

BILK LOGISZTIKAI NYRT.
ANNUAL REPORT FOR 2018

Dated: Budapest, 18 March 2019

Publisher's Declaration

BILK LOGISZTIKAI Nyrt. (hereinafter referred to as: Company) makes a declaration to the effect that in the course of preparing their 2018 report, they acted in accordance with accounting principles stipulated in the Act C of 2000 on Accounting.

The annual report gives a true and fair view of the assets, liabilities, financial position, profit and standing of the business.

The Management Report gives a reliable view of the Company's situation, development and performance, by setting out major risks and uncertainty factors.

The data of the Annual Report have been audited by an independent auditor.

The announcements can be found on the related websites:

The website of the Company: www.bilk.hu

The website of the Budapest Stock Exchange (Budapesti Értéktőzsde Zrt): www.bet.hu

The related website operated by the National Bank of Hungary (MNB): www.kozzetetelek.hu

Budapest, 18 March 2019



Livia Waberer
Chief Executive Officer

BALANCE SHEET OF BILK LOGISZTIKAI Nyrt.
31 December 2018
 VERSION 'A'

Assets

expressed in EUR

Sequence number	Item	08/01/2018	31/12/2018
01. A.	Fixed assets (line 02+10+18)	124 141 820	129 491 925
02. I.	INTANGIBLE ASSETS (lines 03-09)	825	3 880
03. 1.	Capitalised value of start-up and restructuring		
04. 2.	Capitalised value of R&D		
05. 3.	Leasing and similar rights	647	2
06. 4.	Intellectual products	178	3 878
07. 5.	Goodwill		
08. 6.	Prepayment on intangible assets		
09. 7.	Revaluation of intangible assets		
10. II.	TANGIBLE ASSETS (lines 11-17)	124 140 995	129 488 045
11. 1.	Land and related property-valued rights	123 834 350	124 591 323
12. 2.	Technical equipment, machinery, vehicles	38 089	17 713
13. 3.	Other equipment, accessories, vehicles	173 906	116 222
14. 4.	Livestock		
15. 5.	Reconstruction in progress	94 650	2 514 355
16. 6.	Prepayment on investments		9 937
17. 7.	Revaluation of tangible assets		2 238 495
18. III.	FINANCIAL INVESTMENTS (lines 19-26)	0	0
19. 1.	Long-term shares in associated undertakings		
20. 2.	Long-term loans to associated undertakings		
21. 3.	Significant permanent ownership shares		
22. 4.	Long-term loans to undertakings in major profit-sharing partnership		
23. 5.	Other long-term share		
24. 6.	Long-term loans to undertakings in other profit-sharing partnership		
25. 7.	Other long-term loans		
26. 8.	Securities embodying long-term credit partnership		
27. 9.	Revaluation of financial investments		
28. 10.	Valuation difference of financial investments		

Sequence number	Item	08/01/2018	31/12/2018
29. B.	Current assets (lines 28+35+43+49)	1 625 978	3 817 486
30. I.	INVENTORIES (lines 29-34)	0	0
31. 1.	Raw materials		
32. 2.	Unfinished goods and work-in-progress		
33. 3.	Livestock		
34. 4.	Finished goods		
35. 5.	Goods		
36. 6.	Advances on inventories		
37. II.	RECEIVABLES (lines 36-42)	830 535	1 199 221
38. 1.	Accounts receivable	788 905	1 090 079
39. 2.	Accounts owed by associated undertakings		
40. 3.	Accounts owed by undertakings in major profit-sharing partnership		
41. 4.	Receivables from independent enterprises		
42. 5.	Protested Bills		
43. 6.	Other amounts receivable	41 630	109 142
44. 7.	Valuation difference of receivables		
45. 8.	Positive valuation difference of derivative transactions		
46. III.	SECURITIES (lines 44-48)	0	0
47. 1.	Share in associated undertakings		
48. 2.	Major shares		
49. 3.	Other shares		
50. 4.	Own shares		
51. 5.	Securities for trade embodying credit partnership		
52. 6.	Valuation difference of securities		
53. IV.	CASH AND CASH EQUIVALENTS (lines 50-51)	795 443	2 618 265
54. 1.	Cash in hand, cheques	1 525	1 005
55. 2.	Bank deposits	793 918	2 617 260
56. C.	Prepayments	2 325 100	1 460 207
57. 1.	Prepayments of income	2 318 132	1 366 497
58. 2.	Prepayments of costs and expenditures	6 968	93 710
59. 3.	Deferred expenditures		
TOTAL ASSETS (lines 01+27+52)		128 092 898	134 769 618

BALANCE SHEET OF BILK LOGISZTIKAI Nyrt.
31 December 2018
 VERSION 'A'

Liabilities

expressed in EUR

Sequence number	Item	08/01/2018	31/12/2018
60.	D. Equity (lines 57-66)	105 293 368	65 340 272
61.	I. REGISTERED CAPITAL	61 217	2 750 000
62.	of which: ownership shares repurchased at face value		
63.	II. REGISTERED UNPAID CAPITAL(-)		
64.	III. CAPITAL RESERVE	79 998 548	43 334 435
65.	IV. PROFIT RESERVE	25 051 808	13 208 933
66.	V. TIED UP RESERVE		
67.	VI. REVALUATION RESERVE		2 238 495
68.	1. Adjustment and valuation reserve		2 238 495
69.	2. Valuation reserve for fair value valuation		
70.	VII. PROFIT AFTER TAX	181 795	3 808 409
71.	E. Provisions (lines 68-70)	0	0
72.	1. Provisions for expected liabilities		0
73.	2. Provisions for future costs		
74.	3. Other provisions		
75.	F. Liabilities (lines 72+76+85)	20 610 341	67 206 016
76.	I. SUBORDINATED LIABILITIES (73-75)	0	0
77.	1. Subordinated liabilities against associated undertakings		
78.	2. Subordinated liabilities against undertakings in major profit-sharing partnership		
79.	3. Subordinated liabilities to associated enterprises in other profit-sharing partnership		
80.	4. Subordinated liabilities against other party		
81.	II. LONG-TERM LIABILITIES (lines 77-84)	0	61 750 000
82.	1. Long-term loans		
83.	2. Convertible and equity bonds		
84.	3. Debenture loans		
85.	4. Investment and development credits		
86.	5. Other long-term credits	0	61 750 000
87.	6. Long-term liabilities against associated undertakings		
88.	7. Long-term liabilities against undertakings in major profit-sharing partnership		
89.	8. Long-term liabilities to associated enterprises in other profit-sharing partnership		
90.	9. Other long-term liabilities		

Sequence number	Item	08/01/2018	31/12/2018
91. III.	CURRENT LIABILITIES (lines 86-96)	20 610 341	5 456 016
92. 1.	Short-term loans		
93.	from this: convertible and equity bonds		
94. 2.	Short-term credits		1 625 000
95. 3.	Prepayments received from purchasers		
96. 4.	Trade creditors	297 689	3 284 749
97. 5.	Bills of exchange payable		
98. 6.	Short-term liabilities against affiliated undertakings	19 700 000	
99. 7.	Short-term liabilities against an undertaking in major profit-sharing partnership		
100. 8.	Short-term liabilities against undertakings in other profit-sharing partnership		
101. 9.	Other Current Liabilities	612 652	546 267
102. 10.	Valuation difference of liabilities		
103. 11.	Negative valuation difference of derivatives transactions		
104. G.	Deferred income and accrued expenses (lines 98-100)	2 189 189	2 223 330
105. 1.	Accrual of income	1 901 900	1 819 142
106. 2.	Accrual of costs and expenditures	224 608	345 388
107. 3.	Deferred income	62 681	58 800
	TOTAL LIABILITIES (lines 56+67+71+97)	128 092 898	134 769 618

PROFIT-AND-LOSS STATEMENT OF BILK LOGISZTIKAI Nyrt. 2018

‘A’ PROFIT-AND-LOSS STATEMENT (total costs procedure)

expressed in EUR

Sequ ce number	Item	01.01.2018- 08.01.2018.	09.01.2018- 31.12.2018.
01.	Net domestic sales	256 761	11 781 275
02.	Net export sales revenues		
I.	Net sales revenue (01+02)	256 761	11 781 275
03.	Changes in stocks of finished goods and in work in progress		
04.	Own work capitalised		
II.	Value of the enterprise’s own performance capitalised (03+04)	0	0
III.	Other income	1 926	173 279
	of which: reversed impairment		
05.	Cost of raw materials	1 236	142 114
06.	Services used	16 200	947 929
07.	Other services	524	48 052
08.	Original value of goods sold	33 690	1 353 191
09.	Value of services sold (brokerage)	1 479	172 432
IV.	Material-type costs (05+06+07+08+09)	53 129	2 663 718
10.	Wage costs	2 683	162 065
11.	Other personal type expenses	249	20 787
12.	Wage contributions	541	35 922
V.	Personnel-type expenses (10+11+12)	3 473	218 774
VI.	Depreciation and amortization	28 771	2 286 153
VII.	Other expenses	31 580	1 473 764
	of which: impairment loss		
A.	OPERATING PROFIT (I.-II.-III.-IV.-V.-VI.-VII.-VIII.)	141 734	5 312 145

Sequence number	Item	01.01.2018-08.01.2018.	09.01.2018-31.12.2018.
13.	Received (earned) dividend, profit share		
	of which: received from affiliated companies		
14.	Income from shares and exchange gains		
	of which: received from affiliated companies		
15.	Income from financial investments (securities, loans) and exchange gains		
	of which: received from affiliated companies		
16.	Other interest and similar income due		1
	of which: received from affiliated companies		
17.	Other financial income	85 937	234 300
	of which: valuation difference		
VIII.	Income from financial operations (13+14+15+16+17)	85 937	234 301
18.	Expenditures from shares and exchange losses		
	of which: given to affiliated companies		
19.	Expenditures from financial investments (securities, loans) and exchange losses		
	of which: given to affiliated companies		
20.	Interest and similar expenditures payable	9 645	1 214 932
	of which: given to affiliated companies		
21.	Impairment on participations, securities and bank deposits		
22.	Other financial charges	17 785	68 040
	of which: valuation difference		
IX.	Expenses on financial operations (18+19±20±21)	27 430	1 282 972
B.	PROFIT ON PAYMENT TRANSACTIONS (VIII-IX)	58 507	-1 048 671
C.	PRE-TAX PROFIT/LOSS (±A.+ -B.)	200 241	4 263 474
X.	Tax liability	18 446	455 065
D.	PROFIT AFTER TAX (±C-X)	181 795	3 808 409

***BILK Logisztikai Nyilvánosan
Működő Részvénytársaság***

***Notes to the Financial Statements for
2018***

Date: Budapest, 18 March 2019

Livia Wáberer
Chief Executive Officer

1. *General*

A brief presentation of the Company

Name of the Company:	BILK Logisztikai Nyrt.
Registered office:	1239 Budapest, Európa u. 6.
Main sphere of activity:	Real estate rental, operation
Date of the foundation of the legal predecessor:	19 December 2001
Date of the company registration of the legal predecessor:	05 March 2002
Date of transformation:	8 January 2018, a merger with BILK Invest Kft.
Founders:	VOLÁN TEFU Rt. (following name change: Waberer's Holding ZRt.) 1239 Budapest, Nagykőrösi u. 351. Magyar Államvasutak Rt. 1062 Budapest, Andrássy út 73-75.
VAT number:	26197768-2-43
Owners of the company:	BILK Holding Kft 98.44% VKH Kft 0.25% Géza Czakó 1.31%
The person authorised to sign the annual report:	Livia Wáberer 1055 Budapest, Kossuth Lajos tér 18. A. lh. 2.em. 2.



On 10 October 2017 the owners of BILK-Invest Kft and BILK Logisztikai Zrt decided to terminate the companies with legal succession and also decided to merge them. The Company Court registered the merger with a date of 8 January 2018. The legal successor company was registered under the name of BILK Logisztikai Zrt. The owners of the Company decided to transform the Company into a public company limited by shares. The Company Court registered the change in the corporate form on 15 June 2018.

Key features of the accounting policy

BILK LOGISZTIKAI Nyrt.'s (hereinafter: Company) has prepared the notes to the financial statements in accordance with provisions in the act on accounting and the valuation principles set out in the accounting policy so that owners can have a true and fair view of the asset, financial and income position and the operation of the company, in order to provide them, in addition to the balance sheet and the profit and loss statement, with sufficient information necessary to make informed business decisions.

In order to support the annual report, the company uses the double-entry method of book-keeping. Costs are recorded in the No. 5. class of accounts.

In the course of preparing the profit and loss statement the "A" type total cost method is used. The mechanism for accounting settlements and the system of sub-ledger and general-ledger records is set out in the Chart of Accounts.

Effective from 8 January 2018, EUR is the currency of bookkeeping.

The cut-off date of the report: 31 December 2018

The balance sheet preparation date: 31 January 2019

The method of asset valuation used in the Balance Sheet

Out of assets designed to permanently serve business activity either indirectly or directly, the company states properties and buildings (that are included among fixed assets in the course of construction) at market value. However, regarding intangible assets and other, not highlighted fixed assets, this opportunity was not used.

In case of fixed assets, in accordance with provisions in the Act on Accounting, the company capitalises the following items as a part of their historic cost: the interest of financing funds directly related to the purchasing or the production of the specific asset (incurred up until the date of their commissioning), revaluation exchange rate gain/loss recognised up until this date, together with costs that are directly related to the purchasing and financing of the specific asset.

Receivables are stated in the balance sheet at a value less impairment charged to profit.



In line with provisions in the Act on Accounting, the Company's receivables that are denominated in foreign currency are being revalued at the end of the year to the official exchange rate of the National Bank of Hungary in effect on the balance sheet day.

The method of asset valuation used in the Balance Sheet

Equity stated in the balance sheet includes book values calculated according to book-keeping rules and requirements imposed in the Act on Accounting.

Receivables are stated in the balance sheet at cost value.

The liabilities of the company that are denominated in foreign currency are being revalued at the end of the year using the exchange rate of the National Bank of Hungary in effect on the balance sheet day.

Accrued and prepaid expenses only include items that meet the requirements imposed in the Act on Accounting.

The method of accounting for depreciation

In the course of commissioning intangible and fixed assets, their use time is determined on the basis of an individual assessment that takes into account the expected life of the specific assets, their physical tear and wear, obsolescence and circumstances that are typical of the specific activity.

Regarding rented property, the company has revised the 20 years useful life approach used in the previous years, and effective as from 2017, now a 50 years useful life approach is used, based on the usefulness and current technical state of repair of the affected assets, by also considering residual value. The company investigated the technical state of repair of their properties and, effective as from the date of capitalisation, maintenance works were carried out, whereby useful life of such properties was also increased.

Regarding depreciation, the company uses the straight-line method and applies it to the gross value.

The historic or production cost of tangible assets the individual value of which does not exceed HUF 100,000 is being written off in one amount at the time of putting them into operation.

The calculation of planned depreciation starts on the day of putting the assets into use/operation and depreciation is recognised on a monthly basis.



1.3 Data for information purposes

Consolidation

According to the Act on Accounting, the company qualifies as a subsidiary. The parent company is BILK Holding Korlátolt Felelősségű Társaság (company registration number: 01-09-302360, address: 1055 Budapest, Kossuth Lajos tér 18.) to which the rules requiring the the preparation of a consolidated report do not apply.

Audit

The audit is performed by Ernst & Young Könyvvizsgáló Kft (registered office: 1132 Budapest, Váci út 20., company registration number: 01-09-267553) through their employee Zsuzsanna Bartha (home address: 5900 Orosháza, Rákóczi út 25., chamber membership number: 005268).

In 2018 the audit fee amounted to HUF 1.346 thousand.

The preparation of the report

The report is prepared by High Yield Zrt. (registered office: 1055 Budapest, Kossuth tér 18, company registration number: 01-10-047626), in their capacity as a bookkeeping service provider.

The person responsible for the direction and the management of tasks is Virág Pusztai Gáspárné (home address: 1188 Budapest, Kancsó u.11.). Registration no: 171009.

Information relating to environmental protection

The company does not possess any fixed assets that are directly designed to serve environmental protection purposes.



2 Additional information:

Asset and income position:

The company's balance sheet total is EUR 134,769,618, EUR 6,676,720 higher than the same figure in the previous year.

Major changes in the balance sheet include:

Regarding assets:

- The value of invested assets is EUR 129,491,925, EUR 5,350,105 higher than the base. Within this, the value of other equipment, fittings and vehicles and technical equipment, fittings and vehicles decreased, whilst the value of intangible assets, properties, fixed assets in the course of construction and the value adjustment of fixed assets increased. At the end of 2018 the Company did not have any financial investments. The value of fixed assets in the course of construction is EUR 2,514.355.

The value adjustment of fixed assets is EUR 2,238,495. Thus, the market value of properties owned by the company on the balance sheet day is EUR 128,964,350.

- The value of current assets is EUR 3,817,486, representing an increase of EUR 2,191,508 over the value in the previous year. Within total current assets, the value of receivables increased by EUR 368,686. Liquid assets are up by EUR 1,822.822 over the base value of the previous year.

Nearly the entire amount of receivables represents goods sold and loaned sales arising from services provided and accounts receivables from trade debtors. The value of other receivables is EUR 109,142 the majority of which represents the amount transferred to the collateral manager with regard to the capital expenditure project of property J.

- Accrued expenses include the accrued part of the rent discount, interest incomes, together with costs and expenses incurred in 2018 but that relate to the next year. The value of accrued sales turnover is EUR 161,839, that of costs and expenses is EUR 93,710. The amount of rent discount that will need to be re-recognised in the forthcoming years is EUR 1,204,657.



Regarding liabilities:

- The value of own equity decreased by EUR 39,953,096, representing 48.48% of liabilities.
- Subscribed capital is EUR 2,750,000. This represents an increase from EUR 61,217 earlier, based on an owner decision that was made on 4 April 2018.
- The founders have paid up the entire amount of subscribed capital thus it is fully available to the company.
- Capital reserve is EUR 43,334,435.
- Profit reserve decreased by EUR 11,842,875.
- The profit after taxation of BILK Nyrt. is EUR 3.808.409.
- The value of properties owned by the company were adjusted to reflect market value. As a result, valuation reserve increased by EUR 2,238,495. In the course of adjusting the value of the Company's properties to reflect market value, in line with our practice followed in recent years, we again used the yield side approach.
- The value of liabilities increased by EUR 46,595,675, representing the combined effect of an EUR 61,750,000 increase in long term liabilities and an EUR 15,154,325 decrease in short term liabilities.
- The current balance of the EUR 65,000,000 loan received from Raiffeisen Bank is stated among long term liabilities. The term of the loan is 7 years.
- The balance of short-term liabilities is EUR 5,456,016, This is EUR 15,154,325 lower than the balance at the end of the previous period.
- Liabilities to suppliers (accounts payable) increased by EUR 2,987,060.
- The value of other short-term liabilities decreased by EUR 66,385 over the value a year ago.
- Prepaid expenses increased by EUR 34,141 to EUR 2,223,330. Prepaid expenses include EUR 320,819, representing the amount of other costs and expenses charged to the reporting period, and EUR 24,569 stands for expected interest we need pay for our outstanding loan debt.

The prepaid income line of the balance sheet includes EUR 591,114 representing a grant received from KMOP for the J property and also EUR 1,198,107 denoting a grant provided for the K1 property in total EUR 1,789,221.



Regarding the KMOP_2007 H building

The amount disbursed in 2009	HUF 465,505 thousand
The amount released in line with depreciation in the years of 2009-2017	HUF 267,431 thousand
Closing balance on 31.12.2017	HUF 198,074 thousand
Closing balance on 08.01.2018 in EUR	640,513
The EUR amount released in line with depreciation in the year of 2018	49,399
Closing balance on 31.12.2018 in EUR	591,114

Regarding the KMOP_200 K1 property

	HUF thousand
The amount disbursed on the years 2001 to 2011	600,000
The amount released in line with depreciation in the years of 2010-2017	210,129
Closing balance on 31.12.2017	389,871
Closing balance on 08.01.2018 in EUR	1,260,634
The EUR amount released in line with depreciation in the year of 2018	62,527
Closing balance on 31.12.2018 in EUR	1.198.107

Deferred income represents the value of assets left in the rented property by (and taken over free of charge from) Schenker Kft. The deferred amount is released in line with depreciation accounted for.

Major changes in profit include:

In year 2018 the company net sales turnover amounted to EUR 11,781,275.

The value of core activities (property rental and the provision of related services) represent 98,97% of net sales turnover. Incomes generated by various activities include: EUR 8,306,090 - property rental, EUR 1,749,092 - common costs, EUR 107,215 rental of machines and equipment, EUR 1,494,167 - re-invoiced public utility charges and EUR 2,913 - parking service.

In addition to the items stated above, net sales turnover also includes EUR 119,981 representing the domestic sales turnover of mediated services and EUR 1,817 standing for the domestic sales turnover of other activities.

Other income amounts to EUR 173,279. Within other income EUR 32,539 derived from the sale of fixed assets and properties. Income related to insured claim events stated under other



income represents EUR 5,745 the release of the grant provided by KMOP in line with depreciation represents EUR 111,926 and EUR 17,196 is an amount credited by the tax authority NAV against the grant offered from corporate tax in 2017.

The value of material type expenditure is EUR 2,663,718. Within this the value of materials is EUR 142,114. The value of services used is EUR 947,929. The value of other services is EUR 48,052, the cost of goods sold is EUR 1,353,191 and EUR 172,432 is the value of services mediated.

Regarding material-related expenditure, the highest item among material expenses is electricity (EUR 72,461), followed by gas (EUR 6,669) and caretaker material expenses (EUR 37,681). Services used include: maintenance costs of the logistics park (EUR 691,870), experts' fees (EUR 63,903), accounting and audit fees (EUR 69,897), IT services (EUR 17,673). The most important item of other services is property insurance (EUR 21,477). The cost of goods sold and mediated services include public utility fees and other service fees on-charged to rentees.

The value of payments to personnel is EUR 218,774. Within this EUR 162,065 represents wage and salary costs, EUR 20,787 is the value of other payments to personnel and EUR 35,922 represents taxes and contributions on wages and salaries.

The value of depreciation accounted for is EUR 2,286,153.

The value of other expenses is EUR 1,473,764. 99.8% of other expenses (EUR 1,470,542) represent taxes paid under various titles - building tax, land tax, local business tax, innovation contribution, etc. The book value of other fixed assets sold is EUR 28,534. No impairment loss was accounted for in respect of liabilities.

EUR 234,301 represents income from financial transactions, of which EUR 99,655 stands for the amount of realised exchange rate gain recognised with regard to receivables and liabilities. EUR 134,645 is the gain that derived from hedge transactions.

The following table captures the result of derivative transactions:

Type of transaction	Profit/loss impact (EUR)	Cash Flow impact (EUR)
FWD	0	429,758
OPC	128,841	128,841
Grand total	128,841	558,599

The expenses of financial transactions amounted to EUR 1,282,972. Out of this EUR 1,214,932 represents interest payable on loans and credits. EUR 57,809 represents the amount of exchange rate loss realised and recognised in connection with receivables and liabilities, the combined balance of not realised exchange rate differences is EUR 7,867.



In the tax year of 2018, the company's tax obligation amounted to EUR 455,065, on a tax base calculated as a combination of profit before taxation and tax base adjusting items. Tax is assessed in line with the act on corporate taxation.

It is the intention of the company's owners not to pay dividend from profit after taxation of the year and accumulated profit reserve.

During its operation, the company, did not carry out any environmentally polluting activities. The company did not have any tangible assets directly intended to protect the environment.

During the course of the year, the company did not have any research-development grant contracts. The company did not incur any research-development costs.



Annexes:

1. A presentation of changes in the gross value of intangible assets and fixed assets
2. A presentation of the accumulated depreciation of intangible assets and fixed assets
3. Depreciation in the subject year
4. The composition of long-term liabilities
5. The composition of short-term loans and credits
6. Assets offered and tied up as collateral for loans
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8. Details of prepaid expenses
9. The composition of owners' equity
10. The distribution of headcount, payroll costs and personal payments by groups of staff
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12. Items adjusting the corporate tax base, calculation of profit/loss reported in the balance sheet
13. Cash Flow Statement
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Annex 1

A presentation of changes in the gross value of intangible assets and fixed assets

data are expressed in
EUR

Heading	Opening balance	Increase	Decrease	Reclassification	Closing balance
Concessions, licences and similar rights	3,955				3,955
Intellectual products	29,548	4,550	10,042		24,056
Studies	80,917		80,917		0
Fixed assets in the course of construction	0				0
Total Intangible Assets	114,419	4,550	90,959	0	28,010
Land	24,380,200	129,409			24,509,609
Building, construction	99,454,150	2,930,283	112,165		102,272,268
Revaluation of land and buildings		2,238,495			2,238,495
Technical equipment, machinery, vehicles	624,399	0	280,897		343,502
Other equipment, fittings, vehicles	1,912,104	12,564	289,358		1,635,310
Work in progress	94,650	3,072,971	653,266		2,514,355
Payments on account	0	9,937			9,937
Total fixed assets	126,465,503	8,393,659	1,335,686	0	133,523,476
Grand Total	126,579,922	8,398,209	1,426,645	0	133,523,476



A presentation of the accumulated depreciation of intangible assets and fixed assets

data are expressed in EUR

Heading	Opening balance	Increase	Decrease	Reclassification	Closing balance
Concessions, licences and similar rights	3,307	645			3,952
Intellectual products	29,368	852	10,042		20,178
Studies	80,917		80,917		0
Total Intangible Assets	113,592	1,497	90,959	0	24,130
Building, construction	0	2,364,433	173,879		2,190,554
Technical equipment, machinery, vehicles	586,309	20,141	280,661		325,789
Other equipment, fittings, vehicles	1,738,199	70,264	289,375		1,519,088
Total fixed assets	2,324,508	2,454,838	743,915	0	4,035,431
Grand Total	2,438,100	2,456,335	834,874	0	4,059,561



Annex 3

Depreciation in the subject year

data are expressed in EUR

Heading	Planned depreciation			Unplanned depreciation description	Total
	Straight-line	Under HUF 100th	De-recognition		
Concessions, licences and similar rights	645				645
Intellectual products	642	210			852
Studies					0
Total Intangible Assets	1,287	210		0	1,497
Building, construction	2,195,009				2,195,009
Technical equipment, machinery, vehicles	19,445				19,445
Other equipment, fittings, vehicles	69,629	573			70,202
Fixed assets in the course of construction sold					0
Total fixed assets	2,284,083	573	0	0	2,284,656
Total depreciation	2,285,370	573	0	0	2,286,153



Annex 4

The composition of long-term liabilities

data are expressed in EUR

Type of asset	Heading	Amount	Taken out Expires At	
			dates	
Other loan	PFS-18-02-01/02	65,000,000	29.03.2018	31.12.2024
Total loans		65,000,000		
		65,000,000		

Annex 5

**Instalment payments in 2019 of
short term loans and borrowings,
and long-term liabilities**

data are expressed in
EUR

Heading	Amount
Raiffeisen Bank - Loan PFS-18-02-01/02	1,625,000
Total instalment payments in 2019 of loans	1,625,000
Total instalment payments in 2019	1,625,000



Liabilities secured by lien

Beneficiary	Name of loan secured	The outstanding amount of the liability secured	The maturity date of the liability secured	Assets encumbered
Raiffeisen Bank Zrt.	refinanced loan, general corporate financing loan and guarantee line PFS-18-02-01/02	EUR 63,375,000 loan and EUR 300,000 guarantee	27.12.2024 31.12.2023	Mortgage on 15 properties, Lien on machine/equipment, Lien on inventory, Lien on receivables, Lien on property insurance



Annex 7

Details of accrued expenses

data are
expressed in
EUR

Title	08 Jan. 2018	31 Dec. 2018
Accrued net sales turnover	415,471	161,840
Accrued other income	1,471,345	1,204,657
Accrued interest income	431,315	
Accrued income	2,318,131	1,366,497
Accrued expenses	6,969	93,710
Accrued costs, expenditures	6,969	93,710
Total	2,325,100	1,460,207



Annex 8

Details of prepaid expenses

data are
expressed in
EUR

T i t l e	08. Jan 2018	31. Dec. 2018.
Other expected costs	221,388	320,819
Expected interest payment liabilities	3,220	24,569
Prepaid costs and expenditures	224,608	345,388
Prepaid income	1,901,900	1,819,142
Deferred income	62,681	58,800
Total	2,189,189	2,223,330



Annex 9

The composition of owners' equity

data are expressed in EUR

Title	Opening balance	Increase	Decrease	Closing balance
Subscribed capital	61,217	2,717,955	29,172	2,750,000
Capital reserve	79,998,548	1,457,915	38,122,028	43,334,435
Profit reserve	25,051,808	181,795	12,024,670	13,208,933
Tied up reserve				0
Valuation reserve		2,238,495		2,238,495
<i>of this: related to property</i>		<i>2,238,495</i>		<i>2,238,495</i>
After-tax profit	181,795	3,808,409	181,795	3,808,409
T o t a l	105,293,368	10,404,569	50,357,665	65,340,272



Annex 10

*The distribution of headcount, payroll costs and personal payments
by groups of staff*

data are
expressed in
EUR

Group of staff	Average statistical headcount - of which:	Wage costs	Personnel payments
Blue-collar	3	61,585	7,899
White-collar	6	100,480	12,888
Total staff employed	9	162,065	20,787

BILK Logisztikai Nyrt. During the course of 2018 members of the Board of Directors did not receive any payment.



*Net sales turnover
broken down according to key activities*

Description	Net sales turnover amount
Real estate rental, operation	8,306,090
Sales turnover from common costs	1,749,092
Revenue from mediated services	119,981
Rentals of machines, equipment	107,215
Revenue from the sale of materials and goods	
Revenue from parking service	2,913
Revenue from other activities	1,817
Re-invoiced public utilities	1,494,167
T o t a l	11,781,275



Items adjusting the corporate tax base, calculation of profit/loss reported in the balance sheet

data are expressed
in EUR

H e a d i n g	A m o u n t
Profit or loss before tax	4,263,474
<i>Titles decreasing the tax base</i>	
Amount accounted for as income in the course of the utilisation of provisions generated for contingent liabilities and future costs	
Depreciation write-off under the taxation act, the value calculated upon the de-recognition of fixed assets	1,480,787
Dividend accounted for as income received	
Not realised exchange rate gain of invented financial assets and long-term liabilities	
Accrued losses	
Impact of tax audit, self-audit	
The value recognised under the taxation act of impairment accounted for in case of receivables during the tax year	
The value of donation recognised under the corporate tax act	
Credit of donation under the corporate tax act	17,196
Development reserve	
T o t a l	1,497,983
<i>Titles increasing the tax base</i>	
Provisions for contingent liabilities, costs	
Depreciation write off under the accounting act, the amount accounted for as expense upon the de-recognition of fixed assets	2,321,067
Not realised exchange rate difference of loss nature identified in the course of the valuation of certain receivables and liabilities that are denominated in foreign currency	
Fine imposed in final and binding resolution	653



Impact of tax audit, self-audit	3,308
Impairment recognised on receivables during the tax year, the amount considered as a decreasing item under the taxation act during the year prior to the tax year	
Debts NOT qualifying as irrecoverable debts that were waived during the tax year	
Costs not related to business activities	2,507
Support granted without a payback obligation	
T o t a l	2,327,535
Tax base	5,056,289
Corporate tax payment liability	455,065
After-tax profit	3,808,409

Annex 13

Cash Flow Statement

H e a d i n g	01.01.2018- 08.01.2018	09.01.2018- 31.12.2018
I Changes in liquid assets generated during the course of usual activity (Operating cash-flow)	82,886	9,547,960
Profit or loss before tax	61,866	4,263,474
Amortisation recognised	8,889	2,286,153
Recognised impairment loss and reversal (+-)		
Difference between created and used provisions		
Gains on the sale of fixed assets		2,375
Changes in accounts payable	-8,194	2,987,060
Changes in other liabilities	5,174	-66,385
Changes in prepaid expenses	23,975	34,141
Changes in accounts receivable	74,905	-301,174
Change in current assets (less trade debtors and liquid assets) (+-)	2	-67,512



Changes in accrued expenses	-78,032	864,893
Corporate tax paid or payable (on profit)	-5,699	-455,065
Dividends/profit-sharing paid or payable		
II Changes in liquid assets generated during the course of investment activity (Investment cash-flow)	0	-1,224,268
Fixed asset acquisition		-1,258,468
Revaluation of fixed assets		
Disposal of fixed assets		34,200
Financial investments		
Dividend and profit-sharing received		
III Changes in liquid assets generated during the course of financial activity (Financing cash-flow)	-891,640	-6,500,870
Income from the issue or raising of capital	0	-50,175,870
Income from the issue of bonds and debt securities		
Borrowings of credit and loans	6,086,512	65,000,000
Repayment, termination or redemption of long-term loans and bank deposits		
Liquid assets received free of charge		
Decrease of capital reserve involving the movement of cash		
Repayment of bonds and debt securities		
Not realised exchange rate difference of currency loans and credits		
Credit and loan repayment	-6,978,152	-21,325,000
Increase in financial lease obligations		
Amortisation of financial lease		
Long term loans granted and long-term bank deposits		
Liquid assets transferred permanently	0	
Changes in liabilities to founders and in other long-term liabilities	0	0
IV Changes in cash	-808,754	1,822,822



Annex 14

Ratios of the asset, financial and income position

The ratio		Basis	Actual
definition	calculation	%	%
1 Fixed asset ratio	Fixed assets / Total assets	96.9	96.1
2 Current asset ratio	Working capital / Total assets	1.3	2.8
3 Capitalisation	Own equity / Total liabilities	82.2	48.5
4 Liability ratio	Liabilities / Total liabilities	16.1	49.9
5 Liquidity	Current assets / Short-term liabilities	7.9	70.0
6 Return on sales	Profit after taxation / Net sales turnover	70.8	32.3
7 Return on assets	Net profit / Total assets	0.1	2.8



***BILK Logisztikai Nyilvánosan Működő
Részvénytársaság***

Business Report for 2018

Date: Budapest, 18 March 2019

Livia Wáberer
Chief Executive Officer



Management Report

Budapesti Intermodális Logisztikai Központ (BILK) is located in an area of near 100 hectares bounded by the Ócsa street industrial zone in the 23rd District of Budapest – the M0 – motorway and the Budapest-Kelebia railway axis. 10% of the land is used by the railway, 20% is used to operate a container terminal, while the remaining 70% is used by BILK Logisztikai Nyrt.

One of the largest intermodal logistics developments in Budapest and the whole country has been implemented on the area of BILK. The property is situated close to all major international destination and transit route intersections. In addition to the excellent road and rail connections, proper water and air connections are also available (due to the Csepel Free Port - water, and due to the Liszt Ferenc airport - air transportation are also barrier-free), and it is also easily accessible from the city centre. As a public contribution to the success of the project, the Republic of Hungary has undertaken to build a stand-alone junction and an exit on the M0 motorway to serve the BILK. After the handover of this direct exit in 2005, an even faster and easier access was ensured for the partners. A further extension of the M0 motorway, the M5 and main road No. 4, as well as the connection of Terminal 2 of the Liszt Ferenc Airport had a positive impact on the business. A further impressively positive effect came about by linking main roads No. 2 and 3 which was completed in 2008, that is, the extension of the M0. In 2012, the last step of these developments was the direct connection of the old and the new road sections of M0, that made it possible to travel from BILK in all directions with a final connection. In connection with this, a new traffic order was introduced on the territory of BILK which resulted in a large-scale decrease in the road and environmental load of the Ócsa road.

In 2018 BILK Logisztikai Nyrt. continued to further increase their sales revenues and sold their services for more than EUR 12,038,036. This represents a 5% growth over the previous year. In the year of 2018 the total area rented included 68,800 m² warehousing and 7,300 m² office area. Of this area, 27,000 m² represent rentals extended, 22,600 m² represent newly developed and rented area – the J2 property – , while the remaining transactions concern the sale of terminated and released areas.

In view of the foregoing, in 2018 the average rate of utilisation of BILK Logisztikai Nyrt. was 98.7%, while weighted average remaining rental period was 6.7 years.

In order to manage expansion needs, the F and H properties were linked. As a result, in Q4 2018 a new tempered warehouse with 12 m useful clearance and a 3.800 m² area was opened, based on rental contract that was concluded for a period of 11 years. Thereby, BILK's total warehousing capacity increased to 165.000 m². Including office and warehousing office space BILK's total capacity is 186,000 m² gross.

Having regard to the rate of utilisation and the further needs for warehouse rental, a 7.4-hectare area - on the M0 - Ócsai street corner of the logistics centre - with excellent location



was purchased. Subsequently, the technical preparatory works and the procedure to obtain construction permission started.

In Q4 2018 the construction of the J1 property (including 19,200 m² warehousing and 1,500 m² office space) started, based on a rental contract that was concluded for a 5+5 year period. The property will be constructed with heat insulation (cooled to 5 Celsius degrees) and an automated sprinkler fire fighting system. One side of the warehousing hall will be constructed with 12 m useful clearance and the other side with 10 m useful clearance. Out of the office space to be built, 900 m² will be housed in the gallery. Planned handover date is the end of Q3 2019.

The sale of the J2 property is currently in progress, development will start subject to such progress. The warehouse was approved with a floor space of 9,400 m² and 10 m useful clearance, including 200 m² office space and social facilities.

Rents will vary subject to the area rented, the state and location of the logistics park. Due to the high rate of empty spaces and low-key rentee activity, dumped rent prices were offered. However, as soon as the market environment started to catch-up (at the end of Q4 2018 the Budapest industrial market closed with a record low 2.4% empty rate) rents started to stabilize at a higher level. As a result, BILK's rental scheme was developed to reflect these favourable changes in the market situation: in case of newly developed properties we apply premium category rents and, regarding long term rental agreements, rents charged represent the lower range of general rents. Reflected in both the Company's pricing policy and the business plan, the primary objective is to ensure that rents are proportional representing value for money. In this respect, the advantages of BILK over competition are the technical quality of our facilities, the service environment and the location.

Warehouses built in the area of BILK represent high technical quality, significantly exceed the usual quality of competitor logistics parks. Nevertheless, returns produced by the buildings are not worse as their better technical content helps to keep operating expenses at an optimal level that is very beneficial in the long to both rentees and the rentor.

The Company's sales policy is designed to fully meet buyer needs so that we can increasingly capitalise on business opportunities. Keeping this in mind, and if paired with sufficient flexibility, will ensure that we can continue to maintain our market leader position. In addition to BILK's excellent location, the service environment offered can further strengthen this position. Services offered in BILK's territory include: a direct link container terminal and railway sidings, customs and post office, canteen, vehicle wash, petrol station services and last but not least: a direct BKV public transportation stop.

The company is committed to long term value creation for customers, investors, employees and the whole society alike. Our primary duty is to ensure that the stable foundations necessary for responsible corporate governance are in place.

Our objective is to provide our customers with a complex, high quality warehousing-logistics service package and comprehensive logistics and IT infrastructure, while operating in the most cost-effective way possible.



Due to the fact that the rents are collected and the loans are repaid in EUR, the risk of exchange rate changes is minimal. Thus, BILK boasts a well-designed business structure, whereby it could remain a stable business both during and after the economic crisis. Rental contracts are either medium or long term, ensuring a high occupancy rate.

In the first half of the year the company was transformed into a public limited company with the intention to continue its business, following the sale of 49 percent of its shares at the Budapest Stock Exchange, as a regulated real estate investment company (RREIC). The private sale of the shares launched at the end of the first half of 2018 was closed without results, as no optimal investment structure in line with the requirements of the RREIC Act was created in the procedure. However, the company continues to be committed to pursuing their operation as a regulated real estate investment company.



Information relating to environmental protection:

The company does not possess any fixed assets that are directly designed to serve environmental protection purposes. During its operation, the company, did not carry out any environmentally polluting activities. The company did not have any fixed assets that are directly intended to protect the environment.

At the end of 2008, afforestation on more than two hectares was carried out on the territory of BILK, thus improving the comfort of both the rentees and the surrounding population.

In 2009, the company commissioned an environmental impact assessment which enabled it to obtain an environmental permit for a long time.

In 2010, financed jointly with BILK Kombiterminál Zrt., the company built a noise barrier to improve the comfort of the population, and planted a protective forest to reduce noise load.

In 2013, the company carried out a replacement afforestation on more than three hectares on its own area, thus increasing the green ratio of the area.

In 2016, the Company carried out the renewal of its Environmental Permit, which enabled it to acquire a long-term Environmental operator's licence for the entire logistics park.

Research and development information:

BILK has taken steps for the research and application of "Green-Logistics" solutions, and its main focus is the conscious use of renewable energy sources which includes a short-term plan for the utilisation of solar energy.

Improvement of competitiveness is to be achieved through the development of service, which includes the development of information processes, material flow processes and collaborative processes. To this end a study was prepared in the second half of 2011.

Information relating to employment policy:

BILK has operated with an unchanged workforce.

Following the balance sheet cut date, until the balance sheet preparation day, no such events occurred that would have brought about significant changes and have materially affected the company's operation.

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of BILK Logisztikai Nyrt.

Opinion

We have audited the accompanying 2018 annual financial statements of BILK Logisztikai Nyrt. ("the Company"), which comprise the balance sheet as at 31 December 2018 - showing a balance sheet total of EUR 134,769,618 and a profit after tax for the year of EUR 3,808,409-, the related profit and loss account for the financial year from 9 January 2018 to 31 December 2018 and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the equity and financial position of the Company as at 31 December 2018 and of the results of its operations for the financial year then ended in accordance with the Act C of 2000 on Accounting ("Hungarian Accounting Law").

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our report.

We are independent of the Company in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

Other information consists of the 2018 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report.

In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Concerning the business report it is our responsibility also, in accordance with the Hungarian Accounting Law, to consider whether the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

In our opinion, the business report of the Company for 2018 is consistent, in all material respects, with the 2018 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Company further requirements with regard to its business report, we do not express opinion in this regard.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the Hungarian Accounting Law, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Management is required to apply going concern principle unless the applicability of that principle is precluded by other provisions or there are facts and circumstances that contradict with the continuance of the Company's business activity.

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

Auditor's responsibilities for the audit of the annual financial statements

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

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

Budapest, 18 March 2019

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Bartha Zsuzsanna
Registered auditor
Chamber membership No.:005268