



**Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.**

**2019 Half-Year Report**

**Content**

- Consolidated Business (management) Report prepared for the consolidated, non-audited Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in accordance with the International Financial Reporting Standards for the period ending on June 30, 2019
- Consolidated, non-audited Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in accordance with the International Financial Reporting Standards for the period ending on June 30, 2019 – Interim Consolidated Financial Statements for the 1st half year of 2019
- Declaration of liability



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prepared for the consolidated, non-audited Financial  
Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési  
Nyrt. prepared in accordance with the International  
Financial Reporting Standards for the period ending on June  
30, 2019**

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## I. Presentation of the goals, strategy and activity of the Company

The business activity of **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered office: 1033 Budapest Polgár utca 8-10.; hereinafter: the Company and/or BIF) in the first half of 2019 was in line with the below listed development strategy and goals, formerly approved by the General Assembly as well:

- Utilizing the maximum income generation potential of the existing real property portfolio, fully examining and elaborating the development opportunities, and optimizing the operation of the income generating properties.
- Acquisition of office buildings that fit in the existing revenue-generating property portfolio.
- The full realization of the elaborated concept at the 39-hectare Harsánylejtő development area in Budapest, District 3, owned by the Company

As a real estate development and utilization company, the Company primarily deals with leasing of its own real properties (office building, parking house and hotel building), the further development of these and the sale of its own building plots and condominiums related to its own residential real estate developments. The residential real estate development is currently carried out by Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Harsánylejtő Kft." or "Subsidiary"), which is 100% owned by the Company.

From October 20, 2017 – since being registered by the National Tax and Customs Authority (hereinafter NTCA) – it continued its activities as a regulated real estate investment pre-company (hereinafter: SZIE) according to the provisions of Act CII of 2011 on regulated real estate investment companies (hereinafter: SZIT Act), and as of 31 December 2018 as a regulated real estate investment company (hereinafter: SZIT, for international investors better known as REIT – real estate investment trust).

According to the property types it owns, the Company is active in the field of the following property market segments:

- Office market
- Parking garage market
- Construction lot and residential property market
- Hotel market

### **Office market segment**

On June 30, 2019, the Company owned five category 'B' and two category 'A' office buildings with excellent location from infrastructural and traffic perspective. When utilizing our properties the main criteria are the properties' appropriate profit generating ability, expected value increase and potential for further development.

Keeping up with the quality expectations on the demand side, the offices are of high quality and of a technical condition in accordance with their category and the requirements of the modern age. By continuously increasing the service level, appropriate development and maintenance of properties our Company managed to persuade tenants and extend the majority of the lease agreements for long term, thereby further strengthening our market position. Due to the excellent characteristics of the properties, the continuously controlled and developed technical condition, the delivered service level and the active sales activity our revenue generating office buildings operated in the first half of the 2019 business year with an average occupancy of 97%.

The Vigadó Palace office building, located in the heart of the inner city, was acquired by the Company as a result of a transaction completed in early December 2017. Following a partial renovation, a long-term lease agreement for the lease of its total area of more than 15,000 m<sup>2</sup> was signed on September 14, 2018.

In order to maximize the potential for income generation, we are constantly exploring the potential for development of our real estate portfolio. As a result, we have prepared studies on the development concept for the Városmajor Office Building in one of the most dynamically developing areas of the Buda side, and the Bajcsy Office Building in the Central Business District, located near the Western Railway Station, to support the decision process. With the new developments and re-positioning of these buildings, the Company intends to further strengthen its market position.

### **Parking garage market segment**

In the first half of 2019, our Company operated two parking garages. The occupancy rate of the **Aranykéz Parkolóház** located in the heart of downtown, at Budapest, District V, Aranykéz utca 4-6. continued to increase in 2019 due to the quality of the building and its central location, as our contracted stock and the number of hourly rate parkings increased as well.

Besides that, the Company also owns the **parking garage** under the address Budapest III., Polgár utca 8-10. forming part of the **Flórián Udvar Office Building**, which provides parking services beside the tenants of the office complex for the public as well.

In addition to the latest Hungarian-developed parking system, both of our parking garages are also available with a mobile application, which further increased our customer satisfaction and increased the utilization of the parking garages and thus the revenues. Day and night passes and hourly parking are all available for use in both of our car parks. With all this in mind, the **Aranykéz Parkolóház** was practically fully utilized, while the **Flórián Udvar parking garage** was reached 90% occupancy in the first half of 2019.

### **Construction lot and residential property market segment**

The Company launched a development project in the past years in several stages in the green area of Óbuda, on the side of the Testvérhegy, under the name Harsánylejtő Kertváros (hereinafter: Harsánylejtő Project) in an area of approx. 39 hectares.

The development and sale of the I. construction lot development stage consisting of 88 lot properties was completed successfully, the development of Stage II consisting of 65 lot properties was also concluded successfully, and the sales reached 97% on June 30, 2019 (the whole area of Stages I and II exceeds 25 hectares).

In addition to the above-mentioned lot development stages, additional plots with a total area of about 3 hectares have been made suitable for the construction of condominiums with 30-50 apartments, which provide the Company with further development opportunities.

Also in the framework of Harsánylejtő Project, the Harsánylejtő Kft. owned solely by the Company (see Section IX for more information) is in the implementation of a residential property development as an investor on 8 lot properties, consisting of 40 apartments. The sales of the 20 apartments to be completed in Stage I of the residential property development in quarter II of 2019 reached 80% by June 30, 2019, the other 20 apartments to be realized in Stage II of the residential property development are expected to be delivered in quarter I of 2020, the sales thereof reached 60% by the end of the first half of 2019. The total area of Stages I-IV of the residential property development exceeds 2 hectares. As part of the Harsánylejtő Kertváros, a playground serving the recreational needs of residents and children has been set up on a 6,000 m<sup>2</sup> plot, which was handed over in July 2019.

The Company purchased the real estate at 1012 Budapest, Attila út 99 and 1012 Budapest, Logodi utca 42 from Budapesti Elektromos Művek Nyrt., which previously operated as a transformer house, for exclusive residential property development purposes. The development is carried out in the building on over 6,000 m<sup>2</sup> with exclusive services (wellness, parking, roof terrace, hospitality, etc.). The development is expected to be completed by the end of 2020.

### Hotel segment

3 properties owned by the Company (at Budapest, District VII. Madách tér 3-4: a **4-star hotel** with 115 rooms, at 2174 Verseg-Fenyőharaszt - Fenyőharaszt Castle Hotel: a **4-star hotel** with 26 rooms + 4 apartments; Building C of the real estate complex at Budapest, District X. Üllői út 114-118: a **3-star hotel** with 81 rooms + 1 apartment) operate as hotels. These properties are leased by the Company to hotel operators.

One of the most prominent real estate in our portfolio is located at Budapest, District VI, Andrásy út 80 and 82, which is part of a World Heritage site. In the two adjacent properties, with a total area of 1,442 m<sup>2</sup>, a Boutique Hotel concept is being developed.

## II. Results in the first half of 2019 and expectations, challenges in 2019

### 1. Results in the first half of 2019

On a consolidated basis, the Company achieved a **pre-tax profit of approximately HUF 1,127 million** in the first half of 2019, which is approximately HUF 260 million (or 30%) higher than the result of the first half of 2018, which is largely due to the lease of the Vigadó Palace Office Building, but there is also a slight improvement in the office real estate portfolio besides Vigadó Palace.

- Most of the **net sales revenue** achieved by the company group in the first half of 2019 was from rental, parking and facility management service fee income from property leasing (accounting for nearly 70% of the total revenues), however, revenues from the sale of Harsánylejtő building plots and condominiums also represented a significant proportion, about 30%, of the net sales revenues in the subject period. Net sales revenues for the first six months of 2019 totaled HUF 2,662 million, an increase of nearly 76% compared to the same period last year. Property income increased due to higher overall occupancy rates and the enforced fee increases. Compared to the same period of the previous year, revenues from the sale of building plots and apartments increased significantly (HUF +308 million), mainly due to the sale of Harsánylejtő condominiums in the period under review.

#### Breakdown of net sales revenue

| data in th HUF                       | June 30, 2018    | June 30, 2019    |
|--------------------------------------|------------------|------------------|
| Rental and operating fee revenues    | 720 910          | 1 493 393        |
| Parking fee revenues                 | 161 177          | 228 730          |
| Revenues from intermediated services | 136 521          | 135 110          |
| Revenues from services               | 0                | 0                |
| Real estate/land sales revenue       | 489 487          | 797 458          |
| Other revenues                       | 7 746            | 7 630            |
| <b>Total</b>                         | <b>1 515 841</b> | <b>2 662 320</b> |

- In the first half of 2019, **other operating incomes** include the increase in the fair value of investment properties and the amount of penalty for delay and compensations received by Harsánylejtő Kft.
- The amount of **material expenses** in the first half of 2019 increased by approximately HUF 418 million, i.e. about 60% compared to the value reported in the first half of 2018. The significant increase was mainly due to the settlement of the condominium constructions in Harsánylejtő Kft., the completion of the leasing structure and the leasing of Vigadó Palace and the construction works started on the purchased Attila út property.

- **Personnel expenses** increased to nearly HUF 242 million (+56%) in the first half of 2019 compared to the same period last year. The increase in personnel expenses was due to the headcount increase related to the realization of the Company's strategic goals. The average statistic headcount of the employees of the Company was 43 on June 30, 2019, (while 29 on June 30, 2018 and 32 on December 31, 2018).
- **Depreciation on the Company's non-investment tangible assets** increased by approximately HUF 4 million to nearly HUF 21 million during the reporting period compared to the corresponding period of the previous year.
- **Other operating expenses** for the first half of 2019 amounted to approximately HUF 162 million. The increase of about HUF 50 million, mainly due to the assets transferred free of charge and in addition to the paid compensations and penalties.
- As a result of the above, **operating profit** for the first half of 2019 increased to HUF 1,222.5 million, an increase of approximately HUF 246 million compared to the same period of the previous year. Operating profit as a proportion of the sales revenues for the period under review was approximately 46%, reflecting the Company's operating efficiency.
- The **result of financial transactions** in the first half of the year changed from about HUF -109 million to HUF -96 million in the first half of the year, which improvement was attributable to the result of free cash deposit.
- Pursuant to the applicable laws, the Company was only liable to pay corporate tax until the acquisition of SZIE status (October 20, 2017). As a SZIE, and as of 31 December 2018 as a SZIT, the Company is required to determine its corporate tax base in accordance with the provisions of the SZIT Act, but based on the tax base determined thus, it is subject to corporation tax liability only in certain circumstances, e.g. based on the tax base proportionate to the affiliated parties' revenues. Taking into account the above, the tax expenses on a consolidated level consisted of the following in the subject year: HUF 8 million corporate tax, HUF 2.3 million business tax and about HUF 5.4 million innovation contribution.
- As a result of the above, the **after-tax profit** increased by 28% to approximately HUF 1,110 million from the HUF 867 million of the base period.

**Statement of profit and loss (IFRS-consolidated, non-audited)**

| data in th HUF  | <b>June 30, 2018</b> | <b>June 30, 2019</b> |
|---|----------------------|----------------------|
| Net revenue from sales                                    | 1 515 841            | 2 662 320            |
| Other operating income                                    | 279 318              | 139 673              |
| Changes in stocks of finished goods and works in progress | 163 149              | -18 938              |
| Capitalized own performances                              | 0                    | -19 803              |
| Material expenses   | -697 678             | -1 115 783           |
| Personal expenses   | -155 478             | -241 824             |
| Other operating expenses                                  | -112 391             | -162 455             |
| <b>EBITDA</b>   | <b>992 761</b>       | <b>1 243 190</b>     |
| Depreciation and impairment                               | -16 279              | -20 715              |
| <b>Operating profit</b>                                   | <b>976 482</b>       | <b>1 222 475</b>     |
| Financial income  | 1 675                | 4 806                |
| Financial expenses  | -111 117             | -100 666             |
| <b>Profit before taxes</b>                                | <b>867 040</b>       | <b>1 126 615</b>     |
| Current tax expense                                       | 0                    | -15 746              |
| Deferred tax  | 192                  | -860                 |
| <b>Profit after taxes</b>                                 | <b>867 232</b>       | <b>1 110 009</b>     |



**Significant balance sheet items** (IFRS-consolidated, non-audited)

| data in th HUF                                    | <b>December 31, 2018</b> | <b>June 30, 2019</b>     |
|---|--------------------------|--------------------------|
| Investment properties                             | 39 799 004               | 39 949 004               |
| <u>Total long-term assets</u>                     | <u>40 798 251</u>        | <u>40 961 146</u>        |
| Cash and cash equivalents                         | 9 850 843                | 6 948 709                |
| <u>Total current assets</u>                       | <u>12 610 378</u>        | <u>10 552 750</u>        |
| <b><u>Total assets</u></b>                        | <b><u>53 408 629</u></b> | <b><u>51 513 896</u></b> |
| Issued capital                                    | 2 870 244                | 2 870 244                |
| <u>Equity attributable to the parent company:</u> | <u>41 451 550</u>        | <u>39 992 715</u>        |
| Financial liabilities                             | 9 153 569                | 8 798 827                |
| <u>Total long-term liabilities</u>                | <u>9 166 183</u>         | <u>8 813 967</u>         |
| Financial liabilities                             | <u>769 541</u>           | <u>769 541</u>           |
| <u>Total short-term liabilities</u>               | <u>2 790 896</u>         | <u>2 707 214</u>         |
| <b><u>Total liabilities and equity</u></b>        | <b><u>53 408 629</u></b> | <b><u>51 513 896</u></b> |

- The investment property portfolio increased by HUF 150 million to HUF 39,949 million compared to 31 December 2018. The increase is due to the increase in the fair value of the real estate portfolio (+60 million HUF) and investments at existing real estates (+90 million HUF). The Company has selected the fair value model for the presentation of the investment properties in accordance with the IAS 40 standard. The fair value of investment properties owned by the Company is determined quarterly by an independent evaluator, Euro-Immo Expert Kft., in accordance with the provisions of the SZIT Act
- The Company's **net debt** (the value of financial liabilities less financial assets) increased by more than HUF 2,547 million to nearly **HUF 2,620 million** as of June 30, 2018 compared to the end of 2018, which continues to be a strong financing base for achieving the Company's strategic objectives. This change is mainly explained by the payment of the purchase price of the Attila út property and the decrease in the financial assets due to the dividend payment in May 2019.

**Significant indicators concerning property, finances and profitability**

(IFRS-consolidated, non-audited)

| Name   | <b>June 30, 2018</b> | <b>June 30, 2019</b> |
|--|----------------------|----------------------|
| Long-term assets to total assets ratio (“Long term assets”/”Total assets”)                         | 93.20%               | 79.51%               |
| Indebtedness (“Long term liabilities total”/”Liabilities and equity total”)                        | 27.25%               | 17.11%               |
| Debt to equity ratio (“Long term liabilities total”/”Equity attributable to the parent company”)   | 39.02%               | 22.04%               |
| Quick liquidity ratio (“Cash and cash equivalents”/”Short term liabilities total”)                 | 69.89%               | 256.67%              |
| Revenue proportionate income (“Operating profit”/”Net revenue from sales”)                         | 64.42%               | 45.92%               |
| Equity-proportionate profit (“Operating profit”/”Total equity attributable to the parent company”) | 3.85%                | 3.06%                |

## 2. Expectations and challenges for the second half of 2019

In the second half of 2019, the Company will focus on the following areas:

### ➤ **Harsánylejtő Project**

- The sale of the construction lots still available in Stage II of lot development in Harsánylejtő Kertváros, and handing over the road and public utility networks, constructed in relation to the development to service providers and municipality ownership.
- Handover of Stage I of the Harsánylejtő Kertváros residential property development to the buyers and the sale and handover of the 4 residential apartments to be constructed in Stage II (60% sales by the first half of 2019). The Company does not intend to launch the sale and construction of Stage III and IV phase this year.
- Designing the following development concepts in the more than 4 hectares area (m<sup>2</sup> data refer to the gross constructed area of the separate development concepts):
  - 2.000 m<sup>2</sup> office complex project
  - construction of a supermarket with a gross floor space of 900 m<sup>2</sup>
  - 17,000 m<sup>2</sup> residential property potential, on which the Company intends to construct according to the plans 1 condominium with 50 apartments and 2 condominiums with 33 apartments.

### ➤ **Attila út 99**

- Residential property development on over 6,000 m<sup>2</sup> with exclusive services (wellness, parking, roof terrace, hospitality, etc.) on the real properties owned by the Company, registered under Topographical No. Budapest, District I 6775, physically located at 1012 Budapest, Attila út 99 and 1012 Budapest, Logodi utca 42, and the launch of the sales activity.

### ➤ **Városmajor Office Building**

- Preparation of the development concept of Városmajor Office Building located at Budapest, District XII, Városmajor utca 12-14, completion of the planning processes and obtaining the relevant building permit, as well as the launch of pre-sales processes of the planned offices.
- In addition to the complete renovation of the existing office-building complex, another new wing will be built as part of the planned development project, adding more than 6,000 m<sup>2</sup> to the current leasable area of the building.

### ➤ **Bajcsy Office Building**

- Preparation of the development concept of Bajcsy Office Building located at Budapest, District VI, Bajcsy-Zsilinszky út 57.

### ➤ **Andrássy út**

- Preparation of the Boutique Hotel development concept of the real properties owned by the Company, located at 1062 Budapest, Andrássy út 80 and 82, being part of a World Heritage Site.

### ➤ **Acquisition activity**

- Finding acquisition opportunities fitting into the strategy of the Company, executing the acquisitions and including the property in question in the revenue-generating portfolio.

### III. Significant events at the Company in the first half of 2019

#### 1. General Meeting

On April 29, 2019 the Company held its yearly ordinary General Meeting. The General Meeting adopted the following significant resolutions:

- a) The General Meeting acknowledged and approved the report of the Auditor on the Annual Financial Statements prepared in accordance with the IFRS and the Business (Management) Report of the Parent Company for 2018.
- b) The General Meeting acknowledged and approved the report of the Auditor on the Consolidated Annual Financial Statements prepared in accordance with the IFRS and the Consolidated Business (Management) Report of the Company Group for 2018.
- c) The General Meeting acknowledged and approved the report of the Audit Committee on the Annual Financial Statements of the Parent Company prepared in accordance with the IFRS, the Business (Management) Report of the Parent Company and report of the Board of Directors for 2018.
- d) The General Meeting acknowledged and approved the report of the Audit Committee on the Consolidated Annual Financial Statements prepared in accordance with the IFRS and the Consolidated Business (Management) Report of the Company Group for 2018.
- e) The General Meeting acknowledged and approved the report of the Board of Directors on the 2018 financial year.
- f) The General Meeting acknowledged and approved the Annual Financial Statements prepared in accordance with the IFRS and the Business (Management) Report of the Parent Company for 2018 with a balance sheet total of 53,316,232 thousand HUF and equity of 42,040,020 thousand HUF.
- g) The General Meeting acknowledged and approved the Consolidated Annual Financial Statements prepared in accordance with the IFRS and the Consolidated Business (Management) Report of the Company Group for 2018 with a balance sheet total of 53,408,629 thousand HUF and equity of 41,451,550 thousand HUF.
- h) The General Meeting approved the determination and payment of a dividend of HUF 2,568,884,400, which can be paid against the free profit and retained earnings based on the Annual Financial Statements of the Parent Company prepared in accordance with the IFRS for 2018
- i) The General Meeting resolved to grant a discharge to the members of the Board of Directors of the Company with regard to their 2018 activities.
- j) The General Meeting elected INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18., Building A, ground floor 1/F.; company registry number: 01-09-063211; tax registration number: 10272172-2-43.; chamber registration number: 000171; issuer certification number: K000107, person responsible for performing the audit: Zsuzsanna Freiszberger, birth name: Zsuzsanna Freiszberger; mother's name: Böczkös Rózsa Mária, address: 2440 Százhalombatta, Rózsa u. 7.; date, place of birth: Barcs, 27.07.1977, issuer certification number: K000103) to be the permanent auditor of the Company for the period between 16 May 2019 and 15 May 2020.
- k) The General Meeting resolved that members of the Board of Directors shall perform their duties without remuneration in the 2019 business year.
- l) The General Meeting resolved that the members of the Audit Committee should perform their duties for a gross monthly salary of HUF 300,000 per member during the 2019 business year.
- m) The General Meeting resolved that the Company's permanent auditor shall receive an amount of HUF 6,000,000 + VAT for the audit of the annual financial statements of the Parent Company and the Company Group prepared in accordance with International Accounting Standards.

- n) The General Meeting approved the Company's Corporate Governance Report for 2018 concerning the Corporate Governance Recommendations of the Budapest Stock Exchange, drafted on a separate sheet.
- o) The General Meeting authorized the Board of Directors of the Company to purchase treasury shares. According to the authorization, the Board of Directors can decide about having the Company purchase registered ordinary shares issued by the Company with a par value of HUF 100 each. The authorization also covers the event that the Annual General Meeting of the Company for the year 2019 decides to convert the 28,702,444 ordinary shares of the Company with ID HU0000088760 ISIN and a par value of HUF 100 each into 287,024,440 ordinary shares with a par value of HUF 10 each (by dividing the par value with ten). In the latter case, the Board of Directors may also decide on the purchase by the Company of ordinary shares of HUF 10 par value issued by the Company. The lowest amount of consideration that can be paid for one treasury share is HUF 1 that is, one forint, and the highest amount can be 150% of the stock exchange average price weighted with the 180 days of traffic before the date of the transaction at the most. The authorization is for a specified period from the day of the General Meeting until 29 October 2020. The maximum value of treasury shares obtained by the Company based on the authorization can be 25% of the capital stock at the most.
- p) The General Meeting has authorized the Board of Directors to increase the Company's share capital by issuing ordinary shares, employee shares and shares providing voting preference under the following conditions:
- The Board of Directors may, based on the authorization, increase the Company's share capital by issuing ordinary shares, voting preference shares and employee shares.
  - The shares providing voting preference issued on the basis of the authorization shall, in addition to the rights related to the shares, grant ten times the voting rights and entitle to a dividend equal to one-tenth of the dividend provided by the ordinary share.
  - The authorization applies to all forms of increase of share capital under the Civil Code.
  - The authorization is for a fixed period of five years from the date of this resolution.
  - The authorization excludes the pre-emptive subscription right in accordance with Section 14.4 of the Articles of Association in the case of the private placement of ordinary shares, voting preference shares and employee shares.
  - By virtue of the authorization, the Board of Directors decides also on matters that are within the competence of the General Meeting in accordance with the Civil Code or in accordance with the Articles of Association regarding the increase of the share capital.
  - The Board of Directors is required and entitled to amend the Articles of Association in case of capital increase based on the authorization.
  - In matters not regulated by the resolution, the Articles of Association of the Company, the Civil Code. and other relevant laws and regulations shall apply.
  - Upon the adoption of the resolution, the authorizations for the Board of Directors to increase the share capital of the Company adopted on the Company's General Meeting of April 22, 2014 according to Resolution No. 17/2014 and August 15, 2017 according to Resolution No. 27/2017.08.15 and Resolution No. 29/2017.08.15 shall lose effect.
  - Based on the above, HUF 3,587,805,500 is the highest amount to which the Board of Directors may raise the Company's share capital.
- q) The General Meeting resolved to convert the 28,702,444 ordinary shares of the Company with ID HU0000088760 ISIN and a par value of HUF 100 each so that the par value and the number of shares are modified, but the amount of the share capital and the rights related to the shares remain unchanged. Accordingly, the Company converts the 28,702,444 ordinary shares of the Company with ID HU0000088760 ISIN and a par value of HUF 100 each into 287,024,440 ordinary shares with a par value of HUF 10 each (by dividing the par value with ten). Following the share transformation, the share capital of the Company consists of 287,024,440 registered common shares with a par value of HUF 10 each, produced in dematerialized form.

- r) The General Meeting approved the amendment of the Articles of Association of the Company published on April 8, 2019 regarding the "Share Split" with the unchanged content stated in the relevant proposal of the General Meeting related to agenda item No. 8.
- s) The General Meeting approved the amendment of the Company's Articles of Association related to certain modifications in 2018 to Act CII of 2011 on Regulated Real Estate Investment Companies published on April 8, 2019 with the unchanged content stated in the relevant proposal of the General Meeting related to agenda item No. 9.
- t) The General Meeting approved the modification of the signature right as stated in the proposal of the General Meeting related to agenda item No. 10, as well as the amendment of the Company's Articles of Association published on April 8, 2019 regarding the modification of the signature rules with the unchanged content stated in the relevant proposal of the General Meeting related to agenda item No. 10.

## **2. Completion of real estate acquisition**

On 18 December 2018, the Company concluded a sales contract with the Budapesti Elektromos Művek Nyrt. for the property owned by ELMŰ in 1/1 proportion, registered with Topographical No. Budapest, District I 6775 and located at 1012 Budapest, Attila út 99. and 1012 Budapest, Logodi utca 42. The Company paid the purchase price of the Real Estate, and the transaction was completed in January 2019. The Property was acquired by the Company for exclusive residential property development purposes.

## **3. Personal changes**

### **Board of Directors, Audit Committee**

There was no change in the composition of the Board of Directors and the Audit Committee in the period from January 1, 2019 to June 30, 2019.

### **Management**

On May 31, 2019, the employment of Gábor Sajgál, head of business development, was terminated.

## **4. Transformation of common shares**

On 29 April 2019, with its Resolution No. 19/2019.04.29, the General Meeting of the Company resolved to convert the nominal value of the Company's common shares from HUF 100 to HUF 10 by means of share split, with the value date of June 13, 2019.

## **IV. Risk factors influencing the effectiveness of the Company**

The effectiveness of the activities of the Company is still strongly influenced by the current macro-economic situation, and the business environment evolving based on this situation, since the occupancy of the offices and the amount of the rents that can be realized depends on the financial situation, expectations of the lessee companies.

The Company performs its property utilization activities with a relative low level of risk, a significant part of the concluded lease agreements are fixed term contracts, between 2 to 3 years, but in special cases they can be for 5+5 or 10 years. Our unspecified term lease agreements have been in place typically for several years. Due to the prior risk analysis of tenants and the security system applied both the extent of outstanding amounts and non-payment issues remains negligible, just like in the previous year.

The EUR-based loan debt at CIB Bank Zrt. was refinanced at the end of March 2018, so presently the Company only has forint denominated loans. Considering that 93% of the income of the Company is realized in forint, it has practically no FX risk.

The long term forint loans of the Company have variable interest rates, subject to 3 months BUBOR, so with the possible increase of interests in the financial market the interest rate of forint loans may also increase (interest risk). The Company continuously reviews international and Hungarian financial market processes, financing opportunities, including opportunities for refinancing variable interest loans with fixed interest loans; the Company decides on possible refinancing depending on such opportunities. For this purpose, the Company has at its disposal a HUF 20 billion credit facility agreement concluded on November 7, 2018, which can be used for real estate purchase, real estate development and loan redemption purposes, has fixed interest rate and provides HUF-based financing with a term of 10 years, and which was signed with the MFB Magyar Fejlesztési Bank Zrt., as a financing bank.

The detailed data concerning financial instruments is in Section 32 of the Chapter III on Financial Instruments of Consolidated, non-audited Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in accordance with the International Financial Reporting Standards for the period ending on June 30, 2019. The Company has no other securities besides the BIF ordinary shares it owns (treasury shares), and entered into no derivative transactions.

#### Risks concerning the consolidated Harsánylejtő Kft.

The situation of Harsánylejtő Kft. significantly depends on its parent company, the market influences it faces and its decisions. Concerning the efficiency, profitability of the developments according to Section IX, on the one hand, there may be a risk of delays in the delivery deadline due to improper and subsequent repairs and/or lack of capacity of the contractors, which may occur during the implementation of the development (among other things, due to the above reasons and to mitigate the risk, the contractor was replaced after June 30, 2019 regarding the construction works of the residential properties registered under topographical numbers Budapest, District III 20646/74; 20646/75; 20646/76 and 20646/77 owned by Harsánylejtő Kft.; every property with ground floor + 2 floors and 1 underground garage floor containing 5 apartments), and on the other hand, the intensifying competition (in the first half of 2019, several other projects continued in Budapest that started in 2018, which are considered to be competition to the development). We could mitigate the risks from the delays of the delivery deadline by including default penalty in the contract, enforceable against the general contractor, on the one hand, and by making the delivery deadline flexible towards customers on the other.

In strategic matters decisions need to be taken by Harsánylejtő Kft. in coordination with the Company. Concerning development, the Company decides in strategic matters and Harsánylejtő Kft. performs operative tasks.

#### **V. Significant events following June 30, 2019**

No material event justifying the disclosure requirement in accordance with the applicable law has occurred after June 30, 2019 until the adoption of this Consolidated Business (Management) Report by the Board of Directors.

## VI. General company information

### 1. Data of the Company

|   |  |
|---|--|
| the Company name:                                   | Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.       |
| Abbreviated company name:                           | Budapesti Ingatlan Nyrt.                                   |
| Registered office:                                  | 1033 Budapest, Polgár u. 8-10.                             |
| Post address (location of central administration):  | 1033 Budapest, Polgár u. 8-10.                             |
| Central electronic contact:                         | <a href="mailto:info@bif.hu">info@bif.hu</a>               |
| Website:  | <a href="http://www.bif.hu">www.bif.hu</a>                 |
| Date of the articles of association of the Company: | 31.01.1995.  |
| Date when the Company started its operation:        | 01.05.1994.  |
| Registry Court:                                     | Company Registry Court of Budapest-Capital Regional Court  |
| the Company registry number:                        | Cg. 01-10-042813   |
| Statistical number of the Company:                  | 12041781-6820-114-01                                       |
| Tax administration identification number:           | 12041781-2-41  |
| Community tax registration number:                  | HU12041781   |
| Share capital of the Company on 31 December         | HUF 2,870,244,400  |
| Duration of the operation of the Company:           | unspecified  |
| Business year of the Company:                       | identical to the calendar year                             |
| Principal activity of the Company:                  | 6820*08 Renting and operating of own or leased real estate |

### 2. Company management

#### General Meeting

Appointment and removal of executives belongs to the exclusive jurisdiction of the General Meeting. The Company did not conclude any specific agreement with executives and employees concerning severance pay, in this regard the relevant articles of the Civil Code shall be applied.

Amendment of the articles of association belongs to the exclusive jurisdiction of the General Meeting, with the following exceptions:

- If the amendment of the Articles of Association only concerns the company name, registered office, premises and branch offices, the site of central administration, and – with the exception of the principal activity – the scope of activity of the Company, the General Meeting decides with a simple majority of votes, by the power of which the Articles of Association authorize the Board of Directors of the Company to modify the company name, registered office, premises and branch offices, the site of central administration, and – with the exception of the principal activity – the scope of activity of the Company at its own discretion with a resolution of the board of directors.
- By its resolution, the General Meeting may authorize the Board of Directors to increase the capital of the Company. In the relevant general meeting resolution, the highest amount must be determined (approved share capital) to which the Board of Directors may increase the share capital of the Company. The authorization of the general meeting may concern any type and any manner of share capital increase. The authorization granted by the general meeting may be for five years at the most. In the case of share capital increase at the discretion of the board of directors the Board of Directors is entitled and obliged to amend the Articles of Association.

## Board of Directors

The Company operates in a unified control system.

The Board of Directors is the management body of the Company, represents the Company before courts and other authorities, and towards third parties. The Board of Directors established the rules of its operation and operated according to its Order of Procedure in the first half of 2019.

The majority of the members of the Board of Directors is independent.

The Board of Directors performs its activities as a body. It designates the issues necessary to be scheduled for discussion at its meeting from the issues in its jurisdiction, appoints the Board of Directors or management members responsible for the preparation of the issue, discusses the issue presented at the meeting of the Board of Directors, passes a resolution in that regard, and has its execution checked. The Board of Directors prepares a work schedule for the period between the yearly balance closing general meetings, defining the date of its regular sessions in it and the expected schedules to the necessary extent.

In the first half of 2019, the Board of Directors held 4 sessions with 100% participation rate. In the first half of 2019, the Board of Directors passed decision through electronic means 1 time.

### **Members of the Board of Directors of the Company (June 30, 2019)**

| <b>Name</b>           | <b>Position</b> | <b>Start of assignment</b> | <b>End of assignment</b> |
|-----------------------|-----------------|----------------------------|--------------------------|
| dr. Anna Ungár,       | Chairperson     | 15.08.2017                 | 15.08.2022               |
|                       | Deputy          | 15.08.2017                 | 15.08.2022               |
| Kristóf Berecz        | chairperson     |                            |                          |
| Julian Tzvetkov       | member          | 15.08.2017                 | 15.08.2022               |
| dr. Frigyes Hárshegyí | member          | 15.08.2017                 | 15.08.2022               |
| Miklós Vaszi          | member          | 22.12.2017                 | 15.08.2022               |

## Audit Committee

According to Articles of Association the following belong to the jurisdiction of the Audit Committee:

- commenting on the report according to the accounting act;
- tracking the audition of the report according to the accounting act;
- recommendation for the permanent auditor and their remuneration;
- preparation of the contract to be concluded with the permanent auditor;
- tracking the enforcement of professional requirements, incompatibility and independence requirements towards the permanent auditor, performing the tasks related to the cooperation with the permanent auditor, tracking other services provided by the permanent auditor for the Company besides the audit of the report according to the accounting act, and – if necessary – recommendations for the Board of Directors concerning the taking of measures;
- evaluating the operation of the financial reporting system and recommendation for taking the necessary measures;
- helping the work of the Board of Directors in order to appropriately control the financial reporting system; and
- tracking the efficiency of the internal control and risk management system.

The Audit committee held one session in the first half of 2019, besides the Board of Directors meetings, with 100% participation rate. Significant topics discussed at the session: approval of the yearly financial statements of the Company and certain Companies it consolidated, recommendation for electing the Auditor and determining their remuneration.

### **Members of the Audit Committee of the Company (June 30, 2019)**

| <b>Name</b>           | <b>Position</b> | <b>Start of assignment</b> | <b>End of assignment</b> |
|-----------------------|-----------------|----------------------------|--------------------------|
| Julian Tzvetkov       | member          | 15.08.2017                 | 15.08.2022               |
| dr. Frigyes Hárshegyí | member          | 15.08.2017                 | 15.08.2022               |
| Miklós Vaszi          | member          | 22.12.2017                 | 15.08.2022               |



### Remuneration of officials (Board of Directors, Audit Committee members)

At the yearly ordinary general meeting of the Company in 2019 the general meeting decided that the members of the Board of Directors shall perform their tasks without remuneration in the business year of 2019 and the members of the Audit Committee shall perform their tasks with a monthly remuneration of gross HUF 300 000 (three hundred thousand forints) per member in the business year of 2019.

### **3. Auditor**

Auditor of the Company in the first half of 2019:

- May 15, 2018 to May 15, 2019: INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18. Building A, ground floor 1/F., person responsible for auditing: Zsuzsanna Freiszberger)
- May 16, 2019 to May 15, 2020: INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18. Building A, ground floor 1/F., person responsible for auditing: Zsuzsanna Freiszberger)

### **4. Disclosures**

The announcements of the Company are published at:

- BÉT ([www.bet.hu](http://www.bet.hu)) website, MNB website ([www.kozzetetelek.mnb.hu](http://www.kozzetetelek.mnb.hu)) and the Company's own website ([www.bif.hu](http://www.bif.hu)).

### **5. Share information**

On June 30, 2019 the issued capital of the Company was 287,024,440 registered dematerialized ordinary shares with a par value of HUF 10 each, from which 30,140,000 shares are owned by the Company. Section 6 of the Articles of Association of the Company details the rights and obligations related to the shares. The shares are being traded in the 'Premium' category of the Budapest Stock Exchange and represent the entire issued capital; the Company has no other issued interests.

The trading of shares is not limited, pre-emption rights are not stipulated, but the transfer of shares is only possible by charging or crediting security accounts. When transferring shares the shareholder may only exercise shareholder rights against the Company if the name of the new owner was registered in the share register.

The share register of the Company is managed by KELER Zrt.

Special control rights are presently not stipulated. However, at the annual general meeting of the Company held on April 29, 2019, the General Meeting authorized the Board of Directors to increase the capital of the Company by issuing vote priority shares with the unchanged conditions specified in the relevant general meeting proposal related to schedule item 7 and published on April 8, 2019. The Board of Directors did not exercise this authority in the first half of 2019.

We are not aware of any shareholder agreement related to control rights.

Presently, there is no employee shareholder system at the Group. However, at the annual general meeting of the Company held on April 29, 2019, the General Meeting authorized the Board of Directors to increase the capital of the Company by issuing employee shares with the unchanged conditions specified in the relevant general meeting proposal related to schedule item 6 and published on April 8, 2019. The Board of directors did not exercise this authority in the first half of 2019.

Minority rights: shareholders representing at least 1% of the votes might request summoning the general meeting of the Company at any time, indicating the reason and the purpose.

According to the Articles of Association the elected officials shall be elected by the General Meeting with simple majority.

At the annual general meeting of the Company in 2019, the General Meeting authorized the Board of Directors to purchase treasury shares. According to the authorization, the Board of Directors may decide on the Company's purchase of registered ordinary shares issued by the Company with a par value of HUF 10. The lowest amount of consideration payable for one treasury share is HUF 1, that is, one forint, and the highest amount can be 150% of the stock exchange average price, weighted with 180 days' traffic before the date of concluding the transaction at the most. The authorization is for a specified term from the date of the general meeting until October 29, 2020. Based on the authorization the maximum amount of treasury shares that can be obtained by the Company may not exceed 25% of the base capital.

**Owners of the Company with more than 5% of interest based on the December 31, 2018 and the June 30, 2019 share register and the individual statements of the owners**

| Shareholder        | December 31, 2018        |               | June 30, 2019              |               |
|--------------------|--------------------------|---------------|----------------------------|---------------|
|                    | Number of shares (piece) | Interest (%)  | Number of shares (piece)** | Interest (%)  |
| PIÓ-21 Kft.        | 18 484 722               | 64.40***      | 184 847 220                | 64.40***      |
| Treasury share**** | 3 014 000                | 10.50         | 30 140 000                 | 10.50         |
| Other shareholders | 7 203 722                | 25.10         | 72 037 220                 | 25.10         |
| <b>Total</b>       | <b>28 702 444</b>        | <b>100.00</b> | <b>287 024 440</b>         | <b>100.00</b> |

\* BIF common share with a par value of HUF 100

\*\* BIF common share with a par value of HUF 10

\*\*\* From which 4.49% is indirect interest via the Kft's subsidiary, the BFIN Asset Management AG

\*\*\*\* BIF shares owned by the Company do not grant rights to dividend and voting rights

**Ownership interest of executives, employees in strategic positions in the Company (June 30, 2019)**

| Nature | Name                  | Position  | Start of assignment | End of assignment | Direct share property (number of shares) | Percentage of BIF shares with indirect influence |
|--------|-----------------------|---|---------------------|-------------------|--|--|
| ITT    | Dr. Anna Ungár        | Chairperson of the BoD*                                     | 15.08.2017          | 15.08.2022        | 0  | 64.40%   |
| ITT    | Kristóf Berecz        | Deputy Chairperson of the BoD and CEO as of 1 December 2018 | 15.08.2017          | 15.08.2022        | 0  | 64.40%   |
| ITT    | Julian Tzvetkov       | member of the BoD and the AC**                              | 15.08.2017          | 15.08.2022        | 0  | 0  |
| ITT    | dr. Frigyes Hárshegyi | member of the BoD and the AC                                | 15.08.2017          | 15.08.2022        | 0  | 0  |
| ITT    | Miklós Vaszi          | member of the BoD and the AC                                | 22.12.2017          | 15.08.2022        | 0  | 0  |
| SP     | Róbert Hrabovszki     | Deputy Chief Financial Officer                              | 19.03.2018          | indefinite***     | 0  | 0  |

\*Board of Directors

\*\*Audit Committee

\*\*\*nature of employment

**Ownership interest of executives, employees in strategic positions in the Company  
(June 30, 2018)**

| Nature | Name                  | Position                       | Start of assignment | End of assignment | Direct share property (number of shares) | Percentage of BIF shares with indirect influence |
|--------|-----------------------|--------------------------------|---------------------|-------------------|--|--|
| ITT    | Dr. Anna Ungár        | Chairperson of the BoD*        | 15.08.2017          | 15.08.2022        | 0  | 74.61%   |
| ITT    | Kristóf Berecz        | Deputy Chairperson of the BoD* | 15.08.2017          | 15.08.2022        | 0  | 74.61%   |
| ITT    | Julian Tzvetkov       | member of the BoD and the AC** | 15.08.2017          | 15.08.2022        | 0  | 0  |
| ITT    | dr. Frigyes Hárshegyi | member of the BoD and the AC   | 15.08.2017          | 15.08.2022        | 0  | 0  |
| ITT    | Miklós Vaszily        | member of the BoD and the AC   | 22.12.2017          | 15.08.2022        | 0  | 0  |
| SP     | Gábor Sajgál          | CEO                            | 2016.12.01          | indefinite***     | 0  | 0  |
| SP     | Róbert Hrabovszki     | Deputy Chief Financial Officer | 2018.03.19          | indefinite***     | 0  | 0  |

\*Board of Directors

\*\*Audit Committee

\*\*\*nature of employment

## VII. Changes in the number and wages of employees, employment policy

The average statistical headcount at the Company was 43 persons on June 30, 2019 (while 29 on June 30, 2018 and 32 on December 31, 2018). Information on the development of personnel expenses is provided in section II/1.

The Company has no employment policy liabilities.

## VIII. Research and development

Due to the nature of the activity of the Company, it does not engage in research and development.

## IX. Introduction of the consolidated entities of the Company

The Company consolidated Harsánylejtő Kft. in its Interim Consolidated Financial Statements for the 1st half of 2019 prepared according to the IFRS.

The Harsánylejtő Kft. (registered office: 1033 Budapest, Polgár u. 8-10.), was founded and is fully owned since then by Budapesti Ingatlan Nyrt., on 25 August 2008, with a registered capital of HUF 500,000. The registered capital of the Company was increased to HUF 3,000,000 on March 10, 2016, its principal activity: organization of construction projects.

As of June 30, 2019, Harsánylejtő Kft. owned 8 lots in the Harsánylejtő development area, suitable for the construction of condominiums, on which the construction of condominiums has been completed or is in progress.

Harsánylejtő Kft. finances the purchase of construction lots necessary for property development and the development itself from market interest loans received from the Company, paid back from the purchase price of apartments it sold after the completion of the development.

Concerning the development, the Company decides in strategic matters, while Harsánylejtő Kft. performs the operative tasks.

As of February 28, 2019, the Company removed Gábor Sajgál from his position as managing director of Harsánylejtő Kft. and appointed Kristóf Berecz as managing director of Harsánylejtő Kft. for an indefinite period, with independent signature right.

## **X. Environmental protection**

Due to the nature of its activity, Budapesti Ingatlan Nyrt. does not produce and store hazardous wastes, the Company paid the air pollution fees after the exhaust gas emissions. No significant cost was recognized directly related to environmental protection in the previous business year or in the subject year.

## **XI. Corporate Governance Report and Statement**

The Company has a Corporate Governance Report and Statement, reviews its company management system each year and modifies it as necessary.

The Company has published at the publication platforms of the Company the Company's Corporate Governance Report for 2018 concerning the Corporate Governance Recommendations of the Budapest Stock Exchange, drafted on a separate sheet and approved by the annual general meeting held on April 29, 2019. No one is appointed as head of company at the Company.

- The Corporate Governance Report is available at the [www.bet.hu](http://www.bet.hu), [www.bif.hu](http://www.bif.hu) and [www.kozzetetelek.hu](http://www.kozzetetelek.hu) websites.
- The Company prepares its Corporate Governance Report and Statement on the basis of the Corporate Governance Recommendations published by the Budapesti Értéktőzsde Zrt.
- The Corporate Governance Report is adopted by the Board of Directors and approved by the general meeting. The Corporate Governance Report includes the recommendations of the BSE and the details and reasons for the deviations therefrom.
- The Corporate Governance Report contains the reasons for the practice applied outside the legislation.
- The Corporate Governance Report contains the main characteristics of the Company's internal control and risk management practices.

**Declaration of liability**

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that this Consolidated Business (management) Report contains real data and statements, providing a true and fair view of the position, development and performance of the Company and its subsidiary involved in the consolidation, presenting the main risks and uncertainty factors for the remaining six months of the financial year and does not omit any facts that might have any significance concerning the assessment of the position of the Company and its subsidiary involved in the consolidation.

Budapest, August 30, 2019

.....  
dr. Anna Ungár  
chairperson of the Board of Directors

.....  
Kristóf Berecz  
deputy chairperson-CEO



**Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.**

**Consolidated, non-audited Financial Statements  
prepared in accordance with the International Financial  
Reporting Standards for the period ending  
on June 30, 2019 – Interim Consolidated Financial Statements  
for the 1st half year of 2019**

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**Interim consolidated statement of financial position**

| Data in th HUF  | Explanation* | 30.06.2019        | 31.12.2018        |
|---|--------------|-------------------|-------------------|
| <b>ASSETS</b>   |              |                   |                   |
| <b>Non-current assets</b>                               |              |                   |                   |
| Investment properties                                   | 1            | 39 949 004        | 39 799 004        |
| Intangible assets                                       | 2            | 428               | 506               |
| Investment properties                                   | 2            | 93 236            | 94 240            |
| Intangible assets                                       | 2            | 128 195           | 113 166           |
| Investment properties                                   | 2            | 790 283           | 790 475           |
| Share in affiliated companies                           | 3            | -                 | -                 |
| Deferred tax assets                                     | 4            | -                 | 860               |
| <b>Total non-current assets</b>                         |              | <b>40 961 146</b> | <b>40 798 251</b> |
| <b>Current assets</b>                                   |              |                   |                   |
| Inventories   | 5            | 3 222 159         | 2 160 522         |
| Trade receivables                                       | 6            | 216 297           | 509 125           |
| Other short term receivables and accrued assets         | 7            | 165 585           | 89 888            |
| Cash and cash equivalents                               | 8            | 6 948 709         | 9 850 843         |
| <b>Total Current assets</b>                             |              | <b>10 552 750</b> | <b>12 610 378</b> |
| <b>Total Assets</b>                                     |              | <b>51 513 896</b> | <b>53 408 629</b> |
| <b>SOURCES</b>  |              |                   |                   |
| <b>Equity</b>   |              |                   |                   |
| Issued capital  | 9            | 2 870 244         | 2 870 244         |
| Capital reserve   | 9            | 6 048 215         | 6 048 215         |
| Revaluation reserve                                     | 10           | 1 078 973         | 1 078 973         |
| Repurchased treasury shares                             | 11           | - 1 748 120       | - 1 748 120       |
| Retained earnings                                       | 12           | 30 633 394        | 24 921 662        |
| Profit in the subject year                              | 12           | 1 110 009         | 8 280 576         |
| <b>Total equity:</b>                                    |              | <b>39 992 715</b> | <b>41 451 550</b> |
| <b>Long-term liabilities</b>                            |              |                   |                   |
| Financial liabilities                                   | 13           | 8 798 827         | 9 153 569         |
| Provisions for expected liabilities                     | 14           | 15 140            | 12 614            |
| Deferred tax liabilities                                | 15           | -                 | -                 |
| Other long-term liabilities                             |              | -                 | -                 |
| <b>Total long-term liabilities</b>                      |              | <b>8 813 967</b>  | <b>9 166 183</b>  |
| <b>Short-term liabilities</b>                           |              |                   |                   |
| Financial liabilities                                   | 16           | 769 541           | 769 541           |
| Trade payables  | 17           | 201 837           | 380 987           |
| Other liabilities, accrued expenses and deferred income | 18           | 1 735 836         | 1 640 368         |
| <b>Total short-term liabilities</b>                     |              | <b>2 707 214</b>  | <b>2 790 896</b>  |
| <b>Total Liabilities and Equity</b>                     |              | <b>51 513 896</b> | <b>53 408 629</b> |

\*No. of additional explanation

**Interim consolidated statement of comprehensive income**

| Data in th HUF   | Explanation* | <u>30.06.2019</u> | <u>30.06.2018</u> |
|--|--------------|-------------------|-------------------|
| Net revenue from sales   | 19           | 2 662 320         | 1 515 841         |
| Other operating income   | 20           | 139 673           | 279 318           |
| Changes in stocks of finished goods and works in progress                          | 21           | - 18 938          | 163 149           |
| Capitalized own performances   | 21           | - 19 803          | -                 |
| Material expenses  | 22           | - 1 115 783       | - 697 678         |
| Personal expenses  | 23           | - 241 824         | - 155 478         |
| Depreciation and amortization  | 24           | - 20 715          | - 16 279          |
| Other operating expenses   | 25           | - 162 455         | - 112 391         |
| <b>Operating profit</b>  |              | <b>1 222 475</b>  | <b>976 482</b>    |
| Financial income   | 26           | 4 806             | 1 675             |
| Financial expenses   | 26           | - 100 666         | - 111 117         |
| <b>Profit before taxes</b>   |              | <b>1 126 615</b>  | <b>867 040</b>    |
| Current tax expense  | 27           | - 15 746          | -                 |
| Deferred tax   | 28           | - 860             | 192               |
| <b>Profit after taxes</b>  |              | <b>1 110 009</b>  | <b>867 232</b>    |
| <b>From which:</b>   |              |                   |                   |
| <b>Part attributable to the parent company</b>                                     |              | <b>1 110 009</b>  | <b>867 232</b>    |
| <b>Part attributable to external owner</b>   |              | -                 | -                 |
| <b>Other comprehensive income</b>  |              | -                 | -                 |
| Changes in the fair value of other properties without taxes                        |              | -                 | -                 |
| Tax effects of the changes in the fair value of other properties                   |              | -                 | -                 |
| <b>Other comprehensive income</b>  |              | <b>1 110 009</b>  | <b>867 232</b>    |
| <b>From which:</b>   |              |                   |                   |
| <b>Part attributable to the parent company</b>                                     |              | <b>1 110 009</b>  | <b>867 232</b>    |
| <b>Part attributable to external owner</b>   |              | -                 | -                 |
| <b>Weighted average of common shares beyond treasury shares (number of shares)</b> | 29           | 256 884 440       | 211 317 360       |
| <b>Earnings per share (HUF)</b>  |              |                   |                   |
| Base   | 29           | 4,32              | 4,10              |
| Diluted  | 29           | 4,32              | 4,10              |

\*No. of additional explanation

**Interim consolidated statement of changes in equity**

| Explanation*                                  | 9                | 11                          | 9                | 10                  | 11                | 12                         | Total equity attributable to the parent company | Non-controlling interest | Equity total      |
|---|------------------|-----------------------------|------------------|---------------------|-------------------|----------------------------|---|--------------------------|-------------------|
|   | Issued capital   | Repurchased treasury shares | Capital reserve  | Revaluation reserve | Retained earnings | Profit in the subject year |   |                          |                   |
| Data in th HUF                                |                  |                             |                  |                     |                   |                            |   |                          |                   |
| <b>31.12.2017</b>                             | <b>2 583 220</b> | <b>-2 846 120</b>           | <b>594 752</b>   | <b>1 078 973</b>    | <b>11 437 805</b> | <b>12 926 468</b>          | <b>25 775 098</b>                               | <b>0</b>                 | <b>25 775 098</b> |
| Reclassification of profit from previous year |                  |                             |                  |                     | 12 926 468        | -12 926 468                | <b>0</b>  |                          | 0                 |
| Selling treasury shares                       |                  | 229 000                     |                  |                     | 531 000           |                            | <b>760 000</b>                                  |                          | 760 000           |
| Dividend                                      |                  |                             |                  |                     | -2 008 611        |                            | <b>-2 008 611</b>                               |                          | -2 008 611        |
| Total comprehensive income                    |                  |                             |                  |                     |                   | 867 232                    | <b>867 232</b>                                  |                          | 867 232           |
| <b>30.06.2018</b>                             | <b>2 583 220</b> | <b>-2 617 120</b>           | <b>594 752</b>   | <b>1 078 973</b>    | <b>22 886 662</b> | <b>867 232</b>             | <b>25 393 719</b>                               | <b>0</b>                 | <b>25 393 719</b> |
| Issuing treasury shares                       | 287 024          |                             | 5 453 463        |                     |                   |                            | <b>5 740 487</b>                                |                          | 5 740 487         |
| Selling treasury shares                       |                  | 869 000                     |                  |                     | 2 035 000         |                            | <b>2 904 000</b>                                |                          | 2 904 000         |
| Total comprehensive income                    |                  |                             |                  |                     |                   | 7 413 344                  | <b>7 413 344</b>                                |                          | 7 413 344         |
| <b>31.12.2018</b>                             | <b>2 870 244</b> | <b>-1 748 120</b>           | <b>6 048 215</b> | <b>1 078 973</b>    | <b>24 921 662</b> | <b>8 280 576</b>           | <b>41 451 550</b>                               | <b>0</b>                 | <b>41 451 550</b> |
| Reclassification of profit from previous year |                  |                             |                  |                     | 8 280 576         | -8 280 576                 | <b>0</b>  |                          | 0                 |
| Dividend                                      |                  |                             |                  |                     | -2 568 844        |                            | <b>-2 568 844</b>                               |                          | -2 568 844        |
| Total comprehensive income                    |                  |                             |                  |                     |                   | 1 110 009                  | <b>1 110 009</b>                                |                          | 1 110 009         |
| <b>30.06.2019</b>                             | <b>2 870 244</b> | <b>-1 748 120</b>           | <b>6 048 215</b> | <b>1 078 973</b>    | <b>30 633 394</b> | <b>1 110 009</b>           | <b>39 992 715</b>                               | <b>0</b>                 | <b>39 992 715</b> |

\*No. of additional explanation

**Interim consolidated statement of cash flows**

| Data in th HUF                                  | Explanation* | <u>30.06.2019</u>        | <u>30.06.2018</u>        |
|---|--------------|--------------------------|--------------------------|
| <b>Profit before tax</b>                        |              | 1 126 615                | 867 040                  |
| Net interest expense                            | 26           | 97 466                   | 103 339                  |
| Non-cash items                                  |              |                          |                          |
| Depreciation                                    | 25           | 20 715                   | 16 279                   |
| Impairment                                      |              | 0                        | 0                        |
| Non-realised conversion gains and losses        |              | 0                        | -4 461                   |
| Profit from fair valuation                      | 31           | -388 878                 | -356 223                 |
| Provision for liabilities                       |              | 2 526                    | 0                        |
| Profit items related to non-operating cash flow |              |                          |                          |
| Profit from selling PPE                         |              | 0                        | 0                        |
| Net working capital changes                     |              |                          |                          |
| Change in trade receivables                     |              | 292 828                  | 61 067                   |
| Change in other current assets                  |              | -1 137 335               | 282 801                  |
| Change in trade payables                        |              | -179 150                 | -39 977                  |
| Changes in other short term liabilities         |              | -259 275                 | -75 287                  |
| Changes in other long term liabilities          |              | 354 742                  | 0                        |
| Interest paid                                   | 26           | -100 156                 | -103 382                 |
| Interest received                               | 26           | 2 690                    | 43                       |
| Income tax paid                                 | 27           | -15 746                  | 0                        |
| <b>Cash flows from operating activities</b>     |              | <u><b>-182 958</b></u>   | <u><b>751 239</b></u>    |
| PPE procurement                                 |              | 204 410                  | -401 251                 |
| Financial revenue from selling PPE              |              | 0                        | 0                        |
| Leaving consolidation                           |              | 0                        | 0                        |
| <b>Cash flows from investing activities</b>     |              | <u><b>204 410</b></u>    | <u><b>-401 251</b></u>   |
| Dividend  | 12           | -2 568 844               | -2 008 611               |
| Purchasing/selling treasury shares              |              | 0                        | 0                        |
| Borrowing                                       | 13           | 0                        | 2 643 016                |
| Repayment                                       | 13           | -354 742                 | -2 029 488               |
| Income from the issue of capital                |              | 0                        | 0                        |
| <b>Cash flows from financing activities</b>     |              | <u><b>-2 923 586</b></u> | <u><b>-1 395 083</b></u> |
| Increase in cash equivalents                    |              | -2 902 134               | -1 045 095               |
| Opening cash and cash equivalents               | 8            | 9 850 843                | 1 790 344                |
| Closing cash and cash equivalents               | 8            | 6 948 709                | 745 249                  |

\*No. of additional explanation

**Additional notes – general information, determining elements of the accounting policy and additional explanation, other information****I. General information**

## 1. Introduction of the company

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. (registered office: 1033 Budapest Polgár utca 8-10.; hereinafter: the Company and/or BIF) was established by transformation on January 31, 1995. Its legal predecessor was Budapesti Ingatlanhasznosítási és Fejlesztési Kft., founded on January 1, 1994 by Állami Vagyongynökség (State Property Agency) with an issued capital of th HUF 1 000.

The issued capital of the Company is HUF 2,870,244,400 consisting of 287,024,440 pieces of dematerialised common share with a par value of HUF 10 each.

As a real estate development and utilization company, the Company primarily deals with the utilization of its own real properties (office building, parking house and hotel building) by leasing, their further development and the sale of its own building plots and condominiums related to residential real estate development. The residential real estate development is currently carried out by Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Harsánylejtő Kft." or "Subsidiary"), which is 100% owned by the Company.

The operative control of the Company is performed by the Board of Directors. The supervision tasks related to the operation of the Company are performed by the Audit Committee.

The shares are being traded in the 'Premium' category of the Budapest Stock Exchange.

As of October 20, 2017 (registration by the National Tax and Customs Administration, [Nemzeti Adó- és Vámhivatal, hereinafter: NTCA]), the company has been operating as a regulated real estate investment pre-company (hereinafter: SZIE) as specified and regulated in Act CII of 2011 on Real Estate Investment Trusts (hereinafter: SZIT Act). Based on the application of the Company filed with NTCA for the registration as a real estate investment pre-company regulated in the SZIT Act on December 20, 2018, NTCA registered the Company as a regulated real estate investment company (for international investors better known as REIT – real estate investment trust) effective as of December 31, 2018.

The means of publication of the announcement of the Company: via the website of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)), via the website of the Hungarian National Bank (Magyar Nemzeti Bank, hereinafter: MNB) ([www.kozzetetelek.mnb.hu](http://www.kozzetetelek.mnb.hu)) and the company's own website ([www.bif.hu](http://www.bif.hu)).

The IFRS chartered accountant responsible for the preparation of these Interim IFRS Consolidated Financial Statements for the 1st half year of 2019 is: Dr. Horváthné Kalácska Katalin (1082 Budapest Hock János utca 4-6.; Chartered Accountant Registration No.: 123362).

The auditor of the Company is INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (Registered office: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F; Incorporation No.: 01-09-063211; Tax Registration No.: 10272172-2-42; Hungarian Chamber of Auditors Registration No.: 000171; issuer certification number: K000107; person responsible for the audit: Zsuzsanna Freiszberger, Name at birth: Zsuzsanna Freiszberger, Mother's name: Böczkös Rózsa Mária, Address: 2440, Százhalombatta, Rózsa utca. 7; Date and place of birth: Barcs, 27.07.1977. Auditor Licence No.: 007229; issuer certification number: K000103).

**2. Officials, controlled companies**
**2.1. Officials in the 1st half year of 2019**
**Members of the Board of Directors of the Company**

| <b>Name</b>          | <b>Position</b>    | <b>Start of appointment</b> | <b>End of appointment</b> |
|----------------------|--------------------|-----------------------------|---------------------------|
| dr. Anna Ungár       | Chairperson        | 15.08.2017                  | 15.08.2022                |
| Kristóf Berecz       | Deputy-Chairperson | 15.08.2017                  | 15.08.2022                |
| Julian Tzvetkov      | member             | 15.08.2017                  | 15.08.2022                |
| dr. Frigyes Hárshgyi | member             | 15.08.2017                  | 15.08.2022                |
| Miklós Vasziily      | member             | 22.12.2017                  | 15.08.2022                |

**Members of the Audit Committee of the Company**

| <b>Name</b>          | <b>Position</b> | <b>Start of appointment</b> | <b>End of appointment</b> |
|----------------------|-----------------|-----------------------------|---------------------------|
| Julian Tzvetkov      | member          | 15.08.2017                  | 15.08.2022                |
| dr. Frigyes Hárshgyi | member          | 15.08.2017                  | 15.08.2022                |
| Miklós Vasziily      | member          | 22.12.2017                  | 15.08.2022                |

**Ownership interest of executives, employees in strategic positions in the Company  
(June 30, 2019)**

| <b>Nature</b> | <b>Name</b>             | <b>Positions</b>          | <b>Start of appointment</b> | <b>End of appointment</b> | <b>Direct share property (number of shares)</b> | <b>Percentage of BIF shares with direct influence</b> |
|---------------|-------------------------|---------------------------|-----------------------------|---------------------------|---|---|
| ITT           | Dr. Anna Ungár          | BoD*<br>chairperson       | 15.08.2017                  | 15.08.2022                | 0   | 64.40%  |
| ITT           | Kristóf Berecz          | BoD deputy<br>chairperson | 15.08.2017                  | 15.08.2022                | 0   | 64.40%  |
| ITT           | Julian Tzvetkov         | Member of<br>BoD, AC**    | 15.08.2017                  | 15.08.2022                | 0   | 0   |
| ITT           | dr. Frigyes<br>Hárshgyi | Member of<br>BoD, AC      | 15.08.2017                  | 15.08.2022                | 0   | 0   |
| ITT           | Miklós Vasziily         | Member of<br>BoD, AC      | 22.12.2017                  | 15.08.2022                | 0   | 0   |
| SP            | Róbert<br>Hrabovszki    | Deputy CFO                | 19.03.2018                  | indefinite***             | 0   | 0   |

\*Board of Directors

\*\*Audit Committee

\*\*\*nature of employment

**2.2. Changes in executives and employees in strategic positions in the 1st half year of 2019**

No changes took place in terms of the members of the Board of Directors and the Audit Committee in the 1st half year of 2019.

On May 31, 2019, the employment of Gábor Sajgál, head of business development, was terminated.

**2.3. Remuneration for executives in the 1st half year of 2019**

At the annual general meeting of the Company in 2019, the general meeting decided that the members of the Board of Directors shall perform their tasks without remuneration in the 2019 business year.

## 2.4. Persons authorized to sign the Interim Consolidated Financial Statements

According to Section 15.2 of the Articles of Association, the person with signature right are:

- The chairperson of the Board of Directors together with either another Board member or an employee with power of representation,
- The deputy chairperson of the Board of Directors together with either another Board member or an employee with power of representation.

## 2.5. Data of the subsidiary included in the consolidation scope

| Subsidiary        | Registered office             | Voting and ownership ratio |                   |
|-------------------|-------------------------------|----------------------------|-------------------|
|                   |                               | June 30, 2019              | December 31, 2018 |
| Harsánylejtő Kft. | 1033 Budapest Polgár u. 8-10. | 100,00%                    | 100,00%           |

Equity data of Harsánylejtő Kft. (June 30, 2019) in thousand HUF:

|                    |         |
|--------------------|---------|
| Equity             | 70,330  |
| Registered capital | 3 000   |
| Allocated reserve  | 47,500  |
| Profit reserve     | -44,975 |
| After-tax profit   | 64,805  |

The Company removed Gábor Sajgál from the position of CEO of Harsánylejtő Kft. on February 28, 2019, and at the same time appointed Kristóf Berecz to be the CEO of Harsánylejtő Kft. for an indefinite period of time, with independent signature right.

## 2.6. Ownership structure

**Owners of the Company with more than 5% of interest based on the 2018/June 30, 2019 share register and the individual statements of the owners**

| Shareholder        | December 31, 2018          |               | June 30, 2019               |               |
|--------------------|----------------------------|---------------|-----------------------------|---------------|
|                    | Number of shares (pieces)* | Interest (%)  | Number of shares (pieces)** | Interest (%)  |
| PIÓ-21 Kft.        | 18 484 722                 | 64,40***      | 184 847 220                 | 64,40***      |
| Treasury share**** | 3 014 000                  | 10,50         | 30 140 000                  | 10,50         |
| Other shareholders | 7 203 722                  | 25,10         | 72 037 220                  | 25,10         |
| <b>Total</b>       | <b>28 702 444</b>          | <b>100,00</b> | <b>287 024 440</b>          | <b>100,00</b> |

\* BIF common share with nominal value of HUF 100.

\*\* BIF common share with nominal value of HUF 10.

\*\*\* From which 1 289 026 pieces of shares, an indirect interest of 4.49% through the subsidiary of the Kft., BFIN Asset Management AG.

\*\*\*\* The shares owned by the company do not entitle their holder to receive dividend and do not provide voting preference.

## II. Important elements of the accounting policy

In these Interim Consolidated Financial Statements, the Company has applied the same accounting policies and method of calculation as in the most recent annual financial statements.

There is no cyclicality or seasonality in the operation of our Company.

These interim financial statements have not been audited by an independent auditor.

1. Acceptance and statement of compliance with the International Financial Reporting Standards

The Board of Directors accepted the interim consolidated financial statements. The interim consolidated financial statements were prepared according to the International Financial Reporting Standards, based on the standards announced as regulation in the Official Journal of the European Union (EU) and then introduced. The IFRS consists of the standards and interpretations drafted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The interim consolidated financial statements are presented in Hungarian forints, rounded to a thousand forint, if not indicated otherwise.

2. Basis for the preparation of the statement

These interim consolidated financial statements were prepared according to the effective standards and IFRIC interpretations issued by January 1, 2019.

These interim consolidated financial statements were compiled based on the cost principle, except for cases where the IFRS requires the use of another evaluation principle, like presented in the accounting policy.

3. Basis of evaluation

In the case of the consolidated financial statements, the basis for evaluation is the original cost, except for the following assets and obligations, presented at fair value: derivative financial instruments, financial instruments evaluated at fair value through profit and loss and the marketable financial instruments.

In the course of preparing financial statements in compliance with the IFRSs it is necessary for the management to apply expert assessment, estimates and assumptions, with influence on the applied accounting policy and the amount of assets and liabilities, costs and expenses in the report. The estimates and related assumptions are based on past experience and several other factors, considered reasonable under the given circumstances, and the result of which serves as basis for estimating the book value of assets and liabilities that cannot be clearly determined from other sources. Actual results may differ from such estimates.

The estimates and the base assumptions are regularly reviewed. The modification of accounting estimates is presented in the period of the modification of the estimate if the modification only concerns the year in question and in the period of modification and in future periods if the modification concerns both the present and the future years.

4. Data of the business combination, consolidated entities

| <u>Subsidiary</u> | address:                      | Voting power  |                   |
|-------------------|-------------------------------|---------------|-------------------|
|                   |                               | June 30, 2019 | December 31, 2018 |
| Harsánylejtő Kft. | 1033 Budapest Polgár u. 8-10. | 100,00%       | 100,00%           |



### III. Additional explanations

#### 1. Investment properties

| data in thousand HUF     |                   |
|--------------------------|-------------------|
| <b>December 31, 2018</b> | <b>39 799 004</b> |
| <b>Fair value</b>        | 60 101            |
| <b>Activation</b>        | 89 899            |
| <b>June 30, 2019</b>     | <b>39 949 004</b> |
| <b>December 31, 2018</b> | <b>39 799 004</b> |
| <b>June 30, 2019</b>     | <b>39 949 004</b> |

Investment property data is prepared by the independent appraiser according to the following criteria:

#### Section 11 (1) of Act CII of 2011 on regulated property investment companies

Evaluation of the properties in the portfolio of regulated property investment companies can be done

- a) with a method based on market comparison,
- b) with a method based on yield calculation, or
- c) with a method based on reproduction cost

provided that the selected method of evaluation must be justified in detail and in the future it must be performed in each period with the same method for the property in question.

The changes in the fair value of investment properties in the 1st half year of 2019 were from the following items:

- The increase in the value of investment properties (approx. HUF 150 million) can be partly traced back to the increase in the fair value of the properties in the portfolio. The increase in fair value (approx. HUF 60 million) is justified by the improving market expectations on the one hand, and the concluded lease agreements on the other (higher occupancy, expiration date of agreements) in the case of office buildings utilized by being rented out.
- In the first half of 2019, no new investment property was purchased, but investments in existing properties (approximately HUF 90 million) also contributed significantly to the increase in the value of the properties.

#### Profit or loss of the investment properties

| data in th HUF  | <b>30.06.2019</b> | <b>30.06.2018</b> |
|---|-------------------|-------------------|
| Net revenue from sales                                      | 1 860 196         | 1 018 106         |
| Other operating income                                      | 60 126            | 207 075           |
| Changes in stocks of finished goods and in work in progress |                   | 0                 |
| Material expenses   | -463 667          | -299 786          |
| Personal expenses   | 0                 | 0                 |
| Depreciation and amortisation                               | 0                 | 0                 |
| Other operating expenses                                    | -64 599           | 0                 |
| Income from financial transactions                          | 0                 | 0                 |
| Expenses of financial transactions                          | 0                 | 0                 |
| <b>Profit</b>   | <b>1 392 056</b>  | <b>925 395</b>    |

Main reasons of the increase of net revenue from sales of the investment properties compared to base period include the renegotiation of expiring lease agreements, the application of higher unit price and the small-scale increase of occupancy.

## 2. Intangible assets and PPE

| Data in thousand HUF          | Intangible assets | Other properties | Technical machinery and other equipment | Unfinished investments and advances | total            |
|-------------------------------|-------------------|------------------|---|-------------------------------------|------------------|
| <b>Gross book value</b>       |                   |                  |   |                                     |                  |
| <b>December 31, 2018</b>      | <b>29 143</b>     | <b>101 342</b>   | <b>307 439</b>                          | <b>790 475</b>                      | <b>1 228 399</b> |
| Increase and reclassification | 490               |                  | 38 990                                  |                                     | 39 480           |
| Decrease and reclassification | -1 894            |                  | -11 563                                 | -192                                | -13 649          |
| <b>June 30, 2019</b>          | <b>27 739</b>     | <b>101 342</b>   | <b>334 866</b>                          | <b>790 283</b>                      | <b>1 254 230</b> |
| <b>Depreciation</b>           |                   |                  |   |                                     |                  |
| <b>December 31, 2018</b>      | <b>28 637</b>     | <b>7 102</b>     | <b>194 273</b>                          | <b>0</b>                            | <b>230 012</b>   |
| Yearly depreciation           | 124               | 1 004            | 19 587                                  |                                     | 20 715           |
| Decrease                      | -1 450            |                  | - 7 189                                 |                                     | -8 639           |
| <b>June 30, 2019</b>          | <b>27 311</b>     | <b>8 106</b>     | <b>206 671</b>                          | <b>0</b>                            | <b>242 088</b>   |
| <b>Net book value</b>         |                   |                  |   |                                     |                  |
| <b>December 31, 2018</b>      | <b>506</b>        | <b>94 240</b>    | <b>113 166</b>                          | <b>790 475</b>                      | <b>998 387</b>   |
| <b>June 30, 2019</b>          | <b>428</b>        | <b>93 236</b>    | <b>128 195</b>                          | <b>790 283</b>                      | <b>1 012 142</b> |

A significant part of the increase in gross value came from the purchase of 5 Toyota Yaris and 1 Skoda Octavia passenger cars and IT equipment within the technical machinery and equipment category.

## 3. Investments in affiliated companies

Investments in affiliated companies do not include any amount in 2019, as in 2018, as Harsánylejtő Kft. was/is fully included in the consolidation in 2018 and 2019 as well.

#### 4. Deferred tax asset

The following deductible and taxable differences causing tax differences were recognized on June 30, 2019, and December 31, 2018:

| data in th HUF                     | <b>30.06.2019</b> | <b>31.12.2018</b> |
|------------------------------------|-------------------|-------------------|
| Depreciation of trade receivables  | 0                 | 0                 |
| PPE                                | 0                 | 0                 |
| Losses carried forward             | 0                 | 860               |
| Provision                          | 0                 | 0                 |
| <b>Total deductible difference</b> | <b>0</b>          | <b>860</b>        |
| <b>Deferred tax asset total</b>    | <b>0</b>          | <b>860</b>        |

The deferred tax asset is from the losses of Harsánylejtő Kft. carried forward. The Company does not recognize deferred tax liability due to SZIE status. The deferred tax asset arises from the deferred loss of Harsánylejtő Kft., which was used (in advance) in calculating the Subsidiary's corporate tax liability based on the results of the first half of 2019; but this may still vary depending on the year-end numbers.

The Company does not recognize deferred tax assets due to the SZIE or SZIT status.

#### 5. Inventories

| data in th HUF        | <b>30.06.2019</b> | <b>31.12.2018</b> |
|-----------------------|-------------------|-------------------|
| Raw materials         | -                 | -                 |
| Unfinished production | 1 396 267         | 1 408 813         |
| Finished product      | 89 902            | 96 718            |
| Goods                 | 1 735 990         | 654 991           |
| <b>Total</b>          | <b>3 222 159</b>  | <b>2 160 522</b>  |

The majority of inventories are formed by the real property investments completed and to be completed for sales purposes related to Harsánylejtő (building of condominium, sale of building lot).

The increase in inventories of nearly HUF 1.1 billion is due to the acquisition value of the property purchased on January 7, 2019, which is located at Attila út 99, District I, Budapest.

Inventories were not impaired in any year.

#### 6. Trade receivables

| data in th HUF    | <b>30.06.2019</b> | <b>31.12.2018</b> |
|-------------------|-------------------|-------------------|
| Trade receivables | 189 794           | 484 816           |
| Depreciation      | - 1 484           | - 1 484           |
| Reclassification  | 27 987            | 25 793            |
| <b>Total</b>      | <b>216 297</b>    | <b>509 125</b>    |

As a result of the Company's more efficient receivables management, trade receivables have decreased significantly.

**7. Other short-term liabilities and accrued assets**

| data in th HUF    | <b>30.06.2019</b> | <b>31.12.2018</b> |
|-------------------|-------------------|-------------------|
| Other receivables | 147 832           | 78 327            |
| Accrual           | 44                | 6 907             |
| Advance payment   | 15 173            | 4 390             |
| Reclassification  | 2 536             | 264               |
| <b>Total</b>      | <b>165 585</b>    | <b>89 888</b>     |

The tax assets and liabilities are evaluated by tax type and are classified depending on indication into the other receivable or other liability categories.

Causes of increase in the subject period:

- Other receivables line: in the case of the Company, the corporate tax and personal income tax receivables and in the case of Harsánylejtő Kft., deductible VAT receivable has been reclassified.
- Advance payment line: the amount of the advance paid by Harsánylejtő Kft. to a general contractor company building condominiums appeared as an increase.

**8. Cash and cash equivalents**

| data in th HUF | <b>30.06.2019</b> | <b>31.12.2018</b> |
|----------------|-------------------|-------------------|
| Cash           | 813               | 1 781             |
| Bank           | 6 947 896         | 9 849 062         |
| <b>Total</b>   | <b>6 948 709</b>  | <b>9 850 843</b>  |

An important reason for the significant decline in cash in 2019 was the payment of dividends for the 2018 business year (see also section 12 for details).

**9. Issued capital and capital reserve**

The issued capital of the company is HUF 2,870,244 and the capital of the Company consists of 287,024,440 pieces of dematerialised common share with a par value of HUF 10 each. The capital according to the IFRS is equal to the capital registered at the registry court.

In the first half of 2019 the amount of the registered capital of the Company did not change, but the previous 28,702,444 common shares with a par value of HUF 100 each were replaced by 287,024,440 common shares with a par value of HUF 10 each based on Resolution No. 19/2019.04.29 of the General Meeting.

**Issued capital**

| data in th HUF | <b>30.06.2019</b> | <b>31.12.2018</b> |
|----------------|-------------------|-------------------|
| Opening        | 2 870 244         | 2 583 220         |
| Increase       | 0                 | 287 024           |
| Decrease       | 0                 | 0                 |
| <b>Closing</b> | <b>2 870 244</b>  | <b>2 870 244</b>  |

**Capital reserve**

| data in th HUF | <b>30.06.2019</b> | <b>31.12.2018</b> |
|----------------|-------------------|-------------------|
| Opening        | 6 048 215         | 594 752           |
| Increase       | 0                 | 5 453 463         |
| Decrease       | 0                 | 0                 |
| <b>Closing</b> | <b>6 048 215</b>  | <b>6 048 215</b>  |

The capital reserve includes the amount of the difference between the par value and the consideration of the shares upon the issuing of shares and the value of the cash and assets put into capital reserve, but in the first half of 2019 no such share transaction took place.

#### 10. Revaluation reserve

| data in th HUF      | <b>30.06.2019</b> | <b>31.12.2018</b> |
|---------------------|-------------------|-------------------|
| Revaluation reserve | 1 078 973         | 1 078 973         |
| <b>Closing</b>      | <b>1 078 973</b>  | <b>1 078 973</b>  |

The revaluation reserve line presents the appreciation of the 2 investment properties of the Company (Aranykéz utca, Verseg) accounted for in the fair value model according to previous IAS 16 (corrected with the deferred tax).

#### 11. Repurchased treasury shares

The Company recognises the treasury shares on the repurchased treasury shares line of the balance sheet at cost value.

As of June 30, 2019, the Company had 30,144,000 treasury shares, which are of the total nominal value at the end of December 2018, as there were no treasury share transactions in the first half of 2019.

| data in th HUF | <b>30.06.2019</b> | <b>31.12.2018</b> |
|----------------|-------------------|-------------------|
| Opening        | -1 748 120        | -2 846 120        |
| Increase       | 0                 | 0                 |
| Decrease       | 0                 | 1 098 000         |
| <b>Closing</b> | <b>-1 748 120</b> | <b>-1 748 120</b> |

#### 12. Retained earnings and profit in the subject year

| data in th HUF             | <b>30.06.2019</b> | <b>31.12.2018</b> |
|----------------------------|-------------------|-------------------|
| Retained earnings          |                   |                   |
| Opening                    | 33 202 238        | 24 364 273        |
| Increase                   |                   | 2 566 000         |
| Decrease                   | -2 568 844        | -2 008 611        |
| Closing                    | 30 633 394        | 24 921 662        |
|                            | 0                 |                   |
| Profit in the subject year | 1 110 009         | 8 280 576         |
| <b>Closing</b>             | <b>31 743 403</b> | <b>33 202 238</b> |

The change of retained earnings in the subject period was influenced by two effects of opposite directions:

- The increase in the opening value of the retained earnings was the transfer of the 2018 profit (HUF 8,280,576 thousand).
- The dividend payable for the 2018 business year meant a downward adjustment of HUF 2,568,884,400. At its Annual General Meeting on April 29, 2019, among other things, the Company decided to pay a dividend of HUF 100 per common share for the 2018 financial year (the shares owned by the Company do not entitle to dividends), with the starting date of May 15, 2019.

**13. Long-term financial liabilities**

| data in th HUF  | <b>30.06.2019</b> | <b>31.12.2018</b> |
|-----------------|-------------------|-------------------|
| Long-term loans | 8 798 827         | 9 153 569         |
| <b>Total</b>    | <b>8 798 827</b>  | <b>9 153 569</b>  |

The entire long term loans line consists of the long term part of bank loans:

- HUF 7,121,400 thousand from the loan of HUF 8 billion received from Magyar Takarékszövetkezeti Bank Zrt. in November 2017 and January 2018 for acquisition purposes (hereinafter referred to as the “Acquisition Loan”).
- The remaining HUF 1,686,427 thousand from the refinancing loan of HUF 2,022,766,172 received from Magyar Takarékszövetkezeti Bank Zrt. in March 2018 to repay the EUR loan granted by CIB Bank Zrt (hereinafter referred to as the “Refinancing Loan”).
- The decrease (HUF 354,742 thousand) is due to the value of the installments paid in the first half of the year.

**14. Provisions**

| data in th HUF                      | <b>30.06.2019</b> | <b>31.12.2018</b> |
|-------------------------------------|-------------------|-------------------|
| Provisions for expected liabilities | 15 140            | 12 614            |
| <b>Total</b>                        | <b>15 140</b>     | <b>12 614</b>     |

In the first half of 2019, provisions were created by the Company only due to the holidays not taken out by the employees pro rata temporis, no other changes or liquidations were made in this period.

**15. Deferred tax liabilities**

As a result of the acquisition of the SZIE/SZIT status, the Company has derecognised the previously recognized deferred tax liability because no future tax liability is expected to arise in the ordinary course of business.

**16. Short term financial liabilities**

| data in th HUF           | <b>30.06.2019</b> | <b>31.12.2018</b> |
|--------------------------|-------------------|-------------------|
| Short-term part of loans | 769 541           | 769 541           |
| <b>Total</b>             | <b>769 541</b>    | <b>769 541</b>    |

The reclassification of the short-term portion of bank loans is shown under this line, of which HUF 607,600 th is the Acquisition Loan and HUF 161,941th is the portion of the Refinancing Loan to be repaid within one year.

**17. Trade payables**

| data in th HUF | <b>30.06.2019</b> | <b>31.12.2018</b> |
|----------------|-------------------|-------------------|
| Trade payables | 201 837           | 380 987           |
| <b>Total</b>   | <b>201 837</b>    | <b>380 987</b>    |

The amount of accounts payable in the subject year includes public utility, telephone and other used service liabilities related to properties and liabilities due to guaranteed retention. The decrease in accounts payable is due to the Company and its Subsidiary settling accounts payable on time.

**18. Other liabilities, accrued expenses and deferred income**

| data in th HUF                                     | <b>30.06.2019</b> | <b>31.12.2018</b> |
|--|-------------------|-------------------|
| Advances + VAT correction                          | 1 551 258         | 1 376 542         |
| Wages + taxes + contributions                      | 53 416            | 113 173           |
| Dematerialisation-related liability towards owners | 75 280            | 75 280            |
| Accruals   | 15 845            | 49 580            |
| Reclassification                                   | 27 985            | 25 793            |
| Other  | 12 052            | 0                 |
| <b>Total</b>                                       | <b>1 735 836</b>  | <b>1 640 368</b>  |

Other short-term liabilities and accrued expenses were mainly influenced by the increase in customer prepayments from the sale of land and condominium homes. The line "Wages + taxes + contributions" shows almost only the parent company's liability to pay VAT and the wages and contributions payable to employees. The obligation to owners related to dematerialisation has not changed. Accruals have decreased significantly due to the timely receipt of accounts receivable. Reclassified customer overpayments did not change significantly. The other line shows the amount of dividends approved but not yet paid.

**19. Revenue**

| data in th HUF                         | <b>30.06.2019</b> | <b>30.06.2018</b> |
|--|-------------------|-------------------|
| Income from leasing and operating fees | 1 493 393         | 720 910           |
| Income from parking fees               | 228 730           | 161 177           |
| Income related to mediated services    | 135 110           | 136 521           |
| Income related to services             | 0                 | 0                 |
| Revenue from property sales            | 797 458           | 489 487           |
| Other revenues                         | 7 630             | 7 746             |
| <b>Total</b>                           | <b>2 662 320</b>  | <b>1 515 841</b>  |

The doubling of leasing and operating fees is mainly due to rental and operating fees from the lease of the Vigadó Palace, which was acquired in the second half of 2018 following a major renovation. At the same time, the utilization rate of the leased parking lots has also improved, thus increasing the parking fee income.

The significant increase in real estate/plot sales revenue is due to the fact that in the first half of 2019 Harsánylejtő Kft. gave into possession half of the apartments completed in the framework of Phase I of the condominium housing development project implemented in District III of Budapest, and thus realized sales revenue.

Other revenue includes income that cannot be classified in the previous groups.

**20. Other operating income**

| data in th HUF | <b>30.06.2019</b> | <b>30.06.2018</b> |
|----------------|-------------------|-------------------|
| Fair valuation | 60 101            | 207 075           |
| Property sales |                   |                   |
| Other income   | 79 572            | 72 243            |
| <b>Total</b>   | <b>139 673</b>    | <b>279 318</b>    |

Other operating income includes the increase in the fair value of the Company's investment properties under the Fair valuation line. Other income includes revenue from the sale of a passenger car, as well as penalties for delay and compensations received by the Subsidiary in the first half of the year.

#### 21. Changes in stocks of finished goods and works in progress

| data in th HUF  | <b>30.06.2019</b> | <b>30.06.2018</b> |
|---|-------------------|-------------------|
| Changes in stocks of finished goods and works in progress | -18 938           | 163 149           |
| Capitalized own performances                              | -19 803           | 0                 |
| <b>Total</b>  | <b>-38 741</b>    | <b>163 149</b>    |

Under the Changes in stocks of finished goods and works in progress line, the Company recognises the capitalization of the costs of the value added works on the plots and real estates in stock and the own production sold, the capitalization of the construction costs of the condominium via Harsánylejtő Kft. and the value of stocks derecognised due to the apartments given into possession. In the first half of 2019, the parent company's inventory value of finished goods and works in progress increased by HUF 70,499 thousand, however, the value of the subsidiary's inventories decreased by HUF 89,437 thousand, thus the result of these opposite movements is reflected in the consolidated interim report. The decrease in capitalized own performances of the Company includes the value of the investments derecognised due to the delivery of the playground and sports ground facilities to the Municipality undertaken in the previous years and implemented in Harsánylejtő.

#### 22. Material expenses

| data in th HUF                    | <b>30.06.2019</b> | <b>30.06.2018</b> |
|-----------------------------------|-------------------|-------------------|
| Material expenses                 | 57 045            | 41 455            |
| Value of services used            | 859 311           | 419 843           |
| Value of other services           | 26 325            | 12 137            |
| Cost of sold goods                | 40 035            | 33 231            |
| Value of sold (mediated) services | 133 067           | 191 012           |
| <b>total</b>                      | <b>1 115 783</b>  | <b>697 678</b>    |

One of the main reasons for the increase in material expenses was the increase in the costs of the Company's and Harsánylejtő Kft.'s ongoing land and condominium developments, as well as the occurrence of the fees of real estate agents and consultants and the increasing guarding, cleaning, building engineering and maintenance costs.

#### 23. Personal expenses

| data in th HUF          | <b>30.06.2019</b> | <b>30.06.2018</b> |
|-------------------------|-------------------|-------------------|
| Wages                   | 180 878           | 118 660           |
| Other personal expenses | 19 894            | 10 280            |
| Contributions           | 41 052            | 26 538            |
| <b>total</b>            | <b>241 824</b>    | <b>155 478</b>    |

One of the main reasons for the increase of personal expenses was the headcount increase related to the realization of the Company's strategic goals. The average statistic headcount of the employees of the Company was 43 on June 30, 2019, (while 29 on June 30, 2018 and 32 on December 31, 2018).



**24. Depreciation**

| data in th HUF | <b>30.06.2019</b> | <b>30.06.2018</b> |
|----------------|-------------------|-------------------|
| Depreciation   | 20 715            | 16 279            |
| <b>total</b>   | <b>20 715</b>     | <b>16 279</b>     |

Depreciation on non-investment tangible assets of the Company is included in this income statement line. The increase is due to the planned depreciation of newly acquired vehicles, office, administrative, IT equipment and equipment, as well as the immediately recognized depreciation of small value tangible assets acquired during the period.

**25. Other operating expenses**

| data in th HUF                          | <b>30.06.2019</b> | <b>30.06.2018</b> |
|---|-------------------|-------------------|
| Effect of fair valuation on inventories | 38 866            | 39 145            |
| Other expenses                          | 123 589           | 73 246            |
| <b>total</b>                            | <b>162 455</b>    | <b>112 391</b>    |

The increase in the value of other expenses increased due to the derecognised value of land plots delivered free of charge during the period under review and its value added tax, in addition to the compensation and penalty items paid and the value of taxes paid to local governments (building tax, car tax).

**26. Revenue and expenditure from financial transactions**

| Financial revenue<br>data in th HUF | <b>30.06.2019</b> | <b>30.06.2018</b> |
|-------------------------------------|-------------------|-------------------|
| Interest received                   | 2 690             | 43                |
| Translation gains                   | 799               | 1 633             |
| Other                               | 1 317             |                   |
| <b>Total revenue</b>                | <b>4 806</b>      | <b>1 675</b>      |

| Financial expenditure<br>data in th HUF | <b>30.06.2019</b> | <b>30.06.2018</b> |
|---|-------------------|-------------------|
| Interest paid                           | 100 156           | 103 382           |
| Translation losses                      | 510               | 7 735             |
| Other                                   |                   |                   |
| <b>Total expenditure</b>                | <b>100 666</b>    | <b>111 117</b>    |

The increase in interest received is the result of depositing free cash instruments, the amount of interest paid is slowly decreasing as repayments progress, and the exchange rate gains and losses of the current period are insignificant, as most of the income is generated in HUF.

**27. Current tax expense**

| data in th HUF          | <b>30.06.2019</b> | <b>30.06.2018</b> |
|-------------------------|-------------------|-------------------|
| Corporate tax           | 8 049             | 0                 |
| Local business tax      | 2 345             | 0                 |
| Innovation contribution | 5 352             | 0                 |
| <b>total</b>            | <b>15 746</b>     | <b>0</b>          |

Pursuant to applicable laws, the Company was only liable to pay corporate tax until the acquisition of SZIE status (October 20, 2017). As a SZIE, and as of 31 December 2018 as a SZIT, the Company is required to determine its corporate tax base in accordance with the provisions of the SZIT Act, but based on the tax base determined thus, it is subject to corporate tax liability only in certain circumstances, eg. based on the tax base proportionate to the affiliated parties' revenues, on the basis of which we calculated a corporate tax liability of HUF 552 thousand (calculation is below) and a HUF 5,000 th innovation contribution obligation for the Company for half year under review. The above table also contains HUF 7,497 thousand corporate tax, HUF 2,345 th business tax and HUF 352 th innovation contribution calculated on the basis of the results of the Subsidiary.

data in th HUF

|  |                |
|--|----------------|
| <b>Profit before IFRS tax (corrected with innovation contribution)</b> | <b>915 539</b> |
| IFRS correction items  | -364 329       |
| <b>Adjusted profit before corporate tax</b>                            | <b>551 210</b> |
| Increasing items   | 349 493        |
| Decreasing items   | -307 557       |
| <b>Corporate tax base in first half of 2019</b>                        | <b>593 146</b> |
| Amount of corporate tax discount due to SZIT                           | 0%             |
| <b>Corporate tax in 2019</b>   | <b>0</b>       |
| Corporate tax payable after affiliated companies                       | 552            |
| <b>Corporate tax liability in the first half of 2019</b>               | <b>552</b>     |

#### 28. Deferred tax

| data in th HUF | <b>30.06.2019</b> | <b>30.06.2018</b> |
|----------------|-------------------|-------------------|
| Deferred tax   | - 860             | 192               |
| <b>Total</b>   | <b>- 860</b>      | <b>192</b>        |

On the basis of the data of the Subsidiary for the first half of the year, we used the accrued loss of the previous period in the calculation of the corporate tax, therefore the deferred tax asset was also derecognised; and the Company has no deferred tax due to its SZIE and its status as a SZIT as of December 31, 2018 (as of October 20, 2017).

#### 29. Earnings per share

| data in th HUF  | <b>30.06.2019</b> | <b>30.06.2018</b> |
|---|-------------------|-------------------|
| Taxable profit (th HUF)   | 1 110 009         | 867 232           |
| Weighted average of common share (pieces)   | 256 884 440       | 211 317 360*      |
| <b>Earnings per share (base) (HUF) (the ratio of the "Taxable profit" and the "weighted average of common share")</b> | <b>4.32</b>       | <b>4.10*</b>      |

\*For the comparability of the base period data, the actual base data have been adjusted to take into account the share split.

No factors at the Company may dilute the earnings per share.

#### 30. Segment Information

All the properties of the Company are in Budapest and its agglomeration, so the geographical breakdown of revenues and expenditures is not necessary. Considering that the activity of the

Company includes the renting, utilization and trading of properties, the segments were created accordingly in the first half of 2019. Besides this, operating income from the operation of the Company that cannot be directly connected to properties is recognized separately.

The following table includes the changes of the revenues and expenditures of the segments established according to the above-mentioned classification in the first half of 2019 and the first half of 2018:

| <b>June 30, 2019</b> data in th HUF                       | <b>Harsány-lejtő Kft.<br/>(Harsány-lejtő condominiums)</b> | <b>Harsány-lejtő lands</b> | <b>Cash generating</b> | <b>Operating</b> | <b>Total</b>      |
|---|--|----------------------------|------------------------|------------------|-------------------|
| Net revenue from sales                                    | 697 986  | 101 927                    | 1 860 810              | 1 597            | <b>2 662 320</b>  |
| Other operating income                                    | 74 459   | 143                        | 60 136                 | 4 935            | <b>139 673</b>    |
| Changes in stocks of finished goods and works in progress | -89 437  | -13 347                    | 83 846                 | 0                | <b>-18 938</b>    |
| Capitalized own performances                              |  | -19 803                    | 0                      | 0                | <b>-19 803</b>    |
| Material expenses   | -443 205   | -34 860                    | -554 840               | -82 878          | <b>-1 115 783</b> |
| Personal expenses   | 0  | 0                          | 0                      | -241 824         | <b>-241 824</b>   |
| Depreciation and impairment                               | 0  | -1 005                     | 0                      | -19 710          | <b>-20 715</b>    |
| Other operating expenses                                  | -1 478   | -84 623                    | -70 099                | -6 255           | <b>-162 455</b>   |
| Income from financial transactions                        | 1 317  | 0                          | 0                      | 3 489            | <b>4 806</b>      |
| Expenses of financial transactions                        | 0  | 0                          | 0                      | -100 666         | <b>-100 666</b>   |
| <b>Profit before tax</b>                                  | <b>239 642</b>   | <b>-51 568</b>             | <b>1 379 853</b>       | <b>-441 312</b>  | <b>1 126 615</b>  |

| <b>June 30, 2018</b> data in th HUF                       | <b>Harsány-lejtő Kft.<br/>(Harsány-lejtő condominiums)</b> | <b>Harsány-lejtő lands</b> | <b>Cash generating</b> | <b>Operating</b> | <b>total</b>     |
|---|--|----------------------------|------------------------|------------------|------------------|
| Net revenue from sales                                    | 0  | 489 536                    | 1 018 106              | 8 199            | <b>1 515 841</b> |
| Other operating income                                    | 0  | 66 498                     | 207 075                | 5 745            | <b>279 318</b>   |
| Changes in stocks of finished goods and works in progress | 210 768  | -47 619                    | 0                      | 0                | <b>163 149</b>   |
| Material expenses   | -212 008   | -118 538                   | -299 786               | -67 346          | <b>-697 678</b>  |
| Personal expenses   | 0  | 0                          | 0                      | -155 478         | <b>-155 478</b>  |
| Depreciation and impairment                               | 0  | -1 005                     | 0                      | -15 274          | <b>-16 279</b>   |
| Other operating expenses                                  | -898   | -41 346                    | 0                      | -70 147          | <b>-112 391</b>  |
| Income from financial transactions                        | 5  | 0                          | 0                      | 1 670            | <b>1 675</b>     |
| Expenses of financial transactions                        | 0  | 0                          | 0                      | -111 117         | <b>-111 117</b>  |
| <b>Profit before tax</b>                                  | <b>-2 133</b>  | <b>347 526</b>             | <b>925 395</b>         | <b>-403 748</b>  | <b>867 040</b>   |

### 31. Result from fair valuation

Within the cash flow from Operating activities, the result of the first half year of 2019 from Fair Valuation includes the effect of fair value measurement of investment properties as it is not a cash flow item. The result from the fair value measurement of HUF 388,878 thousand included in the operating cash flow consists of two items, of which HUF 60,011 th is the market valuation and HUF 328,777 th is the amount of depreciation recognized under the Hungarian Accounting Act for investment properties, but reversed due to the fair valuation pursuant to IFRS.

**32. Financial instruments**

Loans given, invested financial assets, the trade receivables, securities and cash from the current assets and credits received, loans and trade payables qualify as financial instruments.

| <b>June 30, 2019</b> data in th HUF                       | <b>Book value</b> | <b>Fair value</b> |
|---|-------------------|-------------------|
| <b>Financial assets</b>                                   |                   |                   |
| <i>Loans and receivables registered at amortized cost</i> |                   |                   |
| Trade receivables   | 217 781           | 216 297           |
| Cash and cash equivalents                                 | 6 948 709         | 6 948 709         |
| <b>Financial liabilities</b>                              |                   |                   |
| <i>Liabilities registered at amortized cost</i>           |                   |                   |
| Financial liabilities                                     | 9 568 368         | 9 568 368         |
| Trade payables  | 201 837           | 201 837           |

| <b>December 31, 2018</b> data in th HUF                   | <b>Book value</b> | <b>Fair value</b> |
|---|-------------------|-------------------|
| <b>Financial assets</b>                                   |                   |                   |
| <i>Loans and receivables registered at amortized cost</i> |                   |                   |
| Trade receivables   | 510 609           | 509 125           |
| Cash and cash equivalents                                 | 9 850 843         | 9 850 843         |
| <b>Financial liabilities</b>                              |                   |                   |
| <i>Liabilities registered at amortized cost</i>           |                   |                   |
| Financial liabilities                                     | 9 923 110         | 9 923 110         |
| Trade payables  | 380 987           | 380 987           |

Fair value was determined at fair value according to the 2nd level in both years.

**33. Remuneration for the Board of Directors and the Supervisory Board**

In 2019 the members of the Board of Directors at the Company perform their tasks without remuneration in the 2019 business year, while the members of the Audit Committee perform their tasks with a monthly remuneration of HUF 300 000/month per member. There is no Supervisory Board at the Company and the consolidated Subsidiary.

#### IV. Other additional information

##### 1. Off-balance items, litigations and other judicial proceedings

###### 1.1. Off-balance items that might influence the future liabilities of the Company

On June 30, 2019, the following mortgage rights are registered on certain property items of the company group:

###### Loan 1

**Name of beneficiary: Takarékbank Zrt. (Legal predecessor regarding the transaction: Magyar Takarékszövetkezeti Bank Zrt.)**

**Name of mortgaged item, right (interest):**

Budapest property under lot number 24393/0/A/ (1052 Budapest, Aranykéz u. 4-6.)

Budapest property under lot number 34214/3 (1070 Budapest, Madách Imre tér 3.)

Budapest property under lot number 24408/4 (1052 Budapest, Türr István utca 6.)

**Identifiers of the contract including the secured claim:**

Loan contract

Date: November 2017

Blanket mortgage on real property

Date: November 2017

Mortgage contract encumbering the claim

Date: November 2017

Deposit agreement

Date: November 2017

**The amount of the secured claim / total amount of collateral registered:**

HUF 8,000,000,000, that is, a principal amount of eight billion forints plus charges

###### Loan 2

**Name of beneficiary: Magyar Takarékszövetkezeti Bank Zrt.**

**Name of mortgaged item, right (interest):**

Budapest property under lot number 18059 (interest of 8454/10000) (1033 Budapest, Polgár u. 8-10.)

**Identifiers of the contract including the secured claim**

Loan contract

Date: March 8

Blanket mortgage on real property

Date: March 8

Mortgage contract encumbering the claim

Date: March 8

**Amount of the secured claim / total amount of collateral registered**

HUF 2,100,000,000, that is, a principal amount of two billion one hundred million Forints plus charges

## 1.2. Litigations, other judicial proceedings

On June 30, 2019, Budapesti Ingatlan Nyrt. was party to the following litigation proceeding as defendant.

### Litigation proceeding pending

**Plaintiff:** Tőzsdei Egyéni Befektetők Érdekvédelmi Szövetsége (Advocacy Association of Stock Market Investors), shareholder; **defendant:** Budapesti Ingatlan Nyrt. (court of arbitration proceedings)

**Subject of the lawsuit:** Action initiated to repeal certain 2016 resolutions of the general meeting and board of directors of the Company and to suspend the execution of the same. The Company is of the opinion that the plaintiff's claim is unfounded and that the arbitration will hopefully result in the Company winning the case. However, we would like to highlight in this regard that the possible repealing of the resolutions attacked by the plaintiff and made years ago will have no effect on the current operation of the Company.

## 2. Important events following the end of the interim period (June 30, 2019)

No material event giving rise to a disclosure obligation under applicable law has occurred following the end of the interim period until the date of adoption of these Interim Consolidated Financial Statements by the Board of Directors.

## 3. Extraordinary and other regulated disclosures in 2019

| Date of disclosure | Subject of disclosure   |
|--------------------|---|
| July 31, 2019      | Monthly disclosure of voting rights and registered capital  |
| June 28, 2019      | Monthly disclosure of voting rights and registered capital  |
| June 07, 2019      | Information of the Budapesti Ingatlan Nyrt. on the division of the par value of BIF common shares with a par value of HUF 100 by ten                              |
| May 31, 2019       | Announcement of the Budapesti Ingatlan Nyrt. on the order of conversion of BIF common shares with a par value of HUF 100 via the division of the par value by ten |
| May 31, 2019       | Personal news   |
| May 31, 2019       | Monthly disclosure of voting rights and registered capital  |
| May 14, 2019       | Effective Articles of Incorporation of Budapesti Ingatlan Nyrt.   |
| May 09, 2019       | Supplementary information for the dividend payment announcement of Budapesti Ingatlan Nyrt. related to the 2017 business year                                     |
| April 30, 2019     | Minutes of the meeting of Budapesti Ingatlan Nyrt.  |
| April 30, 2019     | Dividend payment of Budapesti Ingatlan Nyrt.  |
| April 30, 2019     | Monthly disclosure of voting rights and registered capital  |
| April 29, 2019     | Disclosure of Budapesti Ingatlan Nyrt. on responsible corporate governance  |
| April 29, 2019     | Resolutions of the general meeting of Budapesti Ingatlan Nyrt.  |
| April 08, 2019     | Proposals for the general meeting and motions   |
| April 01, 2019     | Monthly disclosure of voting rights and registered capital  |
| March 29, 2019     | Notice of meeting of the general meeting of Budapesti Ingatlan Nyrt.  |
| February 28, 2019  | Monthly disclosure of voting rights and registered capital  |
| January 31, 2019   | Monthly disclosure of voting rights and registered capital  |

## 4. Authorising the disclosure of the financial statements

The Board of Directors of the Company approved these Interim Consolidated Financial Statements on August 30, 2019 and authorized it for disclosure in the present form.

**Declaration of liability**

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that these Interim Consolidated Financial Statements have been prepared to the best knowledge of the Company, in accordance with International Financial Reporting Standards, providing a true and reliable image of

the assets, liabilities, financial position as well as profits and losses of the Company and the subsidiaries involved in consolidation, and do not omit any facts that might have any significance concerning the assessment of the situation of the Company and its subsidiary involved in the consolidation.

Budapest, August 30, 2019

.....  
dr. Anna Ungár  
chairperson of the Board of Directors

.....  
Kristóf Berecz  
deputy chairperson-CEO

## Declaration of liability

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby (hereinafter: Company) hereby declares that the 2019 Half-Year Report published by the Company was prepared to the best of our knowledge, in accordance with International Financial Reporting Standards, providing a true and fair view of the position, assets, liabilities, development and performance of the Company and its subsidiary involved in the consolidation, presenting the main risks and uncertainty factors and does not omit any facts that might have any significance concerning the assessment of the position of the Company and its subsidiary involved in the consolidation.

Budapest, August 30, 2019

.....  
dr. Anna Ungár  
chairperson of the Board of Directors

.....  
Kristóf Berecz  
deputy chairperson-CEO