

2023 Half-Year Report

Budapesti Ingatlan Hasznosítási
és Fejlesztési Nyrt.



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- 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, 2023 – Interim Consolidated Financial Statements for the 1st half-year of 2023
- Consolidated Business (management) Report to the Consolidated, non-audited Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in accordance with the International Financial Reporting Standards for the period ending on June 30, 2023
- Declaration of liability



Consolidated, non-audited Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in accordance with the International Financial Reporting Standards (IFRS) for the period ending on 30 June, 2023 – Interim Consolidated Financial Statements for the 1st half-year of 2023

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.



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Consolidated Interim Financial Statements

HUF '000'

	Explanations*	30.06.2023	31.12.2022
ASSETS			
Non-current assets			
Investment property	1	72,331,504	71,881,004
Intangible assets	2	4,932	4,228
Land, buildings and related rights	2	85,128	86,133
Plant, other equipment and installations	2	130,453	143,745
Construction and reconstruction in progress	2	215,640	341,288
Investments in related companies	3	0	0
Deferred tax assets	4	0	0
Non-current assets, total		72,767,657	72,456,398
Current assets			
Inventories	5	101,847	101,847
Trade receivables	6	228,702	328,023
Other short-term receivables and prepaid expenses and accrued income	7	390,540	667,434
Cash and cash equivalents	8	545,850	8,130,618
Current assets, total		1,266,939	9,227,922
Assets, total		74,034,596	81,684,320
LIABILITIES			
Equity			
Subscribed capital	9	2,870,244	2,870,244
Capital reserve	9	6,048,215	6,048,215
Revaluation reserve	10	731,904	731,904
Equity shares repurchased	11	-3,048,120	-3,048,120
Profit reserve	12	40,104,194	38,879,594
P/L for the reporting year	12	2,623,843	10,033,555
Equity allocated to the parent company, total:		49,330,280	55,515,392
Long-term liabilities			
Financial liabilities	13	19,352,088	20,075,461
Provisions for expected liabilities	14	28,728	13,168
Deferred tax liabilities	15	0	0
Other long-term liabilities	16	1,878,915	0
Long-term liabilities, total		21,259,731	20,088,629
Current liabilities			
Financial liabilities	17	1,446,747	1,446,747
Trade payables	18	412,365	906,902
Other short-term liabilities, accrued expenses and deferred income	19	1,585,473	3,726,650
Current liabilities, total		3,444,585	6,080,299
Liabilities and equity, total		74,034,596	81,684,320

*No. of additional explanations

Consolidated Interim Statement of Comprehensive Income

HUF '000'	Explanations*	H1 2023	H1 2022
Net sales revenue	20	4,057,953	3,426,483
Other operating income	21	158,682	1,230,357
Changes in internally generated inventories	22	0	0
Capitalized value of internally generated assets	22	0	0
Raw materials, consumables and other external charges	23	-988,669	-1,059,276
Staff costs	24	-389,776	-311,819
Depreciation and impairment	25	-27,963	-49,162
Other operating expenditure	26	-539,410	-237,573
Operating P/L		2,270,817	2,999,010
Financial income	27	620,091	279,502
Financial expenses	27	-253,991	-163,932
P/L before tax		2,636,917	3,114,580
Actual tax expenditure	28	-13,074	-8,697
Deferred tax	29	0	0
P/L after tax		2,623,843	3,105,883
Of this:			
Parent company's share		2,623,843	3,105,883
External owner's share		0	0
Other comprehensive income		0	0
Change in the fair value of other properties less taxes		0	0
Tax effect of changes in the fair value of other properties		0	0
Total comprehensive income		2,623,843	3,105,883
Of this:			
Parent company's share		2,623,843	3,105,883
External owner's share			
Weighted average ordinary shares		251,684,440	251,684,440
Earnings per share (HUF)			
Base	30	10.43	12.34
Diluted	30	10.43	12.34

*No. of additional explanations

Consolidated Statement of Interim Changes in Equity

Explanations*	9	11	9	10	12	12	Equity allocated to the parent company, total	Non-controlling participation	Equity, total
	Subscribed capital	Equity shares repurchased	Capital reserve	Revaluation reserve	Profit reserve	P/L for the reporting year			
HUF '000'									
31.12.2021	2,870,244	-3,048,120	6,048,215	731,904	35,644,099	8,269,184	50,515,526		50,515,526
Reclassification of P/L from the previous year					8,269,184	-8,269,184			
Dividend					-5,033,689		-5,033,689		-5,033,689
Total comprehensive income						3,105,883	3,105,883		3,105,883
30.06.2022	2,870,244	-3,048,120	6,048,215	731,904	38,879,594	3,105,883	48,587,720	0	48,587,720
Total comprehensive income						6,927,672	6,927,672		6,927,672
31.12.2022	2,870,244	-3,048,120	6,048,215	731,904	38,879,594	10,033,555	55,515,392		55,515,392
Reclassification of P/L from the previous year					10,033,555	-10,033,555			
Dividend					-8,808,955		-8,808,955		-8,808,955
Total comprehensive income						2,623,843	2,623,843		3,105,883
30.06.2023	2,870,244	-3,048,120	6,048,215	731,904	40,104,194	2,623,843	49,330,280	0	49,330,280

*No. of additional explanations

Consolidated Interim Cash-Flow Statement

HUF '000'	Explanations*	H1 2023	H1 2022
P/L before tax		2,636,917	3,114,580
Adjustments of the profit before taxes		13,480	-23,647
Adjusted profit before taxes		2,650,397	3,090,933
Net interest expenses	27	-369,696	-85,210
Non-cash flow items			
Depreciation	25	27,963	26,332
Impairment (buyer)	25	0	8,315
Credit loss (buyer)	25	0	14,515
Unrealized exchange rate difference		0	0
Adjustment due to inventory fair valuation	26	0	0
P/L from a fair valuation	21, 26, 32	421,181	-494,317
Provisions for liabilities	14	15,561	4,918
Non-operating cash flow P/L items			
Revenues from the sale of tangible assets		-886	1,418
Assets provided for no consideration, scrapping	26	0	79,690
Net working capital flow			
Change in trade receivables	6, 25	99,320	-372,056
Change in other current assets	5, 7	276,894	206,196
Change in accounts payable	18	-494,537	55,599
Changes in other short-term liabilities	19	-262,261	551,046
Change in short-term financial liabilities	17	0	0
Non-refundable subsidy received		0	0
Interest paid	27	-216,737	-149,960
Interest received	27	586,432	235,170
Income tax paid	28	-13,074	-8,697
Damages paid		0	0
Cash-flow from business activity		2,720,557	3,163,892
Purchase of tangible assets	1, 2	-760,403	-3,592,463
Cash proceeds from the sale of property, plant and equipment		886	5,450
Funds used for investments		-759,517	-3,587,013
Income from capital issues		0	0
Dividend	12	-8,808,955	-5,033,689
Equity purchase (-)/sale (+)		0	0
Interest paid		0	0
Loans	13	0	1,759,549
Loan repayment	13, 17	-723,373	-625,109
Cash flow from financing activity		-9,532,328	-3,899,249
Change in liquid assets		-7,571,288	-4,322,370
Revaluation of foreign currency-denominated liquid assets		-13,480	23,647
Balance-sheet change in liquid assets		-7,584,768	-4,298,723
Cash flow from financing activities	8	-7,584,768	-4,298,723
Opening cash and cash equivalents	8	8,130,618	9,548,215
Closing cash and cash equivalents	8	545,850	5,249,492

* No. of additional explanations

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

I. General company information

1. Company profile

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

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

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

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

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

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

The chartered IFRS accountant responsible for the preparation of this IFRS Interim Consolidated Financial Statements for H1 2023 is Dr Katalin Horváth Kalácska (H-1082 Budapest, Hock János u. 4-6.; chartered accountant registration number: 123362).

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



2. Officers and controlled companies

2.1. Officers in H1 2023

Members of the Company's Board of Directors

Name	Position	Beginning of assignment	End of assignment
Dr Anna Ungár	President	30.04.2022	30.04.2027
Kristóf Berecz	Vice-President	30.04.2022	30.04.2027
Dr Frigyes Hárshegyi	member	30.04.2022	30.04.2027
Julian Tzvetkov	member	30.04.2022	30.04.2027
Miklós Vaszily	member	30.04.2022	30.04.2027

Members of the Company's Audit Committee

Name	Position	Beginning of assignment	End of assignment
Dr Frigyes Hárshegyi	member	30.04.2022	30.04.2027
Julian Tzvetkov	member	30.04.2022	30.04.2027
Miklós Vaszily	member	30.04.2022	30.04.2027

Ownership interest of executives, employees in strategic positions in the Company (30 June 2023)

Nature	Name	Position	Beginning of assignment	End of assignment	Direct shareholding (number of shares)	Percentage of BIF shares with indirect influence
MBoD	Dr Anna Ungár	President of the BoD* and CEO as from 4 May, 2022	30.04.2022	30.04.2027	0	67.73%
MBoD	Kristóf Berecz	Vice-President of the BoD and as from 1 December, 2018, CEO	30.04.2022	30.04.2027	0	67.73%
MBoD	Dr Frigyes Hárshegyi	member of the BoD and the AC**	30.04.2022	30.04.2027	0	0
MBoD	Julian Tzvetkov	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
MBoD	Miklós Vaszily	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
SP	Róbert Hrabovszki	Deputy CEO, CFO	19.03.2018	Open-ended***	0	0

*Board of Directors

**Audit Committee

***Nature of employment

2.2. Change in senior executives, employees in strategic positions in H1 2023

There was no change in the composition of the Board of Directors or the Audit Committee in the period between 1 January 2023 and 30 June 2023.

Changes to the management of the Company in H1 2023:

- By its resolution No. 2/2023 (02.03), the Board of Directors amended the Bylaws of the Company. Since the date of amendment, the position of Head of the newly created CAPEX and Fit-out Department and the position of Head of the Property Management Department have been filled by Attila Fábrián and László Mészáros, respectively.

2.3. Remuneration for executives in H1 2023

By its resolution passed on 28 April, 2023, the General Meeting of the Company decided that the members of the Board of Directors should perform their duties without remuneration, and the members of the Audit Committee should perform their duties for a gross monthly remuneration of HUF 300,000 per member in the business year of 2023.

2.4. Persons authorized to sign the Interim Consolidated Financial Statements

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

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

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

2.5. Ownership structure

Owners of the Company with more than 5% of interest based on the 31 December 2022 and on the 30 June 2023 share register and the individual statements of the owners

Shareholder	31 December, 2022		30 June 2023	
	Number of shares	Participation (%)	Number of shares	Participation (%)
PIÓ-21 Kft.	191,218,481	66.62	194,389,885	67.73*
Takarékbank Zrt./MBH Bank Nyrt.***	28,702,440	9.99	28,702,440	9.99
Equity shares**	35,340,000	12.31	35,340,000	12.31
Other shareholders	31,763,519	11.08	28,592,115	9.97
Total	287,024,440	100.00	287,024,440	100.00

* Of which 0.57% indirect shareholding through BFIN Asset Management AG, a subsidiary of the Company.

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

***Based on the shareholder register of 30 June 2023

2.6. Information on the consolidated subsidiary

Subsidiary	Registered office	Vote and ownership shares	
		30 June 2023	31 December 2022
Harsánylejtő Kft.	1033 Budapest Polgár u. 8-10.	100.00%	100.00%

The equity data of Harsánylejtő Kft., expressed in ,000 forints, as of 30 June 2023:

Equity	36,890
Subscribed capital	3,000
Committed reserve	792,500
Profit reserve	-788,731
P/L after tax	30,120

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

In the period under review, the great majority of the P/L of Harsánylejtő Kft was derived from the consultancy activity related to property development performed by a third party on the plot previously sold by the Company.

II. Key elements of the accounting policy

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

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

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

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

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

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

2. Basis of preparing the report

The Interim Consolidated Financial Statements were prepared according to the standards and on the definitions given by IFRIC as released on and in force until 1 January 2023.

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

3. Basis of measurement

For the Interim Consolidated Financial Statements, the measurement basis is the original cost, except for the following assets and liabilities, which are stated at fair value: derivative financial instruments, financial instruments at fair value through profit or loss and investment property.

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

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

4. Details of the business combination and the consolidated companies

Subsidiary	Registered office	Vote and ownership shares	
		30 June 2023	31 December 2022
Harsánylejtő Kft.	1033 Budapest Polgár u. 8-10.	100.00%	100.00%

III. Additional explanations

1. Investment property

HUF '000'	
as at 31 December 2022	71,881,004
Change in fair value	-421,181
Change in assets in the course of construction	-4,442,709
Capitalisation	5,314,390
Sales	0
30 June 2023	72,331,504
as at 31 December 2022	71,881,004
30 June 2023	72,331,504

Investment properties are valued by an independent valuer based on the following criteria: According to Article 11 (1) of Act CII of 2011 on regulated real estate investment companies, the valuation of properties in the portfolio of a regulated real estate investment company may be performed by

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

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

The fair value of investment property changed in H1 2023 as a result of the following:

- change to the fair value of investment properties (see also paragraphs 21 and 26);
- investments realized in the course of the year on existing properties, completion of developments in progress.

There was also a new acquisition of a minor value (the purchase of the apartments at the addresses 122 Budapest Városmajor utca 39. fszt. 1.; fszt. 2. and 1. em 1.), however, no sales were realized in H1 2023.

Profit from income-generating investment properties		
HUF '000'	H1 2023	H1 2022
Net sales revenue	4,020,578	3,422,301
Other operating income	154,677	667,184
Capitalized value of internally generated assets	0	0
Changes in internally generated inventories	0	0
Raw materials, consumables and other external charges	-887,300	-984,012
Staff costs	0	0
Depreciation and impairment	-10,716	-16,166
Other operating expenditure	-534,861	-138,505
Revenues from financial operations	0	0
Expenses on financial operations	-201,168	-133,382
P/L before tax	2,541,210	2,817,420

The increase by 17% in the net revenues from the sales of investment properties compared to the base period was mainly due to the enforcement of the increase (adjustment) of rents and operating fees in the lease contracts, and to the opening of the Major Udvar Office Building (office building at Városmajor utca 12-14, Budapest, district XII) and the increased parking traffic again after the COVID period. A significant part of other operating income comes from liquidated damages received (HUF 140 million), whereas the market value of investment properties increased minimally (HUF 7.4 million) in H1 2023. Of other operating expenses, HUF 106 million is accounted for by building taxes settled with various municipalities, and also includes the market "depreciation" (about HUF 428.5 million) (see also Section 26).



2. Intangible and tangible assets

HUF '000'	Intangible assets	Other properties	Machinery and equipment	Assets in the course of construction and advances	Total
Gross book value					
31 December 2022	30,773	101,342	349,819	341,288	823,222
Increase and reclassification	2,140	0	12,230		14,370
Decrease and reclassification	0			-125,648	-125,648
30 June 2023	32,913	101,342	362,049	215,640	711,944
Depreciation					
31 December 2022	26,545	15,209	206,074	0	247,828
Annual write-off	1,436	1,005	25,522	0	27,963
Decrease and reclassification					
30 June 2023	27,981	16,214	231,596		275,791
Net book value					
31 December 2022	4,228	86,133	143,745	341,288	575,394
30 June 2023	4,932	85,128	130,453	215,640	436,153

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

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

There were no changes in the category "other tangible fixed assets" in H1 2023.

3. Investments in related companies

Just as in 2022, no amount is included in the "investments in affiliated companies" line in 2023, given that the Company has fully consolidated/will fully consolidate Harsánylejtő Kft. in 2023 and 2022 as well.

4. Deferred tax assets

Due to the adoption of a REIT status, the Company does not recognize a deferred tax asset.

5. Inventories

HUF '000'	30.06.2023	31.12.2022
Work in progress	26,376	26,376
Finished product	15,141	15,141
Goods	60,330	60,330
Prepayments on inventories	0	0
Total	101,847	101,847

The majority of Work in progress, Finished product and Goods consists of the cost of the cost value of the Company's building plots and the value of the real estate improvements accounted for these plots. In H1 2023, there was no change in the value of inventories.

6. Trade receivables

HUF '000'	30.06.2023	31.12.2022
Trade receivables	41,563	109,463
Impairment	-19,201	-19,201
Credit loss	-16,645	-16,645
Adjustment due to trade debtors with a credit balance	222,985	254,406
Total	228,702	328,023

The trade receivables portfolio shows a decrease of HUF 67.9 million (62%) compared to the year-end. The amounts of recognised impairment losses and loan losses did not change, but the amount of trade receivables decreased by HUF 31.4 m (12%) due to prepayments.

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

HUF '000'	30.06.2023	31.12.2022
Other receivables	216,541	419,578
Accruals	58,513	232,430
Suppliers with a debit balance, and taxes	115,486	15,426
Total	390,540	667,434

VAT receivable on advances from customers accounted for 92.5% of other receivables at the end of the reporting period.

Tax receivables and liabilities were assessed by tax type and, depending on the sign, were classified as other receivables or other liabilities, depending on the sign.

As a result, for BIF the reclassifications for the reporting period include a VAT receivable of HUF 37.7 million and a corporate tax overpayment of HUF 0.8 million, while Harsánylejtő Kft. has a local tax receivable of HUF 8.3 million and an innovation contribution overpayment of HUF 1.1 million. A further reclassification results from advance payments to suppliers (HUF 67.5 million).

Accruals also include the pro-rata insurance premium (HUF 6.9 million) paid in H1 2023 but to be recognised in the second half of the year, and the accrual of income from development works performed by subcontractors and invoiced to the tenant only at the beginning of H2 (HUF 47.1 million).

8. Cash and cash equivalents

HUF '000'	30.06.2023	31.12.2022
Cash on hand	1,029	1,733
Bank	544,821	8,128,885
Total	545,850	8,130,618

The main reason for the HUF 7.585 million decrease in cash and cash equivalents in H1 2023 was the dividend payment performed in June.

9. Subscribed capital and capital reserve

The subscribed capital of the Company is HUF 2,870,244,400 as at 30 June 2023, which consisted of 287,024,440 dematerialized ordinary registered shares with a nominal value of HUF 10 each. The share capital according to IFRS is the same as the share capital registered by the Companies Court. The amount of the subscribed capital of the Company did not change in H1 2023.

Subscribed capital

HUF '000'	30.06.2023	31.12.2022
Opening	2,870,244	2,870,244
Increase	0	0
Decrease	0	0
Closing	2,870,244	2,870,244

Capital reserve

HUF '000'	30.06.2023	31.12.2022
Opening	6,048,215	6,048,215
Increase	0	0
Decrease	0	0
Closing	6,048,215	6,048,215

The capital reserve includes the amount of the difference between the nominal value and the consideration of the shares at the time of the share issue, and the value of the funds and assets placed in the capital reserve, however, there was no such share transaction performed in H1 2023.

10. Revaluation reserve

HUF '000'	30.06.2023	31.12.2022
Opening	731,904	731,904
Increase	0	0
Decrease	0	0
Closing	731,904	731,904

In the balance sheets of 2022 and H1 2023, the Company recognises in the valuation reserve the previous revaluation of the Aranykéz Street Parking Garages (the property at 4-6 Aranykéz Street, Budapest, district V), recognised in accordance with the fair value model under IAS16 (and adjusted for deferred tax).

11. Repurchased treasury shares

The Company recognizes its equity shares in the balance sheet at cost as repurchased treasury shares reducing the equity. The number of shares owned by the Company was 35,340,000 both in the base year and in H1 2023, as no transaction affecting treasury shares took place in H1 2023.

HUF '000'	30.06.2023	31.12.2022
Opening	-3,048,120	-3,048,120
Increase	0	0
Decrease	0	0
Closing	-3,048,120	-3,048,120

12. Retained earnings and profit for the year

HUF '000'	30.06.2023	31.12.2022
Retained earnings		
Opening	48,913,149	43,913,283
Increase		
Decrease	-8,808,955	-5,033,689
Closing	40,104,194	38,879,594
P/L for the reporting year	2,623,843	10,033,555
Closing	42,728,037	48,913,149

The change in the profit and loss reserve during the reporting period was influenced by two impacts of contrary directions:

- The increase in the opening value of the profit reserve is the transfer of the HUF 10,033,555 profit of 2022.
- The profit and loss reserve was reduced by the dividend payable after the profit of the business year 2022, as, by resolution No. 11/2023.04.28 of the regular General Meeting of the Company as of 28 April, 2023, the General Meeting approved the establishment and payment of dividend in the amount of HUF 8,808,955,400 from the disposable profit and loss reserve available for dividend payment based on the financial statements prepared by the Company for 2022 in accordance with the International Financial Reporting Standards (IFRS). The Company pays the dividend on treasury shares to shareholders entitled to dividends in proportion to the nominal value of their shares, in accordance with Clause 16.2 of the Articles of Association.. The commencement date for the payment of dividend on treasury shares was 9 June, 2023.

13. Non-current financial liabilities

HUF '000'	30.06.2023	31.12.2022
Long-term loans	19,352,088	20,075,461
Total	19,352,088	20,075,461

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

Outstanding bank loans and live loan contracts:

- Pursuant to the credit facility agreement concluded between the Company and MFB Magyar Fejlesztési Bank Zrt. (hereinafter: "MFB") on 7 November 2018 for HUF 20 billion (hereinafter: the "Credit Facility Agreement"), MFB granted a fixed-rate 10-years loan in the amount of HUF 7,579,600,000 to the Company in accordance with the loan agreement concluded by the Company and MFB on 3 September 2019.
- Based on the three loan agreements concluded between the Company and Takarékbank Zrt. (hereinafter: "Takarékbank") on 31 August 2020, Takarékbank provided the following fixed-rate 15-year HUF-loans to the Company:
 - in order to refinance the total amount of debt owed under the two loan agreements concluded on 7 November, 2019 and the loan agreement concluded on 6 February, 2020 based on the Credit Facility Agreement concluded by the Company and MFB on 7 November 2018, a loan was granted in the amount of HUF 9,707,551,770 and disbursed on 15 September 2020;
 - a loan in the total amount of HUF 2,606,021,058 for the partial refinancing of the purchase of real estate and for financing real estate renovation and investment, of which the first disbursement of HUF 1,124,100,000 was made on 1 September 2020, the second disbursement of HUF 143,750,000 on 13 November 2020, the third disbursement of HUF 211,525,013 was made on 15 December 2021; the fourth disbursement of HUF 500,001,885 was made on 18 May 2022, the fifth disbursement of HUF 614,433,303 was made on 14 July 2022 and the sixth and last disbursement of HUF 12,210,857 was made on 22 September 2022;

- in order to refinance the total debt outstanding on the basis of the HUF 2,100,000,000 loan agreement concluded between the Company and Takarékbank on 8 March 2018, a loan was disbursed in the amount of HUF 1,661,513,172 on 15 September 2020.
- Based on the loan agreement concluded between the Company and Takarékbank on 28 June 2021, Takarékbank Zrt granted the Company a fixed-rate 15-years' loan in the total amount of HUF 2,500,000,000 for financing real estate renovation and investment, of which the first disbursement of HUF 524,141,008 was made on 16 September 2021, and the second disbursement of HUF 716,312,052 was made on 15 December 2021, while the third and last disbursement of HUF 1,259,546,940 was made on 17 March 2022.

The instalments of these loans and borrowings due in H2 2023 and H1 2024 are included in short-term borrowings (see: Section 17).

14. Provisions

HUF '000'	30.06.2023	31.12.2022
Provisions for contingent liabilities	28,728	13,168
Total	28,728	13,168

In H1 2023, in its accounts the Company only recognised a provision for untaken holidays of approximately HUF 22.6 million, with a further provision of approximately HUF 6.1 million arising from the provision for expected liabilities recognised by the Subsidiary in previous years.

15. Deferred tax liabilities

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

16. Other long-term liabilities

HUF '000'	30.06.2023	31.12.2022
Other long-term liabilities	1,878,915	0
Total	1,878,915	0

The portfolio of other long-term liabilities is HUF 1,879,000, arising from the transfer of deposits related to long-term lease contracts (expiring after 12 months following the end of the reporting period), as these liabilities were reviewed and those expiring after a period longer than 1 year were moved here by the Company.

17. Short-term financial liabilities

HUF '000'	30.06.2023	31.12.2022
Short-term portion of loans	1,446,747	1,446,747
Total	1,446,747	1,446,747

Current financial liabilities include the reclassification of short-term bank loans (falling due in H2 2023 or H1 2024) (see also paragraph 13 above).

18. Trade payables

HUF '000'	30.06.2023	31.12.2022
Trade payables	412,365	906,902
Total	412,365	906,902

The portfolio of suppliers decreased by HUF 494.5 million (55%) compared to the end of the year, in part due to the completion of the BIF Tower project at Üllői road and the payment of guarantee withholdings which expired in the period under review, with 85% of the portfolio coming from the parent company's books and 15% from the books of the Subsidiary.

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

HUF '000'	30.06.2023	31.12.2022
Advances + security deposit + VAT adjustment	1,119,908	2,335,497
Bér + taxes + wage taxes	64,820	941,895
Liabilities to owners in relation to dematerialization	75,280	75,280
Accruals	102,480	119,572
Adjustment due to trade debtors with a credit balance	222,985	254,406
Total	1,585,473	3,726,650

The change in other current liabilities and accrued expenses was mainly influenced by the change in trade advances and tenant deposits, which decreased by HUF 1,215.6 million, but this was due to the transfer of the portfolio of security deposits related to long-term lease contracts rather than actual payments. The line "Wages + taxes + contributions" includes tax payable by the Company (the largest item being the income tax payment liability related to dividends) amounting to HUF 65 million, which is HUF 877 million less than its year-end amount was, a substantial portion of which comprised then due VAT liability. Accruals decreased by about HUF 17 million. Accruals include partly the value of expected utility costs and partly the value of work performed but not yet invoiced by general contractors and subcontractors used for property improvements. Reclassified customer overpayments decreased by HUF 31.4 million (12%).

20. Net sales revenue

HUF '000'	H1 2023	H1 2022
Revenue from rents and operating fees	3,241,917	2,501,149
Revenue from parking fees	383,880	304,451
Revenue related to intermediary services	382,333	562,629
Revenue from services	0	0
Revenue from the sale of properties/land	0	0
Other sales revenues	49,823	58,254
Total	4,057,953	3,426,483

The 30% increase in revenues from rental and operating fees was mainly due to the enforcement of the increase (adjustment) of rents and operating fees in the lease contracts and the occupancy of Major Udvar Office Building.

The great majority (68%) of revenues from mediated services is derived from public utility and other service fees passed on in connection with the leased properties. In addition, significant income (32%) was also generated from office development, conversion or refurbishment costs passed on to tenants. BIF Group did not generate any income from the sale of real property/plots in the reporting period, although sale and purchase agreements with reservation of title were signed for two land plots in Q4 2021, but as the reservation of title conditional on payment of the full purchase price will expire in Q4 2022 and Q1 2024, the Company shall realise these revenues in H2 2022 and H1 2024.

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

21. Other operating income

HUF '000'	H1 2023	H1 2022
Fair valuation	7,350	540,121
Sale of real estate and movable property	886	0
Other income	150,446	690,236
Total	158,682	1,230,357

Other operating income includes decrease in the fair value of the Company's investment properties in the fair value line, which affected only the properties added by acquisition in the period under review (see also Section 1 above).

The major item within Other operating income was the liquidated damages of HUF 140 million generated by the Company, whereas no such income was generated at the Subsidiary.

22. Own performance capitalized

HUF '000'	H1 2023	H1 2022
Changes in internally generated inventories	0	0
Capitalized value of internally generated assets	0	0
Total own performance capitalized	0	0

The value of own performance capitalized did not change either in the period under review or in the base period.

23. Raw materials, consumables and other external charges

HUF '000'	H1 2023	H1 2022
Material costs	152,121	134,330
Value of services used	444,094	365,852
Cost of other services	20,386	14,712
Cost of goods sold	60	484
Cost of services sold (mediated)	372,008	543,898
Total	988,669	1,059,276

Overall, in the reporting period, raw materials, consumables and other external charges decreased by around HUF 71 million (7%) compared to the base period, mainly due to a significant decrease in the value of services sold (mediated); the amount of re-invoiced utility and other service charges did not change substantially, however, the costs of office construction, reconstruction or refurbishment made to meet tenants' needs decreased by HUF 164 million (60%) compared to the previous period. At the same time, the value of services used and Material costs increased by HUF 78 million (21%) and HUF 18 million (13%), respectively.

24. Staff costs

HUF '000'	H1 2023	H1 2022
Wage costs	325,238	257,780
Other payments to staff	19,527	17,450
Wage taxes	45,011	36,589
Total	389,776	311,819

On a company group level, payments to staff increased by around 25% in the first six months of 2023 compared to the previous year, which was caused by the combined effect of the enhancement of staff numbers related to the implementation of the strategic goals of the Company, organisational development and wage increase.

The average statistical headcount of the Company's employees was 62 in H1 2023 (the average statistical headcount in H1 2022 was 47; on 30 June 2023, the active headcount was 61, while the same indicator was 49 on 30 June 2022 and 64 on 31 December 2022).

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

25. Depreciation and impairment

HUF '000'	H1 2023	H1 2022
Depreciation and impairment	27,963	26,332
Depreciation	27,963	26,332
Inventory impairment	0	0
Impairment of financial assets	0	22,830
Impairment of additional payment	0	0
Impairment of receivables	0	8,315
Credit loss	0	14,515
Total	27,963	49,162

In the Depreciation line, the depreciation on non-investment property, plant and equipment is recognized. No additional depreciation was recognized either on trade receivables or inventories in the period under review, moreover, the receivables which gave rise to the recognition of additional credit loss were assessed in compliance with the provisions of the IFRS 9 standard as well. Expected loan losses have been assessed on an aggregate basis for each asset group, and in the case of receivables, the simplified model is used by the Company (lifetime method).

26. Other operating expenditure

HUF '000'	H1 2023	H1 2022
Impact of fair valuation on inventories	0	0
Fair valuation	428,531	45,804
Sale of real estate and movable property	0	1,418
Scrapping	0	0
Assets provided for no consideration	0	79,690
Taxes	110,718	103,587
Other expenditures	161	7,074
Total	539,410	237,573

Other operating expenses increased by 127%, as the impact of fair valuation recognized in the line of Fair valuation and recognized based on the IAS40 standard and reducing the profit exceeds the value recognized in the base period significantly (the negative impact of fair valuation recognized in the period under review was caused by the fact that the value of investments made and recognized in the period under review in connection with investment properties did not yet appear in the market value of the given properties as of 30 June 2023), and the value of land tax also increased as a result of property investments. However, no public utilities were transferred for no consideration in the period under review, and the value of grants, indemnities and penalties paid and recognized in the line of Other expenditures decreased as well.

27. Income from and expenses of financial operations

Revenues from financial operations		
HUF '000'	H1 2023	H1 2022
Interest received	586,432	235,170
Exchange rate gain	33,659	44,332
Other	0	0
Total revenues	620,091	279,502

Expenses on financial operations		
HUF '000'	H1 2023	H1 2022
Interest paid	216,737	149,960
Exchange rate loss	37,254	13,972
Other	0	0
Expenses, total	253,991	163,932

The increase in interest received is the result of the efficient management of free cash and cash equivalents, while the increase in interest expenditure is due to the fact that the interests of loans taken out to finance the Major Udvar and BIF Tower development are now recognized in financial expenditures.

28. Actual tax expenditure

HUF '000'	H1 2023	H1 2022
Corporate tax	1,904	378
Business tax	569	76
Contribution to innovation	10,601	8,243
Other	0	0
Total actual tax	13,074	8,697

Pursuant to the relevant legal rules, the Company was only obliged to pay corporate tax until the Pre-REIT status was obtained (20 October, 2017). At the same time, the Company, being a REIT, is required to determine its corporate tax base with a view to the provisions of the REIT Act, but it is only subject to corporate tax for the calculated base in certain cases (e.g. on a tax base proportionate to the income from related parties), and in view of this, the corporate income tax was set at HUF 485,000 (see the calculation below), and the payable innovation contribution obligation of HUF 10,516,000 was calculated as payable by the Company. Based on the H1 2023 profit of the Subsidiary, we have calculated local business tax liability in the amount of HUF 569,000 and HUF 85,000 in innovation levy, as well as corporate income tax in the amount of HUF 1,419,000.

HUF '000'	
Profit before taxes as per IFRS	2,604,726
Tax adjustment (innovation contribution)	10,516
Pre-tax profit (adjusted for innovation contribution) according to the IFRS	2,594,210
Adjusting items under IFRS	-436,966
Adjusted profit before corporate income tax	2,157,244
Increasing items	901,880
Decreasing items	-747,425
Corporate tax based in H1 2023	2,311,699
The benefit on corporate tax to the REIT status is	0%
The ratio of related revenue to total revenue (rounded to 2 decimal places)	0.23%
Corporate tax base (prorated to revenue from related parties) in H1 2023	5,388
Corporate tax payable on related parties	485
Corporate tax liability in H1 2023	485

29. Deferred tax expense

The Company has no deferred tax.

30. Earnings per share

HUF '000'	H1 2023	H1 2022
P/L after taxes (HUF '000')	2,623,843	3,105,883
Weighted average ordinary shares	251,684,440	251,684,440
Earnings per share (basic) (HUF) ("profit after tax" to "the weighted average of ordinary shares")	10.43	12.34

There are no factors at the Company that would dilute the earnings per share.

31. Information on business lines

All of the Company's properties are located in Budapest, and so the distribution of revenues and expenses by geographical regions is not justified. Given that the Company is engaged in the leasing, utilization and trading of real estate, the Company presents the change in its Consolidated P/L before taxation in a breakdown by the segments below: The Company's subsidiary, Harsánylejtő Kft. is treated as a separate segment, where the results of the Company's residential real estate development activities are recognized ("Harsánylejtő Condominiums" segment). (1) "Harsánylejtő Condominiums"; (2) "Plots of land on Harsánylejtő" – a line aggregating the revenues and related expenses from the sale of land owned by the Company, which is prepared for sale under the Harsánylejtő Project and is still under development; (3) "Income-generating investment properties" line – presents results directly attributable to properties acquired by the Company for rental purposes; and (4) the "Operation" line – presents "operating" profit or loss from the operations of the BIF Group that are not directly attributable to properties.

Developments in the revenues and expenses of the segments according to the above-mentioned classification in H1 2023 and H1 2022 is shown in the tables below:

H1 2023 HUF '000'	Harsánylejtő Condominiums	Plots of land on Harsánylejtő	Income- generating investment properties	Operation	Total
Net sales revenue	29,476	7,874	4,020,578	25	4,057,953
Other operating income	0	236	154,677	3,769	158,682
Capitalized value of internally generated assets	0	0	0	0	0
Changes in internally generated inventories	0	0	0	0	0
Raw materials, consumables and other external charges	-2,783	-2,888	-887,300	-95,698	-988,669
Staff costs	0	0	0	-389,776	-389,776
Depreciation and impairment	0	-1,005	-10,716	-16,242	-27,963
Other operating expenditure	0	-2,016	-534,861	-2,533	-539,410
Revenues from financial operations	0	0	0	620,091	620,091
Expenses on financial operations	0	0	-201,168	-52,823	-253,991
P/L before tax	26,693	2,201	2,541,210	66,813	2,636,917

H1 2022 HUF '000'	Hársánylejtő Condominiums	Plots of land on Hársánylejtő	Income- generating investment properties	Operation	Total
Net sales revenue	3,906	0	3,422,301	276	3,426,483
Other operating income	0	550,607	667,184	12,566	1,230,357
Capitalized value of internally generated assets	0	0	0	0	0
Changes in internally generated inventories	0	0	0	0	0
Raw materials, consumables and other external charges	-8	-4,542	-984,012	-70,714	-1,059,276
Staff costs	0	0	0	-311,819	-311,819
Depreciation and impairment	0	-1,005	-16,166	-31,991	-49,162
Other operating expenditure	0	-92,030	-138,505	-7,038	-237,573
Revenues from financial operations	0	0	0	279,502	279,502
Expenses on financial operations	0	0	-133,382	-30,550	-163,932
P/L before tax	3,898	453,030	2,817,420	-159,768	3,114,580

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

32. P/L from a fair valuation

Within the cash flow from operating activities, the result from fair valuation for H1 2023 includes the impact of the fair valuation of investment properties, as this is a non-cash item. The fair valuation result of HUF 421,181,000, which is included in the operating cash flow, consists of two items, of which HUF 7,350,000 is the effect of market revaluation and HUF 428,531,000 is the effect of devaluation (see Sections 21 and 26).

33. Financial instruments

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

30 June 2023 HUF '000'	Book value	Fair value
Financial assets		
<i>Financial liabilities carried at amortized cost loans and receivables</i>		
Trade receivables	264,548	228,702
Cash and cash equivalents	545,850	545,850
Financial liabilities		
<i>Financial liabilities carried at amortized cost liabilities</i>		
Financial liabilities	20,798,835	20,798,835
Trade payables	412,365	412,365

31 December 2022	HUF '000'	Book value	Fair value
Financial assets			
<i>Financial liabilities carried at amortized cost loans and receivables</i>			
		363,869	328,023
		8,130,618	8,130,618
Financial liabilities			
<i>Financial liabilities carried at amortized cost liabilities</i>			
		21,522,208	21,522,208
		906,902	906,902

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

By its resolution passed on 28 April, 2023, the General Meeting of the Company decided that the members of the Board of Directors should perform their duties without remuneration, and the members of the Audit Committee should perform their duties for a gross monthly remuneration of HUF 300,000 per member in the business year of 2023.

IV. Other additional information

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

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

As at 30 June 2023, the following pledges encumbered certain items constituting the Company Group's assets:

Loan1

Beneficiary's name: MFB Magyar Fejlesztési Bank Zrt.

Pursuant to the credit facility agreement concluded between the Company and MFB Magyar Fejlesztési Bank Zrt. on 7 November 2018 for HUF 20 billion, MFB Magyar Fejlesztési Bank Zrt. granted a fixed-rate loan of HUF 7,579,600,000 of a term of 10 years to the Company in accordance with the loan agreement concluded by the Company and MFB Magyar Fejlesztési Bank Zrt. on 3 September 2019.

Description of the encumbered thing or right (asset)

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

Details of the contract containing the secured claim

Loan agreement

Date: 3 September 2019

Real property mortgage agreement - to secure multiple claims

Date: 3 September 2019

Contract for a pledge of receivables

Date: 3 September 2019

Amount of secured claim/registered encumbrance

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

Loans2-4**Beneficiary's name: Takarékbank Zrt./MBH Bank Nyrt.**

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

- in order to refinance the total amount of debt owed under the two loan agreements concluded for HUF 20 billion on 7 November, 2018 between the Company and MFB Magyar Fejlesztési Bank Zrt., and the loan agreement concluded on 6 February, 2020, pursuant to the Credit Facility Agreement concluded by the Company and MFB on 7 November 2019, a loan was granted in the amount of HUF 9,707,551,770 and disbursed on 15 September 2020;
- a loan in the total amount of HUF 2,606,021,058 for the partial refinancing of the purchase of real estate and for financing real estate renovation and investment, of which the first disbursement of HUF 1,124,100,000 was made on 1 September 2020, the second disbursement of HUF 143,750,000 on 13 November 2020, the third disbursement of HUF 211,525,013 was made on 15 December 2021; the fourth disbursement of HUF 500,001,885 was made on 18 May 2022, the fifth disbursement of HUF 614,433,303 was made on 14 July 2022 and the sixth and last disbursement of HUF 12,210,857 was made on 22 September 2022;
- in order to refinance the total debt outstanding on the basis of the HUF 2,100,000,000 loan agreement concluded between the Company and Takarékbank on 8 March 2018, a loan was disbursed in the amount of HUF 1,661,513,172 on 15 September 2020.

Description of the encumbered thing or right (asset)

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

Details of the contract containing the secured claimLoan agreements (3)

Date: 31 August 2020

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

Date: 31 August 2020

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

Date: 31 August 2020

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

Date: 31 August 2020

Amount of secured claim/registered encumbrance

HUF 14,700,000,000 limit

Loan5**Beneficiary's name: Takarékbank Zrt./MBH Bank Nyrt.**

Based on the loan agreement concluded between the Company and Takarékbank Zrt on 28 June 2021, Takarékbank Zrt granted the Company a fixed-rate 15-years' loan in the total amount of HUF 2,500,000,000 for financing real estate renovation and investment, of which the first disbursement of HUF 524,141,008 was made on 16 September 2021, and the second disbursement of HUF 716,312,052 was made on 15 December 2021, while the third disbursement of HUF 1,259,546,940 was made on 17 March 2022.

Description of the encumbered thing or right (asset)

- The real property of parcel No. 6979/1, located in District XII of Budapest (H-1122 Budapest, Városmajor utca 12-14.)
- The real property of parcel No. 6866, located in District XII of Budapest (H-1122 Budapest, Városmajor utca 35.)

- The real property of parcel No. 18059, located in District III of Budapest (H-1033 Budapest, Flórián tér).
- The real property of parcel No. 38315/42, located in District X of Budapest (H-1101 Budapest, Üllői út 114-116.)
- The real property of title deed no. 6775, located in District XII of Budapest (H-1012 Budapest, Városmajor utca 42).

Details of the contract containing the secured claimLoan agreement

Date: 28 June 2021

Real property mortgage agreement

Date: 28 June 2021

Agreement for the establishment of a charge on receivables

Date: 28 June 2021

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

Date: 28 June 2021

Amount of secured claim/registered encumbrance

a capital amount of HUF 2,500,000,000 and charges

1.2. Litigation and other legal proceedings

As of 30 June 2023, Budapesti Ingatlan Nyrt. is a defendant in the following lawsuits.

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

Subject of the litigation: request for an order on the registration of the ownership title of the claimant and the fourth defendant, each sharing half, to the property (residential property and garage) sold by the predecessor of the Company in 2010, and at simultaneous cancellation of the ownership of the 3rd defendant. The court dismissed the claimant's complaint by its first instance judgement as of 21 June 2023. The Company has received neither an appeal, nor a final and binding order so far.

2. Significant events after the end of the interim period (30 June 2023)

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



3. Extraordinary and other regulated disclosures in 2023

Date of publication	Subject of publication
31 August 2023	Monthly announcement of voting rights and share capital
31 July 2023	Monthly announcement of voting rights and share capital
30 June 2023	Monthly announcement of voting rights and share capital
31 May, 2023	Monthly announcement of voting rights and share capital
11 May, 2023	Dividend payment notice
2 May, 2023	Monthly announcement of voting rights and share capital
28 April 2023	BIF Remuneration report
28 April 2023	Report on Responsible Corporate Governance
28 April 2023	BIF Annual Report and Consolidated Annual Report for 2022
28 April 2023	The minutes of the regular annual general meeting of 2023 of Budapesti Ingatlan Nyrt, including the resolutions adopted
12 April 2023	Auxiliary information related to the announcement of dividend payment for 2021
6 April 2023	A proposal to the General Meeting and proposals for resolution
31 March 2023	Monthly announcement of voting rights and share capital
27 March 2023	Invitation to the General Meeting
28 February 2023	Monthly announcement of voting rights and share capital
31 January, 2023	Monthly announcement of voting rights and share capital
2 January, 2023	Announcement of voting rights and share capital

4. Authorization to publish financial statements

The Board of Directors of the Company approved this Interim Consolidated Financial Statements on August 31, 2023 and authorized it for disclosure with its resolution.

Declaration of Liability

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that this Interim Consolidated Financial Statements has been prepared to the best knowledge of the Company, in accordance with International Financial Reporting Standards, providing a true and fair view of the assets, liabilities, financial position as well as profits and losses of the Company and its subsidiary involved in the consolidation, and does not omit any facts that might have any significance concerning the assessment of the situation of the Company and its subsidiary involved in the consolidation.

Budapest, 31 August 2023

.....
 Dr. Anna Ungár
 President of the Board of Directors and CEO

.....
 Kristóf Berecz
 Vice-President of the Board of Directors and
 CEO

**Consolidated Business (management)
Report
to the Consolidated, non-audited Financial
Statements of Budapesti Ingatlan
Hasznosítási és Fejlesztési Nyrt. prepared
in accordance with the International
Financial Reporting Standards (IFRS) for
the period ending on 30 June, 2023**

**Budapesti Ingatlan Hasznosítási
és Fejlesztési Nyrt.**

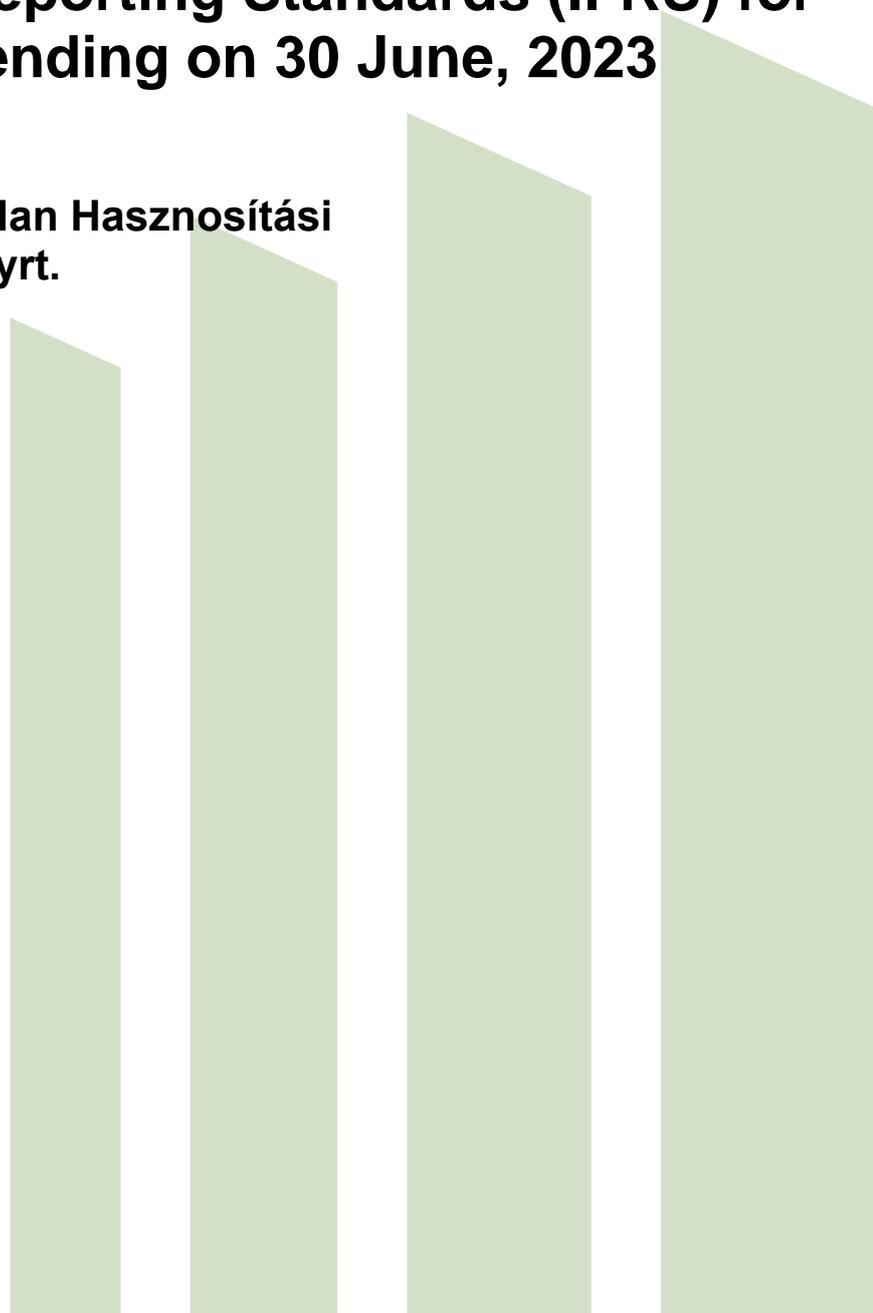


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I. The Company's objectives, strategy and activities

In H1 2023 **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered office: H-1033 Budapest, Polgár utca 8-10., hereinafter: "Company" or "BIF") performed its business activity in accordance with the development strategy and objectives listed below:

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

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

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

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

Office buildings

In Q1 2023, a total of 26,050 m² of new office space was delivered in two buildings in Budapest, and 38,000 m² in three buildings in Q2 2023. The total modern office market portfolio exceeded 4,334,880 m² by the end of H1 2023. The office vacancy rate reached 12.6% in Q2 2023. This value represents an increase by 0.4% compared to the preceding quarter and an increase by 2.8 compared to the same period of the previous year. Net absorption became positive during the quarter, as the total portfolio of occupied office space increased by 12,290 m² in total during the quarter.

In terms of tenant activity, in the recent period the most popular sub-market in Budapest was again the Váci út office corridor, which attracted 33% of demand. The Pest Centre sub-market came second (20%). At the end of June 2023, occupancy rates were the highest in the North Buda sub-market (95.6%) and lowest in the Agglomeration submarket with 68.6%. (Source: BRF 2023 Q2)

Within overall demand, the proportion of new contracts was the highest, standing at 46%. Contract renewals accounted for 42% of all leases, while the shares of expansions and prelease contracts were 6% and 3%, respectively. A total of 162 lease contracts were registered during Q2, their average size was 740 m², which is 16% higher than in the preceding quarter. (Source: BRF 2023 Q2)

On June 30, 2023, our Company owned six category 'B' and four category 'A' office buildings with excellent location in terms of infrastructure and transport. The revitalization of one of the former Category "B" office building at 12-14 Városmajor Street, District XII of Budapest (hereinafter: "**Major Udvar** (Városmajor u. 12)") to convert it to Category "A" was completed and handed over in October 2022, and 100% of the building has been leased since July 2023.

In H1 2020, our Company successfully acquired the former Posta Hotel at 114-116 Üllői út, Budapest, District X of Budapest, an iconic 13-storey tower building in the area, which was converted into a Category "A" office building (hereinafter: "**BIF Tower**") in a development project launched in 2021. The construction project was handed over in January 2023. In the case of the adjacent three-storey building, formerly operating as an educational centre (hereinafter: "Üllői Avenue Educational Centre"), our aim is to use it as an office or educational centre in line with market demand. The two buildings will add more than 10,000 m² of office space.

In the case of our office buildings, our main objective is to maintain tenant satisfaction and thus extend tenancy contracts. In all our office buildings the operator's staff is present on an uninterrupted basis and maintenance service for our tenants. In the case of our Class "A" office buildings, we pay particular attention to modernising public spaces, operating buildings efficiently, using environmentally friendly solutions and meeting tenants' custom needs.

Parking garages

In H2 2022, the Municipality of Budapest introduced a new and simplified zoning system in the interest of realizing uniform and more effective parking in public places. The previous 27 different types of zones were reduced to 4 zones, making on-street parking clearer and more transparent. The introduction of the new system, which includes a time limit in some zones, is also intended to encourage faster turnover of on-street parking spaces and more efficient use of parking spaces. (Source: budapest.hu; the official website of the Municipality of Budapest).

The simplification of the zoning system for public parking was accompanied by an increase in parking fees, longer pay periods and, in some districts, the introduction of free zones, which may not only boost the use of public transport but also improve the underutilisation of the city's parking facilities.

Our Company owns 2 **parking garages**, the **Aranykéz Parking Garage** (Budapest V. district Aranykéz utca 4-6.) located next to the Vigadó Palota Office Building (9 Apáczai Csere János Street, District V of Budapest) and the **Parking Garage of Flórián Udvar** Office Building (8-10 Polgár Street, District III of Budapest). The parking garage in the Flórián Udvar Office Building is primarily intended to serve the tenants of the office building. Both parking garages are equipped with the latest Hungarian mobile-app parking system and modern payment facilities to ensure maximum service quality. In addition to rental and hourly rates, short-term rentals are also becoming increasingly popular for events and conferences in the area at our Aranykéz Parking Garage with a downtown location. At the beginning of 2023, we relaunched the car wash service in the Aranykéz Parking Garage, which was well received by our customers from the very beginning.

Building plots and residential properties

In H1 2023, 7,353 new homes built, 19% fewer than a year earlier. The number of homes to be built under building permits issued was 10,880, 39% fewer than in the same period of 2022. Construction activity declined in all categories of municipalities, with a steep decline down the municipal hierarchy: in H1 2023, 17 fewer apartments were planned in the capital city, 38 in the county towns, 47 in other towns and 53% fewer in the villages in the first half of 2023 compared to the same period of the previous year. (Source: KSH)

Housing market turnover also declined in 2022, with the number of homes sold falling quarter on quarter. The annual decline of 13% was accompanied by a drop of only 4% in Q1, and 27% in Q4 2022. The narrowing of the housing market continued in Q1 2023 as well.

Housing prices followed a slight decline in Q4 2022 and a rise in Q1 2023, but the rapid increase in the first months of the previous years was not repeated. The combined price index for used and new homes rose by 2.5% in Q1 2023 compared to the previous quarter, with prices for used homes up by 1.9% and for new homes by 6%. However, as housing price growth lagged behind consumer prices in nominal terms, the real house price index in Q1 2023 returned to the level of two years earlier. (Source: KSH)

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

- **Land development:** A total of 153 land plots have been developed, constructed and sold within the framework of Phases I-II. The project was successfully completed in terms of development and sales (the total area of the above-mentioned Phases I to II exceeds 25 hectares).
- **Residential property development**
 - In Phases I and II of the residential development, a total of 40 apartments of floor areas between 55 and 99 m² were built on an area of about 1 hectare. The sale of the 20 apartments built in Phase I of the residential development project was successfully completed in 2019, and the sale of the 20 additional apartments built in Phase II of the residential development project was successfully completed in H1 2021. The owner of the project is Hársánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Hársánylejtő Kft."), which is 100% owned by the Company.

- For two of the three plots of land suitable for residential development, sales contracts with reservation of title were signed in Q4 2021, one of which was delivered in possession in 2022 (the reservation of title subject to payment of the full purchase price for the two plots was terminated in Q4 2022 and is foreseen for H1 2024, respectively).
- A plot of land suitable for the development of a **commercial unit**, comprising a retail unit of approximately 1,000 m² and a further 1,500 m² of office or other service functions on an area of approximately 0.4 hectares.
- A sale and purchase agreement was signed in Q4 2022 for a plot of land of more than 2.4 hectares suitable for the development of **buildings of other functions**, for which the transfer of ownership has also been completed.

The Company is also investigating possibilities other than indicated above in respect of the utilization and sale of the plots of land owned by the Company.

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

One of the most prominent properties in the Company's portfolio is located at 80-82 Andrásy Avenue, District VI of Budapest, a World Heritage Site (hereinafter: "**Andrásy Avenue Property**"). On the more than 1,400 m² site, the Company prefers the possibility of a residential development with upscale apartments and services, taking into account the changing market needs and the district regulatory conditions. The preliminary design for the development has been prepared, the building permit procedure has been launched and the building permit is expected to be obtained in the third quarter of 2023.

Hotels

After the drastic effects of the Covid crisis, the number of establishments providing accommodation fell again in 2023, as the energy crisis forced more and more to close. (Source: Portfolio)

Not only energy, but also food prices have increased significantly, and for hotels, this also means a substantial increase in costs. Labour shortages also continue to pose a major challenge for the sector, with breakfast and dinner also becoming more expensive in accommodation establishments as wages continue to rise and raw materials become more expensive. The energy crisis has forced many hotels to close and the wave of closures is continuing, according to the latest figures. In February this year, there were no more than 2,000 establishments providing accommodation: fewer than 850 guesthouses were operating in February, while the number of hotels fell to less than 800. (Source: Infostart)

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

"**Building C**" of the **Üllői Avenue property complex** (114-116 Üllői Avenue, District X of Budapest), located in the airport corridor, in the vicinity of Liszt Ferenc International Airport (114-116 Üllői Avenue, District X of Budapest) has been leased out by the Company for student accommodation (hereinafter: "**BIF HOSTEL**") since September 2021, taking advantage of the favourable conditions of the building (earlier, this building had been used as a 3-star transit hotel).

II. H1 2023 achievements and outlook for and challenges in 2023

1. H1 2023 achievements

Based on the unaudited consolidated income statement prepared in accordance with IFRS, the Company's **profit before tax for H1 2023 amounted to HUF 2,637 million**, while in the same period of the previous year the profit before tax amounted to HUF 3,115 million, whereas the **profit before tax adjusted for the impact of the fair valuation of investment properties increased to HUF 3,058 million** in the first half of 2023 compared to HUF 2,620 million in the same period of the previous year (+17%).

- In H1 2023, **net sales revenue** totalled to approximately HUF 4,058 million against HUF 3,426 million in the base period (+18%). The increase in revenues was mainly due to the occupation of the Major Udvar Office Building, the renewed increase in parking after the COVID period and the adjusted price increases implemented at the beginning of the year. 99% of the Company's consolidated net sales revenue in H1 2023 was generated from rental, parking, operating and related intermediary services fees from the use of investment properties, whereas the ratio of other sales revenues remained negligible (1%). The lower level of revenues related to intermediary services was due to a decrease in revenues related to the development and conversion of leased properties, while such revenues still account for almost one third of the revenue group.

Breakdown of net sales revenue

HUF '000'	H1 2022	H1 2023
Revenue from rents and operating fees	2,501,149	3,241,917
Revenue from parking fees	304,451	383,880
Revenue related to intermediary services	562,629	382,333
Revenue from services	0	0
Revenue from the sale of properties/land	0	0
Other sales revenues	58,254	49,823
Total	3,426,483	4,057,953

- **Other operating income** amounted to HUF 159 million in H1 2023 compared to HUF 1,230 million in the base period. The most significant item among the revenues in the period under review was a penalty of HUF 140 million, but we also generated income from late payments interest and damages. In addition, the real estate revaluation gain of HUF 7.4 million, related to newly purchased lower-value properties, was also recognized here. The outstanding income in the base period included, in addition to the effect of real estate revaluation gain, (HUF 540 million), the specific items of a one-off compensation of HUF 550 million (in the Harsánylejtő Project area) and the reversal of an impairment of HUF 121 million recognised at the end of 2021.
- **Material expenses** for H1 2023 amounted to approximately HUF 989 million, a decrease of 7% compared to HUF 1,059 million recognized in H1 of 2022. The change was mainly due to the decrease in expenses related to the line "Sale of intermediary services" and the decrease in expenses related to the construction and conversion of leased properties.
- On a company group level, **payments to staff** increased by around 25% in the first six months of 2023 compared to the previous year, which was caused by the combined effect of the enhancement of staff numbers related to the implementation of the strategic goals of the Company, organisational development and wage increase.
- **Other operating expenditure** amounted to HUF 539 million in the period under review compared to HUF 238 million in the base period. The decrease of around HUF 0.3 billion compared to the previous period was mainly due to the negative impact of value measurement in a higher amount, which amounted to HUF 428 million in the period under review compared to HUF 46 million in the previous year (the negative impact of fair valuation recognized in the period under review was caused by the fact that the value of investments made and recognized in the period under review in connection with investment properties did not yet appear in the market value of the given properties as of 30 June 2023). The P/L was also negatively impacted, though to a lesser extent, by higher building taxes imposed due to the real estate developments that took place.

The above impacts were somewhat offset by the lower amount of damages and penalties accounted in the period under review compared to the base period, while no assets were transferred for no consideration.

- The **depreciation and impairment** line shows an improvement of around HUF 21 million (43%) compared to the base period. This change is due to the fact that, while an impairment loss of HUF 8.3 million on receivables and an impairment loss of HUF 14.5 million on expected credit losses were recognised in the base period, no impairment loss was recognised in the period under review. The above effect was slightly mitigated by an increase of HUF 2 million in the depreciation line, which was recognised for non-investment fixed assets.
- As a result of the above, the **operating P/L** for the period decreased from HUF 2,999 million to HUF 2,271 million, while the consolidated **operating P/L** adjusted for the effect of fair valuation of investment property **increased from HUF 2,504 million** in the base period **to HUF 2,692 million** in the first half of 2023.
- The **P/L on financial operations** for the period amounted to approximately HUF 366 million, an improvement of approximately HUF 250 million compared to the base period. Revenues increased by around HUF 341 million and expenses by HUF 90 million during the period under review. The increase in financial income received is the result of the efficient management of free cash and cash equivalents. Although the Company's loan portfolio decreased due to scheduled repayments during the period, the development of 2 properties was completed, as a result of which the interest is already recognised in the financial P/L in the period under review, and therefore the amount of interest expenses shows an increase compared to the base period.
- Based on the requirements of the REIT Act, BIF was only obliged to pay corporate tax until the Pre-REIT status was obtained (on 20 October, 2017). The Company as a REIT is required, however, to determine its corporate tax base, but it is only subject to **corporate tax payment** for the calculated base in certain cases (e.g. on a tax base proportionate to the income from related parties). Taking the above into account, the actual tax expense of approximately HUF 13.1 million incurred by BIF Group in the year under review comprised the group-level corporate tax of approximately HUF 1.9 million, the group level innovation levy of approximately HUF 10.6 million, and a local tax liability of a minor amount of HUF 0.6 million was incurred in Harsánylejtő Kft.

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

HUF '000'	2022 H1	2023 H1
Net sales revenue	3,426,483	4,057,953
Other operating income	1,230,357	158,682
Changes in internally generated inventories	0	0
Capitalized value of internally generated assets	0	0
Raw materials, consumables and other external charges	-1,059,276	-988,669
Staff costs	-311,819	-389,776
Other operating expenditure	-237,573	-539,410
EBITDA	3,048,172	2,298,780
Depreciation and impairment	-49,162	-27,963
Operating P/L	2,999,010	2,270,817
Financial income	279,502	620,091
Financial expenses	-163,932	-253,991
P/L before tax	3,114,580	2,636,917
Actual tax expenditure	-8,697	-13,074
Deferred tax	0	0
P/L after tax	3,105,883	2,623,843

- The **investment property portfolio** increased by 450 million in H1 2023 compared to 31 December 2022. Such increase was driven by investments performed in the properties in the portfolio, capitalizations, changes to the fair value of the properties, and the purchase of properties of lower value. The Company chose the fair value model for the recognition of investment properties, in accordance with the standard IAS40. In accordance with the provisions of the REIT Act, the market value of investment properties owned by the Company is determined by an independent valuer on a quarterly basis. (The valuations were made in both 2022 and 2023 by Seratus Ingatlan Tanácsadó Igazságügyi Szakértő Kft.)
- By the end of H1 2023, the Company's **net debt** (the value of financial liabilities less cash and cash equivalents) increased to around HUF 20.3 billion compared to HUF 13.4 billion at the end of 2022. In addition to the slight decrease in debt due to scheduled repayments in the period under review, the significant decrease in cash and cash equivalents was mainly due to the dividend paid after the financial year of 2022, in addition to the completion of the BIF Tower Office Building development.

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

HUF '000'	31.12.2022	30.06.2023
Investment property	71,881,004	72,331,504
<i>Long-term assets, total</i>	<u>72,456,398</u>	<u>72,767,657</u>
Cash and cash equivalents	8,130,618	545,850
<i>Current assets, total</i>	<u>9,227,922</u>	<u>1,266,937</u>
Assets, total	81,684,320	74,034,594
Subscribed capital	2,870,244	2,870,244
<i>Equity allocated to the parent company, total:</i>	<u>55,515,392</u>	<u>49,330,278</u>
Financial liabilities	20,075,461	19,352,088
<i>Long-term liabilities, total</i>	<u>20,088,629</u>	<u>21,259,731</u>
Financial liabilities	1,446,747	1,446,747
<i>Current liabilities, total</i>	<u>6,080,299</u>	<u>3,444,585</u>
Liabilities and equity, total	81,684,320	74,034,594

Key indicators of the equity, financial and income position

Description	30.06.2022	30.06.2023
Long-term assets to total assets (Total long-term assets to total assets)	91.45%	98.29%
Indebtedness (total long-term liabilities to long-term liabilities and total equity allocated to the parent company)	30.11%	30.12%
Debt to equity ratio (total long-term liabilities to total equity allocated to the parent company)	43.08%	43.10%
Acid test ratio (Cash and cash equivalents to total short-term liabilities)	102.88%	15.85%
Return on sales (operating income to the net sales revenue)	87.52%	55.96%
Return on equity (operating income to total equity allocated to the parent company)	6.17%	4.60%

2. Outlook and challenges for H2 2023

In H2 2023, the Company will focus on the following areas:

- Preparation of the development plans for the conversion of **Major Park** (Városmajor u. 35.), which was successfully acquired in early 2020, to a category “A” office building and for the related parking garage and commercial function (the size of the total development area is approximately 26,000,000 m²).
- Further increasing the occupancy ratio of **Flórián Udvar Office Building**.
- For the **Attila99Loft**, continuation of the sales activity for the rental of the building.
- **Harsánylejtő Project**
 - For those parcels of land in the Harsánylejtő Project where no decision has yet been taken to commence development, the options for commencing individual developments and/or selling them as parcels/projects will be investigated based on current market trends.
- Development concept of the **Bajcsy-Zsilinszky Avenue Office Building** (at 57 Bajcsy-Zsilinszky Avenue, District VI of Budapest), maximizing the occupancy of the property in its current state during the transition period (continuing the leasing activity and improving occupancy ratios in the current, pre-development status of the Office Building).
- In the case of the **Andrássy Avenue property**, obtaining the official permit for the planned residential concept, depending on changes in market conditions.
- In the **Aranykéz Parking Garage**, maximizing occupancy and examining the introduction of new services.
- Following the completion of the full refurbishment of the **BIF Tower**, continuing the leasing and marketing activities and the conclusion of the lease contracts.
- Investigation of the possibilities of utilisation of the **Üllői Avenue Educational Centre**.
- Exploiting the development and efficiency improvement potential of existing properties (**portfolio “review”**).
- Identifying **acquisition opportunities** that fit in the Company's strategy, executing the acquisitions and integrating the property into the income generating portfolio.

In addition to the foregoing, the examination of the short-term and long-term impacts of the economic conditions changed due to the outbreak of the Russian-Ukrainian war on 24 February 2022 and the related international sanctions on the activities of the Company will also present challenges.



III. Major events at the Company in H1 2023

1. General Meeting

The Board of Directors of the Company adopted resolutions on all matters included in the agenda of the invitation to the General Meeting published on March 27, 2023, and published them on April 28, 2023, in accordance with the relevant legal provisions. The resolutions can be found at the following link: <https://bif.hu/investors/publicitans/stock-exchange-statements/bif-2023-agm-minutes-meeting-including-resolutions>

2. Staff changes

Board of Directors, Audit Committee

There was no change in the composition of the Board of Directors or the Audit Committee in the period between 1 January 2023 and 30 June 2023.

Changes in the management H1 2023

- By its resolution No. 2/2023 (02.03), the Board of Directors amended the Bylaws of the Company. Since the date of amendment, the position of Head of the newly created CAPEX and Fit-out Department and the position of Head of the Property Management Department have been filled by Attila Fábíán and László Mészáros, respectively.

3. Major lawsuits

There were no major lawsuits subject to special notice at the Company.

IV. Risk factors affecting the Company's performance

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

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

The coronavirus outbreak has mainly affected the tourism and hospitality sectors in Hungary. Unfortunately, the difficulties also affected the payment of rents already invoiced, therefore we had to recognise impairment in the amount of HUF 121 million against one of our clients at the end of 2021. Although the financial situation of our client improved in line with the recovery of tourism after the end of the lockdown, its previous arrears were paid, and the impairment loss recognised could be reversed in the first half of 2022, the sector has not yet fully recovered completely from the impacts of the pandemic for the time being.

Thanks to the preliminary tenant risk analysis and the security system, the amount of arrears and defaults remained negligible in the first six months of 2023, similarly to the previous year, with the exception of the single client mentioned above.

Since March 2018, when the then EUR loan owed to CIB Bank Zrt. was refinanced with a HUF loan, the Company has only had forint-based loans. Approximately 84% of the Company's group-wide revenues were realised in HUF in the period under review, while its liabilities are almost entirely denominated in HUF, although the pricing of contracts, including asset purchases, mainly related to development and refurbishment activities, may be partly dependant on the EUR exchange rate.

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

The detailed data pertaining to financial instruments are provided in Section 33 of Chapter III of the Consolidated, non-audited Financial Statements of the Company, prepared in accordance with the International Financial Reporting Standards (IFRS) for the period ending on 30 June, 2023. Other than the BIF ordinary shares (treasury shares) held by the Company, the Company does not have any other securities and has not entered into any derivative transactions.

The outbreak of the Russian-Ukrainian war on 24 February 2022 and the related international sanctions have a significant impact on the economic outlook and increase economic risks. In order to minimize the exposures to risks caused by the war conflict (eventual request for the amendment or termination of lease contracts, substantial increase in operating costs, possible delays in ongoing developments projects, and the renegotiation of supplier/service provider partnerships), the Company will continue to closely monitor the current situation – especially actions by the government and other official bodies –, take new measures, and inform its employees and partners accordingly.

Risk concerning the consolidated Harsánylejtő Kft

The position of Harsánylejtő Kft. is highly dependent on its parent company, and the market impacts on and the decisions made by its parent company.

The outbreak of the Russian-Ukrainian war on 24 February 2022 and the related international sanctions may also affect Harsánylejtő Kft. and its supplier and service provider relationships.

There could be a risk, if the general contractors were to refuse to fulfil the warranty obligations that have arisen or may arise in the future in relation to certain buildings completed in phases I-II of the residential property development, because in that case the owners might take action, in addition to the general contractors obliged to provide a warranty, against Harsánylejtő Kft as well, based on former contractual relationships.

In strategic matters, Harsánylejtő Kft. must take its decisions in consultation with its parent company.

V. Significant events after 30 June 2023

No significant events occurred after 30 June 2023.



VI. General company information

1. Corporate data of the Company

Official name of the Company:	Budapesti Ingatlan Hasznosítási és Fejlesztési nyilvánosan működő Részvénytársaság
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	1033 Budapest, Polgár u. 8-10.
Postal address (place of central administration):	1033 Budapest, Polgár u. 8-10.
Central electronic contact:	info@bif.hu
Website:	www.bif.hu
The Company's memorandum of association is dated:	31.01.1995
The date of commencement of the Company's operations is:	01.05.1994
Court of registration:	Companies Court of the Court of Budapest
Company registration number:	Cg. 01-10-042813
Statistical code of the Company:	12041781-6820-114-01
Tax ID:	12041781-2-41
Community tax ID:	HU12041781
Share capital of the Company on 30 June 2023	HUF 2,870,244,400
Term of the Company's operation:	open-ended
Business year of the Company:	identical with the calendar year
Core activity of the Company:	6820'08 Letting and operation of property owned or leased

2. Corporate Governance

General Meeting

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

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

- If the amendment of the statutes only affects the name, registered office, places of business and branches of the Company, the place of central administration and the activities of the Company other than its principal activity, the General Meeting shall decide by simple majority, by virtue of which the statutes authorise the Board of Directors of the Company to amend the name, registered office, principal place of business, local offices and branches, central administration and the scope of activities of the Company other than its principal activities, by a decision of the Board of Directors, acting in its discretion.
- By resolution the General Meeting may authorise the Board of Directors to increase the share capital of the Company. The relevant resolution of the General Meeting must specify the maximum amount (authorised share capital) up to which the Board of Directors may increase the share capital of the Company. The General Meeting may authorise any type of increase in share capital by any means. The mandate of the General Meeting may be given for a maximum of five years. In the case of an increase in the share capital under the authority of the Board of Directors, the Board of Directors is obliged and entitled to amend the statutes.

Board of Directors

The Company operates in a unified control system.

The Board of Management is the executive body of the Company, which shall represent the Company in front of courts of law and other authorities, as well as third parties. The Board of Directors established the rules of its operation and operated according to its Order of Procedure in H1 2023. The majority of the members of the Board of Directors are independent.

The Board of Directors performs its activities as a body. It designates the issues necessary to be put on the agenda of its meeting from the issues in its scope of responsibilities, appoints the member of the Board of Directors and/or management 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 provides for the monitoring of its implementation. The Board of Directors determines the dates of its regular meetings to be held in the period between its annual balance closing general meetings, as well as the expected agenda of such meetings to the necessary extent.

In H1 2023, the Board of Directors held one meeting in person. In H1 2023, the Board of Directors passed decisions through electronic means on 7 additional occasions.

Members of the Company's Board of Directors (30 June 2023)

Name	Position	Beginning of assignment	End of assignment
Dr Anna Ungár	President	30.04.2022	30.04.2027
Kristóf Berecz	Vice-President	30.04.2022	30.04.2027
Dr Frigyes Hárshegyi	member	30.04.2022	30.04.2027
Julian Tzvetkov	member	30.04.2022	30.04.2027
Miklós Vaszi	member	30.04.2022	30.04.2027

Audit Committee

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

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

In addition to the meetings of the Board of Directors, the Audit Committee held one meeting in person and decided electronically on one occasion in H1 2023. The main items discussed at the meetings included: approval of the annual financial statements of the Company and the consolidated companies, proposal for the election of the Auditor, determination of his remuneration.

Members of the Company's Audit Committee (30 June 2023)

Name	Position	Beginning of assignment	End of assignment
Dr Frigyes Hárshegyi	member	30.04.2022	30.04.2027
Julian Tzvetkov	member	30.04.2022	30.04.2027
Miklós Vaszi	member	30.04.2022	30.04.2027

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

By its resolution passed on 28 April, 2023, the General Meeting of the Company decided that the members of the Board of Directors should perform their duties without remuneration, and the members of the Audit Committee should perform their duties for a gross monthly remuneration of HUF 300,000 per member in the business year of 2023.

3. Auditor

The Company's auditor in H1 2023:

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

4. Disclosures

The Company discloses its public notices on:

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

5. Share information

As of 30 June 2023, the Company's share capital consisted of 287,024,440 dematerialised ordinary shares with a nominal value of HUF 10 each, of which 35,340,000 shares were held in treasury. Details of the rights and obligations vested in the shares are given in Section 6 of the Company's Articles of Association. As of 1 October 2018, the shares are traded in the "Premium" category of the Budapest Stock Exchange and represent the total issued share capital; there are no other issued shares of the Company.

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

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

No special control rights are currently stipulated.

At the Annual General Meeting of the Company held on 29 April 2019, the General Meeting authorized the Board of Directors to increase the share capital of the Company by issuing preference shares with voting rights, under the conditions set out in the resolution of the General Meeting. This authorization was not used by the Board of Directors in H1 2023.

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

The Company does not currently have an employee share scheme. At the Annual General Meeting of the Company held on 29 April 2019, the General Meeting authorized the Board of Directors to increase the share capital of the Company by issuing employee shares under the conditions set out in the resolution of the General Meeting. This authorization was not used by the Board of Directors in H1 2023.

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

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

On 28 April 2023, the General Meeting authorized the Board of Directors to purchase treasury shares. The authorization allows the Board of Directors to decide on the purchase by the Company of ordinary shares issued by the Company. The minimum amount of consideration that can be paid for a treasury share is HUF 1, and the maximum amount is up to 150% of the turnover-weighted average stock exchange price of the 180 days preceding the date of the transaction. The authorization is valid for a limited period from the date of the General Meeting until 28 October 2024. The maximum value of treasury shares acquired by the Company under the authorization may be up to 25% of the share capital.

Owners of the Company with more than 5% of interest based on the 31 December 2022 and on the 30 June 2023 share register and the individual statements of the owners

Shareholder	31 December, 2022		30 June 2023	
	Number of shares	Participation (%)	Number of shares	Participation (%)
PIÓ-21 Kft.	191,218,481	66.62	194,389,885	67.73*
Takarékbank Zrt. / MBH Bank Nyrt.***	28,702,440	9.99	28,702,440	9.99
Equity shares**	35,340,000	12.31	35,340,000	12.31
Other shareholders	31,763,519	11.08	28,592,115	9.97
Total	287,024,440	100.00	287,024,440	100.00

* Of which 0.57% indirect shareholding through BFIN Asset Management AG, a subsidiary of the Company.

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

***Based on the shareholder register of 30 June 2023

Ownership interest of executives, employees in strategic positions in the Company (30 June 2023)

Nature	Name	Position	Beginning of assignment	End of assignment	Direct shareholding (number of shares)	Percentage of BIF shares with indirect influence
MBoD	Dr Anna Ungár	President of the BoD* and CEO as from 4 May, 2022	30.04.2022	30.04.2027	0	67.73%
MBoD	Kristóf Berecz	Vice-President of the BoD and as from 1 December, 2018, CEO	30.04.2022	30.04.2027	0	67.73%
MBoD	Dr Frigyes Hárshegyí	member of the BoD and the AC**	30.04.2022	30.04.2027	0	0
MBoD	Julian Tzvetkov	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
MBoD	Miklós Vaszi	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
SP	Róbert Hrabovszki	Deputy CEO, CFO	19.03.2018	Open-ended***	0	0

*Board of Directors

**Audit Committee

***Nature of employment

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

Nature	Name	Position	Beginning of assignment	End of assignment	Direct shareholding (number of shares)	Percentage of BIF shares with indirect influence
MBoD	Dr Anna Ungár	President of the BoD* and CEO as from 4 May, 2022	15.08.2017	15.08.2022	0	64.02%
MBoD	Kristóf Berecz	Vice-President of the BoD and as from 1 December, 2018, CEO	15.08.2017	15.08.2022	0	64.02%
MBoD	Dr Frigyes Hárshegyí	member of the BoD and the AC**	15.08.2017	15.08.2022	0	0
MBoD	Julian Tzvetkov	member of the BoD and the AC	15.08.2017	15.08.2022	0	0
MBoD	Miklós Vasziy	member of the BoD and the AC	22.12.2017	15.08.2022	0	0
SP	Róbert Hrabovszki	Deputy CEO, CFO	19.03.2018	Open-ended***	0	0

*Board of Directors

**Audit Committee

***Nature of employment

VII. Changes in the number of employees; employment policy

The average statistical headcount of the Company's employees was 62 in H1 2023 (the average statistical headcount in H1 2022 was 47; on 30 June 2023, the active headcount was 61, while the same indicator was 49 on 30 June 2022 and 64 on 31 December 2022).

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

The Company has no employment policy liabilities.

VIII. Research and experimental development

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

IX. Staff changes in H1 2023

They are described in Chapter III, Section 2.

X. Companies consolidated by the Company

The Company included Harsánylejtő Kft. in its Interim Consolidated Financial Statements for the first half-year of 2023 prepared in accordance with IFRS.

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

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

The completion of the construction works of the 4 condominiums of 5 apartments each in Phase I and the closing of the sale of the apartments and other premises took place in 2019, while the completion of the construction works of the 4 condominiums of 5 apartments each in Phase II and the closing of the sale of the apartments took place by the end of H1 2021.

Harsánylejtő Kft. financed the purchase of the building plots required for the development and the construction of the developments with market-rate loans from the parent company, which it repaid from the purchase price of the apartments it sold after the completion of the developments. As far as developments are concerned, the parent company decided on strategic issues, while its subsidiary takes care of operational tasks.

XI. Environmental protection

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

XII. Report and statement on Responsible Corporate Governance

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

By its resolution passed at its Annual General Meeting convened to 28 April 2022, the Company's General Meeting of Shareholders approved the Company's 2022 Corporate Governance Report on the Recommendation of the Budapest Stock Exchange for Responsible Corporate Governance, which was published on the Company's publication venues on 28 April 2023.

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

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

No company secretary has been appointed the Company.

Declaration of Liability

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

Budapest, 31 August 2023

.....
Dr Anna Ungár
President of the Board of Directors and CEO

.....
Kristóf Berecz
Vice-President of the Board of Directors and
CEO



Declaration of liability

The Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby (hereinafter: Company) declares that the 2023 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 31, 2023

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

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

