



Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

2020 Half-Year Report

Content

- Consolidated Business (management) Report prepared for the consolidated, non-audited Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in accordance with the International Financial Reporting Standards for the period ending on June 30, 2020
- 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, 2020 – Interim Consolidated Financial Statements for the 1st half-year of 2020
- Declaration of liability



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prepared for the consolidated, non-audited Financial
Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési
Nyrt. prepared in accordance with the International
Financial Reporting Standards for the period ending on June
30, 2020**

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I. Presentation of goals, strategy and activity of the Company in the 1st half of 2020

The business activity of **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered office: 1033 Budapest Polgár utca 8-10.; hereinafter: the Company and/or BIF) in the first half of 2020 was along the lines of realizing the development strategy and goals listed below:

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

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

The National Tax and Customs Authority registered the Company as a regulated real estate investment company (hereinafter: "REIT" or "SZIT") with effect from 31 December 2018 in accordance with the Company's application for registration as a regulated real estate investment company regulated by Act 102/2011 on regulated real estate investment companies (hereinafter: "REIT Act" or "SZIT Act") initiated on 20 December 2018 at NAV.

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

- Office buildings
- Parking garages
- Construction lots and residential buildings
- Hotels

Office buildings

In the 1st half of 2020, there was a total office area of 133 thousand m² handed over in seven office buildings in Budapest, which represents a growth by four times compared to the same period of the previous year. The development activity continued being focused on two sub-markets: the Váci corridor and South-Buda with nearly 80% of the total office area handed over. The entire modern office market portfolio will have reached 3.8 million m² by the end of the year, 610 thousand m² of which will be used by owners. In the second half of the year, an additional office area of 106 thousand m² is expected to be completed. The largest growth of the portfolio is expected to take place in the Váci corridor, where the portfolio of modern offices will exceed a total area of 1 million m² after the completion of the development projects under way. In contrast to the growth of the development activity, demand decreased considerably, namely by 38% in the first six months of the year, which may be explained by the Covid-19 pandemic and the ensuing insecurity in the economy. The major agreements for office areas in excess of 5 thousand m² were signed in the submarket of South Buda, the Váci corridor and South Pest. The vacancy rate, which hit the record low of 5.6% at the end of the previous year, started to increase and is 7.3% at the moment, just like it was at the end of 2018. Considering a continuing expansion of the developments and a possible second wave of the epidemic situation, real property traders expect an additional growth of the vacancy rate, which may reach even 8-9% by the end of the year.

The increase of rents slowed down as a result of the uncertainties in the economy caused by the epidemic situation. There was no general decrease in rents on the market, but lessors tended to be more flexible than before in respect of allowances and other lease-related incentives. The typical lease market trend of the previous period seems to be changing and retaining good tenants has become extremely important (source: Eston).

It is a general challenge that the epidemic situation has brought about numerous changes concerning the office use by tenants as well, and lessors probably have to prepare for such changes in the long run. With the spread of the culture of “home office” and distant working, the possibility for certain tenants to require a decrease of their areas leased currently or the flexible utilization of office sizes cannot be excluded. The demand for the safe and hygienic operation of the working area, including common areas, elevators and the equipment supplying fresh air has also been clearly formulated. Modern, touchless solutions and tracking systems may also be expected to be added to the basic features required from modern offices.

On June 30, 2020, the Company owned five category ‘B’ and two category ‘A’ office buildings with excellent location from infrastructural and traffic perspective, and one of the current category ‘B’ office buildings (the office building located at Budapest, district XII, Városmajor str. 12-14, hereinafter: “Major Udvar (Városmajor12)”) is being upgraded to a category ‘A’ office building.

In the first half of 2020, our Company acquired the former “**Posta Szálló**” at **Üllői str. 114-116 in district X of Budapest**, the iconic 13-storey tower building of the neighbourhood, which is being reconstructed for a category ‘A’ office building (hereinafter: “Üllői str. Tower Office Building”). The 3-storey building next to it, once used as a training centre (hereinafter: the “Üllői str. Training Centre”) has also be added to our portfolio, which we intend to utilize as office area or training centre, corresponding to the market demand. These two buildings jointly increased our office portfolio by more than 10 thousand m².

The reconstruction of **Major Udvar** (Városmajor12) will start in August and is expected to be completed in Q1 of 2022. We have managed to agree with one of the major tenants of the office building on its moving to our **office building at Városmajor str. 35** also in district XII of Budapest (hereinafter: “Major Park (Városmajor35)”), successfully acquired in early 2020, which ensures the continuity of the lease.

The utilization rate of our existing office buildings tended to be about 85-90% in the period in question. **Vigadó Palota Office Building** (Budapest, district V, Apáczai Csere János str. 9) is to be mentioned separately, as its utilization rate is 100% thanks to its single tenant. In **BIFLOFT and Bihari Office Buildings** (Budapest, district X, Üllői str. 114-116), the existing tenants are being relocated so that we can meet the demand of a new tenant for several floors. In this way, we will operate Bihari Office Building at a utilization rate of 100% from August, whereas in BIBLOFT Office Building, we expect to attain full occupancy within a few months as well.

Our major goal in respect of our office buildings is to keep our tenants satisfied and thus encourage them to extend the term of their lease contracts, and try to achieve such goal by the introduction of new services and the continuous provision of operator’s presence and maintenance. In the case of our category ‘A’ office buildings, we pay special attention to the modernisation of common areas and the overall renovation and upgrading of the office areas becoming vacant.

Parking garages

The market segment of the parking garages was also heavily hit by the epidemic situation. At the beginning of April, the government announced free parking on public areas to reduce the use of public transport and hold up the spread of the virus, and this measure remained in force until early July, when the state of danger ended. In addition to public areas, people could park their cars free of charge in several shopping malls and centres, too, which again meant several thousands of unplanned, free additional parking places appearing on the market. Epidemic situations can also change parking habits. Research has shown that the demand for touchless solutions will grow continuously and people will prefer more hygienic, contactless payment solutions instead of cash payment, therefore technological developments will become emphatic.

Parking situation in public areas, with special regard to downtown districts, constitutes a priority program in the master plan of Budapest. Dynamic charging is planned to be introduced with tariffs progressively increasing in line with the length of parking. The regulation is expected to result in the overall raising of outdoor parking fees, with special regard to downtown districts, which is expected to further increase the demand for parking garages in the period ahead.

Our Company owns 2 parking garages, which are primarily meant to serve the tenants of the office buildings closely connected to them. Both of our parking garages strive at providing services of an utmost standard, including the use of the latest parking system based on a mobile application and developed by Hungarian experts and modern payment methods. During the epidemic situation, our Company offered its permanent tenants to temporarily suspend the payment of parking fees and rents in order to help them with handling the consequences of the situation.

After the lifting of extraordinary measures, such as free parking in public areas, we managed to maintain the majority of our tenants, as the contract portfolio of both the **Aranykéz Parking Garage** located next to Vigadó Palota Office Building (Budapest, district V, Aranykéz str. 4-6) and the **parking garage in Flórián Udvar** Office Building (Budapest, district III, Polgár str. 8-10) remained around the average level of the previous year. Both parking garages may be used by tenants other than those of the office building, too, as well as for periodic parking. Although there was obviously a significant decline in the volume of meter-based parking during the curfew restrictions, this type of use has also been continuously reviving since their lifting.

Construction lots and residential buildings

It could be felt as early as the end of 2019 that the dynamic growth of prices of construction lots and on the related housing market would stop, among other reasons, because the preferential VAT rate of 5% would no longer apply after the end of 2019. According to the statement prepared by Hungarian National Bank, the dynamic growth of prices in the previous years has also slowed down and the annual rate of growth of residential property prices decreased in Q1 2020 to 9.5% in Budapest and 12.3% on a national level. Although the number of completed flats did not yet diminish significantly in the 1st half of 2020 thanks to the projects still underway, the number of the building permits issued, which reflects developers' activity, decreased by 32% nationally (source: realista.hu). At the same time, it is positive that the residential properties to be developed as part of the planned program for the rehabilitation of brownfield sites would be subject to the VAT rate of 5%, which is expected to lend renewed momentum to the residential property development market. The size of such areas in Budapest is expected to be about 3 thousand hectare. The details of the program are not yet fully elaborated and its actual impacts are expected to become palpable from 2022 by the experts.

This means that the coronavirus pandemic found the residential market in an already slowing condition, which became manifest in the number of enquiries and closed transactions alike. According to the traders' statement, the number of contracts signed in March and April in Budapest was by 38% and 70% less than in the same period of the previous year. The measures introduced made the on-site inspection of the real properties physically impossible. Market players responded to this situation differently, for example by offering the opportunity of virtual tours or online negotiations. Potential buyers clearly became more cautious about residential property projects in the phase of planning or initial development, while real properties already fully developed or just before handover gained value. After the loosening of the epidemiological measures, estate agents witnessed a dynamic growth of the number of possible buyers showing an interest in May and June, but their seriousness and the inclination to contract will be revealed by the data of the 2nd half of the year.

The epidemic situation is expected to change the preferences of investment buyers as well. Because of the drastic decline of tourism, the short-term lease of apartments to foreigners has marginalized or even ceased to continue in certain places, as a result of which these apartments, typically located in the downtown area and often unrealistically overpriced, will be less attractive to investors. At the same time, increased attention will be directed at the high prestige zones in Buda, which classically preserve their value, by customers buying for residential or investment purposes.

The application of stricter requirements in lending after the epidemic situation may cause demand diminish on the buyers' side, nevertheless, this will less affect the buyers of high category properties in our opinion.

As part of the Harsánylejtő Kertváros project to be realized by the Company as developer, the Company has launched development projects on a total area of 39 hectares in recent years in several phases (hereinafter: "Harsánylejtő Project"). The project has included construction lot development, residential property development and the creation of lots suitable for the construction of commercial units in the following breakdown:

- **Construction lot development:** A total of 153 construction lots were regulated, created and sold in phases I and II. The project was successfully concluded in terms of development and sales alike (the total area subject to phases I and II referred to above exceeds 25 hectares).
- **Residential property development**
 - In phases I and II of the residential property development, 40 apartments of floor spaces between 55-99 m² were constructed in total on an area of 1 hectare. The sale of the 20 apartments constructed in phase I of the residential property development was successfully concluded in 2019, while the remaining 20 apartments constructed in phase II of the project are expected to be delivered in the 1st half of 2020 and only 6 apartments have remained available to potential buyers. The project owner is Harsánylejtő Ingatlanforgalmazó és -kezelő Kft, the exclusive owner of which is the Company (hereinafter: "Harsánylejtő Kft").
 - The Company holds a final and binding building permit to construct another 40 apartments on an area of 1 hectare comprised of 8 plots of the Company in phases III and IV of the residential property development.
 - According to the current regulations, the Company could construct condominium properties including 30, 50 and 55 apartments respectively on another area of more than 2 hectares, comprised of 3 plots suitable for residential property development.
- **Commercial unit development:** there is a plot with an area of 0.4 hectare, which is suitable for the construction of a retail unit of ca. 1,000 m² and an additional office or other service function area of 1,500 m².
- **Office or residential property development:** a plot of 1 hectare suitable for the construction of an office complex of ca. 2,500 m² or condominium properties.

The Company is continuously investigating the best opportunities in respect of the individual real properties. Decisions have been made to implement phases I and II of the Harsánylejtő Plot Development and phases I and II of the Harsánylejtő Residential Property Development, which developments have been or are soon to be concluded. As for the other development opportunities, the Company will consider based on current market trends whether to start the developments or sell them as a construction lot/project.

In addition to the residential property development realized as part of Harsánylejtő Project, the Company signed a real property sales contract in December 2018 with Budapesti Elektromos Művek Nyrt regarding the real property entered into the Land Register under Topographical No. 6775, Budapest, district I, physically located at 1012 Budapest, **Attila str. 99** and 1012 Budapest, Logodi str. 42, exclusively owned by ELMŰ (hereinafter: the "Attila str. property"). After the conclusion of the acquisition, a development concept was elaborated for the said real property, based on which the Company signed a general contract with D.V.M. Construction Fővállalkozó Kft in November 2019 in the subject of the reconstruction, construction and assembly works to be performed at the property. There will be 16 exclusive flats constructed in the property as part of the project.

The building with a design inspired by New York will be made special not only by being located in the Castle District and the unique style of each apartment, but also the exclusive services to be offered in it. We wish to utilize the apartments to be developed by leasing them after their completion. Construction works continued according to plans despite the epidemic situation. Simultaneously, preparations are also being made for the leasing activity, including the selection of the service provider partners, the preparation of the marketing activity and the contacting of agencies specialized in the clientele to be targeted.

Hotels

The hotels in Budapest saw record low employment rates and revenues in the 1st half of 2020. Although a total of 580 new hotel rooms were handed over on a national level as a result of development projects commenced in the previous period, additional planned developments have become uncertain. The occupancy ratio of hotel rooms as a whole declined to 30% in the 1st half of 2020; within that, it actually diminished to zero in April, which was followed by a marginal growth to 5.3% by June (source: CBRE). The number of available hotel rooms also fell back significantly because of closures and it is uncertain for the time being, whether certain hotels will reopen at all, especially those specialized in receiving foreign tourists. Although domestic tourism seems to be on an upsurging trend, the figures of the previous years will probably remain unattainable without foreign guests. According to forecasts, the hotel sector of Budapest can reach the pre-COVID level in 2-3 years, which is actually one of the most promising indicators in the region.

The Company owns 2 real properties at the moment which are operated as hotels by the tenant companies. The Company only leases its own real properties, but does not derive any revenue from providing accommodation or catering service directly. In one of the real properties of the most prominent location from the point of view of tourism, the **property at Madách square** (Madách Imre sq 3 in district V of Budapest), there is a 4-star hotel with 115 rooms. The 3-star hotel developed with 81 rooms and 1 apartment in **building “C”** within the **Üllői str. real property complex** located at the transport corridor area towards Liszt Ferenc international airport, functions as a transit hotel. We agreed with the tenants of the two properties specified above to reschedule the payment of the rents for the periods affected by the epidemic situation. In this way, we managed to retain our tenants and did not incur any financial loss, either.

One of the most outstanding real property in the portfolio of the Company is located at a World Heritage Site under Andrassy str. 82 in district VI of Budapest (the “Andrassy str. property”). A Boutique Hotel concept is being developed currently for this plot of a total area of 1,442 m².

II. Profit and loss in the 1st half of 2020 and the prospects for and challenges in 2020

1. Profit and loss in the 1st half of 2020

On a consolidated basis, the Company achieved a **pre-tax profit of approximately HUF 1,806 million** in the first half of 2020, which is approximately HUF 679 million (+60%) higher than the result of the first half of 2019.

Profit and Loss Statement (IFRS, non-audited)

Data in th HUF	2019 H1	2020 H1
Net revenue from sales	2 662 320	2 761 494
Other operating income	139 673	1 350 083
Changes in the inventory of internally generated products	-18 938	-476 883
Capitalized value of internally generated assets	-19 803	473 579
Material expenses	-1 115 783	-1 161 238
Personal expenses	-241 824	-245 807
Other operating expenses	-162 455	-557 107
EBITDA	1 243 190	2 144 121
Depreciation and impairment	-20 715	-302 934
Operating profit	1 222 475	1 841 187
Financial income	4 806	81 336
Financial expenses	-100 666	-116 490
Profit before taxes	1 126 615	1 806 033
Current tax expense	-15 746	-6 543
Deferred tax	-860	0
Profit after taxes	1 110 009	1 799 490

- Most of the **net sales revenue** achieved by the company group in the first half of 2020 was from rental, parking and operating income from property leasing (accounting for nearly 70% of the total revenues), however, revenues from the sale of Harsánylejtő building plots and condominiums also represented a significant proportion, about 30%, of the net sales revenues in the subject period. The net revenue from sales totalled to HUF 2,761 million in the first six months of 2020, representing a growth by nearly 4% compared to the sales revenue generated in the 1st half of the previous year. The growth in revenues from property utilization can be linked mainly to Városmajor35 Office Building, and the price indexations enforced in the beginning of the year also increased revenues.

Breakdown of the net sales revenues

Data in th HUF	2019 H1	2020 H1
Income from leasing and operating fees	1 493 393	1 594 868
Income from parking fees	228 730	200 022
Income related to mediated services	135 110	119 843
Income related to services	0	0
Revenue from property sales	797 458	839 943
Other revenues	7 630	6 818
Total	2 662 320	2 761 494

Income from parking fees contain continuously accounted revenues related to lease contracts on the one hand and one-time revenues derived from the utilization of vacant parking spaces in parking garages providing periodic parking services. The decrease of parking meter-based revenues clearly shows the impact of curfew restrictions imposed in response to the state of danger, whereas the stagnation of the income derived from lease contracts is the result of successful tenant retention.

Breakdown of parking revenues

Data in th HUF	2019 H1	2020 H1
Parking revenues related to leases	160 370	163 374
Periodic parking revenues	68 360	36 648
Income from parking fees	228 730	200 022

The revenue from real estate/land sales comprises the sale of residential properties developed by Harsánylejtő Kft as part of Harsánylejtő Project on the one hand and the sale of plots developed by the parent company also as part of Harsánylejtő Project on the other hand. The growth of revenues from property sale in the subject period was propelled by the sale of the last plots created in Plot Development phases I and II of Harsánylejtő Project, while the volume of revenues from the sale of apartments remained at the level of the previous year.

Breakdown of the revenues from real estate/land sales

Data in th HUF	2019 H1	2020 H1
Revenue from real estate sales	696 749	686 872
Revenue from land sales	100 709	153 071
Revenue from property sales	797 458	839 943

- In the line of **other operating income**, the impact of the sale of the real property in Verseg and the related movable properties (HUF 1,097 million) and the increase in the market value of investment properties (HUF 243 million) can be seen. Subsequent allowances and the profit derived from the releasing of provisions are also demonstrated in this line.
- **Material expenses** grew by 45 million HUF, i.e. by 4% in the 1st half of 2020 compared to their value demonstrated in the 1st half of 2019. The costs of services used grew mainly because of the rising costs of the construction works performed in Harsánylejtő Kft, whereas the growth of material costs could be attributed to public utility expenses arising at newly acquired properties and the increase in the public utility costs of existing properties.
- **Personnel expenses** increased to nearly HUF 246 million (+2%) in the 1st half of 2020 compared to the same period last year. The increase in personnel expenses was due to the headcount increase related to the realization of the Company's strategic goals. The average statistic headcount of the employees of the Company was 46 persons in the 1st half of 2020 (the average statistic headcount was 43 persons in the 1st half of 2019; the number of actively employed persons was 47 persons on June 30, 2020, while this indicator was 45 persons on June 30 and December 31 in 2019).
- The growth by HUF 282 million in the line of **depreciation and impairment** results from the impairment of stocks in Harsánylejtő Kft (HUF 287 million), as the book value of the apartments exceeds the sales prices realizable on the market.
- Other operating expenses amounted to ca. 557 million HUF in the 1st half of 2020. The increase by about HUF 395 million occurred mainly due to the removal of the roads transferred free of charge to the Municipality of district III of Budapest from the accounting books and the accounting of the decrease in the market value of the investment properties of the Company.

- As a result of the above, the **operating profit** for the first half of 2020 increased to HUF 1,841 million, an increase of approximately HUF 619 million compared to the same period of the previous year. Operating profit as a proportion of the sales revenues for the period under review was approximately 67%.
- The **profit from financial transactions** in the first half of the year changed from about HUF -96 million in the base period to HUF -35 million in the first half of the year, an improvement attributable to interest revenues derived from available cash funds and the exchange rate profit realized in connection with the purchasing of Major Park (Városmajor35) office building. The increase in financial expenses was caused by the interests paid on the increased volume of loans.
- Pursuant to the applicable laws, the Company was only liable to pay **corporate tax** only as long as the obtaining of the regulated real estate investment pre-company status (in Hungarian SZIE) (20 October, 2017). As a SZIE, and as of 31 December 2018 as a REIR/SZIT, the Company is required to determine its corporate tax base in accordance with the provisions of the REIT Act, but based on the tax base determined thus, it is subject to corporate tax liability only in certain circumstances, e.g. based on the tax base proportionate to the affiliated parties' revenues. Taking into account the above, we calculated for the 1st half of 2020 with HUF 1 million corporate tax and HUF 5.5 million innovation contribution.
- As a result of the above, the **after-tax profit** increased by 62% to approximately HUF 1,799 million from the HUF 1,110 million of the base period.

Major balance sheet items (IFRS, non-audited)

Data in th HUF	31.12.2019	30.06.2020
Investment properties	41 696 004	47 266 004
<i>Total long-term assets</i>	<u>42 695 504</u>	<u>47 937 655</u>
Cash and cash equivalents	14 937 817	10 067 745
<i>Total current assets</i>	<u>17 284 975</u>	<u>12 462 372</u>
Total assets	<u>59 980 479</u>	<u>60 400 027</u>
Issued capital	2 870 244	2 870 244
<i>Equity attributable to the parent company:</i>	<u>41 158 588</u>	<u>38 742 164</u>
Financial liabilities	15 618 427	18 532 967
<i>Total long-term liabilities</i>	<u>15 635 060</u>	<u>18 549 560</u>
Financial liabilities	515 354	453 069
<i>Total short-term liabilities</i>	<u>3 186 831</u>	<u>3 108 304</u>
Total liabilities and equity	<u>59 980 479</u>	<u>60 400 027</u>

- The portfolio of investment properties grew by 5,570 million HUF to 47,266 million HUF in the subject period compared to its amount as of 31 December, 2019. The change was caused by:
 - the net growth of the market value (fair value) of investment properties;
 - investments realized in existing properties in the course of the year and developments underway;
 - as a result of successful acquisitions, the property located at the address Budapest, district XII, Városmajor str. 35 and 511/1000 of the property located at the address Budapest, district X, Üllői str. 114-116 were added to the real property portfolio;
 - the sale by the Company of the real property registered under Topographical No. 0122/2 in the outskirts area of Verseg, classified as non-agricultural park and other building and non-agricultural hunter's lodge and the related movable properties of the Company.

The Company chose the fair value model to carry investment properties according to the IAS 40 Standard. The fair value of investment properties owned by the Company is determined quarterly by an independent evaluator, SERATUS Ingatlan Tanácsadó Igazságügyi Szakértő Kft., in accordance with the provisions of the SZIT Act.

- The Company's **net debt** (the value of financial liabilities less financial assets) increased by more than HUF 7,722 million to nearly **HUF 8,918 million** by June 30, 2020 compared to the end of 2019, which continues to be a strong liquidity and financing base for achieving the Company's strategic objectives. The growth of the net debt can be attributed mainly to dividend payment (ca. HUF 2.6 billion), the commencing of the construction works in the real property in Attila street and two successful acquisitions in the subject period.

Major property, financial and profitability indicators (IFRS, non-audited)

Name	30.06.2019	30.06.2020
Long-term assets to total assets ratio ("Long term assets"/"Total assets")	79.51%	79.37%
Indebtedness ("Long term liabilities total"/"Liabilities and equity total")	17.11%	32.38%
Debt to equity ratio ("Long term liabilities total"/"Equity attributable to the parent company")	22.04%	47.88%
Quick liquidity ratio ("Cash and cash equivalents"/"Short term liabilities total")	256.67%	323.90%
Revenue proportionate income ("Operating income"/"Net revenue from sales")	45.92%	66.67%
Equity-proportionate profit ("Operating income"/"Total equity attributable to the parent company")	3.06%	4.75%

2. Prospects and challenges for the second half of 2020

In the second half of 2020, the Company will focus on the following areas:

- Having obtained the building permit for **Major Udvar** (Városmajor12), we will start the renovation works in buildings “A” and “B” and the construction works in building “C” of the office building, as well as the related sales and marketing activity.
- The partial renovation and the leasing of the vacant areas in **Major Park** (Városmajor35) Office Building (Városmajor Str. 35, district XII of Budapest) successfully acquired at the beginning of 2020, elaboration of a concept for additional office, parking garage and commercial function development.
- Improvement of the utilization rate of **Flórián Udvar Office Building**.
- Continuing and completion of the construction works of the **Attila Str. property** successfully acquired at the beginning of 2019, and continuing of the sales activity aimed at the leasing of the 16 exclusive apartments.
- **Harsánylejtő Project**
 - Final commissioning of the road networks constructed in connection with the Plot Development projects already realized and handed over to the Municipality of Óbuda-Békásmegyer in district III of Budapest and the transferring of the public utility networks to the service providers and the Municipality of Budapest.
 - Conclusion of the sale (phase II) and overall commissioning (phases I and II) of the residential properties constructed as part of current Residential Property Development projects (phases I and II).
 - In the case of the construction lots of Harsánylejtő Project where no decision has been made yet on the commencing of the development, investigating the possibilities concerning the start of the individual developments and/or their sale as construction lot/project based on current market trends.
- Elaboration of the development concept (initiating the amendment of the district zoning regulations, application for a building and demolition permit) for **Bajcsy-Zsilinszky Str. Office Building** (located at district VI of Budapest, Bajcsy-Zsilinszky Str. 57), maximization of the utilization rate of the real property in its current condition in the transition period.
- Finalization of the hotel concept developed for the **Andrássy Str. property** depending on changes to market conditions, initiating of a modification of the district zoning regulations to enhance development possibilities and obtaining the building permit, selection of the operator and the conclusion of the relevant lease contract.
- In the case of **Aranykéz Parking Garage**, preparation for the possibility of a new epidemic situation and the reviewing of parking rates in light of the changes to open air parking rates in the downtown area.
- Seeking out the special clientele for the **Training Centre** at Üllői Street and the long-term leasing of the building.
- Continuing of the development of the **Tower Office Building** at Üllői Street after the completion of indoor demolition works by the creation of office areas in line with market demands and commencing of the pre-selling activity.
- Utilization of the development and efficiency improvement possibilities inherent in the existing properties (**portfolio “review”**)
- Seeking out **acquisition opportunities** fitting into the strategy of the Company, performing the acquisitions and including the property in question in the cash-generating portfolio.

In addition to the foregoing, the handling of the effects of the situation brought about by the coronavirus in the 2nd half of 2020 and the examination of the short-term and long-term impacts on the portfolio as a whole are also challenging.

III. Major events at the Company in the 1st half of 2020

1. General Meeting

Based on Article 9, Section (2) of Gov. Decree 102/2020 (IV. 10.) on divergent provisions concerning the operation of personal and asset pooling organisations, the Board of Directors of the Company exercising the powers of the General Meeting of the Company passed the following resolutions electronically, without holding a meeting, on the agenda items of the ordinary annual General Meeting of the Company, convened to April 29, 2020:

- a) The Board of Directors acknowledged and approved the report of the Auditor on the Annual Financial Statements prepared by the Company for 2019 in accordance with the International Financial Reporting Standards (IFRS) and on the Business (Management) Report of the Company, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting. The Board of Directors acknowledged and approved the report of the Auditor on the Annual Consolidated Financial Statements prepared by the Company for 2019 in accordance with the International Financial Reporting Standards (IFRS) and on the Consolidated Business (Management) Report of the Company, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting.
- c) The Board of Directors acknowledged and approved the report of the Audit Committee on the audited Annual Financial Statements prepared by the Company for 2019 in accordance with the International Financial Reporting Standards (IFRS), on the Business (Management) Report of the Company and the Report of the Board of Directors, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting.
- d) The Board of Directors acknowledged and approved the report of the Audit Committee on the audited Consolidated Annual Financial Statements prepared by the Company for 2019 in accordance with the International Financial Reporting Standards (IFRS) and on the Consolidated Business (Management) Report of the Company, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting.
- e) The Board of Directors acknowledged and approved the Report of the Board of Directors on the business year 2019, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting.
- f) The Board of Directors acknowledged and approved the audited Annual Financial Statements prepared by the Company for 2019 in accordance with the International Financial Reporting Standards (IFRS) and the Business (Management) Report of the Company, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting, with the proposed balance sheet total of HUF 59,760,334 thousand and equity of HUF 41,754,856 thousand.
- g) The Board of Directors acknowledged and approved the audited Consolidated Annual Financial Statements prepared by the Company for 2019 in accordance with the International Financial Reporting Standards (IFRS) and the Consolidated Business (Management) Report of the Company, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting, with the proposed balance sheet total of HUF 59,980,479 thousand and equity of HUF 41,158,588 thousand.
- h) The Board of Directors approved the determination and payment of a dividend of HUF 2,568,884,400 (two billion five hundred and sixty-eight million eight hundred and forty-four thousand four hundred forints), which can be paid against the free profit and retained earnings based on the Annual Financial Statements of the Company prepared in accordance with the International Financial Reporting Standards (IFRS) for 2020, as it had been proposed by the Board of Directors in the detailed proposal to the General Meeting published as of April 8, 2020.
- i) The Board of Directors resolved to grant the discharge to the members of the Board of Directors of the Company regarding their activities in 2019.
- j) In accordance with the motion put forward in the detailed proposal to the General Meeting published on April 8, 2020, the Board of Directors elected INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18., Building A,

- ground floor 1/F.; person responsible for performing the audit: Zsuzsanna Freiszberger) to be the permanent auditor of the Company for the period between 16 May 2020 and 15 May 2021.
- k) In accordance with the motion put forward in the detailed proposal to the General Meeting published on April 8, 2020, the Board of Directors resolved that members of the Board of Directors should perform their duties without remuneration in the 2020 business year.
 - l) In accordance with the motion put forward in the detailed proposal to the General Meeting published on April 8, 2020, the Board of Directors resolved that members of the Audit Committee should perform their duties for a gross monthly salary of HUF 300,000 per member in the 2020 business year.
 - m) In accordance with the motion put forward in the detailed proposal to the General Meeting published on April 8, 2020, the Board of Directors resolved that the Company's permanent auditor should receive an amount of HUF 6,250,000 + VAT for the audit of the annual financial statements and the consolidated annual financial statements of the Company, prepared in accordance with International Accounting Standards.
 - n) The Board of Directors approved the Company's Corporate Governance Report for 2019 concerning the Corporate Governance Recommendations of the Budapest Stock Exchange, drafted on a separate sheet and published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting.
 - o) In accordance with its motion put forward in the detailed proposal to the General Meeting published on April 8, 2020, the Board of Directors authorized the Board of Directors of the Company to purchase treasury shares. According to the authorization, the Board of Directors may resolve that the Company should purchase registered ordinary shares issued by the Company with a par value of HUF 10 each. The lowest amount of consideration payable for one treasury share is HUF 1 and the highest amount payable shall be 150% of the average stock exchange price of the 180 days' period before the date of the transaction, to be weighted with trading volume. The authorization is for a specified period from the day of this decision of the Board of Directors to 29 October 2021. The maximum value of treasury shares obtained by the Company based on the authorization may be 25% of the registered capital at the most.
 - p) The Board of Directors consultatively approved the remuneration policy of the Company, published on April 8, 2020 in the Annex to the detailed proposal to the General Meeting.

2. Real property acquisitions and sales

On January 2, 2020, the Company concluded a real property sale and purchase agreement with Városmajor Projekt Ingatlanhasznosító Kft in the subject of the purchase of the real property of Topographical No. 6866 in district XII of the incorporated area of Budapest, physically located at Budapest, district XII, Városmajor Str. 35. This office building with an excellent location and a floor space of 15,000 m² is special in that it holds a final and binding building permit for a 7-storey parking garage including 248 parking spaces, to be constructed in one of the most frequented streets of district XII in Budapest.

On May 5, 2020, the Company concluded a real property sale and purchase agreement with Magyar Posta Zrt in the subject of the purchase of 511/1000 of the real property of Topographical No. 38315/42 in district X of the incorporated area of Budapest, physically located at 1101 Budapest, Üllői Str. 114-116. The Company acquired an area to be utilized of nearly 13,000 m² upon the successful conclusion of the transaction.

On May 12, 2020, the Company as seller concluded a real property sale and purchase agreement with Kastélyszálló Vendéglátóipari és Szolgáltató Kft as buyer in the subject of the sale of the real property registered under Topographical No. 0122/2 in the unincorporated area of Verseg, classified as non-agricultural park and other building and non-agricultural hunter's lodge, and the related movable properties of the Company. The transaction was closed at the end of June, 2020.

3. Personal changes

Board of Directors, Audit Committee

There was no change in the composition of the Board of Directors or the Audit Committee between January 1, 2020 and June 30, 2020.

Management

From January 1, 2020, dr. Kalicz Anita has been filling the position of the head of the legal department at the Company.

4. Transactions with treasury shares

On June 24, 2020, the Company acquired 5,200,000 BIF shares issued by the Company at the price of HUF 250 each, in a transaction concluded outside Budapest Stock Exchange. As a result of such transaction, the number of the treasury shares of the Company changed from 30,140,000 to 35,340,000.

5. Loan agreements

Pursuant to the loan contract concluded by the Company and MFB Magyar Fejlesztési Bank Zrt. on February 6, 2020 based on the loan facility agreement entered into by the Company and MFB Magyar Fejlesztési Bank Zrt. (hereinafter: MFB) on November 7, 2018 for an amount of 20 billion HUF, MFB disbursed a fixed rate HUF loan for a term of 10 years in the total HUF amount equivalent with EUR 8,622,900 to the Company for property purchase.

IV. Risk factors influencing the effectiveness of the Company

The effectiveness of the activities of the Company is still strongly influenced by the current macro-economic situation, and the company management environment established as a result thereof, since the occupancy of the offices, the amount of rents that can be realized depends on the financial situation, expectations of tenant companies.

The Company performs its property utilization activities with a relative low level of risk, a significant part of the concluded lease agreements are specified term ones, for 2 to 3 years, but in special cases they can be for 5+5 or 10 years. Our unspecified term lease agreements have been concluded typically for several years. Due to the prior risk analysis of tenants and the security system, the extent of outstanding amounts and non-payment continue being insignificant, similarly to the previous year.

All of the current loans of the Company are denominated in HUF. Considering that 91% of the income of Company is realized in forint, it has practically no FX risk.

The long-term HUF loans of the Company used to have variable interest rates, so with the increase of interests on the financial market, the interest rate of HUF loans would also have increased (interest risk). Therefore the Company decided, after having considered the processes and financing opportunities on the international and the Hungarian money markets, to refinance its debt outstanding based on the loan contract concluded with Takarékbank on November 24, 2017 and MFB extended a fixed rate HUF loan with the value date of September 13, 2019 for a term of 10 years in the amount of HUF 7,579,600,000 to the Company based on the credit facility agreement concluded with the Company for an amount of 20 billion HUF. Since then, several fixed rate loans have been drawn based on the MFB credit facility agreement, each for a term of 10 years. Such refinancing mitigated the Company's exposure to interest rate risks considerably and the Company's outstanding loan debt of a favourable interest surcharge but a variable interest rate was no more than 1.7 billion HUF as of June 30, 2020.

The detailed data concerning financial instruments are presented in Section 32: Financial Instruments of the non-audited Financial Statements for the period ending with 30 June, 2020, prepared in accordance with the International Financial Reporting Standards (IFRS). The Company has no other securities besides the BIF ordinary shares it owns (treasury shares), and entered into no derivative transactions.

Unfortunately, coronavirus appeared in Hungary as well in March, 2020. The coronavirus situation and the changes to such situation can be expected to have some negative impacts on the plans and objectives formulated by the Company for 2020 and 2021, including current development projects, which are difficult to estimate or express in numerical terms for the time being. The spread of the coronavirus may affect the operation of our company through some of our tenants initiating the renegotiation or termination of their lease contracts, delays in our current development projects and our relations with suppliers and providers, as well as through our employees. In order to minimize its exposure to such risks and to protect its employees, our Company is closely monitoring all changes to the current situation, with special regard to the measures of the government and official bodies, so that it may introduce new measures and provide information to its employees and partners accordingly.

Risks relevant to Harsánylejtő Kft. as a consolidated company

Harsánylejtő Kft. is in charge of the implementation of current residential property development projects as part of Harsánylejtő Project within BIF Group. The situation of the Harsánylejtő Kft. significantly depends on its parent company, the market influences it faces and its decisions and has to make its decisions on strategic issues in consultation with the Company. Concerning the development, the Company decides in strategic matters, while Harsánylejtő Kft. performs the operative tasks.

As for the efficiency and profitability of the developments performed by Harsánylejtő Kft., contractors performing any construction work in an improper manner requiring subsequent repair may refuse to remedy the defect, in which case buyers may also wish to enforce their warranty claims against Harsánylejtő Kft. in court, whereas the insecurity caused by the coronavirus pandemic also constitutes a risk.

The on-site inspection of real properties was practically impossible due to the extraordinary measures introduced in the pandemic situation, however, after the emergency state was lifted, people started to inquire about the apartments completed and we do our best to provide potential buyers flexible and safe opportunities to view the apartments. Even though the market of residential apartments has seen an overall stoppage of the demand, the interest for apartments completed or just to be completed in green belts is continuous because of the narrowing supply.

V. Significant events after June 30, 2020

On August 10, 2020, the Company signed a general constructor contract with D.V.M. Construction Fővállalkozó Kft (registered office: 1052 Budapest, Türr István street 8) in the subject matter of the performance of renovation works in buildings “A” and “B” and construction and assembly works in building “C” of the office building owned by the Company, registered under Topographical Number 6979/1, district XII of Budapest, physically located at 1122 Budapest, Városmajor street 12-14.

VI. General Company Information

1. Data of Company

Company name:	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	1033 Budapest, Polgár u. 8-10.
Post address (location of central administration):	1033 Budapest, Polgár u. 8-10.
Central electronic contact:	info@bif.hu
Website:	www.bif.hu
Date of the articles of association of Company:	31.01.1995.
Date when Company started its operation:	01.05.1994.
Registry Court:	Company Registry Court of Budapest- Capital Regional Court
Company registry number:	Cg. 01-10-042813
Statistical number of Company:	12041781-6820-114-01
Tax administration identification number:	12041781-2-41
Community tax number:	HU12041781
Share capital of Company:	HUF 2.870.244.400
Duration of the operation of Company:	unspecified
Business year of Company:	identical to the calendar year
Principal activity of Company:	6820'08 Renting and operating of own or leased real estate

2. Company management

General meeting

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

Amendment of the Articles of Association belongs to the exclusive jurisdiction of the General Meeting, with the following exceptions:

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

Board of Directors

The Company operates in a unified control system. The Board of Directors is the management body of the Company, represents the Company before courts and other authorities, and towards third parties. The Board of Directors established the rules of its operation and operated according to its Order of Procedure in the 1st half of 2020. The majority of the members of the Board of Directors is independent.

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

In the first half of 2020, the Board of Directors held 3 sessions, with 100% turnout, and, additionally, passed decisions through electronic means 9 times.

Members of the Board of Directors of Company (30 June 2020)

Name	Position	Start of assignment	End of assignment
dr. Anna Ungár	President	15.08.2017	15.08.2022
Kristóf Berecz	Vice President	15.08.2017	15.08.2022
Julian Tzvetkov	member	15.08.2017	15.08.2022
dr. Frigyes Hárshegyí	member	15.08.2017	15.08.2022
Miklós Vaszi	member	22.12.2017	15.08.2022

Audit Committee

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

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

The Audit committee discussed and made decision or proposal on following topics electronically on one occasion in the first half of 2020, besides the Board of Directors meetings. Significant topics discussed at the session: approval of the yearly financial statements of the Company and Companies it consolidated, recommendation for electing the Auditor and determining their remuneration.

Members of the Audit Committee of Company (30 June 2020)

Name	Position	Start of assignment	End of assignment
Julian Tzvetkov	member	15.08.2017	15.08.2022
dr. Frigyes Hárshegyí	member	15.08.2017	15.08.2022
Miklós Vaszi	member	22.12.2017	15.08.2022

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

In its resolution made in connection with its ordinary annual general meeting convened to 29. April, 2020, by exercising its powers of the general meeting, the Board of Directors of the Company decided that the members of the Board of Directors shall perform their tasks without remuneration in the business year of 2020 and the members of the Audit Committee shall perform their tasks with a monthly remuneration of gross HUF 300,000 per member in the business year of 2020.

3. Auditor

Auditor of the Company in the first half of 2020:

- from 16. May, 2019 to 15. May 2020: INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F., person responsible for auditing: Zsuzsanna Freiszberger)
- from 16. May, 2020 to 15. May 2021: INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F., person responsible for auditing: Zsuzsanna Freiszberger)

4. Disclosures

The announcements of the Company are published at:

- BÉT (Budapest Stock Exchange) website (www.bet.hu), MNB (Hungarian National Bank) website (www.kozzetetelek.mnb.hu) and the Company's own website (www.bif.hu).

5. Share information

On 30 June 2020, the issued capital of the Company was 287,024,440 personal dematerialized ordinary shares with a par value of HUF 10 each, from which 35,340,000 shares are owned by the Company. Section 6 of the Articles of Association of Company details the rights and obligations connected to the shares. The shares are being traded in the 'Premium' category of the Budapest Stock Exchange and represent the entire issued capital, the Company has no other issued interests.

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

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

Special control rights are presently not stipulated. However, at the ordinary general meeting of the Company held on 29 April 2019, the general meeting authorized the Board of Directors to increase the capital of the Company by issuing vote priority shares with the unchanged conditions specified in the relevant general meeting proposal related to schedule item 7 and published on 8 April 2019. The Board of directors did not exercise this authority in the first half of 2020.

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

Presently, there is no employee shareholder system at the Group. However, at the ordinary general meeting of Company held on 29 April 2019 the general meeting authorized the Board of Directors to increase the capital of the Company by issuing employee shares with the unchanged conditions specified in the relevant general meeting proposal related to schedule item 7 and published on 8 April 2019. The Board of directors did not exercise this authority in the first half of 2020.

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

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

In its resolution made in connection with its ordinary annual general meeting convened to 29. April, 2020, by exercising its powers of the general meeting, the Board of Directors of the Company decided to authorize the Board of Directors to purchase treasury shares. According to the authorization the Board of Directors may decide about the Company's purchase of registered ordinary shares issued by the Company with a par value of HUF 10. The lowest amount of consideration payable for one treasury share is HUF 1, that is, one forint, and the highest amount can be 150% of the average stock exchange price of the last 180 days before the date of concluding the transaction weighted with trading volume at the most. The authorization is for a specified term from the date of this decision of the Board of Directors until 29 October 2021. Based on the authorization the maximum amount of treasury shares that can be obtained by the Company may not exceed 25% of the base capital.

Owners of Company with more than 5% of interest based on the 31 December 2019 and the 30 June 2020 share registers and the individual statements of the owners

Shareholder	December 31, 2019		June 30, 2020	
	Number of shares (piece)	Interest (%)	Number of shares (piece)	Interest (%)
PIÓ-21 Kft.	184 847 220	64.40*	184 847 220	64.40*
Treasury share**	30 140 000	10.50	35 340 000	12.31
Other shareholders	72 037 220	25.10	66 837 220	23.29
Total	287 024 440	100.00	287 024 440	100.00

*From which 0.38% indirect interest via the PIÓ-21 Kft.'s subsidiary, BFIN Asset Management AG

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

Ownership interest of executives, employees in strategic positions in Company (30 June 2020)

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

*Board of Directors

**Audit Committee

***nature of employment

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

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

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

The average statistical headcount at the Company was 46 persons in the first half of 2020 (compared to 43 persons in the first half of 2019); the number of actively employed persons was 47 on June 30, 2020, whereas this indicator was 45 on June 30 and December 31, 2019.

We provided information on changes to personal expenses in Section II/1.

The Company has no employment policy liabilities.

VIII. Research and experimental development

Due to the nature of the activity of the Company, it does not perform research and experimental development activities.

IX. Introduction of the consolidated entities of the Company

The Company consolidated Harsánylejtő Kft. in its Interim Consolidated Financial Statements prepared according to the IFRS for the 1st half of 2020.

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

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

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

X. Environmental protection

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

XI. Corporate Governance Report and Statement

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

In its resolution made in connection with its ordinary annual general meeting convened to 29. April, 2020, by exercising its powers of the general meeting, the Board of Directors of the Company approved the Company the Company's Corporate Governance Report for 2019 concerning the Corporate Governance Recommendations of the Budapest Stock Exchange, drafted in a separate document and published on April 29, 2020. No one is appointed as an executive manager at the Company.

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

Declaration of liability

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

Budapest, August 28, 2020

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

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



Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

**Consolidated, non-audited Financial Statements
prepared in accordance with the International Financial
Reporting Standards (IFRS) for the period ending
on June 30, 2020 – Interim Consolidated Financial Statements
for the 1st half-year of 2020**

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	Declaration of liability	29

Interim consolidated statement of financial position

Data in th HUF	Explanations *	30.06.2020	31.12.2019
ASSETS			
Non-current assets			
Investment properties	1	47 266 004	41 696 004
Intangible assets	2	478	603
Other properties and related rights	2	91 205	92 213
Machinery and other equipment	2	114 762	97 231
Investments, developments	2	465 206	809 453
Investment in affiliated companies	3		
Deferred tax assets	4		
Total non-current assets		47 937 655	42 695 504
Current assets			
Inventories	5	1 566 161	1 928 107
Trade receivables	6	354 575	102 279
Other short term receivables and accrued assets	7	473 892	316 772
Cash and cash equivalents	8	10 067 745	14 937 817
Total current assets		12 462 372	17 284 975
Total Assets		60 400 027	59 980 479
LIABILITIES			
Equity			
Issued capital	9	2 870 244	2 870 244
Capital reserve	9	6 048 215	6 048 215
Revaluation reserve	10	731 904	1 078 973
Repurchased own shares	11	-3 048 120	-1 748 120
Retained earnings	12	30 340 431	30 633 394
Profit or loss of the current year	12	1 799 490	2 275 882
Total equity:		38 742 164	41 158 588
Long-term liabilities			
Financial liabilities	13	18 532 967	15 618 427
Provisions for expected liabilities	14	16 593	16 633
Deferred tax liabilities	15		
Other long-term liabilities			
Total long-term liabilities		18 549 560	15 635 060
Short-term liabilities			
Financial liabilities	16	453 069	515 354
Trade payables	17	751 398	275 656
Other liabilities, accrued expenditure and deferred income	18	1 903 837	2 395 821
Total short-term liabilities		3 108 304	3 186 831
Total liabilities and equity		60 400 027	59 980 479

*No. of additional explanation

Interim consolidated statement of comprehensive income

Data in th HUF	Explanations *	2020 H1	2019 H1
Net revenue from sales	19	2 761 494	2 662 320
Other operating income	20	1 350 083	139 673
Changes in the inventory of internally generated products	21	-476 883	-18 938
Capitalized value of internally generated assets	21	473 579	-19 803
Material expenditure	22	-1 161 238	-1 115 783
Personal expenditure	23	-245 807	-241 824
Depreciation and impairment	24	-302 934	-20 715
Other operating expenditure	25	-557 107	-162 455
Operating profit		1 841 187	1 222 475
Financial income	26	81 336	4 806
Financial expenditure	26	-116 490	-100 666
Profit before taxes		1 806 033	1 126 615
Current tax expense	27	-6 543	-15 746
Deferred tax	28	0	-860
Profit after taxes		1 799 490	1 110 009
From which:			
Part attributable to the parent company		1 799 490	1 110 009
Part attributable to the external owners		0	0
Other comprehensive income		0	0
Changes in the fair value of other properties without taxes		0	0
Tax effects of the changes in the fair value of other properties		0	0
Total comprehensive income		1 799 490	1 110 009
From which:			
Part attributable to the parent company		1 799 490	1 110 009
Part attributable to the external owners			
Weighted average of common shares (number of shares)	29	251 684 440	256 884 440
Earnings per share (HUF)			
Base	29	7,15	4,32
Diluted	29	7,15	4,32

*No. of additional explanation

Interim consolidated statement of changes in equity

Explanations *	9	11	9	10	12	12	Total equity attr. to the parent company	Non- controlling interest	Equity total
Data in th HUF	Issued capital	Repurchased own shares	Capital reserve	Revaluation reserve	Retained earnings	Profit or loss of the current year			
31.12.2018	2 870 244	-1 748 120	6 048 215	1 078 973	24 921 662	8 280 576	41 451 550	0	41 451 550
Reclassification of profit from previous years					8 280 576	-8 280 576			0
Dividend					-2 568 844		-2 568 844		-2 568 844
Total comprehensive income						1 110 009	1 110 009		1 110 009
30.06.2019	2 870 244	-1 748 120	6 048 215	1 078 973	30 633 394	1 110 009	39 992 715	0	39 992 715
Total comprehensive income						1 165 873	1 165 873		1 165 873
31.12.2019	2 870 244	-1 748 120	6 048 215	1 078 973	30 633 394	2 275 882	41 158 588	0	41 158 588
Reclassification of profit from previous years					2 275 882	-2 275 882			0
Purchased own shares		-1 300 000		-347 069			-1 647 069		-1 647 069
Dividend					-2 568 844		-2 568 844		-2 568 844
Total comprehensive income						1 799 490	1 799 490		1 799 490
30.06.2020	2 870 244	-3 048 120	6 048 215	731 904	30 340 431	1 799 490	38 742 164	0	38 742 164

*No. of additional explanation

Interim consolidated statement of cash flows

Data is th HUF	Explanations*	2020 H1	2019 H1
Profit before taxes		1 806 033	1 126 615
Net interest income	26	86 397	97 466
Non-cash items		0	0
Depreciation	24	15 355	20 715
Impairment		287 579	0
Unrealized exchange rate difference		0	0
Profit from fair valuation	31	-452 264	-388 878
Provision for liabilities	14	-40	2 526
Profit items related to non-operating cash flow		0	0
Profit from selling PPE		-1 091 610	0
Net working capital changes		0	0
Changes in trade receivables	6	-252 296	292 828
Changes in other current assets	7	-82 753	-1 137 335
Changes in trade payables	17	475 742	-179 150
Changes in other short term liabilities	18	-554 269	-259 275
Changes in other long term liabilities		62 285	354 742
Interest paid	26	-115 947	-100 156
Interest received	26	29 550	2 690
Income tax paid	27	-6 543	-15 746
Cash flows from operating activities		207 218	-182 958
PPE procurement	1	-5 560 701	204 410
Financial revenue from selling PPE		200 000	0
Leaving consolidation		0	0
Cash flows from investing activities		-5 360 701	204 410
Income from capital issuance	8	0	0
Dividend	12	-2 568 844	-2 568 844
Purchase of own shares (-)/sale(+)		0	0
Interest paid		0	0
Borrowing	13	2 914 540	0
Loan repayment		-62 285	-354 742
Cash flows from financing activities		283 411	-2 923 586
Increase in cash and cash equivalents	8	-4 870 072	-2 902 134
Opening cash and cash equivalents	8	14 937 817	9 850 843
Closing cash and cash equivalents	8	10 067 745	6 948 709

*No. of additional explanation

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

1. Introduction of the Company

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

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

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

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

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

The National Tax and Customs Authority registered the Company as a regulated real estate investment company (hereinafter: "REIT" or "SZIT") with effect from 31 December 2018 in accordance with the Company's application for registration as a regulated real estate investment company regulated by Act CII of 2011 on regulated real estate investment companies (hereinafter: "REIT Act" or "SZIT Act") initiated on 20 December 2018 with the National Tax and Customs Authority.

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

The IFRS chartered accountant responsible for the preparation of these Interim IFRS Consolidated Financial Statements for the 1st half-year of 2020 is: Dr. Horváthné Kalácska Katalin (1082 Budapest Hock János utca 4-6.; Chartered Accountant Registration No.: 123362).

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

2. Officials, controlled companies

2.1. Officials in the 1st half year of 2020

Members of the Board of Directors of the Company

Name	Position	Start of appointment	End of appointment
dr. Anna Ungár	President	15.08.2017	15.08.2022
Kristóf Berecz	Vice President	15.08.2017	15.08.2022
Julian Tzvetkov	member	15.08.2017	15.08.2022
dr. Frigyes Hárshgyei	member	15.08.2017	15.08.2022
Miklós Vaszily	member	22.12.2017	15.08.2022

Members of the Audit Committee of the Company

Name	Position	Start of appointment	End of appointment
Tzvetkov Julian	member	15.08.2017	15.08.2022
dr. Hárshgyei Frigyes	member	15.08.2017	15.08.2022
Vaszily Miklós	member	22.12.2017	15.08.2022

Ownership interest of executives, employees in strategic positions in the Company (June 30, 2020)

Nature	Name	Position	Start of assignment	End of assignment	Direct share property (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 CEO as of 1 December 2018	15.08.2017	15.08.2022	0	64.40%
MBoD	Julian Tzvetkov	member of the BoD and the AC**	15.08.2017	15.08.2022	0	0
MBoD	dr. Frigyes Hárshgyei	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	unspecified***	0	0

*Board of Directors

**Audit Committee

***nature of employment

2.2. Changes in executives and employees in strategic positions in the 1st half year of 2020

No changes took place in terms of the members of the Board of Directors and the Audit Committee in the 1st half year of 2020.

2.3. Remuneration for executives in the 1st half year of 2020

Based on Article 9, Section (2) of Gov. Decree 102/2020 (IV. 10.) on divergent provisions concerning the operation of personal and asset pooling organisations, the Board of Directors of the Company exercising the powers of the General Meeting of the Company resolved that the members of the Board of Directors should perform their duties as BoD members without remuneration in the 2020 business year.

2.4. Persons authorized to sign the Interim Consolidated Financial Statements

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

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

The employees authorized to represent the Company shall be elected by the Board of Directors.

2.5. Data of the subsidiary included in the consolidation scope

Subsidiary	Registered office	Voting and ownership ratio	
		June 30, 2020	December 31, 2019
Harsánylejtő Kft.	1033 Budapest Polgár u. 8-10.	100.00%	100.00%

Equity data of Harsánylejtő Kft. (June 30, 2020) in thousand HUF:

Equity	-405.342
Registered capital	3 000
Allocated reserve	267.500
Profit reserve	-264.379
After-tax profit	-411.463

Kristóf Berecz was appointed as the managing director of Harsánylejtő Kft. with the effective date of February 28, 2019 and authorized to sign on behalf of the company individually.

At the end of the 1st half of 2020, the equity of Harsánylejtő Kft. was a negative figure due to expenses incurred in connection with the condominium developments commenced but not yet sold and their financing.

The Company as the owner of Harsánylejtő Kft. shall settle the equity position of its Subsidiary by means of additional capital contribution on or before September 15, 2020.

2.6. Ownership structure

Owners of the Company with more than 5% of interest based on the December 31 2019 and June 30, 2020 share register and the individual statements of the owners

Shareholder	December 31, 2019		June 30, 20120	
	Number of shares (pieces)	Interest (%)	Shareholder	Number of shares (pieces)
PIÓ-21 Kft.	184 847 220	64.40*	184 847 220	64.40*
Treasury share**	30 140 000	10.50	35 340 000	12.31
Other shareholders	72 037 220	25.10	66 837 220	23.29
Total	287 024 440	100.00	287 024 440	100.00

*From which an indirect interest of 0.38% through the subsidiary of the Kft., BFIN Asset Management AG.

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

II. Important elements of the accounting policy

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

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

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

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

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

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

2. Basis for the preparation of the statement

These interim consolidated financial statements were prepared according to the effective standards and IFRIC interpretations issued by January 1, 2020.

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

3. Basis of evaluation

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

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

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

4. Data of the business combination, consolidated entities

<u>Subsidiary</u>	address:	Voting power	
		June 30, 2020	December 31, 2019
Harsánylejtő Kft.	1033 Budapest Polgár u. 8-10.	100.00%	100.00%

III. Additional explanation
1. Investment properties

On December 31, 2019	41 696 004
Fair value	104 651
Purchase, other changes	5 465 349
On June 30, 2020	47 266 004
On December 31, 2019	41 696 004
On June 30, 2020	47 266 004

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

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

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

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

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

The fair value of investment properties changed as a result of the factors below in the 1st half year of 2020:

- the net growth of the market value (fair value) of investment properties;
- investments realized in existing properties in the course of the year and developments underway;
- the adding of the 511/1000 title to the property located at the addresses Budapest, district XII, Városmajor str. 35 and Budapest, district X, Üllői str. 114-116 to the real property portfolio as a result of successful acquisition;
- the sale by the Company of the real property registered under Topographical No. 0122/2 in the unincorporated area of Verseg, classified as non-agricultural park and other building and non-agricultural hunter's lodge and the related personal properties of the Company.

Profit or loss of revenue generating investment properties

Data in th HUF	2020 H1	2019 H1
Net revenue from sales	1 917 844	1 861 880
Other operating income	1 340 795	0
Capitalized value of internally generated assets	0	60 137
Changes in the inventory of internally generated products	0	83 846
Material expenditure	-405 117	-556 375
Personal expenditure	0	0
Depreciation and impairment	3 201	37
Other operating expenditure	-194 134	-70 099
Income from financial transactions	0	0
Expenditure of financial transactions	0	0
Profit before taxes	2 662 590	1 379 425

The increase of net revenue from sales of the investment properties by 3% compared to the base period was mainly caused by the indexation of leasing and operating fees agreed upon in lease contracts.

The majority of other operating income is derived from the net profit of the sale of the real property in Verseg and this is also where the growth of the market value of real properties (HUF 243 million) appears.

HUF 67 million from other operating expenditure is the amount of building taxes paid to various local governments and this is also where the amount of the accounted market “depreciation” (HUF 139 million) appears.

2. Intangible assets and tangible assets

Data in th HUF	Intangible assets	Other properties	Machinery and other equipment	Unfinished investments and advances	Total
Gross book value					
2019. december 31.	26 766	101 342	170 695	809 452	1 108 255
On December 31, 2019	26 766	101 342	170 695	809 452	1 108 255
Increase and reclassification			37 206		37 206
Decrease and reclassification			-10 922	-344 246	-355 168
On June 30, 2020	26 766	101 342	196 979	465 206	790 294
Depreciation					
2019. december 31.	26 163	9 129	73 464		108 756
On December 31, 2019	126	9 129	73 464		108 756
Yearly depreciation	126	1 008	14 221		15 355
Decrease and reclassification			-5 467		-5 467
On June 30, 2020	26 289	10 137	82 218		118 644
Net book value					
On December 31, 2019	603	92 213	97 231	809 452	999 500
On June 30, 2020	478	91 205	114 762	465 206	671 651

The growth in the gross value of machinery and other equipment came from the purchase of 1 Mercedes Benz V 300 L and 1 Toyota Yaris passenger car (in total: HUF 31,714 thousand) and of other office and management equipment and IT equipment (HUF 4,492 thousand).

The decrease of the gross value within the same category of equipment came from the sale of the personal properties in the real property in Verseg.

There was no change in any other category of tangible assets in the 1st half of 2020.

3. Investments in affiliated companies

Investments in affiliated companies do not include any amount in 2020, as in 2019, as Harsánylejtő Kft. was/is fully included in the consolidation in 2019 and 2020 as well.

4. Deferred tax asset

The Company does not recognize deferred tax asset due to REIT/SZIT status.

5. Inventories

Data in th HUF	30.06.2020	31.12.2019
Raw material	0	0
Work in progress	1 096 467	1 569 932
Finished product	64 480	79 376
Goods	393 000	278 799
Advances on inventories	12 214	0
Total	1 566 161	1 928 107

The majority of inventories are formed by the real property developments implemented and to be implemented in connection with Harsánylejtő Project (building of condominium, construction lot). Work in progress includes property developments by the parent company in the value of HUF 269 million and condominium developments by the Subsidiary in the value of HUF 827 million. Inventories recognized in the value of HUF 64 million in the line of Finished product come entirely from the construction lots to be sold as stated in the accounting records of the parent company. The decrease of inventories resulted from the derecognition of the lots and condominium apartments delivered in the 1st half of 2020 on the one hand and the impairment accounted to the remaining condominium apartments. In the line of Goods, HUF 91 million comes from the books of the parent company and the lot of a value of HUF 302 million comes from the books of the Subsidiary.

The inventories of the Subsidiary were impaired by HUF 186 million in 2019 and HUF 288 million in the 1st half of 2020.

6. Trade receivables

Data in th HUF	30.06.2020	31.12.2019
Trade receivables	192 073	-362 242
Depreciation	-5 368	-5 368
Reclassification	167 870	469 889
Total	354 575	102 279

The amount of trade receivables increased significantly compared to its value at the end of the previous year, caused on the one hand by the fact that several tenants asked for the rescheduling of the payment of the leasing fees for Q2 due to COVID-19 and, on the other hand, the smaller amount of prepayments compared to the end of the previous year.

7. Other short-term liabilities and accrued assets

Data in th HUF	30.06.2020	31.12.2019
Other receivables	44 542	182 527
Accrual	22 443	22 007
Reclassification	406 907	112 238
Total	473 892	316 772

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

For this reason, HUF 216 million VAT receivable and HUF 38 million Corporate tax overpayment appear for BIF and HUF 56 million VAT receivable appears for Harsánylejtő Kft. in the Reclassification for the subject period. Additional reclassification comes from prepayment to suppliers (HUF 96 million).

8. Cash and cash equivalents

Data in th HUF	30.06.2020	31.12.2019
Cash	1 400	1 604
Bank	10 066 345	14 936 213
Total	10 067 745	14 937 817

An important reason for the significant decline in cash in the 1st half of 2020 was the acquisition of new real properties (see also in section 1) and the payment of dividends for the 2019 business year (see also section 12 for details).

9. Issued capital and capital reserve

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

In the first half of 2020 the amount of the registered capital of the Company did not change.

Issued capital

Data in th HUF	30.06.2020	31.12.2019
Decrease	2 870 244	2 870 244
Increase	0	0
Decrease	0	0
Closing	2 870 244	2 870 244

Capital reserve

Data in th HUF	30.06.2020	31.12.2019
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 par value and the consideration of the shares upon the issuing of shares and the value of the cash and assets put into capital reserve, but in the first half of 2020 no such share transaction took place.

10. Revaluation reserve

Data in th HUF	30.06.2020	31.12.2019
Revaluation reserve	731 904	1 078 973
Closing	731 904	1 078 973

The Company recognized in the revaluation reserve line the appreciation of its 2 investment properties (Aranykéz utca Parking Garage (the real property located at Budapest, district V, Aranykéz str. 4-6) and the Verseg property) accounted for in the fair value model according to IAS 16 (corrected with the deferred tax) and as one of these properties was sold in the 1st half of 2020, the corresponding revaluation reserve of HUF 347 million was also derecognized.

11. Repurchased treasury shares

The Company recognises the treasury shares owned by the same on the repurchased treasury shares line of the balance sheet at cost value, as Items reducing Equity.

On June 24, 2020, the Company acquired 5,200,000 shares issued by the Company at the price of HUF 250 each, in a transaction concluded outside Budapest Stock Exchange. As a result of such transaction, the number of the treasury shares of the Company changed from 30,140,000 to 35,340,000.

Data in th HUF	30.06.2020	31.12.2019
Opening	-1 748 120	-1 748 120
Increase	-1 300 000	0
Decrease	0	0
Closing	-3 048 120	-1 748 120

12. Retained earnings and profit in the subject year

Data in th HUF	30.06.2020	31.12.2019
Retained earnings		
Opening	32 909 276	33 202 238
Increase	0	0
Decrease	-2 568 844	-2 568 844
Closing	30 340 431	30 633 394
Profit or loss of the current year	1 799 490	2 275 882
Closing	32 139 920	32 909 276

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

- The increase in the opening value of the retained earnings was the transfer of the 2019 profit of HUF 2,275,882 thousand.
- The dividend payable in the amount of HUF 2,568,844,400 after the profit of the 2019 business year based on the resolution made by the Board of Directors of the Company exercising the powers of the General Meeting on April 29, 2020 meant a downward adjustment. Based on Article 9, Section (2) of Gov. Decree 102/2020 (IV. 10.) on divergent provisions concerning the operation of personal and asset pooling organisations, the Board of Directors of the Company exercising the powers of the General Meeting of the Company in connection with the 2020 ordinary annual general meeting of the Company resolved to pay dividend after the 2019 business year in the amount of HUF 10 for each share (by allocating the dividend payable after the BIF shares of the Company (30,140,000 pieces) in proportion to the face values of the shares of the Company among shareholders eligible to dividend payment). Dividend payment commenced on June 11, 2020.

13. Long-term financial liabilities

Data in th HUF	30.06.2020	31.12.2019
Long-term loans	18 532 967	15 618 427
Total	18 532 967	15 618 427

Bank loans:

- The refinancing loan granted by Magyar Takarékszövetkezeti Bank Zrt. (hereinafter: “Takarékbank”) in the amount of HUF 2,022,766,172 at a variable rate for a term of 10 years to refinance the EUR loan granted by CIB Bank Zrt., taken out in March, 2018, of which HUF 1,611,685,172 was outstanding as of June 30, 2020.
- MFB Magyar Fejlesztési Bank Zrt. (hereinafter: “MFB”) extended, pursuant to the loan contract concluded by and between the Company and MFB on September 3, 2019 based on the loan facility agreement entered into by the Company and MFB on November 7, 2018 for an amount of HUF 20 billion, a fixed rate loan for a term of 10 years in the amount of HUF 7,579,600,000 to the Company for the purpose of the payoff of the outstanding amount of the investment loan taken out by the Company from Takarékbank based on the loan contract concluded on November 24, 2017. As a result of the foregoing, the investment loan refinanced by the said transaction was paid off with the value date of September 13, 2019. Pursuant to the two loan contracts concluded by the Company and MFB on November 7, 2019 based on the loan facility agreement for an amount of HUF 20 billion, MFB extended fixed rate HUF loans for a term of 10 years in 2019 in the total amount of HUF 6,793,011,570 to the Company for property development/modernisation purposes.
- In the 1st half of 2020, an additional loan amount of HUF 2,914,540,200 was disbursed based on the loan facility agreement referenced above for the subsequent financing of the acquisition of the real property located at Városmajor str. 35 in district XII of Budapest.

The instalments of such loans and credits falling due in 2020 are recognized as short-term loans.

14. Provisions

Data in th HUF	30.06.2020	31.12.2019
Provisions for expected liabilities	16 593	16 633
Total	16 593	16 633

In the first half of 2020, provisions were created by the Company only due to the holidays not taken out by the employees pro rata temporis, in the amount of HUF 11,293 thousand, whereas an amount of HUF 11,333 was released from the provisions created in previous years, which resulted in the reduction of the provisions by HUF 40 thousand.

15. Deferred tax liabilities

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

16. Short-term financial liabilities

Data in th HUF	30.06.2020	31.12.2019
Short-term part of loans	453 069	515 354
Total	453 069	515 354

The reclassification of the short-term portion of bank loans is shown under this line, of which HUF 365,870 thousand is the portion of the loans extended by MFB and HUF 87,199 thousand is the portion of the Refinancing Loan granted by Takarékbank which is to be repaid within one year.

17. Trade payables

Data in th HUF	30.06.2020	31.12.2019
Trade payables	751 398	275 656
Total	751 398	275 656

The amount of trade payables in the subject year includes, like in the year-end statement, liabilities arising from public utility, telephone and other services used. The significant increase of trade payables can be explained with the substantial amounts of accounts payable to general contractors and retention money arising from the current property developments at the Company and the significant amount of accounts payable to subcontractors involved in phase II of the construction of Condominium apartments at the Subsidiary.

18. Other liabilities, accrued expenses and deferred income

Data in th HUF	30.06.2020	31.12.2019
Advances, caution, VAT correction	1 356 093	1 631 250
Wages+taxes+contributions	85 667	174 178
Dematerialisation-related liability towards owners	75 280	75 280
Accruals	218 927	45 224
Reclassification	167 870	469 889
Other	0	0
Total	1 903 837	2 395 821

Other short-term liabilities and accrued expenses were mainly influenced by the change in customer prepayments and tenants' deposits from the sale of lots and condominium apartments.

The line "Wages + taxes + contributions" shows almost only the parent company's tax liability and the wages payable to employees and related contributions.

The obligation to owners related to dematerialisation has not changed.

The amount of accruals increased significantly at both companies, and includes the expected amounts of duties payable in connection with the new acquisitions by the parent company on the one hand and the values of the works performed by general contractors and subcontractors involved in property development projects, but not yet invoiced.

The amount of reclassified overpayments by buyers decreased significantly.

19. Revenue

Data in th HUF	2020 H1	2019 H1
Income from leasing and operating fees	1 594 868	1 493 393
Income from parking fees	200 022	228 730
Income related to mediated services	119 843	135 110
Income related to services	0	0
Revenue from property sales	839 943	797 458
Other revenues	6 818	7 630
Total	2 761 494	2 662 320

The increase of the income from leasing and operating fees comes from their indexation agreed upon in the contracts and the price increases at the beginning of the year. The rate of utilization of leased parking spaces decreased to some extent compared to the same period of the previous year, in correlation with free parking introduced in the capital city because of Covid-19.

82% of the revenue from property sales was realized by the Subsidiary, as the delivery of possession of apartments constructed in phases I and II of the Condominium apartment building project realized in district III of Budapest, which commenced in 2019, continued in the 1st half of 2020. 18% of the revenue was realized by BIF by selling 2 construction lots.

Other revenues include revenues which cannot listed to any of the previous groups.

20. Other operating income

Data in th HUF	2020 H1	2019 H1
Fair valuation	243 203	60 101
Property sales	1 097 069	0
Other income	9 810	79 572
Total	1 350 083	139 673

Other operating income includes the increase in the fair value of the Company's investment properties under the Fair valuation line. The revenue from property sales was realized by BIF by selling the Verseg property. Other income was derived from allowances granted subsequently and settled financially, damages received and the releasing of provisions.

21. Own production capitalized

Data in th HUF	2020 H1	2019 H1
Changes in the inventory of internally generated products	-476 883	-18 938
Capitalized value of internally generated assets	473 579	-19 803
Total value of own production capitalized	-3 304	-38 741

The change to the value of own production capitalized is not significant as a whole, however, this is because the inventory of internally generated products of the Subsidiary increased by HUF 622,477 thousand in phase II of the Condominium apartment building project as a result of the capitalization of the costs of improvements performed on the real properties, but this was offset by inventories derecognized in the value of HUF 620,106 thousand because of apartments delivered in the 1st half of 2020, which was further reduced by the impairment accounted for the apartments left in stock in the amount of HUF 473,579 thousand.

The value of the inventories of internally generated products of BIF increased by HUF 9,416 thousand as a result of works realized in connection with utilities in the subject period, but it was also diminished by HUF 15,091 thousand through the derecognition of 2 construction lots sold in the meantime.

22. Material expenditure

Data in th HUF	2020 H1	2019 H1
Material expenditure	81 273	57 045
Value of services used	907 385	859 311
Value of other services	17 493	26 325
Cost of sold goods	35 309	40 035
Value of sold (mediated) services	119 779	133 067
Total	1 161 238	1 115 783

In material expenditure, the ratio of Services used is the most significant (78%), nearly 70% of which comes from the costs of the condominium developments in Harsánylejtő Kft. with no more than 30% arising from the guarding, cleaning, building engineering and maintenance services used by BIF. The cause of the increase of this cost item is the increased cost of construction of phase II.

The cause of the increase in material expenditure is the public utility costs incurred in respect of new real properties on the one hand and the increasing material expenses of public utilities and maintenance incurred in existing properties.

23. Personnel expenses

Data in th HUF	2020 H1	2019 H1
Wages	188 212	180 878
Other personnel expenses	19 451	19 894
Contributions	38 144	41 052
Total	245 807	241 824

The increase in personnel expenses was due to the headcount increase related to the realization of the Company's strategic goals. The average statistic headcount of the employees of the Company was 46 persons in the 1st half of 2020 (the average statistic headcount was 43 persons in the 1st half of 2019; the number of actively employed persons was 47 persons on June 30, 2020, while this indicator was 45 persons on June 30 and December 31 in 2019).

24. Depreciation and impairment

Data in th HUF	2020 H1	2019 H1
Depreciation	15 355	20 715
Impairment	287 579	0
Total	302 934	20 715

Depreciation on non-investment tangible assets of the Company is included in this income statement line.

In the impairment line, the value accounted by the Subsidiary in the subject period is indicated as the cost price of the apartments exceeds the sales prices which may be realized on the market.

25. Other operating expenditure

Data in th HUF	2020 H1	2019 H1
Effect of fair valuation on inventories	36 491	38 866
Other expenditure	520 616	123 589
Total	557 107	162 455

The increase in the value of other expenditure increased due to the derecognised value of road and other related real properties delivered free of charge to the Municipality of district III of Budapest during the period under review and the value added tax incurred on it (HUF 283,657 thousand in total) compared to the previous period. In addition, the value of taxes paid to local governments (building tax, car tax) is also considerable (HUF 87,197 thousand) and the decrease in the market value (HUF 138,552 thousand) settled based on the IAS40 standard is also recognized in this line.

26. Revenue from and expenditure on financial transactions:

Financial revenue		
Data in th HUF	2020 H1	2019 H1
Interest received	29 550	2 690
Transaction gains	51 786	799
Other	0	1 317
Total revenue	81 336	4 806

Financial expenditure		
Data in th HUF	2020 H1	2019 H1
Interest paid	115 947	100 156
Transaction losses	543	510
Other	0	0
Total expenditure	116 490	100 666

The increase in interest received is the result of the almost continuous depositing of free cash instruments, and the amount of interest paid is related to the increased amount of outstanding loans. The exchange profit realized in the subject period is the exchange profit accounted in respect of EUR/HUF conversions related to the payment of the EUR purchase price of the real property at Városmajor str. 35 in district XII of Budapest.

27. Current tax expense

Data in th HUF	2020 H1	2019 H1
Corporate tax	995	8 049
Local business tax	0	2 345
Innovation contribution	5 548	5 352
Total tax	6 543	15 746

Pursuant to the applicable laws, the Company was only liable to pay corporate tax only as long as the obtaining of the regulated real estate investment pre-company status (in Hungarian SZIE) (20 October, 2017). As a SZIE, and as of 31 December 2018 as a REIT/SZIT, the Company is required to determine its corporate tax base in accordance with the provisions of the REIT Act, but based on the tax base determined thus, it is subject to corporation tax liability only in certain circumstances, e.g. based on the tax base proportionate to the affiliated parties' revenues, on the basis of which we calculated a corporate tax liability of HUF 995 thousand (calculation is below) and a HUF 5,548 thousand innovation contribution obligation for the Company for half year under review. We calculated with no tax liabilities based on the results of the Subsidiary for the first half of the year, as both the corporate tax and the local business tax are negative, as is the basis for the innovation contribution as well.

Data in th HUF

Profit before IFRS tax (corrected with innovation contribution)		1 867 635
IFRS correction items		-207 160
Adjusted profit before corporate tax		1 660 475
	Increasing items	705 787
	Decreasing items	-439 790
Corporate tax base in 2020 H1		1 926 472
Corporate tax base (revenue proportionate from affiliated companies) in 2020 H1		11 050
	Corporate tax payable after affiliated companies	995
Corporate tax calculated in 2020 H1		995

28. Deferred tax

Data in th HUF	2020 H1	2019 H1
Deferred tax	0	-860
Total	0	-860

On the basis of the data of the Subsidiary for the first half of 2019, we used the accrued loss of the previous period in the calculation of the corporate tax, therefore the deferred tax asset was also derecognised; and the Company has no deferred tax due to its REIT/SZIT status from December 31, 2018.

29. Earnings per share

Data in th HUF	2020 H1	2019 H1
Profit after taxes (th HUF)	1 799 490	1 110 009
Weighted average of common shares (pieces)	251 684 440	256 884 440
Earnings per share (base) (HUF) (the ratio of the "Profit after taxes" and the "weighted average of common shares")	7,15	4,32

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

30. Segment Information

All the properties of the Company are in Budapest and its agglomeration (the single property not located in Budapest, i.e. the Verseg property was sold by the Company in May, 2020), so the geographical breakdown of revenues and expenditures is not necessary.

Considering that the activity of the Company includes the renting, utilization and trading of properties, the changes to the consolidated profit before taxation of the company are broken down to the following segments: (1) "Hársánylejtő Condominiums" – the segment presenting the profit of the condominium and residential property development activity of BIF-Group as part of Hársánylejtő Project; (2) "Hársánylejtő construction lots" – the segment cumulating revenues derived from and expenditures related to the sale of unimproved construction lots prepared for sale as part of Hársánylejtő Project; (3) "Income-generating investment properties" – the segment presenting the profit directly related to the properties purchased by the Company for leasing purposes and (4) "Operating" – the segment presenting "operating" profit arising from the operation of BIF-Group, but not directly related to real properties.

The following tables contain the changes of the revenues and expenditures of the segments established according to the above-mentioned classification in the first half of 2020 and the first half of 2019:

2020 H1, data in th HUF	Hársánylejtő condominium	Hársánylejtő plots	Investment, income-generating properties	Operating	Total
Net revenue from sales	690 176	153 383	1 917 844	90	2 761 494
Other operating income	0	0	1 340 795	9 288	1 350 083
Capitalized value of internally generated assets	473 579	0	0	0	473 579
Changes in the inventory of internally generated products	-471 209	-5 675	0	0	-476 883
Material expenditure	-654 977	-27 174	-405 117	-73 970	-1 161 238
Personal expenditure	0	0	0	-245 807	-245 807
Depreciation and impairment	-287 579	-1 008	3 201	-17 548	-302 934
Other operating expenditure	-4 427	-337 962	-194 134	-20 584	-557 107
Income from financial transactions	0	0	0	81 336	81 336
Expenditure of financial transactions	0	0	0	-116 490	-116 490
Profit before taxes	-254 437	-218 436	2 662 590	-383 684	1 806 033

2019 H1, data in th HUF	Harsánylejtő condominium	Harsánylejtő plots	Investment, income- generating properties	Operating	Total
Net revenue from sales	699 067	100 900	1 861 880	472	2 662 320
Other operating income	74 602	0	60 137	4 935	139 673
Capitalized value of internally generated assets	0	-19 803	0	0	-19 803
Changes in the inventory of internally generated products	-91 009	-11 775	83 846	0	-18 938
Material expenditure	-461 469	-18 115	-556 375	-79 824	-1 115 783
Personal expenditure	0	0	0	-241 824	-241 824
Depreciation and impairment	0	-1 005	37	-19 746	-20 715
Other operating expenditure	-1 478	-84 623	-70 099	-6 255	-162 455
Income from financial transactions	1 317	0	0	3 489	4 806
Expenditure of financial transactions	0	0	0	-100 666	-100 666
Profit before taxes	221 029	-34 421	1 379 425	-439 420	1 126 615

31. Result from fair valuation

Within the cash flow from Operating activities, the result of the first half year of 2020 from Fair Valuation includes the effect of fair value measurement of investment properties as it is not a cash flow item. The result from the fair value measurement of HUF 452,264 thousand included in the operating cash flow consists of two items, of which HUF 104,651 is the market valuation and HUF 347,613 thousand is the amount of depreciation recognized under the Hungarian Accounting Act for investment properties, but reversed due to the fair valuation pursuant to IFRS.

32. Financial instruments

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

30.06.2020 Data in th HUF	Book value	Fair value
Financial assets		
<i>Loans and receivables registered at amortized cost</i>		
Trade receivables	359 943	354 575
Cash and cash equivalents	10 067 745	10 067 745
Financial liabilities		
<i>Liabilities registered at amortized cost</i>		
Financial liabilities	18 986 036	18 986 036
Trade payables	751 398	751 398
31.12.2019 Data in th HUF	Book value	Fair value
Financial assets		
<i>Loans and receivables registered at amortized cost</i>		
Trade receivables	107 647	102 279
Cash and cash equivalents	14 937 817	14 937 817
Financial liabilities		
<i>Liabilities registered at amortized cost</i>		
Financial liabilities	16 133 781	16 133 781
Trade payables	275 656	275 656

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

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

In 2020 the members of the Board of Directors at the Company perform their tasks without remuneration in the 2020 business year, while the members of the Audit Committee perform their tasks with a monthly remuneration of HUF 300,000/month per member. There is no Supervisory Board at the Company and the consolidated Subsidiary.

IV. Other additional information

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

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

On June 30, 2020, the following mortgage rights are registered on certain property items of the company group:

Loan1**Mortgage: MFB Magyar Fejlesztési Bank Zrt.**

Pursuant to the loan contract concluded by the Company and MFB Magyar Fejlesztési Bank Zrt on September 3, 2019 based on the loan facility agreement entered into by the Company and MFB Magyar Fejlesztési Bank Zrt on November 7, 2018 for an amount of 20 billion HUF, MFB Magyar Fejlesztési Bank Zrt extended a loan in the amount of 7,579,600,000 to the Company.

Definition of the thing or right (part of asset) encumbered

- The real property of Topographical No. 24393/0/A/1, district V, Budapest (1052 Budapest, Aranykéz str. 4-6)
- The real property of Topographical No. 34214/3, district VII of Budapest (1070 Budapest, Madách Imre sqr. 3)
- The real property of Topographical No. 24408/4, district V of Budapest (1052 Budapest, Apáczai Csere János str. 9)

Identification data of the contract containing the secured receivables:**Loan contract**

Date: September 3, 2019

Real property mortgage contract

Date: September 3, 2019

Contract establishing security interest on receivables

Date: September 3, 2019

Amount of the receivables secured / encumbrance registered:

the capital amount of HUF 20,000,000,000 (twenty billion forints) and related charges

Loans 2-3**Mortgage: MFB Magyar Fejlesztési Bank Zrt.**

Pursuant to the two loan contracts concluded by the Company and MFB Magyar Fejlesztési Bank Zrt on November 7, 2019 based on the loan facility agreement entered into by the Company and MFB Magyar Fejlesztési Bank Zrt on November 7, 2018 for an amount of 20 billion HUF, MFB Magyar Fejlesztési Bank Zrt extended loans in the total amount of 6,793,011,570 to the Company.

Definition of the thing or right (part of asset) encumbered

- The real property of Topographical No. 6979/1, district XII, Budapest (1122 Budapest, Városmajor str. 12-14)
- The real property of Topographical No. 6775, district I, Budapest (1112 Budapest, Attila str. 99 and Logodi str. 42)

Identification data of the contract containing the secured receivables:2 Loan Contracts

Date: November 7, 2019

Real property mortgage contract

Date: November 7, 2019

Contract establishing security interest on receivables

Date: November 7, 2019

Amount of the receivables secured / encumbrance registered:

the capital amount of HUF 20,000,000,000 (twenty billion forints) and related charges

Loan4**Mortgagee: MFB Magyar Fejlesztési Bank Zrt.**

Pursuant to the loan contract concluded by the Company and MFB Magyar Fejlesztési Bank Zrt on February 6, 2020 based on the loan facility agreement entered into by the Company and MFB Magyar Fejlesztési Bank Zrt on November 7, 2018 for an amount of 20 billion HUF, MFB Magyar Fejlesztési Bank Zrt extended a HUF loan in the amount equivalent with EUR 8,622,900 to the Company.

Definition of the thing or right (part of asset) encumbered

- The real property of Topographical No. 18059, district III of Budapest (ownership title of 8454/10000) (1033 Budapest, Polgár str. 8-10)
- The real property of Topographical No. 6866, district XII, Budapest (1122 Budapest, Városmajor str. 35)

Identification data of the contract containing the secured receivables:Loan contract

Date: February 6, 2020

Real property mortgage contract

Date: February 6, 2020

Contract establishing security interest on receivables

Date: February 6, 2020

Amount of the receivables secured / encumbrance registered:

the capital amount of HUF 20,000,000,000 (twenty billion forints) and related charges

Loan5**Mortgagee: Takarékbank Zrt.****Definition of the thing or right (part of asset) encumbered**

- The real property of Topographical No. 18059, district III of Budapest (ownership title of 8454/10000) (1033 Budapest, Polgár str. 8-10)

Identification data of the contract containing the secured receivables:Loan contract

Date: March 8, 2018

Real property blanket mortgage contract

Date: March 8, 2018

Contract establishing security interest on receivables

Date: March 8, 2018

Amount of the receivables secured / encumbrance registered:

the capital amount of HUF 2,100,000,000 (two billion and one hundred million forints) and related charges

1.2. Litigations, other judicial proceedings

On June 30, 2020, Budapesti Ingatlan Nyrt. was a party to the following litigation proceeding as defendant.

Litigation proceedings pending

Litigation proceeding1

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

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

Litigation proceeding2

Plaintiff: 1081 Budapest, Rákóczi út 57. (Luther) Condominium; defendant: Budapesti Ingatlan Nyrt.

Subject of the lawsuit: order to avert emergency and damage

The condominium as plaintiff claimed in the lawsuit pending before Pest Central District Court that the court should compel the Company to stop the flooding of the roof of the church building of Topographical No. 34637/0/A/107 in district VIII of Budapest, which is a unit in the condominium owned by the Company, repair the parts slipped apart and supplement the parts missing in the rainwater drainage system, eliminate the weathering of the plaster layers of the façade and restore the sandstone ornaments which had fallen off the façade earlier. The antecedent to the petition of the condominium is that the District V Office of the Government Office of Budapest ordered in its resolution as of April 26, 2019 the condominium rather than the Company to eliminate the hazardous condition of the façade of the church building and the roof structure and the condominium intends to transfer the order subject to the resolution to the Company through this lawsuit. According to the position of our Company, the claim of the condominium is absolutely unreasonable, considering that the building structures of the building referred to both in the complaint and the official are in common ownership according to the effective Declaration of Covenants, Conditions and Restrictions of the condominium and the relevant legal rules alike and, as regulated in the Declaration of Covenants, Conditions and Restrictions of the condominium and the relevant legal rules, the obligations and costs related to the parts of buildings, equipment and appurtenances in common ownership (their maintenance and renovation) are to be borne by the condominium. We hope that the Company will be the prevailing party in the lawsuit.

2. Important events following the end of the interim period (June 30, 2020)

On August 10, 2020, the Company signed a general contract with D.V.M. Construction Fővállalkozó Kft (registered office: 1052 Budapest, Türr István street 8) in the subject matter of the performance of renovation works in buildings "A" and "B" and construction and assembly works in building "C" of the office building owned by the Company, registered under Topographical Number 6979/1, district XII of Budapest, physically located at 1122 Budapest, Városmajor street 12-14.

3. Extraordinary and other regulated disclosures in 2020

Közzététel napja	Közzététel tárgya
August 10, 2020	Extraordinary notice of signing a general contract
July 31, 2020	Monthly disclosure of voting rights and registered capital
June 30, 2020	Monthly disclosure of voting rights and registered capital
June 24, 2020	Change to the portfolio of treasury shares
June 2, 2020	Monthly disclosure of voting rights and registered capital
May 26, 2020	Dividend payment by Budapesti Ingatlan Nyrt.
May 12, 2020	Notice of signing a real property sale and purchase agreement
May 5, 2020	Notice of signing a real property sale and purchase agreement
May 4, 2020	Supplementary information for the dividend payment announcement of Budapesti Ingatlan Nyrt. related to the 2018 business year
April 30, 2020	Monthly disclosure of voting rights and registered capital
April 29, 2020	Annual report of Budapesti Ingatlan Nyrt.
April 29, 2020	Responsible company management report
April 29, 2020	Resolutions passed by the Board of Directors of Budapesti Ingatlan Nyrt. exercising the powers of the general meeting
April 17, 2020	Notice of Budapesti Ingatlan Nyrt. on the holding of the 2020 ordinary annual general meeting
April 8, 2020	Proposals for the general meeting and motions
March 31, 2020	Monthly disclosure of voting rights and registered capital
March 29, 2020	Notice of meeting of the general meeting of Budapesti Ingatlan Nyrt.
February 28, 2020	Monthly disclosure of voting rights and registered capital
February 6, 2020	Extraordinary notice of signing a loan contract
January 31, 2020	Monthly disclosure of voting rights and registered capital
January 27, 2020	Notice of successful closure of a real property transaction
January 2, 2020	Notice of signing a real property sale and purchase agreement

4. Authorising the disclosure of the financial statements

The Board of Directors of the Company approved this Interim Consolidated Financial Statements on August 28, 2020 and authorized it for disclosure.

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 reliable image of the assets, liabilities, financial position as well as profits and losses of the Company and the subsidiary involved in 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 28, 2020

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

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

Declaration of liability

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby (hereinafter: Company) hereby declares that the 2020 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 28, 2020

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

.....
Kristóf Berecz
deputy chairperson-CEO