loss) for the year	**- 304.819**	**- 485.297**
Profit (loss) attributable to the owners of the company	- 152.410	- 242.649

	31/12/2020	31/12/2019
Non-current assets	878.574	3.176.910
Current Assets	7.409.338	6.764.516
Total Assets	**8.287.912**	**9.941.426**
Non-current liabilities	-	-
Current liabilities	2.043.477	3.392.172
Total Liabilities	**2.043.477**	**3.392.172**
Net assets	**6.244.435**	**6.549.254**
Group's share of net assets	3.122.219	3.274.628

Summarised financial information of Top Development

	31/12/2020	31/12/2019
Revenue and other operating revenues	-	485.707
Profit (loss) before interest and taxation	- 10.163	2.581.269
Taxation	-	129.885
Profit (loss) for the year	**- 10.370**	**2.447.350**
Profit (loss) attributable to the owners of the company	- 5.185	1.223.675

	31/12/2020	31/12/2019
Non-current assets	-	405.002
Current Assets	-	6.636.307
Total Assets	**-**	**7.041.309**
Non-current liabilities		-
Current liabilities	-	325.883
Total Liabilities	**-**	**325.883**
Net assets	**-**	**6.715.426**
Group's share of net assets	-	3.357.714

Extensa Group granted a corporate guarantee of EUR 7.4 million in favor of the BIL (Banque Internationale à Luxembourg) to cover the risk of a bank facility granted to the fund Grossfeld PAP SA SICAV-FIAR with respect to its land portfolio. Since the business outlook of its underlying projects is seemingly positive, the recourse on this guarantee risk is deemed as remote.

Extensa Group granted a guarantee in favor of the BIL (Banque Internationale à Luxembourg) to cover the risk of a bank facility granted to the subsidiaries of the fund Grossfeld PAP SA SICAV-FIAR with respect to its residential development. The guarantee concerns interest payments, commissions and fees. Since the business outlook of its underlying projects is positive, the recourse on this guarantee risk is deemed as remote.

Extensa Group granted a guarantee in favor of the BGL to cover the risk of a bank facility granted to the subsidiaries of the fund Grossfeld PAP SA SICAV-FIAR with respect to its office developments. The guarantee concerns cash flow deficiency, development cost overrun capped to 7% as well as cost overrun relating to registration duties. Since the business outlook of its underlying projects is positive and the development cost overrun is capped, the recourse on this guarantee risk is deemed as remote.

The Group has no other contingent liabilities or commitments towards its joint ventures.

The Group recognises its share of losses of an investee (because the losses exceed the carrying amount of its investment) to the extent that the Group is liable to carry these losses. This information is disclosed below:

Name of Joint venture	**Country of incorporation and operation**	**Recognised share of losses**	
		31/12/2020	**31/12/2019**
Grossfeld Immobilière	Luxembourg	511.639	869.938
Les Jardins de Oisquercq	Belgium	976.550	776.990
		1.488.189	**1.646.928**

9 Finance lease receivable

All figures in Euro

	Minimum lease payments		Present value of minimum lease payments	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
Within one year	708.961	695.059	646.345	620.295
After one year but not later than five years	3.141.975	3.850.936	3.033.679	3.680.024
Later than five years				
	3.850.936	4.545.995	3.680.024	4.300.319
Less: Unearned finance income	- 170.912	- 245.676	N/A	N/A
Present value of minimum lease payments receivable	**3.680.024**	**4.300.319**	**3.680.024**	**4.300.319**

The finance lease receivable relates to the lease of a building with a remaining lease term of 4 years (2019: 5 years) (total lease term from commencement is 25 years).

The interest rate inherent in the lease is 1.9% (2019: 1.9%) and is fixed for the remaining lease term.

The finance lease receivable at the end of the reporting period is neither past due nor impaired.

10 Income taxes

All figures in Euro

	31/12/2020	31/12/2019
Current tax		
In respect of the current year	- 10.123.942	- 4.242.045
In respect of prior years	1.640.691	-
	- 8.483.251	**- 4.242.045**
Deferred tax		
In respect of the current year	7.725.036	- 449.114
	7.725.036	**- 449.114**
Total income tax expense	**- 758.215**	**- 4.691.159**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	31/12/2020	31/12/2019
Profit before tax	31.109.658	52.174.549
Share in the net profit (loss) of equity accounted investments	- 20.164.625	- 11.081.986
Adjusted profit before tax	10.945.033	41.092.563
Income tax expense calculated at 25% (2019: 29.58%)	- 2.736.258	- 12.155.180
Adjusted for:		
Non-taxable income	1.649.379	8.080.580
Taxable income of joint ventures	- 2.620.785	- 2.258.300
Non-deductible expenses	- 26.908	- 440.514
Utilisation and recognition of previously unrecognised tax losses	1.002.509	731.347
Effect of different tax rates of subsidiaries operating in other jurisdictions	294.283	1.481.657
Other	38.874	- 130.749
	- 2.398.906	- 4.691.159
Adjustments recognised in the current year in relation to the current tax of prior years	1.640.691	-
Income tax expense recognised in profit and loss	**- 758.215**	**- 4.691.159**
Effective tax rate of the year	**7%**	**11%**

Following the tax reform enacted in December 2017 in Belgium, the tax rate decreased from 29,58% in 2019 to 25% in 2020. Adjustments recognised in the current year in relation to the current tax of prior years relate to the group contributions of financial year 2019.

Deferred taxes

Deferred taxes on the consolidated statement of financial position refers to the following temporary differences:

	Deferred tax assets	
	31/12/2020	**31/12/2019**
Tax losses	4.950.000	5.600.000
Tax advances	2.801.724	-
Total	7.751.724	5.600.000

	Deferred tax liabilities	
	31/12/2020	**31/12/2019**
Remeasurement on land position	15.163.029	17.828.054
Investment property	7.485.750	6.772.415
Contract assets	1.394.620	5.029.842
Inventories	4.563.813	4.334.024
Other	156.273	385.382
Total	28.763.485	34.349.717

The following deferred tax assets have not been recognised at the reporting date:

	31/12/2020	**31/12/2019**
DTA on unused tax losses	5.263.642	7.462.000

There is no expiry date for the deferred tax assets that have not been recognised at the reporting date.

Deferred taxes in the consolidated statement of profit and loss refers to the following temporary differences:
(Positive amounts indicating a positive impact on the Profit & Loss statement and vice versa.)

Deferred tax assets	**31/12/2020**	**31/12/2019**
Tax losses	- 650.000	2.452.991
Tax advances	2.801.724	-
Total	2.151.724	2.452.991

Deferred tax liabilities	**31/12/2020**	**31/12/2019**
Remeasurement on land position	2.665.025	12.888
Investment property	- 713.335	- 2.844.568
Contract assets	3.635.222	- 1.532.376
Inventories	- 229.789	- 486.260
Other	216.189	1.948.211
Total	5.573.312	- 2.902.105

11 Inventories

All figures in Euros

	31/12/2020	31/12/2019
Land portfolio	112.129.712	150.460.568
Construction in progress	458.873	869.523
	112.588.585	**151.330.091**

The construction in progress included in inventories relates to residential projects in progress for which the Group does not yet have a signed sales agreement.

The decrease in Inventories by EUR 38,741,506 is mainly explained by a transfer towards Investment property of EUR 5,300,470 and a transfer towards Contract assets of EUR 29,247,155.

In 2020, the land portfolio included a total write down of EUR 848,744 (2019: EUR 883,793). The amount of inventories recognised as an expense in 2020 is EUR 5,166,620 (2019: EUR 428,484).

Inventories pledged as security for financial liabilities in 2020 is EUR 37,998,315 (2019: EUR 37,998,315).

The directors have evaluated that there is no significant impact of Covid-19 on the net realisable value for inventory.

12 Contract assets

All figures in Euros

	31/12/2020	31/12/2019
Construction costs incurred plus recognised profits less recognised losses to date	88.008.057	171.237.275
Less: Progress billings	- 5.742.511	- 140.205.417
	82.265.546	**31.031.858**

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with series of performance-related milestones. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract assets relate to the projects Riva and Park Lane in Belgium and Cloche d'Or in Luxembourg.
Please refer to note 18 for further explanation.

The increase in Contract assets by EUR 51,233,688 is mainly explained by a transfer from Inventory of EUR 29,247,155. The remaining evolution relates to the additional construction costs incurred and profits recognised on Contract assets.

13 Trade and other receivables

All figures in Euro

	31/12/2020	31/12/2019
Trade receivables	5.467.334	8.534.329
Advances to related parties	24.655.940	31.675.922
Less: Allowance for doubtful debts	- 223.290	- 207.279
	29.899.984	40.002.972
VAT receivable	4.618.353	1.436.162
Other receivables	15.109.424	14.064.866
	49.627.761	**55.504.000**

The amortised cost balances of Trade and other receivables also reflect their fair market values.
The average credit period is 60 days. There are no receivables that are past due but not impaired. All remaining receivables are not overdue. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The impact of the Covid-19 virus on the Trade and other receivables as per 31 December 2020 is not material.

Movement in the allowance for doubtful debts

	31/12/2020	31/12/2019
Balance at beginning of the year	- 207.279	- 225.502
Impairment losses recognised on receivables	- 1.917	- 1.728
Amounts written off during the year as uncollectible	-	-
Allowances utilised during the year	- 14.094	19.951
Impairment losses reversed	-	-
Balance at end of the year	**- 223.290**	**- 207.279**

Non-current receivables	31/12/2020	31/12/2019
Other receivables	6.212.214	12.547.867

Non-current receivables relate to the real estate certificates emitted by Grossfeld PAP, in which Gasperich Invest has invested during the year 2019, as well as the financing for this investment. Please refer to the Associates and Joint Ventures note as well as the Joint Operations note. A part of the long term Other receivables have been reclassified to short term receivables as per 31 December 2020.

14 Cash & cash equivalents

All figures in Euro

	31/12/2020	31/12/2019
Cash and bank balances	23.932.121	27.381.529

There are no restricted cash balances.

15 Financial liabilities

All figures in Euro	Effective interest rate %	Maturity	Pledges	31/12/2020	31/12/2019
Non-current borrowings					
Tour & Taxis				**171.675.000**	**97.761.000**
EUR 31.7 million bank loan	1,35%	31/12/2025	Property & shares	31.675.000	27.602.000
EUR 100 million bank loan	1,35%	31/12/2025	Property & shares	100.000.000	70.159.000
EUR 6 million bank loan	1,20%	31/12/2025	Property & shares	6.000.000	-
EUR 34 million bank loan	1,60%	31/01/2024	Property & shares	34.000.000	-
EMTN program				**84.211.162**	**44.614.780**
5 year bonds (2017)	3,00%	29/06/2022	Unsecured	44.774.218	44.614.780
4 year bonds (2020)	3,38%	05/06/2024	Unsecured	39.436.945	-
				255.886.162	**142.375.780**

	Effective interest rate %	Maturity	Pledges	31/12/2020	31/12/2019
Current borrowings					
Tour & Taxis				**-**	**40.000.000**
EUR 6 million bank loan	1,00%	31/05/2020	Property & shares	-	6.000.000
EUR 34 million bank loan	1,60%	31/01/2020	Property & shares	-	34.000.000
EMTN program				**-**	**29.914.569**
3 year bonds	2,50%	29/06/2020	Unsecured	-	29.914.569
CP program				**-**	**-**
Commercial papers	N/A	N/A	Unsecured	-	-
CP backup line EUR 50 million	1,25%	N/A	Unsecured	-	-
Other credit lines				**-**	**4.272.744**
USD 4.6 million bank loan	1,10%	05/05/2020	EUR collateral	-	4.272.744
				-	**74.187.313**

The Group incurred transaction costs of EUR 1,225,000 related to the EMTN bond program of 2017 and EUR 656,000 related to the EMTN bond program of 2020. These transaction costs were included in the initial recognition of the liability.

Interest is paid at a minimum on an annual basis. All capital repayments are made at maturity.
The balances of the Financial liabilities also reflect their fair market values.

Fixed interest rates are applied on the borrowings following the EMTN program whereas variable interest rates are applied on the other borrowings of the Group. Please refer also to note 26.8.

The Group has refinanced the EUR 34 million bank loan early 2020. The loan came to maturity on 31 January 2020 and was therefore classified as current borrowings as per 31 December 2019. The bank loan has been extended till 31 January 2024.

The Group has refinanced the EUR 6 million bank loan during 2020. The loan came to maturity on 31 May 2020 and was therefore classified as current borrowings as per 31 December 2019. The bank loan has been extended till 31 December 2025.

The Group granted a guarantee in favor of BNP Parisbas Fortis & Belfius Bank relating to the EUR 100 million bank loan. This guarantee concerns cash flow deficiency on interests and general costs as well as cost overrun.

Existing loan covenants are detailed below:

	Loan to value ratio			Interest coverage ratio		
Tour & Taxis	**Required**	**31/12/2020**	**31/12/2019**	**Required**	**31/12/2020**	**31/12/2019**
EUR 31.7 million bank loan	< 75%	68%	69%	> 1.15	1,4	2,9
EUR 6 million bank loan	< 70%	33%	29%	> 2.25	9,2	29,1
EUR 34 million bank loan	< 45%	22%	22%	N/A	N/A	N/A

	Net worth (i)			Net worth to Total liabilities		
EMTN program	**Required**	**31/12/2020**	**31/12/2019**	**Required**	**31/12/2020**	**31/12/2019**
3 year bonds	> 100,000,000	252.986.405	236.783.229	> 30%	42%	43%
5 year bonds	> 100,000,000	252.986.405	236.783.229	> 30%	42%	43%
4 year bonds	> 100,000,000	252.986.405	N/A	> 30%	42%	N/A

	Net worth (i)			Net worth to Total liabilities		
CP program	**Required**	**31/12/2020**	**31/12/2019**	**Required**	**31/12/2020**	**31/12/2019**
Backup commercial papers	> 175,000,000	252.986.405	236.783.229	> 30%	42%	43%

(i) Net worth includes equity, excluding intangible assets as required by the loan agreements.
The Group is not in breach of any of its loan covenants.
The covenants relating to the EUR 100 million bank loan will be applicable as from 30 June 2021.

15.1 Reconciliation of liabilities arising from financing activities

All figures in Euro

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		Cash changes	Non-cash changes				
	01/01/2020	**Financing cash flows**	**Participation fee**	**Reclassification long-term to short-term**	**Foreign exchange**	**Finance expense**	**31/12/2020**
Bank loans	137.761.000	33.914.000	-	-	-	-	171.675.000
Bonds	74.529.349	10.000.000	- 318.187	-	-	-	84.211.162
Commercial papers	-	-	-	-	-	-	-
Other credit lines	4.272.744	- 4.272.744	-	-	-	-	-
Long-term payables	-	-	-	-	-	-	-
Lease liability	204.740	- 81.352	-	-	-	12.637	136.025
	216.767.833	**39.559.905**	**- 318.187**	**-**	**-**	**12.637**	**256.022.187**

		Cash changes	Non-cash changes				
	01/01/2019	**Financing cash flows**	**Participation fee**	**Reclassification long-term to short-term**	**Foreign exchange**	**Finance expense**	**31/12/2019**
Bank loans	49.000.000	88.761.000	-	-	-	-	137.761.000
Bonds	74.233.923	-	295.426	-	-	-	74.529.349
Commercial papers	4.000.000	- 4.000.000	-	-	-	-	-
Other credit lines	3.994.209	-	-	-	278.535	-	4.272.744
Long-term payables	6.000.000	-	-	- 6.000.000	-	-	-
Lease liability	243.629	- 55.212	-	-	-	16.323	204.740
	137.471.761	**84.705.788**	**295.426**	**- 6.000.000**	**278.535**	**16.323**	**216.767.833**

16 Trade and Other Payables

All figures in Euro

	31/12/2020	31/12/2019
Current payables		
Trade payables	32.193.698	34.981.477
Other payables	8.193.713	8.096.837
VAT payable	3.938	967.756
	40.391.349	**44.046.070**

Trade payables have payment terms between 30 and 60 days in general and are non-interest bearing. The balances of the Trade and Other Payables also reflect their fair market values.

The Herman Teirlinck property was held by a subsidiary of the Group, VAC De Meander. During 2016, the Group acquired all of the non-controlling interest in VAC De Meander (49%) for EUR 32,500,000. The purchase price is due in several phases: (i) EUR 22,500,000 was paid in cash at the closing date in December 2016, (ii) EUR 4,000,000 was paid in cash during 2017, and (iii) EUR 6,000,000 was due to be paid on 31 December 2020 based on Article 3.3.1.b of the SPA with PMV stipulating as a general rule, that the payment is to be made at the latest on 31 December 2020. However, in any of the events set out in that clause, it foresees alternative mechanisms which were used to delay payment after 31 December 2020, albeit with 31 December 2025 as cut-off date.

17 Provisions

All figures in Euro

	31/12/2020	31/12/2019
Contractual obligations	6.581.126	7.561.909
Recognised share of losses in joint ventures	1.488.189	1.646.928
	8.069.315	**9.208.837**

Current	6.118.004	7.019.648
Non-current	1.951.311	2.189.189
	8.069.315	**9.208.837**

Please refer to the Investments in Associates and Joint Ventures note for details on the recognised share of losses in joint ventures.

The contractual obligations relate mainly to the Herman Teirlinck property that was sold as part of the sale of VAC De Meander in 2017. Furthermore, it includes a provision for the closing of Extensa Istanbul. Please refer to the Subsidiaries note.

18 Revenue

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Revenue from real estate services	1.792.518	1.160.229
Revenue from the sale of land (point in time)	5.113.061	325.546
Revenue from development	20.450.458	85.963.597
Revenue from management fees	226.833	817.000
	27.582.870	**88.266.372**

The impact of the Covid-19 virus on Revenue during the financial year 2020 is not material.

Revenue from real estate services & revenue from management fees

Revenue from real estate services concern third parties and management fees concern related parties. Please see note 28 for the details of related party transactions. Please see note 27 for disaggregation of the Group's revenue based on geography.

Revenue from the sale of land

A plot of land in Schilde and a plot of land in Zoutleeuw were sold in 2020 for a total of EUR 1,463,636. Furthermore, the Group sold a plot of land of project Park Lane, located at Tour & Taxis (Brussels) for EUR 3,649,425. Last year in 2019, three smaller land plots were sold for in total EUR 325,546.

Revenue from development

The Cloche d'Or project, located in Luxembourg, consists of 909 residential units. As at the end of 2020, 892 units (notary deeds) in total have been sold for EUR 487,714,240 (2019: 891 units sold for 441,336,352). The evolution in revenue is mainly related to the progress in the project's construction. Construction, which commenced in 2015, has been segregated into four phases and has been completed in 2020. Phases 1 and 2 have been completed in 2018, phase 3 was completed in 2019 and phase 4 was completed in 2020.

Construction on project Riva, located at Tour & Taxis (Belgium), commenced in 2017 and consists of 139 residential units. All units were sold at the end of 2019. The Group recognised a revenue of EUR 4,053,306 during 2020 (2019: EUR 31,457,795).

Construction on project Park Lane, located at Tour & Taxis (Belgium), commenced in 2019 and consists of 319 residential units. During 2020, the Group sold 55 units and recognised a revenue of EUR 9,673,382 during 2020 (2019: 0 EUR).

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Year ended 31/12/2020	Year ended 31/12/2019
Revenue from real estate services	-	-
Revenue from the sale of land	-	-
Revenue from development	11.616.313	6.991.404
Revenue from management fees	-	-
	11.616.313	**6.991.404**

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 december 2020 will be recognised as revenu during the next reporting period (EUR 11,616,313).

19 Property rental income

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Property rental income	7.169.715	8.249.821

The Group derives its rental income from the following real estate properties:

	31/12/2020	31/12/2019
Events	1.680.177	4.787.165
Parking lot	1.520.045	2.006.302
Offices	3.083.451	-
Development	75.883	1.039.477
Remaining property rental income	810.159	416.877

The Property rental income relating to Events has been negatively impacted by the Covid-19 virus during the financial year 2020 because the events and conferencing on the Tour & Taxis site have been cancelled following the precautionary measures taken by the Government.

The real estate properties "Events" and "Parking lot" concern short term contracts.

The below table discloses the non-cancellable operating lease income mainly related to Offices:

	31/12/2020	31/12/2019
Within 1 year	4.848.411	3.405.257
After 1 year but not later than 5 years	17.366.363	14.214.157
Later than 5 years	38.192.329	13.986.413
Total	**60.407.103**	**31.605.827**

20 Other operating income

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Other operating income	5.927.849	2.982.070

Other operating income relates to the real estate development projects on the Cloche d'Or site in Luxembourg, except for the first residential project of 909 units (see note Revenue).

21 Property Development expenses

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Expenses associated to real estate services	- 2.534.582	- 1.322.731
Expenses related to sold land	- 5.166.620	- 428.484
Expenses related to development	- 10.246.382	- 43.010.120
	- 17.947.584	**- 44.761.335**

Please refer to the Revenue note for details on the projects.

22 Employee expenses

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Salaried employees	- 2.256.611	- 2.011.092
Consultants	- 4.519.336	- 5.425.685
	- 6.775.947	**- 7.436.777**

	Year ended 31/12/2020	Year ended 31/12/2019
Short-term employee benefits	- 6.650.242	- 7.360.834
Pension costs	- 125.705	- 75.943
	- 6.775.947	**- 7.436.777**

The consultants expense mainly comprises remuneration paid to the Group's management committee as well as fees paid to the project managers on the Tour & Taxis real estate project.

Pension costs relate to the contribution to the group insurance plan. There is no material underfunding.

23 Other operating expenses

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Other operating expenses comprises:		
Marketing expenses	822.571	1.712.997
External consulting fees	3.207.792	3.368.776
Rent & maintenance expenses	2.002.072	1.518.132
Expenses to be reinvoiced to tenants	366.599	536.361
Utilities	378.558	373.102
Operational taxes	862.957	706.327
Interim personnel	627.696	698.409
Other expenses	18.037	337.292
Total	**8.286.280**	**9.251.396**

Rent & maintenance expenses includes expenses of EUR 1,029,315 (2019: EUR 1,326,610) arising from investment properties that generated rental income during the period.

The decrease in marketing expenses by EUR 890,426 is highly corelated to the Group's development projects. We refer to note 18 for details on the projects.

24 Finance income

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Interest income from investments	638.510	12
Interest on loans to related parties	4.567.033	4.895.681
Interest on cash balances	-	-
Other financial income	2.846	7.918
Foreign exchange gains	-	-
	5.208.389	**4.903.611**

Interest income from investments relates mainly to interest income on loans provided to development partners, that are non-related parties.

25 Finance expenses

All figures in Euro

	Year ended 31/12/2020	Year ended 31/12/2019
Interest on third party loans	5.630.552	4.236.363
Interest on lease liabilities	12.637	16.323
Foreign exchange losses	89.986	120.263
Other interest expense	282.999	678.537
	6.016.174	5.051.486
Less: capitalised interests	- 1.141.832	- 1.221.649
	4.874.342	**3.829.837**

26 Financial Instruments

All figures in Euro

26.1 Capital management

The Group's objectives when managing capital are to insure its ability to continue as a going concern and to support its strategic growth plans. To optimize the capital structure, the Group may decide to issue bonds or similar instruments in financial markets.

Management closely monitors solvency, liquidity, equity returns and profitability levels. The Group monitors the capital and statement of financial position structure primarily based on the total equity to total assets ratio.

26.1.1 Total equity/total assets ratio

The ratio at the end of the reporting period was as follows:

	31/12/2020	31/12/2019
Corrected equity (i)	252.986.405	236.783.229
Total assets	598.424.662	551.081.274
Total equity/Total assets	**42%**	**43%**

(i) Corrected equity includes equity, excluding intangible assets as required by the loan agreements.

26.2 Categories of financial instruments

	31/12/2020	
Financial assets	*Amortised cost*	*Fair value level*
Cash and cash equivalents	23.932.121	
Trade and other receivables	55.839.975	
Contract assets	82.265.546	
Finance lease receivable	3.680.024	
	165.717.666	
Financial liabilities	*Amortised cost*	*Fair value level*
Borrowings	255.886.162	
Trade and other payables	40.391.349	
Lease liability	136.025	
Non-current hedging instruments		1
	296.413.536	

	31/12/2019	
Financial assets	*Amortised cost*	*Fair value level*
Cash and cash equivalents	27.381.529	
Trade and other receivables	68.051.867	
Contract assets	31.031.858	
Finance lease receivable	4.300.319	
	130.765.573	
Financial liabilities	*Amortised cost*	*Fair value level*
Borrowings	216.563.093	
Trade and other payables	44.046.070	
Lease liability	204.740	
	260.813.903	

26.3 Financial risk management objectives

Due to its activities, the Group is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

Financial risks usually relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Group uses derivative financial instruments on an ad hoc basis to hedge against the exposures arising from specific transactions.

Financial risks are managed by the Chief Financial Officer (CFO) and his team. The CFO identifies, evaluates and mitigates financial risks in accordance with the objectives set by the Chief Executive Officer (CEO).

26.4 Foreign currency risk management

The Group operates internationally and enters into transactions in foreign currencies (2020 and 2019: Romanian Leu). The Group has terminated its activities in Turkey in 2019. Refer to the Subsidiaries note. The major part of the Group's financial assets and financial liabilities are however denominated in Euro, which is the Group's functional currency.

The Group concludes most of its engineering and architectural contracts, main construction contracts and the main part of its financing contracts in Euro. The Group mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

As at 31 December 2020, there were no outstanding amounts covered by hedging contracts.

Despite these closely monitored initiatives and as a consequence of its international activity, foreign exchange risks may still affect the Group's financial position and results.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Extensa Romania	7.347	8.076	133.802	235.256

The following table details the Group's sensitivity to a 10% increase and decrease in the foreign exchange rates. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The balances below indicate the result of a 10% weakening in the foreign currency against the Euro. A positive number below indicates an increase in profit and a negative balance below indicates a decrease in profit. A 10% strengthening of the foreign currency against the Euro would have a comparable but opposite effect on the profit.

	Impact on profit	
	31/12/2020	31/12/2019
Romania RON	-12.646	-22.718

26.5 Interest rate risk management

The Group actively uses external and internal borrowings to finance its real estate development projects in Belgium, Luxembourg and Romania. A project's external financing is usually in the form of a bank loan denominated in Euro.

Except for some ad-hoc interest rate hedging in the past, the Group did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Group's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The financing structure reflects major project investment phases (i.e. acquisition of land, construction and holding of the properties) as follows:

• Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.

• Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated into the construction loan.

• Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan repayable gradually with rental income or fully upon sale of the property.

The group issued the following EMTN bonds:

• 30 M€ due 27 June 2020, bearing an interest of 2.75%, issued in 2017 and reimbursed in June 2020

• 45 M€ due 27 June 2022, bearing an interest of 3.00%, issued in 2017

• 40 M€ due 5 June 2024, bearing an interest of 3.375%, issued in 2020

26.5.1 Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rate for floating rate non-derivative instruments at the end of the reporting period. The analysis excludes loans that are capitalised to fixed assets in accordance with IAS 23 Borrowing costs, as interest rate changes in these loans would not directly impact the profit. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's result for the year ended 31 December 2020 would decrease/increase by EUR 662.009 (2019: EUR 70,569) without taking into account negative interest rates.

26.6 Operational risk

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Group's project companies. Although construction prices may vary during each accounting year, the Group generally limits its operational risk by entering into fixed price contracts.

Market risk

Before starting an investment, the Group's management teams perform market research, which comprises of the following:

- Status of the project's current zoning (eventual timing for rezoning necessary)
- Attitude of the local authorities towards the project
- Comparable projects being launched (timing and location)
- Profile of potential buyers/tenants
- Reasonable delivery date of the project
- Projected sale/lease prices at the date of delivery
- Yield expectations at that time

Permit risk

A detailed advance study of the existing master plan or zoning plans substantially reduces the risks on obtaining building permits. On this issue, it is the Group's policy to closely monitor new construction regulations and respect the interests of the city authorities. One should of course differentiate between the type of projects, their location and specific country principles.

Construction risk

Construction risks are monitored by in-house project managers. They estimate construction cost as from the date of the initial feasibility study and account for material discrepancies. The tracking of detailed budgets, the choice of materials / techniques and the monitoring of construction prices constitute therefore a continuous process to avoid cost overruns and delivery delays.

Financing risk

The Group continues to have strong commercial relationships with all major banking partners present in its operating countries.
In 2020, the Group has also proved to be able to call upon alternative financing through the issue of EMTN bonds in Belgium (total of EUR 40 million).

Commercial risk

Certain major projects require (internal) pre-lease levels, depending on the project scale, location, market environment or project typology. Smaller projects are started up without pre-leases. This set-up immediately triggers the involvement of both internal sales staff and/or external brokers. The Group's track record shows at least a 50% (or more) leasing level before the end of construction works.

26.7 Credit risk

Credit risk may arise from credit exposures with respect to tenants (mostly renowned international companies) and residential buyers. However, credit risk is limited due to the nature of the Group's business. Of the Trade and other receivables balance at the end of the year, EUR 6,264,509 (2019: EUR 20,087,079) is due from Grossfeld PAP and EUR 2,049,583 (2019: EUR 4,625,808) is due from Grossfeld Immobilière. Apart from this, the Group does not have significant credit risk exposure to any single counterparty. There is no significant credit risk relating to Contract assets and Cash and cash equivalents.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with finance lease receivables is mitigated because they are secured over the leased building.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called upon. Refer to note 8.

Refer to the Accounting policies (note 3) for details on the Group's basis for recognising expected credit losses. No significant allowances for non-payment were necessary in the current or previous year. Refer to note 13.

26.8 Liquidity risk

A prudent management of liquidity risks implies maintaining the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying business activities, the Group actively uses external and internal funds to ensure that timely resources are always available to cover capital needs. The liquidity position is monitored by management based on forecasts encompassing 24 to 36 months.

The total amount in the tables below includes nominal amount and interest component, whereas the carrying amount only includes the nominal outstanding amount.

31/12/2020	Average effective rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total amount	Carrying amount
Variable interest rate instruments	1,51%	199.468	398.935	1.795.209	180.334.166		182.727.779	171.675.000
Fixed interest rate instruments	3,19%	222.852	445.704	2.005.668	89.547.380		92.221.604	84.211.163
		422.320	**844.639**	**3.800.877**	**269.881.546**	**-**	**274.949.382**	**255.886.163**

31/12/2019	Average effective rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total amount	Carrying amount
Variable interest rate instruments	1,28%	3.853.626	7.707.253	34.682.638	103.988.584	-	150.232.101	142.033.744
Fixed interest rate instruments	2,75%	2.666.740	5.333.479	24.000.657	47.291.667	-	79.292.543	74.529.349
		6.520.366	**13.040.732**	**58.683.296**	**151.280.251**	**-**	**229.524.645**	**216.563.093**

The Group has access to financing facilities of which EUR 50,000,000 were unused at the reporting date (2019: EUR 83,939,000).

26.9 Foreign political and economic risk

Minor operations and/or projects are located in Romania. As a result, the development of these projects and the upstreaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, regulatory and tax conditions.

27 Segment reporting

All figures in Euro

A segment is a distinguishable component of the Group, which generates revenues and incurs expenditures. The segment reporting is presented in respect of geographical segments. The operating results are regularly reviewed by the Management Committee in order to monitor the performance of the various segments in terms of strategic goals, plans and budgets. Segments of the Group that do not meet the IFRS 8 criteria to be reportable, have been aggregated and disclosed as "Other".

The results and asset and liability items of the segment include items that can be attributed to a segment, either directly, or allocated on an allocation formula.

2020	Belgium	Luxembourg	Other	Total	
Revenue from development	13.792.190	6.658.268	-	20.450.458	
Revenue from the sale of land	5.113.061	-	-	5.113.061	
Revenue from real estate services	1.792.518			1.792.518	
Revenue from management fees	226.833	-	-	226.833	
Property rental income	6.797.496	372.219	-	7.169.715	
Other operating income	5.924.700	28	3.121	5.927.849	
Operating expenses					
Property development expenses	- 20.773.395	2.804.657	21.154	- 17.947.584	
Employee expenses	- 6.774.124	-	- 1.823	- 6.775.947	
Depreciation and impairment losses	- 573.302	-	- 272	- 573.574	
Other operating expenses	- 7.225.970	- 930.753	- 129.557	- 8.286.280	
Change in fair value of Investment Properties	2.110.034	-	-	2.110.034	
Profit/(loss) on disposal of assets	1.403.903	-	-	1.403.903	
Share in the net profit (loss) of equity accounted investments	- 348.673	20.518.483	- 5.185	20.164.625	
Earnings before Interests & Taxes (EBIT)	**1.465.271**	**29.422.902**	**- 112.562**	**30.775.611**	
Finance income				5.208.389	
Finance expenses				- 4.874.342	
Change in fair value of derivatives				-	
Profit/(loss) before tax (PBT)				**31.109.658**	
Income taxes				- 758.215	
Profit/(loss) of the period				**30.351.443**	
Non-controlling interest				4.438.423	(1)
Share of the group				**25.913.020**	
Segment assets	547.733.514	62.667.187	- 11.976.039	598.424.662	
Equity accounted investments included in segment assets	2.359.017	29.088.275	-	31.447.292	
Segment liabilities	330.618.505	13.738.651	14.118	344.371.274	

(1) The non-controlling interest relates to the subsidiary Grossfeld Developments, part of the "Luxembourg" segment.

2019	Belgium	Luxembourg	Other	Total	
Revenue from development	38.715.628	47.247.969	-	85.963.597	
Revenue from the sale of land	325.546	-	-	325.546	
Revenue from real estate services	1.160.229	-	-	1.160.229	
Revenue from management fees	817.000	-	-	817.000	
Property rental income	8.249.821	-	-	8.249.821	
Other operating income	2.972.721	9.349	-	2.982.070	
Operating expenses					
Property development expenses	- 35.076.242	- 9.715.310	30.217	- 44.761.335	
Employee expenses	- 7.357.311	-	- 79.466	- 7.436.777	
Depreciation and impairment losses	- 471.673	-	- 695	- 472.368	
Other operating expenses	- 7.609.713	- 1.541.693	- 99.990	- 9.251.396	
Change in fair value of Investment Properties	1.283.974	-	-	1.283.974	
Profit/(loss) on disposal of assets	1.045.812	-	-	1.045.812	
Share in the net profit (loss) of equity accounted investments	- 1.572.839	11.384.749	1.270.076	11.081.986	
Earnings before Interests & Taxes (EBIT)	**2.482.953**	**47.385.064**	**1.120.142**	**50.988.159**	
Finance income				4.903.611	
Finance expenses				- 3.829.837	
Change in fair value of derivatives				112.616	
Profit/(loss) before tax (PBT)				**52.174.549**	
Income taxes				- 4.691.159	
Profit/(loss) after tax from continuing operations				47.483.390	
Profit/(loss) after tax from discontinued operations				-	
Profit/(loss) of the period				**47.483.390**	
Non-controlling interest				18.008.584	(1)
Share of the group				**29.474.806**	

Segment assets	497.572.978	61.767.390	- 8.259.094	551.081.274
Equity accounted investments included in segment assets	2.866.426	8.569.794	3.357.714	14.793.934
Segment liabilities	297.075.247	16.008.118	14.051	313.097.416

(1) The non-controlling interest relates to the subsidiary Grossfeld Developments, part of the "Luxembourg" segment.

Segment revenue reported above represents revenue generated from external customers. No single customer accounted for more than 10% of the Group's revenue. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

28 Related party transactions

All figures in Euro

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions mentioned here below are those performed with all related parties (exception made of the consolidated related parties) including:

- Majority shareholders and all companies directly or indirectly owned by them;
- Shareholders with a significant influence;
- Associates or joints arrangements;
- Group's key personnel
- Other significant related parties

		Management fees and finance income		Loans to related parties	
Name of related party	**Type of related party**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
CBS Development	Joint ventures	18.800	80.000	-	-
CBS-Invest	Joint ventures	70.062	43.402	961.980	937.911
Grossfeld PAP	Joint ventures	4.115.532	4.327.414	6.264.509	20.087.079
Grossfeld Immobilière	Joint ventures	223.775	45.808	2.049.583	4.625.808
Delo 1	Joint ventures	-	112.545	-	-
Les Jardins de Oisquercq	Joint ventures	259.823	237.556	2.602.126	2.317.304
Top Development	Joint ventures	10.042	184.954	-	-
Total		**4.698.033**	**5.031.678**	**11.878.197**	**27.968.102**

The Group has provided loans to its related parties at rates taking into account the creditworthiness of each specific entity. The loans to related parties are unsecured.

Compensation of key management personnel

The remuneration of directors and other member of key management personnel during the period was as follows:

	31/12/2020	**31/12/2019**
Short-term benefits	1.642.616	2.675.225
Total	**1.642.616**	**2.675.225**

Other related party transactions

There were no dividends distributed in 2020 and 2019.

29 Subsidiaries

All figures in Euro

Details of the Company's subsidiaries at December 31, 2020 are included in the table below:

Name of subsidiary	Country of incorporation	Principal place of business	Principal activity	Proportion of interest/voting rights		
				31/12/2020	31/12/2019	
Extensa	Belgium	Belgium	Real estate development	100,00%	100,00%	
Extensa Development	Belgium	Belgium	Real estate development	100,00%	100,00%	
Gare Maritime	Belgium	Belgium	Real estate development	100,00%	100,00%	
Implant	Belgium	Belgium	Real estate development	100,00%	100,00%	
Project T&T	Belgium	Belgium	Real estate development	100,00%	100,00%	
RFD	Belgium	Belgium	Inactive	100,00%	100,00%	
T&T Douanehotel	Belgium	Belgium	Real estate development	100,00%	100,00%	
T&T Food Experience	Belgium	Belgium	Property management	100,00%	100,00%	
T&T Openbaar Pakhuis	Belgium	Belgium	Property management	100,00%	100,00%	
T&T Parking	Belgium	Belgium	Property management	100,00%	100,00%	
T&T Tréfonds	Belgium	Belgium	Real estate development	100,00%	100,00%	
Tour & Taxis Services	Belgium	Belgium	Service provider to property management companies	100,00%	100,00%	
T&T Property Management	Belgium	Belgium	Property management	100,00%	0,00%	(3)
Vilvolease	Belgium	Belgium	Property management	100,00%	100,00%	
Extensa Invest I	Belgium	Belgium	Real estate fund	100,00%	0,00%	(2)
Beekbaarimo	Luxembourg	Luxembourg	Real estate	100,00%	100,00%	
Grossfeld Developments	Luxembourg	Luxembourg	Real estate development	100,00%	100,00%	(1)
RFD CEE Venture Capital	Netherlands	Netherlands	Holding	100,00%	100,00%	
Extensa Romania	Romania	Romania	Real estate development	100,00%	100,00%	
Extensa Istanbul	Turkey	Turkey	Real estate development	0,00%	0,00%	(4)

(1) Following the shareholder agreement, the Group has a beneficial interest of only 50% in the results of this subsidiary.

(2) This entity was established on 10 September 2020 and is registered on the list of real estate investment fund (REIF), i.e. « fonds d'investissement immobilier spécialisé » (FIIS) or « gespecialiseerd vastgoedbeleggingsfonds » (GVBF).

(3) The entity was established on 18 August 2020 for the purpose of property management.

(4) The Group has decided to close the entity Extensa Istanbul last year.
Consequently, the Group has recorded the foreign currency reserve relating to this entity of EUR 2,760,710 in the Consolidated Statement of Profit and Loss of 2019. This reserve was previously recorded in the Other Comprehensive Income as per 31 December 2018 (refer to the Consolidated Statement of Comprehensive Income).
Other expenses incurred in 2019 relating to the closing of the entity and the foreign currency reserve have been presented on a net basis on line item Profit/Loss on disposal of assets in the Consolidated Statement of Profit and Loss (EUR 538,275).
Furthermore, the Group has recorded following items on the balance sheet relating to Extensa Istanbul as per 31 December 2019:

- Financial debt :	EUR 4,272,744	Refer to note 15 on Financial liabilities
- Provision :	EUR 720,000	Refer to note 17 on Provisions

The Group revised the outstanding liquidation provision to EUR 500,000 as per 31 December 2020. The impact has been presented on line item Profit/Loss on disposal of assets in the Consolidated Statement of Profit and Loss (EUR 574,200).

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts after intragroup eliminations.

Summarised financial information of Grossfeld Developments

	31/12/2020	31/12/2019
Revenue and other operating revenues	6.658.268	47.257.318
Profit (loss) before interest and taxation	8.921.925	36.019.669
Taxation	2.429.158	- 646.478
Profit (loss) for the year	**11.315.394**	**35.370.690**
Profit (loss) attributable to the owners of the company	6.876.971	17.362.106
Profit (loss) attributable to the non-controlling interests	4.438.423	18.008.584

	31/12/2020	31/12/2019
Non-current assets	-	-
Current Assets	32.731.238	48.362.810
Total Assets	**32.731.238**	**48.362.810**
Non-current liabilities	4.331.481	4.520.029
Current liabilities	13.311.337	11.374.519
Total Liabilities	**17.642.818**	**15.894.548**
Net assets	**15.088.420**	**32.468.262**
Group's share of net assets	4.667.992	12.138.639
Non-controllings share of net assets	10.420.428	20.329.623

During the 2020 financial year, Grossfeld Developments distributed a dividend to its shareholders. The dividend distributed to the Group's minorities amounted to EUR 14,3 million (2019: EUR 15.2 million).

30 Joint operations

The Group has a material joint operation, Gasperich Invest, which was founded on 26 July 2019. The Group has a 54.05% share in the result consisting of rental income or proceeds from the sale of real estate property of Gasperich Invest, which provides funding for Grossfeld PAP SA SICAV-RAIF.

31 Capital commitments

All figures in Euros

Capital and other expenditure contracted for at the reporting date but not yet incurred is as follows:

		31/12/2020	31/12/2019
Cloche d'Or	*	4.671.831	14.067.397
Gare Maritime		1.200.000	17.936.204
Riva	*	466.255	5.889.337
Parking		250.000	3.200.107
Zone C	*	18.344.725	32.957.237
Total		**24.932.810**	**74.050.282**

* The financing need for the commitments for the residential real estate developments Cloche d'Or, Riva and Zone C will mainly be fulfilled thanks to the proceeds of clients.

Rental guarantees in 2020 amounted to EUR 3,357,237 (2019: EUR 3,357,237).

32 Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of Basic and Diluted earnings per share are as follows:

	2020	2019
Profit / (loss) of the period attributable to the owners of the Company	25.913.020	29.474.806
Dividends paid	-	-
Earnings used in the calculation of Basic and Diluted earnings per share	**25.913.020**	**29.474.806**
Number of ordinary shares for the purposes of Basic and Diluted earnings per share (see Note Consolidated Statement of Changes in Equity)	**642.979**	**642.979**

33 Contingencies

Correction of sale price for shares in FDC Targu Mures owned by RFD CEE Venture Capital BV
In 2007, the shareholders of FDC Targu Mures, including RFD CEE Venture Capital BV (previously Extensa Nederland BV) ("Venture Capital") owning 30% of the shares, sold their shares to PBW II Real Estate SA ("PBW II"), a Luxembourg fund. Following a disagreement between the sellers and the purchaser in relation to the purchase price, PBW II initiated arbitration proceedings which resulted in a condemnation of the sellers, including Venture Capital (without joint liability in respect of Venture Capital), to pay PBW II an additional sum of approximately EUR 26 million. Venture Capital is responsible for the payment of EUR 7.8 million (excluding interest). The Amsterdam court declared the arbitral award enforceable on the assets of Venture Capital in The Netherlands (exequatur) and PBW II subsequently requested Venture Capital to pay the amount awarded to it by the arbitral award. As at the date of the approval of the IFRS Statements, Venture Capital has no significant assets and the Group has not provided any guarantees in relation to any debt of Venture Capital.

34 Events after the reporting period

There are no material events that took place after the reporting period.

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Independent auditor's report on the consolidated financial statements of Extensa Group NV for the year ended 31 December 2020

As requested by the shareholders of Extensa Group NV ("the Company"), we report to you in the framework of our contract as independent auditor on the Consolidated Financial Statements of the Company and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2020 and the disclosures (all elements together the "Consolidated Financial Statements").

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Extensa Group NV, which consists of the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the disclosures, which show a consolidated balance sheet total of € 598.424.662 and of which the consolidated income statement shows a profit for the year of € 30.351.443.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2020, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Other matters

The Consolidated Financial Statements are prepared on a voluntary basis and do not result from an obligation in the Code of companies and associations ("CCA"). As a result, the Company does not need to adhere to article 3:32 of the CCA and does not need to prepare a Consolidated Annual Board Report. Our opinion is not modified in respect of this matter.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit.

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

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Annual Accounts in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company , nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional scepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or 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 audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

Ghent, 19 May 2021

EY Bedrijfsrevisoren BV
Independent auditor
Represented by

marnix van dooren

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