



Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

2022 Half-Year Report

Content

- 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, 2022 – Interim Consolidated Financial Statements for the 1st half-year of 2022
- Consolidated Business (management) Report to 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, 2022
- Declaration of liability



**Consolidated, non-audited Financial Statements of Budapesti
Ingatlan Hasznosítási és Fejlesztési Nyrt.
prepared in accordance with the International Financial
Reporting Standards (IFRS) for the period ending on 30 June,
2022 –
Interim Consolidated Financial Statements for the 1st half-year
of 2022**

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Consolidated Interim Financial Statements

data in thousand HUF

	Explanations*	<u>30/06/2022</u>	<u>31/12/2021</u>
ASSETS			
Non-current assets			
Investment property	1	67,748,004	63,763,004
Intangible assets	2	5,616	7,024
Land, buildings and related rights	2	87,155	88,160
Plant, other equipment and installations	2	153,257	129,068
Construction and reconstruction in progress	2	251,145	284,031
Investments in related companies	3	0	0
Deferred tax assets	4	0	0
Non-current assets, total		<u>68,245,177</u>	<u>64,271,287</u>
Current assets			
Inventories	5	379,135	381,563
Trade receivables	6	481,334	132,109
Other short-term receivables and prepaid expenses and accrued income	7	267,124	470,889
Cash and cash equivalents	8	5,249,492	9,548,215
Current assets, total		<u>6,377,085</u>	<u>10,532,776</u>
Assets, total		<u>74,622,262</u>	<u>74,804,063</u>
LIABILITIES			
Equity			
Subscribed capital	9	2,870,244	2,870,244
Capital reserve	9	6,048,215	6,048,215
Revaluation reserve	10	731,904	731,904
Equity shares repurchased	11	-3,048,120	-3,048,120
Retained earnings	12	38,879,594	35,644,099
P/L for the reporting year	12	3,105,883	8,269,184
Equity allocated to the parent company, total		<u>48,587,720</u>	<u>50,515,526</u>
Long-term liabilities			
Financial liabilities	13	20,914,661	19,213,740
Provisions for expected liabilities	14	17,541	12,622
Deferred tax liabilities	15	0	0
Other long-term liabilities	16	0	0
Long-term liabilities, total		<u>20,932,202</u>	<u>19,226,362</u>
Current liabilities			
Financial liabilities	17	704,085	1,270,565
Trade payables	18	1,722,782	1,667,183
Other short-term liabilities, accrued expenses and deferred income	19	2,675,473	2,124,427
Current liabilities, total		<u>5,102,340</u>	<u>5,062,175</u>
Liabilities and equity, total		<u>74,622,262</u>	<u>74,804,063</u>

*No. of additional explanations

Consolidated Interim Statement of Comprehensive Income

data in thousand HUF	Explanations*	H1 2022	H1 2021
Net sales revenue	20	3,426,483	2,436,410
Other operating income	21	1,230,357	686,067
Changes in internally generated inventories	22	0	-219,580
Capitalised value of internally generated assets	22	0	-124,026
Raw materials, consumables and other external charges	23	-1,059,276	-556,367
Staff costs	24	-311,819	-269,929
Depreciation and impairment	25	-49,162	-82,085
Other operating expenditure	26	-237,573	-398,598
Operating P/L		2,999,010	1,471,892
Financial income	27	279,502	49,299
Financial expenses	27	-163,932	-105,100
Profit before taxes		3,114,580	1,416,091
Actual tax expenditure	28	-8,697	-10,436
Deferred tax	29	0	0
P/L after taxes		3,105,883	1,405,655
Attributable to:			
Parent company's share		3,105,883	1,405,655
External owner's share		0	0
Other comprehensive income		0	0
Change in the fair value of other properties less taxes		0	0
Tax effect of changes in the fair value of other properties		0	0
Total comprehensive income		3,105,883	1,405,655
Attributable to:			
Parent company's share		3,105,883	1,405,655
External owner's share			
Weighted average ordinary shares		251,684,440	251,684,440
Earnings per share (HUF)			
Fund	30	12.34	5.58
Diluted	30	12.34	5.58

*No. of additional explanations

Consolidated Statement of Interim Changes in Equity

Explanations*	9	11	9	10	12	12	Equity allocated to the parent company, total	Non-controlling participation	Equity, total
	Subscribed capital	Equity shares repurchased	Capital reserve	Revaluation reserve	Retained earnings	P/L for the reporting year			
data in thousand HUF									
31/12/2020	2,870,244	-3,048,120	6,048,215	731,904	30,687,500	4,956,599	42,246,342	0	42,246,342
Reclassification of P/L from the previous year					4,956,599	-4,956,599			
Total comprehensive income						1,405,655	1,405,655		1,405,655
30/06/2021	2,870,244	-3,048,120	6,048,215	731,904	35,644,099	1,405,655	43,651,997	0	43,651,997
Total comprehensive income						6,863,529	6,863,529		6,863,529
31/12/2021	2,870,244	-3,048,120	6,048,215	731,904	35,644,099	8,269,184	50,515,526		50,515,526
Reclassification of P/L from the previous year					8,269,184	-8,269,184			
Dividend					-5,033,689		-5,033,689		-5,033,689
Total comprehensive income						3,105,883	3,105,883		3,105,883
30/06/2022	2,870,244	-3,048,120	6,048,215	731,904	38,879,594	3,105,883	48,587,720	0	48,587,720

*No. of additional explanations

Consolidated Interim Cash-flow Statement

data in thousand HUF

	Explanations*	H1 2022	H1 2021
Profit before taxes		3,114,580	1,416,091
Adjustments of the profit before taxes		-23,647	2,303
Adjusted profit before taxes		3,090,933	1,418,394
Net interest expenses	27	-85,210	53,182
Non-cash flow items			
Depreciation	25	26,332	18,585
Impairment (customer)	25	8,315	63,500
Credit loss (buyer)	25	14,515	0
Unrealised exchange rate difference		0	2,303
Adjustment due to inventory fair valuation	26	0	-8,027
P/L from a fair valuation	21, 26, 32	-494,317	-258,865
Provisions for liabilities	14	4,918	-2,761
Non-operating cash flow P/L items		0	
Revenues from the sale of tangible assets	26	1,418	0
Assets provided for no consideration, scrapping	26	79,690	0
Net working capital flow			
Change in trade receivables	6, 25	-372,056	38,393
Change in other current assets	5, 1	206,196	428,635
Change in accounts payable	18	55,599	-1,033,276
Changes in other short-term liabilities	19	551,046	-397,688
Changes in other long-term liabilities		0	0
Non-refundable subsidy received		0	-10,169
Interest paid	27	-149,960	-100,486
Interest received	27	235,170	47,304
Income tax paid	28	-8,697	-10,436
Damages paid		0	-1,800
Cash-flow from business activity		3,163,892	246,788
Purchase of tangible assets	1, 2	-3,592,463	-2,647,653
Cash proceeds from the sale of property, plant and equipment	1	5,450	550,000
Funds used for investments		-3,587,013	-2,097,653
Income from capital issues		0	0
Dividend	12	-5,033,689	0
Equity purchase (-)/sale (+)		0	0
Interest paid		0	0
Loans	13	1,759,549	0
Loan repayment	13, 17	-625,109	-297,712
Cash flow from financing activity		-3,899,249	-297,712
Change in liquid assets		-4,322,370	-2,148,577
Revaluation of foreign currency-denominated liquid assets		23,647	-2,303
BALANCE-SHEET CHANGE IN LIQUID ASSETS		-4,298,723	-2,150,880
Cash flow from financing activities	8	-4,298,723	-2,150,880
Opening cash and cash equivalents	8	9,548,215	10,888,723
Closing cash and cash equivalents	8	5,249,492	8,737,843

*No. of additional explanations

Notes to the statements – general company information, key elements of the accounting policy, additional explanations and other additional information**I. General company information**

1. Company profile

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. (hereinafter: “Company” or “BIF”) was established on 31 January 1995 by transformation. Its legal predecessor is Budapesti Ingatlanhasznosítási és Fejlesztési Kft., which was founded on 1 January, 1994 by the State Property Agency with a share capital of HUF 1,000,000.

The subscribed capital of the Company is HUF 2,870,244,400, which consists of 287,024,440 ordinary registered shares, each with a nominal value of HUF 10, i.e. ten forints, produced in a dematerialised form.

From 20 October, 2017 the Company was active as a regulated real investment pre-company (hereinafter: “SZIE/Pre-REIT”) under Act CII of 2011 on regulated real estate investment companies (hereinafter: “SZIT/REIT Act”), and since 31 December, 2018 it has been active as a regulated real estate investment company (hereinafter: “SZIT/REIT”). The Company is engaged in real estate development and utilisation for its own properties (offices and other buildings and parking garages) by leasing out, further development and the sale of construction sites in its ownership, the implementation of real estate developments on them, and the utilisation and sale of completed properties.

The operational management of the Company is performed by the Board of Directors.

The Company's shares are traded in the "PREMIUM" category of the Budapest Stock Exchange.

The Company's notices are published on: the BSE (www.bet.hu) website, the MNB website (www.kozzetetelek.mnb.hu) and the Company's own website (www.bif.hu).

The chartered IFRS accountant responsible for the preparation of these IFRS Interim Consolidated Financial Statements for H1 2022 is Dr Katalin Horváth Kalácska (H-1082 Budapest, Hock János u. 4-6.; chartered accountant registration number: 123362).

The Company's auditor is Quercus Audit Könyvvizsgáló és Gazdasági Tanácsadó Kft. (registered office: H-8200 Veszprém, Radnóti tér 2/C, person responsible for the audit: András Tölgyes).

2. Officers and controlled companies
2.1. Officers, H1 2022
Members of the Company's Board of Directors

Name	Position	Beginning of assignment	End of assignment
dr Anna Ungár	President	30/04/2022	30/04/2027
Kristóf Berecz	Vice-President	30/04/2022	30/04/2027
dr Frigyes Hárshegyi	member	30/04/2022	30/04/2027
Julian Tzvetkov	member	30/04/2022	30/04/2027
Miklós Vaszily	member	30/04/2022	30/04/2027

Members of the Company's Audit Committee

Name	Position	Beginning of assignment	End of assignment
dr Frigyes Hárshegyi	member	30/04/2022	30/04/2027
Julian Tzvetkov	member	30/04/2022	30/04/2027
Miklós Vaszily	member	30/04/2022	30/04/2027

Ownership interest of executives, employees in strategic positions in the Company 30 June 2022

Nature	Name	Position	Beginning of assignment	End of assignment	Direct shareholding (number of shares)	Percentage of BIF shares with indirect influence
MBoD	dr Anna Ungár	President of the BoD* and CEO as from 4 May, 2022	30/04/2022	30/04/2027	0	64.02%
MBoD	Kristóf Berecz	Vice-President of the BoD and as from 1 December, 2018, CEO	30/04/2022	30/04/2027	0	64.02%
MBoD	dr Frigyes Hárshegyi	member of the BoD and the AC**	30/04/2022	30/04/2027	0	0
MBoD	Julian Tzvetkov	member of the BoD and the AC	30/04/2022	30/04/2027	0	0
MBoD	Miklós Vaszily	member of the BoD and the AC	30/04/2022	30/04/2027	0	0
SP	Róbert Hrabovszki	Deputy CEO, CFO	19/03/2018	open-ended***	0	0

*Board of Directors

**Audit Committee

***Nature of employment

2.2. Changes in senior executives and employees in strategic positions in H1 2022

By its resolutions of 29 April 2022 (General Meeting resolutions 19-31/2022.04.29.), the General Meeting recalled the members of the Board of Directors and re-elected the members of the Board of Directors and the Audit Committee for a further term of 5 years, between 30 April 2022 and 30 April 2027, with no changes in the composition of the Board of Directors and the Audit Committee in the period between 1 January 2022 and 30 June 2022.

Changes in the corporate management in H1 2022

- By Board Resolution 3/2022. (05.04.), the Board of Directors appointed Dr Anna Ungár as Chief Executive Officer of the Company alongside Chief Executive Officer Kristóf Berecz.
- On 26 March 2022, the employment of Balázs Diószegi, Head of Development Department, was terminated.
- On 9 May 2022, László Mészáros took up the position of Head of Operations.

2.3. Remuneration for executives in H1 2022

In its resolution of 29 April 2022, the General Meeting of the Company decided that the members of the Board of Directors should perform their duties without remuneration in the financial year 2022, and the members of the Audit Committee should perform their duties with a gross remuneration of HUF 300,000 per month per member in the financial year 2022.

2.4. Persons authorised to sign the Consolidated Interim Financial Statements

According to Article 15.2 of the Articles of Association, the following persons are authorised to sign for the Company:

- a) The President of the Board of Directors jointly with another member of the Board of Directors or with an employee authorised to represent the Company,
- b) The Vice-President of the Board of Directors, jointly with another member of the Board of Directors or an employee authorised to represent the Company.

The Board of Directors is authorised to decide on the employees authorised to represent the Company.

2.5. Ownership structure

Owners of the Company with more than 5% of interest based on the 31 December 2021 and on the 30 June 2022 share register and the individual statements of the owners

Shareholder	31 December 2021		30 June 2022	
	Number of shares (pcs)	Interest (%)	Number of shares (pcs)	Interest (%)
PIÓ-21 Kft.	184,847,220	64.40*	183,756,960	64.02
Takarékbank Zrt.	28,702,440	9.99	28,702,440	9.99
Own share**	35,340,000	12.31	35,340,000	12.31
Other shareholders	38,134,780	13.29	39,225,040	13.67
Total	287,024,440	100	287,024,440	100

*Of which 0.38% indirect shareholding through BFIN Asset Management AG, a subsidiary of the Company.

**The Company may not exercise any shareholder's rights with the BIF treasury shares owned by the Company

2.6. Information on the consolidated subsidiary

Subsidiary	Registered office	Vote and ownership shares	
		30 June 2022	31 December 2021
Harsánylejtő Kft.	H/1033 Budapest, Polgár u. 8-10.	100.00%	100.00%

The equity data of Harsánylejtő Kft., expressed in thousand forints (as at 30 June 2022):

Equity	8,948
Subscribed capital	3,000
Committed reserve	792,500
Retained earnings	-789,951
P/L after tax	3,399

The managing director of Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Harsánylejtő Kft." or "Subsidiary") is Kristóf Berecz, holding independent company registration rights with effect from 28 February 2019.

II. Key elements of the accounting policy

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

There is no cyclical or seasonality in the operation of the Company.

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

1. Approval and statement on compliance with the International Financial Reporting Standards

The Interim Consolidated Financial Statements have been approved by the Board of Directors. These Consolidated Interim Financial Statements have been compiled on the basis of the Financial Reporting Standards promulgated and filed in the form of a regulation in the Official Journal of the European Union (EU). IFRS comprises standards and interpretations worded by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless otherwise indicated, the Consolidated Interim Financial Statements are presented in Hungarian forint, rounded to the thousand.

2. Basis of preparing the report

The Consolidated Interim Financial Statements have been prepared in accordance with the standards and IFRIC interpretations issued before and effective up to 1 January 2022.

The Consolidated Interim Financial Statements have been compiled on the basis of the direct cost principle, with the exception of the cases where IFRS requires the application of a different method of measurement, as described in the accounting policy.

3. Basis of measurement

In the case of the Consolidated Interim Financial Statements, the measurement basis is the original cost, except for the following assets and liabilities, which are presented at fair value: derivative financial assets, financial assets at fair value through profit or loss and financial assets available for sale.

During the compilation of the financial statements compliant with the IFRS standards the management needs to apply professional judgment, estimates and assumptions that have an impact on the applied accounting policy and on the sum total of the assets and liabilities, revenues and costs recognised in the report. The estimates and related assumptions are based on past experiences and numerous other factors, which can be considered as reasonable under the given conditions, and which have a result that lays the ground for the estimate of the book value of the assets and liabilities that cannot otherwise be clearly specified from other sources. The actual results may differ from these estimates.

Estimates and basic assumptions are regularly reviewed. Modifications of the accounting estimates are disclosed in the period when a particular estimate is modified if the modification only affects the given year, and in the period of modification as well as in future periods if the modification affects both the current and the future years.

4. Details of the business combination and the consolidated company

Subsidiary	Registered office	Vote and ownership shares	
		30 June 2022	31 December 2021
Harsánylejtő Kft.	H/1033 Budapest, Polgár u. 8-10.	100.00%	100.00%

III. Additional explanations

1. Investment property

data in thousand HUF	
as at 31 December 2021	63,763,004
Change in fair value	494,316
Change in assets in the course of construction	3,409,119
Capitalisation	81,565
Sales	0
as at 30 June 2022	67,748,004
as at 31 December 2021	63,763,004
as at 30 June 2022	67,748,004

Investment properties are valued by an independent valuer based on the following criteria:

Pursuant to Article 11(1) of Act CII of 2011 on regulated real estate investment companies, the valuation of properties in the portfolio of a regulated real estate investment company may be performed by

- a) the market sales comparison appraisal method,
- b) the income appraisal method, or
- c) the cost appraisal method,

with the proviso that the choice of the appraisal method must be justified in detail and subsequently, the same method must be used for each property in each period.

In H1 2022, the fair value of investment properties changed for the following reasons:

- net increase in the market value of the investment property (increase in the fair value);
- interim investments in existing properties and improvements in the course of construction.

There were no new acquisitions or disposals in the six months under review.

Profit from income-generating investment property

data in thousand HUF	H1 2022	H1 2021
Net sales revenue	3,422,301	2,129,864
Other operating income	667,184	535,368
Capitalised value of internally generated assets	0	0
Changes in internally generated inventories	0	0
Raw materials, consumables and other external charges	-984,012	-448,309
Staff costs	0	0
Depreciation and impairment	-16,166	-63,956
Other operating expenditure	-138,505	-362,085
Revenues from financial operations	0	0
Expenses on financial operations	-133,382	0
Profit before taxes	2,817,420	1,790,882

The increase of approximately 60% in the net sales of investment properties compared to the base period was mainly due to the implementation of rent and management fee increases (indexations) in rental contracts and the conclusion of new contracts with better terms. A significant part of the other operating income comes from the increase in the market value of investment properties (HUF 540 million) and the reversal of an impairment loss (HUF 121 million) on a receivable that was 100% impaired in the previous year but recovered in the reporting period of six months. Of the other operating expenses, HUF 90 million is accounted for by building taxes settled with various municipalities, and also includes the market "depreciation" (about HUF 45 million).

2. Intangible and tangible assets

data in thousand HUF	Intangible assets	Other properties	Machinery and equipment	Assets in the course of construction and advances	Total
Gross carrying value					
31 December 2021	30,549	101,342	282,489	284,031	698,411
Increase and reclassification	150	0	56,406		56,556
Decrease and reclassification	0		-10,701	-32,886	-43,587
30 June 2022	30,699	101,342	328,194	251,145	711,380
Depreciation					
31 December 2021	23,525	13,182	153,422		190,129
Annual write-off	1,558	1,005	25,349	0	27,912
Decrease and reclassification			- 3,834		-3,834
30 June 2022	25,083	14,187	174,937		214,207
Net book value					
31 December 2021	7,024	88,160	129,068	284,031	508,283
30 June 2022	5,616	87,155	153,257	251,145	497,173

Increase in the gross value of technical machinery and equipment was due to the acquisition of cars and office administrative and computer equipment.

Increase in intangible assets resulted from the acquisition of various software tools.

There were no changes in the category “other tangible fixed assets” in H1 2022.

3. Investments in related companies

Just as in 2021, no amount is included in the “investments in affiliated companies” line in 2022, given that the Company will fully consolidate Harsánylejtő Kft. in 2022 and 2021.

4. Deferred tax assets

Due to its SZIT status, the Company has no deferred tax assets.

5. Inventories

data in thousand HUF	30/06/2022	31/12/2021
Work in progress	93,485	93,485
Finished product	71,895	71,895
Goods	213,727	216,183
Prepayments on inventories	28	0
Total	379,135	381,563

The majority of the combined stock of the lines of Work in progress, Finished product and Goods is accounted for by the cost of the Company's construction plots and the value of real estate developments booked to these plots. The very slight decrease in the inventory of goods was due to the use of stocks for the operation of Attila99Loft (property registered at parcel number 6775, Budapest, District I, and located in kind at Attila út 99, Budapest, District I, and at Logodi utca 42, Budapest, H-1012) in H1 2022. There was no other change.

6. Trade receivables

data in thousand HUF	30/06/2022	31/12/2021
Trade receivables	317,370	149,367
Impairment	-16,818	-129,191
Loan losses	-15,962	-1,447
Adjustment due to trade debtors with a credit balance	196,744	113,380
Total	481,334	132,109

The trade receivables portfolio shows a significant increase of HUF 168 million (212%) compared to the year-end, due to a receivable from a property at Major Udvar (Városmajor utca 12-14., Budapest, District XII). The amount of recognised impairment losses decreased significantly by HUF 112 million due to a receivable that was 100% impaired in the base year but received in the period under review in the amount of HUF 120.7 million, and an impairment loss of HUF 8.3 million was recognised for a receivable in the period under review.

7. Other short-term receivables and prepaid expenses and accrued income

data in thousand HUF	30/06/2022	31/12/2021
Other receivables	157,452	435,924
Accruals	18,880	12,941
Suppliers with a debit balance, and taxes	90,792	22,024
Total	267,124	470,889

VAT receivable on advances from customers accounted for 90% of other receivables at the end of the reporting period.

The tax assets and liabilities have been valued by tax category and classified as other receivables or other liabilities, depending on the sign.

As a result, for BIF the reclassifications for the reporting period include a VAT receivable of HUF 64.5 million, a corporate tax overpayment of HUF 1.8 million, a land tax overpayment of HUF 1.8 million and other receivables of HUF 3.2 million (e.g. the pro-rata share of the total annual cafeteria benefits paid in H1 2022 but to be accounted for in the second half of the year), while Harsánylejtő Kft. has a local tax receivable of HUF 7.8 million. A further reclassification results from advance payments to suppliers (HUF 11.2 million).

Accruals also include the pro-rata insurance premium (HUF 7 million) paid in H1 2022 but to be recognised in the second half of the year, the value of the turnover rebate (HUF 7 million) and other income accruals.

8. Cash and cash equivalents

data in thousand HUF	30/06/2022	31/12/2021
Cash on hand	1,835	1,784
Bank	5,247,657	9,546,431
Total	5,249,492	9,548,215

The main reason for the HUF 4,299 million decrease in cash and cash equivalents in H1 2022 was the dividend payment performed in June.

9. Subscribed capital and capital reserve

The subscribed capital of the Company was HUF 2,870,244,000 as at 30 June 2022, which consisted of 287,024,440 dematerialised ordinary registered shares with a nominal value of HUF 10 each. The share capital according to IFRS is the same as the share capital registered by the Companies Court. In H1 2022, the Company's share capital remained unchanged.

Subscribed capital

data in thousand HUF	30/06/2022	31/12/2021
Opening	2,870,244	2,870,244
Increase	0	0
Decrease	0	0
Closing	2,870,244	2,870,244

Capital reserve

data in thousand HUF	30/06/2022	31/12/2021
Opening	6,048,215	6,048,215
Increase	0	0
Decrease	0	0
Closing	6,048,215	6,048,215

The capital reserve includes the amount of the difference between the nominal value and the consideration of the shares at the time of the share issue, and the value of the funds and assets placed in the capital reserve, and there were no such share transactions in H1 2022.

10. Revaluation reserve

data in thousand HUF	30/06/2022	31/12/2021
Opening	731,904	731,904
Increase	0	0
Decrease	0	0
Closing	731,904	731,904

In the valuation reserve, the Company recognises the previous revaluation (adjusted for deferred taxes) of the Aranykéz Street Parking Garage (property at Aranykéz utca 4-6., Budapest, District V) in its balance sheet at the end of 2021 and in H1 2022, using the fair value model under IAS16.

11. Repurchased equity

The Company recognizes its equity shares in the balance sheet at cost as repurchased treasury shares reducing the equity. The number of treasury shares held by the Company is 35,340,000 in both the base year and the current semi-annual period, as there were no transactions involving treasury shares in H1 2022.

data in thousand HUF	30/06/2022	31/12/2021
Opening	-3,048,120	-3,048,120
Increase	0	0
Decrease	0	0
Closing	-3,048,120	-3,048,120

12. Retained earnings and profit for the year

data in thousand HUF	30/06/2022	31/12/2021
Retained earnings		
Opening	43,913,283	35,644,099
Increase		
Decrease	-5,033,689	
Closing	38,879,594	35,644,099
P/L for the reporting year	3,105,883	8,269,184
Closing	41,985,477	43,913,283

In the reporting period change in the profit reserve was influenced by two opposite effects:

- The opening amount of the retained earnings includes an increase of HUF 8,269,184,000 in the profit and loss account for 2021.
- A decreasing item was the dividend of HUF 5,033,688,800.00 payable on the profit for the financial year 2021, as in accordance with resolution no. 11/2022.04.29. of the Company's Annual General Meeting held on 29 April 2022, the Company approved the establishment and payment of dividends in the amount of HUF 5,033,688,800 from the reserve of disposable profit and retained earnings, which can be paid as dividends on the basis of the Company's annual separate financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The Company pays dividends on treasury shares to shareholders entitled to dividends in proportion to the nominal value of their shares in accordance with Article 16.2 of the Articles of Association. The initial dividend payment date for ordinary shares was 10 June 2022.

13. Non-current financial liabilities

data in thousand HUF	30/06/2022	31/12/2021
Long-term loans	20,914,661	19,213,740
Total	20,914,661	19,213,740

Long-term loans include the full amount of long-term bank loans.

Outstanding bank loans and live loan contracts:

- Pursuant to the credit facility agreement concluded between the Company and MFB Magyar Fejlesztési Bank Zrt. (hereinafter: “MFB”) on 7 November 2018 for HUF 20 billion (hereinafter: the “Credit Facility Agreement”), MFB granted a fixed-rate loan of HUF 7,579,600,000 to the Company for 10 years in accordance with the loan agreement signed by the Company and MFB on 3 September 2019.
- Based on the three loan agreements concluded between the Company and Takarékbank Zrt. (hereinafter: “Takarékbank”) on 31 August 2020, Takarékbank provided/will provide the following fixed-rate 15-year HUF-loans to the Company:
 - in order to refinance the total amount of debt owed under the two loan agreements concluded on 7 November, 2019 and the loan agreement concluded on 6 February, 2020 based on the Credit Facility Agreement concluded by the Company and MFB on 7 November 2018, a loan was granted in the amount of HUF 9,707,551,770 and disbursed on 15 September 2020;
 - a loan in the total amount of HUF 2,606,021,058 for the partial refinancing of the purchase of real estate and for financing real estate renovation and investment, of which the first disbursement of HUF 1,124,100,000 was made on 1 September 2020, the second disbursement of HUF 143,750,000 was made on 13 November 2020; the third disbursement of HUF 211,525,013 was made on 15 December 2021; and the fourth disbursement was made in the amount of HUF 500,001,885 on 18 May 2022;
 - In order to refinance the total debt outstanding on the basis of the HUF 2,100,000,000 loan agreement concluded between the Company and Takarékbank on 8 March 2018, a loan was disbursed in the amount of HUF 1,661,513,172 on 15 September 2020.
- Based on the loan agreement concluded by the Company and Takarékbank on 28 June 2021, Takarékbank granted the Company a HUF loan with a 15-year fixed interest rate term for real estate renovation and investment purposes in the total amount of HUF 2,500,000,000. The first disbursement of the loan was made on 16 September 2021 in the amount of HUF 524,141,008; the second disbursement was made on 15 December 2021 in the amount of HUF 716,312,052, and the third one was performed in the amount of HUF 1.259,546,940 on 17 March 2022.

The instalments of these loans and borrowings due in 2022 are included in short-term borrowings (see: Section 17).

14. Provisions

data in thousand HUF	30/06/2022	31/12/2021
Provisions for contingent liabilities	17,541	12,622
Total	17,541	12,622

In H1 2022, in its accounts the Company only recognised a provision for untaken holidays of approximately HUF 11.4 million, with a further provision of approximately HUF 6.1 million arising from the provision for expected liabilities recognised by the Subsidiary in previous years.

15. Deferred tax liabilities

Due to transformation into REIC, the Company has eliminated the previously recognised deferred tax liability, as in the future its tax liability is not expected to arise in the normal course of business.

16. Other long-term liabilities

The value of other long-term liabilities is HUF 0 thousand.

17. Short-term financial liabilities

data in thousand HUF	30/06/2022	31/12/2021
Short-term portion of loans	704,085	1,270,565
Total	704,085	1,270,565

Current financial liabilities include the reclassification of short-term bank loans (see also paragraph 13 above).

18. Trade payables

data in thousand HUF	30/06/2022	31/12/2021
Trade payables	1,722,782	1,667,183
Total	1,722,782	1,667,183

The portfolio of suppliers has slightly changed compared to the end of the year, increasing by merely 2.7%, with 91.9% of the portfolio coming from the parent company's books and 8.1% from the books of the Subsidiary.

19. Other short-term liabilities, accrued expenses and deferred income

data in thousand HUF	30/06/2022	31/12/2021
Advances + security deposit + VAT adjustment	2,237,644	1,638,882
Wages + taxes + contributions	116,249	211,515
Liabilities to owners in relation to dematerialisation	75,280	75,280
Accruals	49,555	85,370
Adjustment due to trade debtors with a credit balance	196,745	113,380
Total	2,675,473	2,124,427

The change in other current liabilities and accrued expenses was mainly influenced by the change in trade advances and tenant deposits, which increased by HUF 599 million. The line "Wages + taxes + contributions" includes tax payable by the parent company (the largest item being the income tax payment liability related to dividends) amounting to HUF 45 million and the wages and contributions payable to employees, totalling HUF 71 million in the reporting period. Accruals decreased by about HUF 36 million. Accruals include partly the value of expected utility costs and partly the value of work performed but not yet invoiced by general contractors and subcontractors used for property improvements. Reclassified customer overpayments increased by HUF 83 million.

20. Net sales revenues

data in thousand HUF	H1 2022	H1 2021
Revenue from rents and operating fees	2,501,149	1,744,995
Income from parking fees	304,451	211,210
Revenue related to intermediary services	562,629	149,871
Revenue from services	0	0
Revenue from the sale of properties/land	0	304,569
Other sales revenues	58,254	25,765
Total	3,426,483	2,436,410

Increase in the rental and management fee income was mainly due to the implementation of rent and management fee increases (indexations) in rental agreements and the conclusion of new contracts with better conditions.

The vast majority of the revenue from mediated services is derived from utility and other service charges re-invoiced in relation to the rented properties, while significant revenue was also generated from office development, conversion or refurbishment costs passed on to tenants.

BIF Group did not generate any income from the sale of real property/plots in the reporting period, although sale and purchase agreements with reservation of title were signed for two land plots in Q4 2021, but as the reservation of title conditional on payment of the full purchase price will expire in Q4 2022 and Q1 2023, the Company will realise these revenues in H2 2022 and H1 2023 (for the two building plots only prepayments were received in H1 2022). The income generated in the base period was entirely realised by the Subsidiary in relation to the sale of dwellings constructed within the framework of Phase II of the Condominium Project in District III of Budapest.

Other sales revenues include revenues that cannot be classified in the above groups.

21. Other operating income

data in thousand HUF	H1 2022	H1 2021
Fair valuation	540,121	530,949
Sale of real estate and movable property	0	0
Other operating income	690,236	155,118
Total	1,230,357	686,067

Other operating income includes increase in the fair value of the Company's investment properties in the fair value line.

The line "other income" includes HUF 557 million from indemnities/ compensations received by the Company; HUF 121 million from the reversal of impairment of receivables; another HUF 7 million from a financially settled concession received subsequently, and HUF 5 million from penalties received, while no such income was generated by the Subsidiary.

22. Own performance capitalised

data in thousand HUF	H1 2022	H1 2021
Changes in internally generated inventories	0	-219,580
Capitalised value of internally generated assets	0	-124,026
Capitalised own performance, total	0	-343,606

In the base period, change in the value of own work capitalised was primarily due to the derecognition of the inventory value of the dwellings given into the buyers' possession at the Subsidiary, and there was no such change in H1 2022 for either the Company or the Subsidiary.

23. Raw materials, consumables and other external charges

data in thousand HUF	H1 2022	H1 2021
Material costs	134,330	83,672
Value of services used	365,852	304,368
Cost of other services	14,712	15,369
Cost of goods sold	484	9,958
Cost of services sold (mediated)	543,898	143,000
Total	1,059,276	556,367

Overall, in the reporting period, raw materials, consumables and other external charges increased by around HUF 503 million compared to the base period, mainly due to a significant increase in the value of services sold (mediated), which is mainly due to the re-invoicing of utility and other service charges and the costs of office construction, reconstruction or refurbishment made to meet tenants' needs.

24. Staff costs

data in thousand HUF	H1 2022	H1 2021
Wage costs	257,780	218,643
Other payments to staff	17,450	14,548
Wage taxes	36,589	36,738
Total	311,819	269,929

On a company group level, payments to staff increased by around 16% in the first six months of 2022 compared to the previous year.

The average statistical headcount of the Company's employees was 47 in H1 2022 (the average statistical headcount in H1 2021 was 48; on 30 June 2022 the active headcount was 49, while the same indicator was 49 on 30 June 2021 and 46 on 31 December 2021).

The administrative, legal and management tasks related to the operation of Harsánylejtő Kft. are carried out by BIF's legal and financial accounting department in a dual employment.

25. Depreciation and impairment

data in thousand HUF	H1 2022	H1 2021
Depreciation and impairment	26,332	18,585
Depreciation	26,332	18,585
Inventory impairment	0	0
Impairment of financial assets	22,830	63,500
Impairment of additional cash contribution	0	0
Impairment of receivables	8,315	63,500
Loan losses	14,515	0
Total	49,162	82,085

Depreciation includes depreciation charged on the Company's non-investment property, plant and equipment. Impairment losses include the impairment losses recognised by the Company on trade receivables. The Company has assessed the need for credit losses to be recognised in relation to receivables in accordance with the requirements of IFRS 9. Expected loan losses have been assessed on an aggregate basis for each asset group, and in the case of receivables, the simplified model is used by the Company (lifetime method).

26. Other operating expenditure

data in thousand HUF	H1 2022	H1 2021
Impact of fair valuation on inventories	0	8,564
Fair valuation	45,804	272,084
Sale of real estate and movable property	1,418	0
Scrapping	0	0
Assets provided for no consideration	79,690	0
Taxes	103,587	105,296
Other expenditures	7,074	12,654
Total	237,573	398,598

A more significant decrease in the value of other operating expenses was mainly due to the following two items moving in opposite directions: (1) decrease in the market value recognised under IAS40 in the line “Valuation at fair value” is significantly lower (around HUF -226 million) than the value recognised in the base period, while (2) the value of public utilities transferred without consideration has resulted in a significant increase (around HUF +80 million) in this category. The sale of real estate and movable property shows the net profit made on the sale of two cars. In addition, there was no fair value measurement effect on inventories in the reporting period, and the value of grants, indemnities and penalties paid, which are included in other expenses, also decreased.

27. Income from and expenses of financial operations
Revenues from financial operations

data in thousand HUF	H1 2022	H1 2021
Interest received	235,170	47,304
Exchange rate gain	44,332	1,995
Other	0	0
Total revenues	279,502	49,299

Expenses on financial operations

data in thousand HUF	H1 2022	H1 2021
Interest paid	149,960	100,485
Exchange rate loss	13,972	4,615
Other	0	0
Expenses, total	163,932	105,100

Increase in the interest received is the result of the efficient management of disposable funds, while rise in the interest expenditure is also due to higher borrowing and interest rates.

28. Actual tax expenditure

data in thousand HUF	H1 2022	H1 2021
Corporate tax	378	284
Business tax	76	3,867
Contribution to innovation	8,243	6,285
Other	0	0
Total actual tax	8,697	10,436

Pursuant to the applicable statutory regulations, the Company was only obliged to pay corporate tax until the REIC status was obtained (on 20 October, 2017). At the same time, the Company, being a REIC, is required to determine its corporate tax base with a view to the provisions of the REIC Act, but it is only subject to corporate tax for the calculated base in certain cases (e.g. on a tax base proportionate to the income from related parties), and in view of this, the corporate income tax was set at HUF 378,000 (see the calculation below), and the payable innovation contribution obligation of HUF 8,232,000 was calculated as payable by the Company. Based on the H1 2022 profit of the Subsidiary, we have calculated local business tax liability in the amount of HUF 76,000 and HUF 11,000 in innovation levy, but we have not calculated corporate income tax because the basis would be negative due to the accrued losses of previous years.

data in thousand HUF

Profit before taxes as per IFRS		3,091,093
Tax adjustment (innovation contribution)		8,232
Pre-tax profit (adjusted for innovation contribution) according to the IFRS		3,082,861
Adjusting items under IFRS		-994,731
Adjusted profit before corporate income tax		2,088,130
	Increasing items	661,055
	Decreasing items	-477,605
Corporate tax base in H1 2022		2,271,580
	The benefit on corporate tax to the REIC status is	0 %
		0.185%
Corporate tax base (to revenue from related parties) in H1 2022		4,202
	Corporate tax payable on related parties	378
Corporate income tax liability in H1 2022		378

29. Deferred tax expense

The company has no deferred tax.

30. Earnings per share

	H1 2022	H1 2021
P/L after taxes (HUF '000')	3,105,883	1,405,655
Weighted average ordinary shares	251,684,440	251,684,400
Earnings per share (basic) (HUF) ("profit after tax" to "the weighted average of ordinary shares")	12.34	5.58

The Company has no factors that dilute earnings per share.

31. Business line data

All of the Company's properties are located in Budapest, so the distribution of revenues and expenses by geographical regions is not justified.

In view of the fact that the Company is engaged in the letting, use and trading of real estate, below the Company's consolidated profit before tax is presented in a breakdown by segment: (1) "Hársánylejtő Condominiums" – a segment presenting the results of BIF-Group's condominium and residential development activities under the Hársánylejtő Project; (2) "Hársánylejtő Plots" – a line aggregating the revenues and related expenses from the sale of land owned by the Company, which is prepared for sale under the Hársánylejtő Project and is still under development; (3) "Investment Properties for Income Generation" line – presents results directly attributable to properties acquired by the Company for rental purposes; and (4) the "Operations" line – presents "operating" profit or loss from the operations of the BIF Group that are not directly attributable to properties.

Developments in the revenues and expenses of the various business lines according to the above-mentioned classification in H1 2022 and H1 2021 are shown in the tables below:

Fact, H1 2022 data in thousand HUF	Hársánylejtő Condominiums	Plots of land on Hársánylejtő	Income-generating investment property	Operation	Total
Net sales revenue	3,906	0	3,422,301	276	3,426,483
Other operating income	0	550,607	667,184	12,566	1,230,357
Capitalised value of internally generated assets	0	0	0	0	0
Changes in internally generated inventories	0	0	0	0	0
Raw materials, consumables and other external charges	-8	-4,542	-984,012	-70,714	-1,059,276
Staff costs	0	0	0	-311,819	-311,819
Depreciation and impairment	0	-1,005	-16,166	-31,991	-49,162
Other operating expenditure	0	-92,030	-138,505	-7,038	-237,573
Revenues from financial operations	0	0	0	279,502	279,502
Expenses on financial operations	0	0	-133,382	-30,550	-163,932
Profit before taxes	3,898	453,030	2,817,420	-159,768	3,114,580

Fact, H1 2021 data in thousand HUF	Hársánylejtő Condominiums	Plots of land on Hársánylejtő	Income-generating investment property	Operation	Total
Net sales revenue	306,196	200	2,129,864	150	2,436,410
Other operating income	140,617	0	535,368	10,082	686,067
Capitalised value of internally generated assets	-124,026	0	0	0	-124,026
Changes in internally generated inventories	-224,391	4,811	0	0	-219,580
Raw materials, consumables and other external charges	-44,848	-7,673	-448,309	-55,537	-556,367
Staff costs	0	0	0	-269,929	-269,929
Depreciation and impairment	0	-1,005	-63,956	-17,124	-82,085
Other operating expenditure	-24,586	-6,082	-362,085	-5,845	-398,598
Revenues from financial operations	0	0	0	49,299	49,299
Expenses on financial operations	0	0	0	-105,100	-105,100
Profit before taxes	28,962	-9,749	1,790,882	-394,004	1,416,091

The Company's management does not monitor assets and liabilities at the segment level.

32. P/L from a fair valuation

Within the cash flow from operating activities, the result from fair valuation for H1 2022 includes the impact of the fair valuation of investment properties, as this is a non-cash item. The fair valuation result of HUF 494,317,000, which is included in the operating cash flow, consists of two items, of which HUF 540,121,000 is the effect of market revaluation and HUF 45,804,000 is the effect of devaluation.

33. Financial instruments

Financial instruments include loans granted, financial investments, receivables from customers from among current assets, securities and cash, loans and advances taken and customer liabilities.

30 June 2022 data in thousand HUF	Book value	Fair value
Financial assets		
<i>Financial liabilities carried at amortised direct cost loans and receivables</i>		
Trade receivables	514,114	481,334
Cash and cash equivalents	5,249,492	5,249,492
Financial liabilities		
<i>Financial liabilities carried at amortised direct cost liabilities</i>		
Financial liabilities	21,618,746	21,618,746
Trade payables	1,722,782	1,722,782
31 December 2021 data in thousand HUF	Book value	Fair value
Financial assets		
<i>Financial liabilities carried at amortised direct cost loans and receivables</i>		
Trade receivables	262,747	132,109
Cash and cash equivalents	9,548,215	9,548,215
Financial liabilities		
<i>Financial liabilities carried at amortised direct cost liabilities</i>		
Financial liabilities	20,484,305	20,484,305
Trade payables	1,667,183	1,667,183

34. Remuneration of the Board of Directors and the Supervisory Board

In its resolution of 29 April 2022, the General Meeting of the Company decided that the members of the Board of Directors should perform their duties without remuneration in the financial year 2022, and the members of the Audit Committee should perform their duties with a gross remuneration of HUF 300,000 per month per member in the financial year 2022.

IV. Other additional information

1. Off-balance sheet items, litigation and other legal proceedings

1.1. Off-balance sheet items that may affect the Company's future liabilities

As at 30 June 2022, certain items constituting the Company Group's assets were pledged as follows:

Loan1

Beneficiary's name: MFB Magyar Fejlesztési Bank Zrt.

Pursuant to the credit facility agreement concluded between the Company and MFB Magyar Fejlesztési Bank Zrt. on 7 November 2018 for HUF 20 billion, MFB Magyar Fejlesztési Bank Zrt. granted a loan of HUF 7,579,600,000 to the Company in accordance with the loan agreement concluded by the Company and MFB Magyar Fejlesztési Bank Zrt. on 3 September 2019.

Description of the encumbered thing or right (asset)

- Property of title deed no. 24408/4 in District V of Budapest (H-1052 Budapest, Apáczai Csere János utca 9.)

Details of the contract containing the secured claim:

Loan agreement

Date of: 3 September 2019

Real property mortgage agreement - to secure multiple claims

Date: 3 September 2019

Contract for a pledge of receivables

Dated: 3 September 2019

Amount of secured claim/registered encumbrance:

HUF 20,000,000,000, i.e. twenty billion forints as principal and any interests and other charges accrued.

Loans2-4

Beneficiary Name: Takarékbank Zrt

Based on the three loan agreements concluded between the Company and Takarékbank Zrt. on 31 August 2020, Takarékbank provided/provides the following fixed-rate 15-year HUF-loans to the Company:

- in order to refinance the total amount of debt owed under the two loan agreements concluded on 7 November, 2019 and the loan agreement concluded on 6 February, 2020 based on the Credit Facility Agreement concluded by the Company and MFB Magyar Fejlesztési Bank Zrt. on 7 November 2018, a loan was granted in the amount of HUF 9,707,551,770 and disbursed on 15 September 2020;
- a loan in the total amount of HUF 2,606,021,058 for the partial refinancing of the purchase of real estate and for financing real estate renovation and investment, of which the first disbursement of HUF 1,124,100,000 was made on 1 September 2020, and the second disbursement of HUF 143,750,000 on 13 November 2020; the third disbursement of HUF 211,525,013 was made on 15 December 2021; the fourth disbursement was made in the amount of HUF 500,001,885 on 18 May 2022; and the fifth disbursement was performed on 14 July 2022 in the amount of HUF 614,433,303;
- a loan was disbursed on 15 September 2020 in the amount of HUF 1,661,513,172 for the repayment of the total amount of a loan of HUF 2,100,000,000 owed under a long-term loan agreement for a variable-rate loan between the Company and Takarékbank on 8 March 2018.

Description of the encumbered thing or right (asset)

- The real property of parcel No. 6979/1, located in District XII of Budapest (H-1122 Budapest, Városmajor utca 12-14.)
- The real property of parcel No. 6866, located in District XII of Budapest (H-1122 Budapest, Városmajor utca 35.)
- The real property of parcel No. 18059, located in District III of Budapest (H-1033 Budapest, Flórián tér).
- The real property of parcel No. 38315/42, located in District X of Budapest (H-1101 Budapest, Üllői út 114-116.)
- The real property of parcel No. 6775, located in District I of Budapest (H-1012 Budapest, Logodi utca 42.).

Details of the contract containing the secured claim:Loan agreements (3)

Date: 31 August 2020

Mortgage contract on real estate - with a fixed amount to secure several claims

Date of: 31 August 2020

Agreement for the establishment of a charge on receivables - with a fixed limit to secure multiple claims

Date of: 31 August 2020

Security deposit agreement for a charge on the receivables of a payment account

Date: 31 August 2020

Amount of secured claim/registered charge:

HUF 14,700,000,000 limit

Loan5**Beneficiary Name: Takarékbank Zrt**

Based on the loan agreement concluded by the Company and Takarékbank Zrt. on 28 June 2021, Takarékbank Zrt. grants the Company a fixed-interest loan up to HUF 2,500,000,000 for property renovation and project financing purposes for a term of 15 years. The first disbursement of the loan was made on 16 September 2021 in the amount of HUF 524,141,008 and the second disbursement was made on 15 December 2021 in the amount of HUF 716,312,052; and the third disbursement was performed in the amount of HUF 1,259,546,940 on 17 March 2022.

Description of the encumbered thing or right (asset)

- The real property of parcel No. 6979/1, located in District XII of Budapest (H-1122 Budapest, Városmajor utca 12-14.)
- The real property of parcel No. 6866, located in District XII of Budapest (H-1122 Budapest, Városmajor utca 35.)
- The real property of parcel No. 18059, located in District III of Budapest (H-1033 Budapest, Flórián tér).
- The real property of parcel No. 38315/42, located in District X of Budapest (H-1101 Budapest, Üllői út 114-116.)
- The real property of parcel No. 6775, located in District I of Budapest (H-1012 Budapest, Logodi utca 42.).

Details of the contract containing the secured claim:Loan agreement

Dated: 28 June 2021

Real estate mortgage contract

Date: 28 June 2021

Agreement for the establishment of a charge on receivables

Date: 28 June 2021

Security deposit agreement for a charge on the receivables of a payment account

Date: 28 June 2021

Amount of secured claim/registered charge:

HUF 2,500,000,000 capital and charges

1.2. Litigation and other legal proceedings

As of 30 June 2022, Budapesti Ingatlan Nyrt. was a defendant in the following lawsuit:

Claimant: Dr Dorottya Szabó-Páljános; Co-defendants: the Company as 1st defendant, Groom Electrician Korlátolt Felelősségű Társaság, as 2nd defendant, JAZMY Szolgáltató Kft., as 3rd defendant and Dr Zoltán Szabó, as 4th defendant.

Subject of the litigation: request for an order on the registration of the title of the claimant and the fourth defendant, each sharing half, to the property (residential property and hall garage) sold by the predecessor of the Company in 2010, and at simultaneous cancellation of the ownership of the 3rd defendant. In the Company's view, the claimant's claim is unfounded, and we hope that the court proceedings will end in the Company's success.

2. Significant events after the end of the interim period (30 June 2022)

There were no significant events after the end of the interim period.

3. Extraordinary and other regulated disclosures in 2022

Date of publication	Subject of publication
1 August 2022	Monthly announcement of voting rights and share capital
30 June 2022	Monthly announcement of voting rights and share capital
28 June 2022	Information on the conclusion of legal proceedings
31 May, 2022	Monthly announcement of voting rights and share capital
11 May, 2022	Clarification of the notice on dividend payment
10 May, 2022	Notice on dividend payment
5 May, 2022	Staffing news
2 May, 2022	Monthly announcement of voting rights and share capital
29 April 2022	Minutes of the 2022 Annual General Meeting of Budapesti Ingatlan Nyrt., including the adopted resolutions
29 April 2022	Report on Responsible Corporate Governance
29 April 2022	BIF Remuneration Disclosure
29 April 2022	Amendment No. 2 to BIF's Remuneration Disclosure
9 April 2022	A proposal to the General Meeting and proposals for resolution
5 April 2022	Proprietary notification and disclosure of changes in the indirect voting rights
31 March 2022	Monthly announcement of voting rights and share capital
29 March 2022	Invitation to the General Meeting of the Shareholders
28 February 2022	Monthly announcement of voting rights and share capital
31 January, 2022	Monthly announcement of voting rights and share capital
27 January, 2022	Extraordinary information on the change of the Company's Investor Relations Officer

4. Authorisation to publish financial statements

The Board of Directors of the Company approved this Interim Consolidated Financial Statements on August 30, 2022 and authorized it for disclosure with its resolution.

Declaration of liability

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that this Interim Consolidated Financial Statements has been prepared to the best knowledge of the Company, in accordance with International Financial Reporting Standards, providing a true and fair view of the assets, liabilities, financial position as well as profits and losses of the Company and its subsidiary involved in the consolidation, and does 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, 2022

.....
Dr Anna Ungár
 President of the Board of Directors and Chief
 Executive Officer

.....
Kristóf Berecz
 Vice-President of the Board of Directors and
 Chief Executive Officer



Consolidated Business (management) Report

**to the Consolidated, non-audited Financial Statements of
Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in
accordance with the International Financial Reporting
Standards (IFRS) for the period ending on 30 June 2022**

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I. The Company's objectives, strategy and activities

In H1 2022 **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered office: H-1033 Budapest, Polgár utca 8-10., hereinafter: "Company" or "BIF") performed its business activity in accordance with the development strategy and objectives listed below:

- identifying office and other buildings that fit into the Company's existing portfolio of income-generating real properties and making acquisitions;
- maximising the income potential of the existing real property portfolio and optimise the operation of office buildings, real estate development;
- the implementation of the fully developed concept for the 39-hectare Harsánylejtő development site owned by the Company in Budapest, District III.

From 20 October, 2017 the Company was active as a regulated real investment pre-company (hereinafter: "SZIE/Pre-REIT") under Act CII of 2011 on regulated real estate investment companies (hereinafter: "SZIT/REIT Act"), and since 31 December, 2018 it has been active as a regulated real estate investment company (hereinafter: "SZIT/REIT"). The Company is engaged in real estate development and utilisation for its own properties (offices and other buildings and parking garages) by leasing out, further development and the sale of construction sites in its ownership, the implementation of real estate developments on them, and the utilisation and sale of completed properties.

The Company is active in the following main segments of the real estate market according to the types of properties owned:

- Office buildings
- Parking garages
- Building plots
- Residential properties
- Hotels

Office buildings

In Q1 2022, a total of 78,350 m² of new office space was delivered in three buildings in Budapest, and 30,750 m² in two buildings in Q2 2022. The total modern office stock will reach 4,053,940 m² by the end of H1 2022, exceeding the magic 4 million m² mark. The office vacancy rate continued to rise, standing at 9.9% at the end of June 2022, an increase of 0.1% year-on-year.

In terms of tenant activity, in the recent period the most popular sub-market in Budapest was again the Váci út office corridor, which attracted 44% of demand. The Pest Centre sub-market came second (14%). At the end of June 2022, occupancy rates were the highest in the North Buda sub-market (95.6%) and lowest in the Agglomeration submarket with 68.6%. (Source: BRF 2022 Q2)

In the current uncertain business environment, there is a well-founded fear that the development momentum will also slow down and demand for office space will also decrease. However, for the time being it seems that demand has not disappeared from the Hungarian office market, with expansions, extensions and new contracts being signed. Pre-lease contracts for just over 4 thousand square metres were signed only in Q2 2022, which remains below the figures recorded for the previous quarters (8 thousand, 14 thousand and 9 thousand square metres). The vacancy rate has not yet reached double digits, but this may have been due, among others, to the fact that, excluding the owner-occupied office building, the stock has increased by just a few thousand square metres. However, new office handovers are expected in the next quarter – several developments have delayed completion – so it is possible that the vacancy rate could rise above 10% by H2 2022. (Source: Net Média Zrt.)

As of 30 June 2022, the Company owned six Category “B” and two Category “A” office buildings in prime locations in terms of infrastructure and transportation. The revitalisation of one of the existing Category “B” office buildings (the office building at Városmajor utca 12-14., Budapest, District XII, hereinafter: “**Major Udvar** (Városmajor u. 12)”) to convert it to Category “A” is currently in its final stages, the building has been granted an occupancy permit on 2 August 2022, and the restaurant fit-out is expected to be completed and licensed for operation by the end of Q3 2022. Our existing operational office buildings typically operated at an average occupancy rate of 91% during the reporting period.

In H1 2020, our Company acquired the former Posta Hotel at **Üllői út 114-116, Budapest, District X**, an iconic 13-storey tower building in the area, which will be converted into a Category “A” office building (hereinafter: “**BIF Tower**”) in a development project launched in 2021. Construction is expected to be completed in Q4 2022. The adjacent three-storey building, formerly operating as an educational centre (hereinafter: “**Üllői Avenue Educational Centre**”), has also been included in our portfolio, and we are examining the potential for utilisation in the light of market needs.

As for our office buildings, our main objective is to maintain tenant satisfaction, retain tenants for the long term and extend rental agreements. In all our office buildings the operator’s staff is present on an uninterrupted basis and maintenance service for our tenants. In the case of our Class “A” office buildings, we pay particular attention to modernising public spaces, operating buildings efficiently, using environmentally friendly solutions and meeting tenants’ custom needs.

Parking garages

An interesting change may be observed when analysing the data on paid parking before the coronavirus pandemic: overall, the occupancy rate of parking spaces was higher during the pre-COVID-19 paid parking period than during the paid parking period reintroduced at the end of May 2021. The reasons for this are thought to lie in changes in people’s lifestyles: for example, working from home has become a general practice at a large number of companies. (Source: SmartLynx car parking)

Our Company owns 2 parking garages, the **Aranykéz Parking Garage** (Aranykéz utca 4-6., Budapest, District V) and the **Parking Garage of Flórián Udvar Office Building** (Polgár utca 8-10., Budapest, District III), located next to the Vigadó Palota Office Building (Apáczai Csere János utca 9., Budapest, District V). The parking garage in the Flórián Udvar Office Building is primarily intended to serve the tenants of the office building. Both parking garages are equipped with the latest Hungarian mobile-app parking system and modern payment facilities to ensure maximum service quality. Our car parks operated at an average occupancy rate of 98% in H1 2022.

Building plots and residential properties

As many as 9,133 new homes were built in H1 2022, down 6.8% on a year earlier. The number of residential properties to be built on the basis of the issued building permits and simple notifications was 17,715, up 16% on the same period of 2021. The nearly year-and-a-half-long decline in housing construction by natural persons has come to a halt. The number of homes built by them rose by 5.6%, while those built by businesses fell by 14% compared to H1 2021. A pick-up in housing construction by natural persons was, however, confined to smaller towns and villages, while business housing construction was down on a year earlier in all categories of settlement, especially in Budapest. (Source: KSH [Central Statistical Office])

The low interest rate environment and state home loan subsidies may help sustain demand during the coronavirus pandemic. In the new situation, the classically high-value and high-prestige areas of Buda are expected to attract more attention, not only from residential buyers, but also from investment purchasers.

After a decline due to the COVID-19 pandemic in 2020, the number and price of homes sold in 2021 also rose rapidly during the year. In Q1 2022, turnover stopped expanding, but prices picked up again. The price of second-hand dwellings increased by 7.3% and the price of new dwellings by 4.8% in a quarter (source: KSH [Central Statistical Office])

Within the framework of the **Harsánylejtő Kertváros** project (District III of Budapest), the Company launched a development project (hereinafter: "Harsánylejtő Project") in several phases over the past years, covering an area of approximately 39 hectares. As part of the project, plot development, residential development and commercial units were developed as follows:

- A total of 153 land plots have been developed, constructed and sold within the framework of Phases I-II of the **plot development**. The project was successfully completed in terms of development and sales (the total area of the above-mentioned Phases I-II exceeds 25 hectares).
- **Residential property development**
 - In Phases I and II of the residential development, a total of 40 apartments of floor areas between 55 and 99 m² were built on an area of about 1 hectare. The sale of the 20 apartments built in Phase I of the residential development project was successfully completed in 2019, and the sale of the 20 additional apartments built in Phase II of the residential development project was successfully completed in H1 2021. The owner of the project is Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Harsánylejtő Kft."), which is 100% owned by the Company.
 - For two of the three plots of land on an area of more than 2 hectares suitable for residential development, sales contracts with reservation of title were signed in Q4 2021 (the termination of the reservation of title subject to payment of the full purchase price is foreseen for Q4 2022 and Q1 2023). The remaining property owned by the Company is currently zoned for the construction of a 50-apartment condominium, but the sale of the land could remain an alternative to development, taking advantage of the increased demand due to the reduction in VAT on housing.
- A plot of land suitable for the development of a **commercial unit**, comprising a retail unit of approximately 1,000 m² and a further 1,500 m² of office or other service functions on an area of approximately 0.4 hectares.
- More than 1 hectare of land suitable for **office or residential development**, suitable for the construction of an office complex of approximately 2,500 m² or condominiums.

The Company continues to constantly evaluate the best options for each property. So far, decisions have been taken on the implementation of Phases I and II of the Harsánylejtő Plot Development and Phases I and II of the Harsánylejtő Residential Property Development projects, which have been completed. For the other development opportunities, the Company will consider the options of launching the development or selling it as a land parcel or project based on current market trends.

In addition to the residential property development in the Harsánylejtő Project, the construction of a significant development project of the Company had been completed at the end of July 2021 for the property registered under parcel number 6775 in District I of Budapest, located at 99 Attila Avenue, District I of Budapest, and Logodi utca 42., H-1012 Budapest (hereinafter: "**Attila99Loft**" or "Attila Avenue Property"). Attila99Loft is the winner of the **Real Estate Awards "Residential Property Development of the Year 2021"** competition. The development project includes 16 exclusive apartments, a 22-space robotic parking system, a restaurant and a bakery. In addition to its location in the Castle District and the unique style of the apartments, the exclusive services available within the building ensure the uniqueness of the building modelled on the "New York" style. The developed apartments and commercial premises are leased out by the Company.

One of the most prominent properties in the Company's portfolio is located at Andrásy út 80-82., Budapest, District VI, a World Heritage Site (hereinafter: "**Andrásy Avenue Property**"). The conceptual design for the development of high-end residential properties for sale on a plot of more than 1,400 m², taking into account the changing market needs and the regulatory conditions of the district, was completed in Q2 2022. This development is just before starting the preliminary design and permit phase.

Hotels

The challenges caused by the pandemic are still being felt, but thanks to its potential, the Hungarian market is expected to continue to recover in 2022. Budapest has the highest revenue per hotel room in the region, and the high-season events stimulate international tourism to the Hungarian market. The sector is characterised by long-term investment and development plans, and with steadily increasing planned capacity, pre-pandemic levels will soon be approached. (Source: Portfólió)

In 2022, around 2700 new hotel rooms in 23 hotels will be added to the total number of hotels in Hungary. If all projects are completed on time, 2022 could be a record year for both hotel room supply and hotel openings. (Source: CBRE Market Outlook)

However, there is a risk that in many European countries inflation will substantially outpace wage growth, so the rising cost of living could put a brake on the recovering international tourism sector. Recovery in domestic tourism may also be held back by the significantly higher propensity of Hungarian households to travel abroad. (Source: KSH [Central Statistical Office])

The Company currently owns 1 property which is operated as a hotel by the tenant (the Company does not generate any income from accommodation or catering services, it only rents out the properties it owns). The **property at Madách Square** (Madách Imre tér 3., Budapest, District V), which has one of the most prominent downtown locations for the purposes of tourism, is a 4-star hotel with 115 rooms.

A 3-star hotel was operating as a transit hotel in **Building “C” of the Üllői Avenue property complex** (Üllői út 114-116, Budapest, District X) located in the vicinity of Liszt Ferenc International Airport, in the airport corridor, until 30 June 2021. Since September 2021, the Company has been leasing this building (hereinafter referred to as “**BIF HOSTEL**”) for student accommodation, taking advantage of the favourable conditions of the building. The property complex may be used for the development of a further 20,500 m² of gross floor area by modifying the parameters of the District Building Code, which will allow the Company to diversify its real estate portfolio by developing 500 student dormitory units by leasing out them to its foreign partners to operate them.

II. H1 2022 achievements and outlook for and challenges in 2022

1. H1 2022 achievements

Based on the non-audited, consolidated income statement prepared in accordance with IFRS, the Company **achieved a profit before tax of HUF 3,115 million in H1 2022**, more than double the base period figure (the profit increase amounted to approximately HUF 1,698 million). Adjusted for the fair valuation of investment properties, the profit before tax of HUF 2,620 million for H1 2022 shows an increase of HUF 1,463 million compared to the corresponding adjusted pre-tax profit for the base period.

- In H1 2022 **net sales revenue** totalled approximately HUF 3,426 million (up 41%) compared to approximately HUF 2,436 million in the previous period. Increase in revenues was also mainly due to the indexed price increases implemented at the beginning of the year, the renegotiation of certain priority contracts, the occupancy of the Attila út Property and the improvement in occupancy rates of certain operating office buildings. In H1 2022, more than 98% of the Company's consolidated net sales revenue was generated from rental, parking, and operating and related brokerage fees from the use of investment properties, with the share of other revenue remaining negligible at less than 2%. More significant revenue was realised in the “intermediated services” line in relation to the construction and conversion of rental properties. Revenue from the sale of residential properties in the Harsánylejtő Project accounted for around 13% in the base period, with no revenue made in 2022 (Phase II of the residential development was successfully completed in H1 2021).

Breakdown of net sales revenue

data in thousand HUF	H1 2021	H1 2022
Revenue from rents and operating fees	1,744,995	2,501,149
Income from parking fees	211,210	304,451
Revenue related to intermediary services	149,871	562,629
Revenue from services	0	0
Revenue from the sale of properties/land	304,569	0
Other sales revenues	25,765	58,254
Total	2,436,410	3,426,483

- Other operating income** amounted to HUF 1,230 million in H1 2022 compared to HUF 686 million in the base period, which is an increase of 79%. The other operating income for the period includes, in addition to the impact of property revaluation (HUF 540 million), a significant one-off item of HUF 550 million received as compensation (in the Harsánylejtő Project area) and the reversal of impairment loss in the amount of HUF 121 million recognised at the end of 2021.
- In H1 2022, **raw materials, consumables and other external charges** amounted to approximately HUF 1,059 million, an increase of 90% compared to the HUF 556 million reported in H1 2021. The above change is mainly due to a surge in the value of the sale of services indirectly provided during the period (mainly due to one-off construction costs and an increase in intermediated public utility charges), but also to a more significant increase in maintenance and utility costs.
- On a company group level, **payments to staff** increased by around 16% in the first six months of 2022 compared to the previous year.
- Compared to HUF 399 million **other operating expenses** in the base period, in the reporting period these expenses amounted to HUF 238 million. The improvement of HUF 161 million compared to the previous period is mainly due to the lower amount of property depreciation, which amounted to HUF 46 million in the period under review, compared to HUF 273 million in the previous year. In H1 2022, other operating expenses were increased by the transfer of assets for no consideration, totalling HUF 80 million, in relation to the utility improvements (wastewater network, street lighting) implemented in the framework of the Harsánylejtő Project real estate developments.

- The **depreciation and impairment** line shows an improvement of around HUF 33 million (40%) compared to the base period. The improvement seen in the reporting period is the result of the following double effect. The depreciation line includes the depreciation of our non-investment tangible assets, which increased by 42% to HUF 26 million in the period under review. The amount of impairment losses on receivables has changed from HUF 63.5 million in the same period last year to HUF 8.3 million. The current value results from impairment losses on a receivable from a single customer (the base-period value is also linked to a customer that is not the same as the one in this reporting period). An amount of HUF 14.5 million was recognised in the reporting period under the heading “calculated expected credit losses”.
- As a result, the **operating profit** for the reporting period more than doubled from HUF 1,472 million to HUF 2,999 million. The consolidated operating profit adjusted for the fair value measurement of investment properties also more than doubled from HUF 1,213 million in the base period to around HUF 2,505 million in the first half of 2022.
- **Profit from financial operations** for the reporting period amounted to approximately HUF 116 million, which was HUF 171 million more favourable than the base period. Revenues increased by nearly HUF 230 million and expenses by HUF 59 million during the period under review. Increase in financial income is the result of the efficient management of disposable funds, while rise in the interest expenditure is also due to higher borrowing and interest rates.
- Based on the requirements of the SZIT Act, BIF was only obliged to pay corporate tax until the SZIE status was obtained (on 20 October, 2017). Having a SZIT status, the Company is required to determine its corporate tax base, but it is only **liable to pay corporate tax** for the calculated base in certain cases (e.g. on a tax base proportionate to the income from related parties). Taking the above into account, of the BIF Group's HUF 8.7 million actual tax expense for the period under review, HUF 0.4 million was corporate tax on income from related parties, HUF 8.2 million was the amount of the group-level innovation levy, and a small business tax liability of HUF 76,000 was incurred by Harsánylejtő Kft.

Profit and loss account / Income statement (IFRS consolidated, non-audited)

data in thousand HUF	H1 2021	H1 2022
Net sales revenue	2,436,410	3,426,483
Other operating income	686,067	1,230,357
Changes in internally generated inventories	-219,580	0
Capitalised value of internally generated assets	-124,026	0
Raw materials, consumables and other external charges	-556,367	-1,059,276
Staff costs	-269,929	-311,819
Other operating expenditure	-398,598	-237,573
<u>EBITDA</u>	<u>1,553,977</u>	<u>3,048,172</u>
Depreciation and impairment	-82,085	-49,162
<u>Operating P/L</u>	<u>1,471,892</u>	<u>2,999,010</u>
Financial income	49,299	279,502
Financial expenses	-105,100	-163,932
<u>P/L before tax</u>	<u>1,416,091</u>	<u>3,114,580</u>
Actual tax expenditure	-10,436	-8,697
Deferred tax	0	0
<u>P/L after taxes</u>	<u>1,405,655</u>	<u>3,105,883</u>

- The **investment property portfolio** increased by nearly HUF 4 billion to HUF 67.7 billion in H1 2022 compared to 31 December 2021, driven by increase in the fair value of the properties in the portfolio and the investments made in the properties. The Company has chosen the fair value model for investment property in accordance with IAS40. The fair value of the investment properties owned by the Company is determined quarterly by an independent valuer in accordance with the requirements of the SZIT Act (the valuations were carried out by Seratus Inगतlan Tanácsadó Igazságügyi Szakértő Kft. in 2021 and 2022).
- The Company's **net debt** (the value of financial liabilities less cash and cash equivalents) increased to approximately HUF 16.4 billion at the end of June 2022 compared to HUF 10.9 billion at the end of the year 2021. The stock of financial liabilities increased due to loan drawdowns related to the Company's ongoing real estate developments (Major Udvar and BIF Tower), while decrease in cash and cash equivalents was also mainly due to payments related to the same real estate developments and the dividend paid for the financial year 2021.

Key balance sheet items (IFRS consolidated, non-audited)

data in thousand HUF	31/12/2021	30/06/2022
Investment property	63,763,004	67,748,004
<i>Long-term assets, total</i>	<i>64,271,287</i>	<i>68,245,177</i>
Cash and cash equivalents	9,548,215	5,249,492
<i>Current assets, total</i>	<i>10,532,776</i>	<i>6,377,085</i>
<u>Assets, total</u>	<u>74,804,063</u>	<u>74,622,262</u>
Subscribed capital	2,870,244	2,870,244
<i>Equity allocated to the parent company, total</i>	<i>50,515,526</i>	<i>48,587,720</i>
Financial liabilities	19,213,740	20,914,661
<i>Long-term liabilities, total</i>	<i>19,226,362</i>	<i>20,932,202</i>
Financial liabilities	1,270,565	704,085
<i>Current liabilities, total</i>	<i>5,062,175</i>	<i>5,102,340</i>
<u>Liabilities and equity, total</u>	<u>74,804,063</u>	<u>74,622,262</u>

Key indicators of the equity, financial and income position

Description	30/06/2021	30/06/2022
Long-term assets to total assets (Total long-term assets to total assets)	85.04%	91.45%
Indebtedness (total long-term liabilities to long-term liabilities and total equity allocated to the parent company)	30.38%	30.11%
Debt to equity ratio (total long-term liabilities to total equity allocated to the parent company)	43.64%	43.08%
Acid test ratio (Cash and cash equivalents to total short-term liabilities)	293.77%	102.88%
Return on sales (operating income to the net sales revenue)	60.41%	87.52%
Return on equity (operating income to total equity allocated to the parent company)	3.37%	6.17%

2. Outlook and challenges for H2 2022

In H2 2022, the Company will focus on the following areas:

- Completion of the renovation of buildings “A” and “B” in **Major Udvar** (12 Városmajor u.), leasing the office and parking areas of the office building and the restaurant, leasing the office and parking areas not yet leased, and the construction of office layouts according to the needs of the new tenants.
- Leasing of the vacant space of **Major Park** (Városmajor u. 35.) (an office building at Városmajor utca 35, Budapest, District XII), acquired as a result of a successful acquisition in early 2020. Concept design for the renovation of the façade of the existing building, lobby and staircase of the “B” building part, evaluation of the plans and preparation of the corporate decision. Then the permit plans and construction plans will be prepared, and once in possession of the plans, the preparation of the construction works will start. In addition to the above, we also expect to start the conceptual and construction planning process for the renovation of the office space on the 3rd and 4th floors of Building “B”.
- Further increase in the occupancy rate of the **Flórián Udvar Office Building**.
- For the **Attila99Loft**, built as a result of a development project in 2021, continuation of the sales activity for the rental of the building.
- **Harsánylejtő Project**
 - Transfer of ownership of utility networks not yet handed over in relation to the completed plot developments.
 - Completion of warranty work on residential properties built under completed housing developments (Phases I-II).
 - For those parcels of land in the Harsánylejtő Project where no decision has yet been taken to commence development, the options for commencing individual developments and/or selling them as parcels/projects will be investigated based on current market trends.
- Development concept for the **Bajcsy-Zsilinszky Avenue Office Building** (at Bajcsy-Zsilinszky út 57., Budapest, District VI), maximising the occupancy rate of the property in its current state during the transition period (to continue the rental activity in the current, pre-development state of the Office Building, and increase occupancy rates).
- In the case of the **Andrássy Avenue property**, the finalisation of the planned residential concept, depending on changes in market conditions.
- In the case of the **Aranykéz Parking Garage**, review the rentals for retail space, storage and parking in light of changes in outdoor parking rates in the city centre and maximise occupancy.
- Completion of the full refurbishment of the **BIF Tower** will be followed by the resumption of letting and marketing activities and the conclusion of rental contracts.
- Exploring the potential for utilisation of the **Üllői Avenue Education Centre**.
- Preparation for the required façade reconstruction in the **office building at Victor Hugo utca 18-22**, Budapest, District XIII, jointly owned by BIF, the Hungarian Academy of Sciences and ITConsult-Pro Zrt., based on the construction plans completed in 2021. Managing the construction tender with the owners and organising the construction works while keeping the office building operational.
- Exploiting the development and efficiency improvement potential of existing properties (**portfolio review**).
- Identifying **acquisition opportunities** that fit in the Company's strategy, executing the acquisitions and integrating the property into the income generating portfolio.

In addition to the above, the management of the current coronavirus situation and its impact on the overall portfolio, as well as the short- and long-term economic impacts of the Russian-Ukrainian war that broke out on 24 February 2022 and the related international sanctions, will be challenging.

III. Major events at the Company in H1 2022

1. General Meeting

The Company's General Meeting of Shareholders adopted resolutions on all the matters included in the agenda of the Notice of the General Meeting of Shareholders published on 29 March 2022 and they were published on 29 April 2022 in accordance with the relevant statutory regulations. The resolutions can be found at the following link:

<https://www.bif.hu/investors/publicitans/stock-exchange-statements/bif-2022-agm-minutes-meeting-including-resolutions>

2. Staff changes

Board of Directors and the Audit Committee

By its resolutions of 29 April 2022 (General Meeting resolutions 19-31/2022.04.29.), the General Meeting recalled the members of the Board of Directors and re-elected the members of the Board of Directors and the Audit Committee for a further term of 5 years, between 30 April 2022 and 30 April 2027, with no changes in the composition of the Board of Directors and the Audit Committee in the period between 1 January 2022 and 30 June 2022.

Changes in the management in H1 2022

- By Board Resolution 3/2022. (05.04.), the Board of Directors appointed Dr Anna Ungár as Chief Executive Officer of the Company alongside Chief Executive Officer Kristóf Berecz.
- On 26 March 2022, the employment of Balázs Diószegi, Head of Development Department, was terminated.
- On 9 May 2022, László Mészáros took up the position of Head of Operations.

3. Major lawsuits

In its special notice published on 5 November 2021, the Company referred to the lawsuit brought against the Company by the Association for the Interests of Private Stock Exchange Investors, as plaintiff, before the Metropolitan Court of Budapest on the annulment of an arbitration award. The court dismissed the plaintiff's claim in its judgment received by the Company on 28 June 2022. No appeal lies against the judgment.

IV. Risk factors affecting the Company's performance

The effectiveness of the Company's activities will continue to be significantly affected by the macroeconomic situation and the resulting company's business environment, as the occupancy rate of offices and the amount of rent realisable depend on the financial situation and prospects of the tenant companies.

The Company performs its activities related to real properties at relatively low risk, the majority of the lease contracts concluded is for a fixed term, with an average remaining term of between 2 and 3 years, but in special cases up to 5+5 or 10 years. Our open-ended lease contracts have typically been running for several years.

In Hungary, the coronavirus outbreak has mainly affected the tourism and hospitality sectors. As a result, one of our tenants in this industry was unable to continue its activities, and its tenancy was terminated on 30 June 2021. Unfortunately, the difficulties also affected the payment of rents already invoiced, so we recognised 100% impairment on a receivable from one of our customers in H1 2021, and an impairment of around HUF 121 million for another tenant in the hotel sector at the end of 2021. The latter customer's financial situation has improved in line with the recovery of tourism, its previous arrears have been paid, and the impairment loss recognised could be reversed in the first half of 2022.

In H1 2022, only a single one of our customers, active in IT and holding a rental agreement that expired during the reporting period experienced persistent payment difficulties. An impairment loss of approximately HUF 8.3 million had to be recognised on our receivable from this customer at the expiry of its rental agreement. Due to a preliminary tenant risk analysis and a collateral system, the level of arrears and defaults remained negligible in the first six months of 2022, as in the previous year, except for the single customer mentioned above.

Since March 2018, when the then EUR loan owed to CIB Bank Zrt. was refinanced with a HUF loan, the Company has only had forint-based long-term loans. About 78% of the Company's group-level revenues are collected in HUF, while its liabilities are almost entirely denominated in HUF.

The Company has eliminated its lending interest rate risk as a result of the refinancing transaction performed in September 2020, and since 15 September 2020, BIF has only had long-term fixed-rate HUF loans.

Detailed information on financial instruments can be found in the Company's consolidated non-audited Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) for the period ending on 30 June 2022, Chapter III, Note 33 on Financial Instruments. Other than the BIF ordinary shares (treasury shares) held by the Company, the Company does not have any other securities and has not entered into any derivative transactions.

In H1 2022, the overall economic risks of a coronavirus pandemic have dropped, thanks to the widespread uptake of coronavirus vaccines. However, the current coronavirus situation and its developments may continue to have adverse effects, difficult to estimate and quantify, on the Company's plans and objectives for 2022. The outbreak of the Russian-Ukrainian war on 24 February 2022 and the related international sanctions have a significant impact on the economic outlook and increase economic risks. In order to minimize the exposures caused by the coronavirus pandemic and the Russian-Ukrainian war (due to eventual request for the amendment or termination of lease contracts, possible delays in ongoing developments projects, and the renegotiation of supplier/service provider partnerships), the Company will continue to closely monitor the current situation – especially actions by the government and other official bodies –, take new measures, and inform its employees and partners accordingly.

Risks involved in the consolidated Harsánylejtő Kft.

The position of Harsánylejtő Kft. is highly dependent on its parent company, its market impact and its decisions.

There could be a risk that, if the general contractors were to refuse to meet their warranty obligations (which are not large in total) or any defects liability obligations that may arise in the future in relation to certain buildings completed in Phases I-II of the residential property development, the owners might take action against Harsánylejtő Kft., which has a previous contractual relationship with them, in addition to the general contractors who are obliged to provide defects liability.

V. Major events after 30 June 2022

There were no material events after 30 June 2022.

VI. General company information

1. Corporate data of the Company

Official name of the Company:	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyilvánosan Működő Részvénytársaság
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	1033 Budapest, Polgár u. 8-10.
Postal address (place of central administration):	1033 Budapest, Polgár u. 8-10.
Central electronic contact:	info@bif.hu
Website:	www.bif.hu
The Company's memorandum of association is dated:	31/01/1995
The date of commencement of the Company's operations is:	01/05/1994
Court of registration:	Companies Court of the Court of Budapest
Company registration number:	Cg. 01-10-042813
Statistical code of the Company:	12041781-6820-114-01
Tax ID:	12041781-2-41
Community tax ID:	HU12041781
Share capital of the Company on 30 June 2022	HUF 2,870,244,400
Term of the Company's operation:	open-ended
Business year of the Company:	identical with the calendar year.
Core activity of the Company:	6820*08 Renting and operating of own or leased real estate

2. Corporate Governance

General Meeting

The appointment and removal of the executive officers is the exclusive competence of the General Meeting of the Shareholders. The Company has not concluded any special agreement with the executive officers and employees regarding severance payments, and thus in this respect, the relevant provisions of the Civil Code shall apply. No agreement has been entered into between the Company and any of its officers or employees providing for indemnification in the event of resignation of an officer or termination of employment by an employee, or in the event of wrongful termination of employment by an officer or employee, or termination of employment as a result of a public tender offer. The Company has not entered into any agreement that takes effect, is amended or terminated as a result of a change in control of the Company following a public purchase offer.

The General Meeting has exclusive power to amend the Statutes, with the following exceptions:

- If the amendment of the statutes only affects the name, registered office, places of business and branches of the Company, the place of central administration and the activities of the Company other than its principal activity, the General Meeting shall decide by simple majority, by virtue of which the statutes authorise the Board of Directors of the Company to amend the name, registered office, principal place of business, local offices and branches, central administration and the scope of activities of the Company other than its principal activities, by a decision of the Board of Directors, acting in its discretion.

- By resolution the General Meeting may authorise the Board of Directors to increase the share capital of the Company. The relevant resolution of the General Meeting must specify the maximum amount (authorised share capital) up to which the Board of Directors may increase the share capital of the Company. The General Meeting may authorise any type of increase in share capital by any means. The mandate of the General Meeting may be given for a maximum of five years. In the case of an increase in the share capital under the authority of the Board of Directors, the Board of Directors is obliged and entitled to amend the statutes.

Board of Directors

The Company operates under a single management system.

The Board of Directors is the Company's management body, representing the Company before courts and other authorities and in dealings with third parties. The Board of Directors established its rules of operation and operated in accordance with its adopted By-laws in H1 2022. The majority of the members of the Board of Directors are independent.

The Board of Directors acts as a body. It decides which of the matters falling within its remit of duties should be placed on the agenda of its meeting, appoints the member of the Board of Directors and/or of the management responsible for preparing the matter, discusses the matter submitted to the Board meeting, makes a decision on it and monitors its implementation. The Board of Directors must fix the dates of its regular meetings and, to the extent necessary, the expected agenda for its regular meetings for the period between the annual General Meetings to close the balance sheet.

The Board of Directors met in person once in H1 2022. The Board of Directors made further 6 decisions electronically in H1 2022.

Members of the Company's Board of Directors (30 June 2022)

Name	Position	Beginning of assignment	End of assignment
dr Anna Ungár	President	30/04/2022	30/04/2027
Kristóf Berecz	Vice-President	30/04/2022	30/04/2027
dr Frigyes Hárshegyi	member	30/04/2022	30/04/2027
Julian Tzvetkov	member	30/04/2022	30/04/2027
Miklós Vaszily	member	30/04/2022	30/04/2027

Audit Committee

Pursuant to the statutes, the Audit Committee has competence in the following matters:

- expressing an opinion on the financial statements under the Accounting Act;
- follow-up the audit of the financial statements prepared in accordance with the Accounting Act;
- proposal on the appointment and remuneration of the permanent auditor;
- preparing the contract with the permanent auditor;
- monitoring the enforcement of professional requirements, conflicts of interest and independence standards for the permanent auditor, performing duties related to co-operation with the permanent auditor, monitoring the services provided by the permanent auditor to the Company other than the audit of the accounts under the Accounting Act, and, if necessary, proposing to the Board of Directors to take measures;
- assessing the functioning of the financial reporting system and proposing the necessary measures;
- assisting the Board of Directors in its work to ensure proper control of the financial reporting system; and
- monitoring the efficiency of the internal control and risk management system.

In addition to the meetings of the Board of Directors, the Audit Committee decided electronically on 2 occasions in H1 2022. The main items discussed at the meetings included: approval of the annual financial statements of the Company and the consolidated companies, proposal for the election of the Auditor, determination of his remuneration, adoption of the By-laws, and the election of the Chairman.

Members of the Company's Audit Committee (30 June 2022)

Name	Position	Beginning of assignment	End of assignment
dr Frigyes Hárshegyi	member	30/04/2022	30/04/2027
Julian Tzvetkov	member	30/04/2022	30/04/2027
Miklós Vaszily	member	30/04/2022	30/04/2027

Remuneration of the executive officers (Board of Directors and the Audit Committee)

In its resolution of 29 April 2022, the General Meeting of the Company decided that the members of the Board of Directors should perform their duties without remuneration in the financial year 2022, and the members of the Audit Committee should perform their duties with a gross remuneration of HUF 300,000 per month per member in the financial year 2022.

3. Auditor

In H1 2022 the Company's auditor was:

- INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: H-1074 Budapest, Vörösmarty u. 16-18. 1/F.; company registration number: 01-09-063211) elected by the General Meeting of the Company on 27 April 2021, has transferred its activity performed in the audit of the statements of public interest companies to its legal successor, Interauditor Consulting Kft. (registered office: H-1074 Budapest, Vörösmarty u. 16-18. A. fsz. 1/F.; company registration number: 01-09-388885; person responsible for the audit: Zsuzsanna Freiszberger). Between 29 November 2021 and 29 April 2022, the Company was audited by Interauditor Consulting Kft. as a result of this succession.
- Between 29 April 2022 and the date of adoption of the Company's annual financial statements for the financial year ended 31 December 2022, but in any case no later than 15 May 2023: Quercus Audit Könyvvizsgáló és Gazdasági Tanácsadó Kft. (registered office: H-8200 Veszprém, Radnóti tér 2/C, person responsible for the audit: András Tölgyes).

4. Disclosures

The Company discloses its public notices on:

- BSE (www.bet.hu website, the MNB website (www.kozzetetelek.mnb.hu) and the Company's website (www.bif.hu)).

5. Share information

As of 30 June 2022, the Company's share capital consisted of 287,024,440 dematerialised ordinary shares with a nominal value of HUF 10 each, of which 35,340,000 shares were held in treasury. Details of the rights and obligations vested in the shares are given in Section 6 of the Company's Articles of Association. As of 1 October 2018, the shares are traded in the "Premium" category of the Budapest Stock Exchange and represent the total issued share capital, there are no other issued shares of the Company.

Sale of the shares is not restricted, no pre-emption right has been stipulated, but the shares can only be transferred by debit or credit to the relevant securities account. When a share is transferred, the shareholder may only exercise his right vis-a-vis the Company if the new owner's name has been registered in the share shareholders' register.

The register of the Company's shareholders is maintained by KELER Zrt.

No special control rights are currently stipulated.

At the Annual General Meeting of the Company held on 29 April 2019, the General Meeting authorised the Board of Directors to increase the share capital of the Company by issuing preference shares with voting rights, under the conditions set out in the resolution of the General Meeting. This authorisation was not used by the Board of Directors in H1 2022.

We are not aware of any shareholder agreement relating to management rights.

The Company does not currently have an employee share scheme. At the Annual General Meeting of the Company held on 29 April 2019, the General Meeting authorised the Board of Directors to increase the share capital of the Company by issuing employee shares under the conditions set out in the resolution of the General Meeting. This authorisation was not used by the Board of Directors in H1 2022.

Minority rights: The shareholders representing at least 1% of the votes may at any time request the convenion of the Company's general meeting, giving reasons and specifying its purpose.

According to the Statutes, the general meeting elects officers with a simple majority of the votes.

By its resolution of 29 April 2022, the General Meeting of the Company authorised the Board of Directors to purchase treasury shares. The authorisation allows the Board of Directors to decide on the purchase by the Company of ordinary shares issued by the Company. The minimum amount of consideration that can be paid for a treasury share is HUF 1, and the maximum amount is up to 150% of the turnover-weighted average stock exchange price of the 180 days preceding the date of the transaction. The authorisation is valid for a limited period from the date of the General Meeting until 29 October 2023. The maximum value of treasury shares acquired by the Company under the authorisation may be up to 25% of the share capital.

Owners of the Company with more than 5% of interest based on the 31 December 2021 and on the 30 June 2022 share register and the individual statements of the owners

Shareholder	31 December 2021		30 June 2022	
	Number of shares (pcs)	Interest (%)	Number of shares (pcs)	Interest (%)
PIÓ-21 Kft.	184,847,220	64.40*	183,756,960	64.02
Takarékbank Zrt	28,702,440	9.99	28,702,440	9.99
Own share**	35,340,000	12.31	35,340,000	12.31
Other shareholders	38,134,780	13.29	39,225,040	13.67
Total	287,024,440	100	287,024,440	100

*Of which 0.38% indirect shareholding through BFIN Asset Management AG, a subsidiary of the Company.

** The Company may not exercise any shareholder's rights with the BIF treasury shares owned by the Company

**Ownership interest of executives, employees in strategic positions in the Company
(30 June 2022)**

Nature	Name	Position	Beginning of assignment	End of assignment	Direct shareholding (number of shares)	Percentage of BIF shares with indirect influence
MBoD	dr Anna Ungár	President of the BoD* and CEO as from 4 May, 2022	30/04/2022	30/04/2027	0	64.02%
MBoD	Kristóf Berecz	Vice-President of the BoD and as from 1 December, 2018, CEO	30/04/2022	30/04/2027	0	64.02%
MBoD	dr Frigyes Hárshegyi	member of the BoD and the AC**	30/04/2022	30/04/2027	0	0
MBoD	Julian Tzvetkov	member of the BoD and the AC	30/04/2022	30/04/2027	0	0
MBoD	Miklós Vaszily	member of the BoD and the AC	30/04/2022	30/04/2027	0	0
SP	Róbert Hrabovszki	Deputy CEO, CFO	19/03/2018	open-ended***	0	0

*Board of Directors

**Audit Committee

***Nature of employment

**Ownership interest of executives, employees in strategic positions in the Company
30 June 2021**

Nature	Name	Position	Beginning of assignment	End of assignment	Direct shareholding (number of shares)	Percentage of BIF shares with indirect influence
MBoD	dr Anna Ungár	President of the BoD	15/08/2017	15/08/2022	0	64.40%
MBoD	Kristóf Berecz	Vice-President of the BoD and as from 1 December, 2018, CEO	15/08/2017	15/08/2022	0	64.40%
MBoD	dr Frigyes Hárshegyi	member of the BoD and the AC**	15/08/2017	15/08/2022	0	0
MBoD	Julian Tzvetkov	member of the BoD and the AC	15/08/2017	15/08/2022	0	0
MBoD	Miklós Vaszily	member of the BoD and the AC	22/12/2017	15.08.2022	0	0
SP	Róbert Hrabovszki	Deputy CEO, CFO	19/03/2018	open-ended***	0	0

*Board of Directors

**Audit Committee

***Nature of employment

VII. Changes in the number of employees; employment policy

The average statistical headcount of the Company's employees was 47 in H1 2022 (the average statistical headcount in H1 2021 was 48; on 30 June 2022 the active headcount was 49, while the same indicator was 49 on 30 June 2021 and 46 on 31 December 2021).

The administrative, legal and management tasks related to the operation of Harsánylejtő Kft. are carried out by BIF's legal and finance and accounting departments in dual employment.

The Company has no employment policy liabilities.

VIII. Research and experimental development

Due to the nature of its activities, the Company is not engaged in research and experimental development.

IX. Staff changes in H1 2022

They are described in Chapter III, Section 2.

X. Companies consolidated by the Company

The Company has included Harsánylejtő Kft. in its Interim Consolidated IFRS Financial Statements for H1 2022.

Harsánylejtő Kft. was founded on 25 August 2008 by Budapesti Ingatlan Nyrt. with a share capital of HUF 500,000 and has been 100% owned by the company since then. On 10 March 2016, the share capital of Harsánylejtő Kft. was increased to HUF 3,000,000. The company's core activity is the organisation of building construction projects.

Harsánylejtő Kft. has performed the development of condominiums with 5 apartments and an underground garage in two phases on 8 plots of land suitable for the construction of condominiums in the Harsánylejtő development area.

The construction works of the four 5-dwelling condominium buildings classified in Phase I and the sale of the dwellings and other premises were completed in 2019, while the completion of the construction works of the four 5-dwelling condominium buildings of Phase II and the sale of the dwellings were completed by H1 2021.

Harsánylejtő Kft. financed the purchase of the building plots required for the development and the construction of the developments with market-rate loans from the parent company, which it repaid from the purchase price of the apartments it sold after the completion of the developments.

The parent company decides on the strategy for the developments, while its subsidiary is responsible for the operational aspects.

XI. Environmental protection

Due to the nature of the activity, the Company does not generate or store hazardous waste, and the air pollution charge for the combustion products emitted is paid by BIF. No significant costs were directly related to environmental protection, neither in the previous financial year nor in the reporting year.

XII. Report and Statement on Responsible Corporate Governance

The Company has a Report and Statement on Responsible Corporate Governance, and reviews and, if required, amends its corporate governance annually.

By its resolution passed at its Annual General Meeting convened on 29 April 2022, the Company's General Meeting of Shareholders approved the Company's 2021 Corporate Governance Report on the Recommendation of the Budapest Stock Exchange for Responsible Corporate Governance, which was published on the Company's publication venues on 29 April 2022.

At the Annual General Meeting, the shareholders vote on the approval of the Company's Report on Corporate Governance, and the Company publishes its Report on Corporate Governance after the meeting.

- The “Report on Responsible Corporate Governance” is accessible on the websites www.bet.hu, www.bif.hu and www.kozzetetelek.hu.
- The Company compiles its report and statement on its responsible corporate governance on the basis of the Recommendations for Responsible Corporate Governance, published by Budapesti Értéktőzsde Zrt.
- Based on the Supervisory Board’s proposal, the Board of Directors consents to and the general meeting approves the Report and Statement on Responsible Corporate Governance. The Report on Responsible Corporate Governance includes BSE’s recommendations and gives details and reasons for any deviation from them.
- The Report on Responsible Corporate Governance includes BSE’s recommendations and gives details and reasons for any deviation from them.
- The Report on Corporate Governance contains the main features of the Company's internal control and risk management practices.

No company secretary has been appointed the Company.

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, 2022

.....
dr Anna Ungár
President of the Board of Directors and Chief
Executive Officer

.....
Kristóf Berecz
Vice-President of the Board of Directors and
Chief Executive Officer

Declaration of liability

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby (hereinafter: Company) declares that the 2022 Half-Year Report published by the Company was prepared to the best knowledge of the Company, 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, 2022

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

.....
Kristóf Berecz
Vice President of the Board of Directors, CEO