Annex 2 to the proposal of the Annual General Meeting of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

Annual Report 2023
Annual Financial Reports 2023
Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

BIF

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This is the English translation of the official Hungarian version

Annual Report 2023
Annual Financial Report 2023 of the Parent Company

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

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Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

Audited Annual Financial Statements of the Parent Company Prepared in accordance with the International Financial Reporting Standards (IFRS) 31 December, 2023

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Annual Statement of Financial Position

HUF '000'	Explanations*	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Investment property	1	78,581,204	71,881,004
Intangible assets	2	3,215	4,228
Land, buildings and related rights	2	84,106	86,133
Plant, other equipment and installations	2	116,327	143,689
Construction and reconstruction in progress	2	565,136	341,288
Investments in related companies	3	0	0
Oher non-current assets	3	68,000	0
Deferred tax assets		0	0
Non-current assets, total		**79,417,988**	**72,456,342**
Current assets			
Inventories	5	99,931	101,178
Trade receivables	6	70,152	328,023
Other short-term receivables and prepaid expenses and accrued income	7	357,626	656,554
Cash and cash equivalents	8	6,305,607	8,023,789
Current assets, total		**6,833,316**	**9,109,544**
Assets, total		**86 251 304**	**81,565,886**
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	-2,304,224	-3,048,120
Profit reserve	12	44,352,859	38,893,377
P/L for the reporting year	12	10,544,829	10,012,333
Equity allocated to the parent company, total:		**62,243,827**	**55,507,953**
Long-term liabilities			
Financial liabilities	14	18,886,201	20,075,461
Provisions for expected liabilities	15	10,842	7,030
Deferred tax liabilities	16	0	0
Other long-term liabilities	17	1,376,527	0
Long-term liabilities, total		**20,273,570**	**20,082,491**
Current liabilities			
Financial liabilities	18	1,446,747	1,446,747
Trade payables	19	249,265	804,488
Other short-term liabilities, accrued expenses and deferred income	20	2,037,895	3,724,207
Current liabilities, total		**3,733,907**	**5,975,442**
Liabilities and equity, total		**86 251 304**	**81,565,886**

**No. of additional explanation*

Annual Statement of Comprehensive Income

HUF '000'	Explanations*	2023	2022
Net sales revenue	21	8,092,506	10,289,516
Other operating income	22	6,280,668	2,883,201
Changes in internally generated inventories	23	0	-123,863
Capitalized value of internally generated assets	23	0	0
Raw materials, consumables and other external charges	24	-1,988,110	-2,060,548
Staff costs	25	-910,653	-676,885
Depreciation and impairment	26	-253,614	-105,071
Other operating expenditure	27	-860,290	-471,290
Operating P/L		**10 360 507**	**9,735,060**
Financial income	28	691,223	641,021
Financial expenses	28	-484,803	-335,871
P/L before tax		**10,566,927**	**10,040,210**
Actual tax expenditure	29	-22,098	-27,877
Deferred tax	30	0	0
P/L after tax		**10,544,829**	**10,012,333**
Of this:			
Parent company's share		**10,544,829**	**10,012,333**
External owner's share		**0**	**0**
Other comprehensive income	31	**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		**10,544,829**	**10,012,333**
Of this:			
Parent company's share		**10,544,829**	**10,012,333**
External owner's share			
Weighted average ordinary shares		252,316,945	251,684,440
Earnings per share (HUF)			
Base	32	41.79	39.78
Diluted	32	41.79	39.78

**No. of additional explanation*

Annual Statement of Changes in Equity

Explanations*	9	11	9	10	12	12			
HUF '000'	**Subscribed capital**	**Equity shares repurchased**	**Capital reserve**	**Revaluation reserve**	**Profit reserve**	**P/L for the reporting year**	**Equity allocated to the parent company, total**	**Non-controlling participation**	**Equity, total**
31.12.2021	**2,870,244**	**-3,048,120**	**6,048,215**	**731,904**	**35,755,897**	**8,171,169**	**50,529,309**		**50,529,309**
Reclassification of P/L from the previous year					8,171,169	-8,171,169			
Purchase of equity shares									
Equity issue									
Sale of equity share									
Dividend					-5,033,689		-5,033,689		-5,033,689
Increase in the profit reserve due to the sale of Verseg									
Total comprehensive income						10,012,333	10,012,333		10,012,333
31.12.2022	**2,870,244**	**-3,048,120**	**6,048,215**	**731,904**	**38,893,377**	**10,012,333**	**55,507,953**		**55,507,953**
Reclassification of P/L from the previous year					10,012,333	-10,012,333			
Purchase of equity shares									
Equity issue									
Sale of equity share		743,896			4,256,104		5,000,000		5,000,000
Dividend					-8,808,955		-8,808,955		-8,808,955
Increase in the profit reserve due to the sale of Verseg									
Total comprehensive income						10,544,829	10,544,829		10,544,829
31.12.2023	**2,870,244**	**-2,304,224**	**6,048,215**	**731,904**	**44,352,859**	**10,544,829**	**62,243,827**		**62,243,827**

**No. of additional explanation*

Annual Cash Flow Statement

HUF '000'	Explanations*	2023	2022
P/L before tax		**10,566,927**	**10,040,210**
Adjustments of the profit before taxes		4,349	4,859
Adjusted profit before taxes		**10,571,276**	**10,045,069**
Net interest expenses		-213,855	-267,111
Non-cash flow items			
Depreciation	26	59,392	61,518
Impairment (additional payment)	26	0	20,000
Impairment (buyer)	26	194,222	8,354
Credit loss (buyer)	26	0	15,198
Adjustment due to inventory fair valuation	27	0	72,457
P/L from a fair valuation	22, 27	-5,496,725	-1,986,965
Provisions for liabilities		3,812	546
Non-operating cash flow P/L items		0	0
Revenues from the sale of tangible assets		-886	1,418
Assets provided for no consideration, scrapping		0	57,353
Net working capital flow			
Change in trade receivables		63,648	-223,471
Change in other current assets		300,177	17,316
Change in accounts payable	19	-555,223	-723,442
Changes in other short-term liabilities	20	-309,785	1,604,639
Change in short-term financial liabilities		0	0
Interest paid	28	-434,636	-321,538
Interest received	28	648,491	588,649
Income tax paid	29	-22,098	-27,877
Cash-flow from business activity		**4,807,810**	**8,942,113**
Purchase of tangible assets		-1,456,314	-6,323,899
Cash proceeds from the sale of property, plant and equipment		886	5,450
Impairment of participation	3	0	0
Loan granted by BIF	3	-68,000	0
Funds used for investments		**-1,523,428**	**-6,318,449**
Income from capital issues		0	0
Equity purchase (-)/sale (+)		5,000,000	0
Dividend	12	-8,808,955	-5,033,689
Additional payment		0	-20,000
Loans		257,487	2,386,193
Loan repayment		-1,446,747	-1,348,291
Cash flow from financing activity		**-4,998,215**	**-4,015,787**
Change in liquid assets		**-1,713,833**	**-1,392,123**
Revaluation of foreign currency-denominated liquid assets		-4,349	-4,859
Balance-sheet change in liquid assets		**-1,718,182**	**-1,396,982**
Cash flow from financing activities	8	-1,718,182	-1,396,982
Opening cash and cash equivalents	8	**8,023,789**	**9,420,771**
Closing cash and cash equivalents	8	**6,305,607**	**8,023,789**

**No. of additional explanation*

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

I. General company information

1. Company profile

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. (hereinafter: "Company") 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 estate 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, 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).

Corporate data of the Company*

Name of the Company:	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	Hungary, 1033 Budapest, Polgár u. 8-10.
Postal address (place of central administration):	Hungary, 1033 Budapest, Polgár u. 8-10.
E-mail address:	info@bif.hu
Website:	www.bif.hu
Date of the Articles of Association:	31.01.1995
Date of commencement of operation:	01.05.1994
Registry court:	Superior Court of Budapest, as company registry court
Company registry number:	Cg. 01-10-042813
Statistical number of the company:	12041781-6820-114-01
Tax Registration No.:	12041781-2-41
Community tax number:	HU12041781
Share capital on December 31, 2023	HUF 2,870,244,400
Term of the operation of the company:	unspecified
Business year of the company:	Identical to calendar year
Main business activity of the Company (TEÁOR):	6820'08 Renting and operation of owned or leased real estate
Other activities of the Company according to TEÁOR:	– 4110'08 Development of building projects – 64 20 '08 Asset management (holding) – 8110 '08 Combined facilities support activities – 6832 '08 Management of real estate – 6810 '08 Buying and selling of own real estate

**There were no changes in the Company's name or other identification data in 2023 compared to the previous business year.*

The IFRS chartered accountant responsible for the preparation of this 2023 IFRS Annual Financial Statements of the Parent Company: dr. Horváth Kalácska Katalin (H-1082 Budapest, Hock János u. 4-6, Hock János utca 4-6.; Chartered IFRS Accountant Registration Number: 123362).

The Company's auditor

On 28.04.2023, the General Meeting of the Company appointed QUERCUS Audit Könyvvizsgáló és Gazdasági Tanácsadó Kft (registered office: 8200 Veszprém, Radnóti tér 2/C, company registration No.: 19 09 512226; tax number: 11679204-2-19, registration No. with the Chamber of Auditors: 002651) to act as the auditor of the Company in the period commencing on the date of adoption of the annual financial statements of the Company for the financial year concluded on 31.12.2022 and ending on the date of adoption of the annual financial statements of the Company for the financial year concluded on 31.12.2023 but no later than 15.05.2024.

2. Executives and Ownership structure

2.1. Executives in the year 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
Julian Tzvetkov	member	30.04.2022	30.04.2027
Dr Frigyes Hárshegyi	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
Julian Tzvetkov	member	30.04.2022	30.04.2027
Dr Frigyes Hárshegyi	member	30.04.2022	30.04.2027
Miklós Vaszily	member	30.04.2022	30.04.2027

Ownership interest of executives and employees in strategic positions in the Company 31 December, 2023

Nature	Name	Position	Beginning of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with indirect influence
MboD	Dr Anna Ungár	President of the BoD* 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 CEO as from 1 December, 2018	30.04.2022	30.04.2027	0	67.73%
MboD	Julian Tzvetkov	member of the BoD and the AC**	30.04.2022	30.04.2027	0	0
MboD	Dr Frigyes Hárshegyi	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	Unspecified***	0	0

**Board of Directors*
***Audit Committee*
****Nature of employment*

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

Board of Directors, Audit Committee
There was no change in the composition of the Board of Directors or the Audit Committee in 2023.

Changes to the management of the Company in 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 Fábián and László Mészáros, respectively.

2.3. Remuneration of senior executives in 2023

The members of the Board of Directors performed their duties in the 2023 business year without remuneration, and the members of the Audit Committee performed their duties in the 2023 business year for a gross monthly remuneration of HUF 300,000 per member.

2.4. Persons authorized to sign the 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% interest based on the current share register and on the individual statements of the owners

	31 December, 2022		31 December, 2023	
Shareholder	**Number of shares (pcs)**	**Interest (%)**	**Number of shares (pcs)**	**Interest (%)**
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	22,514,206	7.84
Other shareholders	31,763,519	11.08	41,417,909	14.44
Total	**287,024,440**	**100.00**	**287,024,440**	**100.00**

**PIÓ-21 Kft. is both the parent company and the “ultimate parent of the group” of the Company*
** *Of which an indirect share of 0.57% through the Company’s subsidiary, BFIN Asset Management AG as of December 31, 2023*
****Based on the share register of 29 December 2023*
*****The Company may not exercise shareholder rights by the BIF ordinary shares in its ownership*

II. Key elements of the accounting policy

1. Key elements of the accounting policy

1.1. Reporting currency and foreign exchange balances

In view of the content and circumstances of the underlying business events, the Company's functional and reporting currency is the Hungarian forint.
The foreign exchange transactions performed in a currency other than HUF were initially recognized at the exchange rate valid on the day of performing such transactions. Foreign currency receivables and liabilities were converted to forint at the exchange rate valid on the balance sheet date. The arising exchange rate differences are recognized in the profit and loss account among financial revenues and expenses.
The financial statements specify Hungarian forints (HUF), which is the Company's presentation currency rounded to the nearest thousand, except where otherwise indicated.
The transactions performed in a foreign currency are recognized in the functional currency – the foreign currency amount considered at the exchange rate between the reporting currency and the foreign currency valid on the transaction date. In the statement of comprehensive income, exchange differences arising on the settlement of monetary items, on initial recognition during the period or on the use of an exchange rate other than that used in the previous financial statements are recognized as income or expense in the period in which they arise. The monetary instruments and liabilities denominated in foreign currency are converted at the exchange rate valid at the end of the reporting period. The items valuated at fair value and denominated in foreign currency are converted at the exchange rate valid on the date of determining the fair value. Exchange differences on trade receivables and trade payables are recognized in operating income, while exchange differences on loans are recognized in financial income or expenses.

1.2. Sales revenue

The Company earns revenues primarily on the services provided to its customers and third parties and on the sale of goods.
The Company recognizes sales revenue in accordance with IFRS 15 (which was issued in May 2014 and is effective for annual periods beginning on or after 1 January 2018).
The new standard introduces the basic directive that revenue is recognized when the goods or services are delivered to the buyer at the agreed price. Any separable related goods or services must be recognized separately and every allowance must be assigned to the appropriate elements of the contract. When the consideration changes, the minimum value may only be recognized if the likelihood of reimbursement does not include a significant risk. The costs incurred while obtaining a customer contract must be capitalized and amortized during the contractual term in a way that the Company should obtain the related benefits.
The net sales revenue comprises the amounts invoiced on the basis of the goods supplied or services provided during the year. Net sales are recognized when the amount of the revenue becomes clear and it is probable that the consideration will be available to the Company. The sales revenue includes the invoiced amounts less value added tax and discounts.
Revenue from the sale of services is recognized by the Company on a time proportionate basis (if permitted by the contract or confirmed by the customer) during the period, unless the relevant contracts and agreements contain milestones. In this case, sales are accounted for after each milestone is reached.

The Company accounts any additional costs incurred in relation to the conclusion of customer contracts if it expects to be reimbursed.
For deferred income, revenue is recognized at a discount.

1.3. Valuation and impairment of assets over one year

1.3.1. Investment property

A property is classified as investment property if it is held by the enterprise for the purpose of earning income from rent or capital appreciation, or both, and not for the purpose of subsequent sales or production of goods or provision of services or administration. Investment properties are always held for rental purposes.
Investment property is initially measured at cost, taking into account transaction costs. The Company has chosen the fair value model for the recognition of investment properties, and the difference arising from the change in fair value is charged to the profit/loss of the reporting year against other operating income. No ordinary depreciation is recognized for investment properties.
In accordance with the provisions of the REIT Act, the fair value of investment properties owned by the Company is determined by an independent valuer on a quarterly basis. The relevant valuations were made in 2023 by Seratus Ingatlan Tanácsadó Igazságügyi Szakértő Kft. As of December 31 of each year, the market value of the properties has been (is being) updated annually. The valuation is carried out in accordance with international valuation standards.
The valuation uses three valuation methods generally accepted in international asset valuation practice (the DCF method, the comparable market value method and the profits method) and then the market value of the properties is determined based on the precautionary principle.
Given that IAS40 recommends, but does not require, the use of an independent valuer to determine the market value, for investment property where a decision to sell has been made and the sale has commenced, the fair value method is based on the asset has an active market, i.e. there are concluded sales contracts. The actual market price of the property, i.e. the sales price (calculated from the average price) already included in the sales contracts, provides the best basis for determining the fair value.
Gains or losses arising from changes in the fair value of investment property are always recognized in the profit or loss (other operating income or other operating expenses) in the period in which they are incurred. Gains arising from changes in fair value cannot be distributed as dividends to shareholders. Investment property should be derecognized on disposal or when investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on the derecognition and disposal of investment property are recognized in the profit and loss account as income or expense in the period in which they arise.

1.3.2. Other properties

Other real estate in the Company comprises real estate held for use in relation to the sale of goods or the production or provision of services, and developed public utilities belong to this group.
The Company has chosen the fair value model for the recognition of other properties, except for developed public utilities. Valuation is carried out in accordance with the international valuation standards. The valuation uses three valuation methods generally accepted in international asset valuation practice (the DCF method, the comparable market value method and the profits method) and then the market value of the properties is determined based on the precautionary principle. Gains arising from changes in the fair value of other properties are recognized directly in the equity as a revaluation surplus.
Currently, the Company does not own any properties other than utilities.
The Company measures utility facilities at cost less annual depreciation.
Other properties are depreciated. Depreciation is based on fair value and, in the case of public utilities, cost. Depreciation is charged on a straight-line basis, with a depreciation rate of 2%.

1.3.3. Other tangible assets:

Plant and equipment, and not property, are stated at cost less accumulated depreciation and impairment losses. Accumulated depreciation includes the recognized costs of non-accelerated depreciation incurred in relation to the continuous use and operation of the asset and of accelerated depreciation required by the significant damage or injury to the asset due to an unexpected, extraordinary event.
Historical cost (value at cost, production cost) of an asset is the total amount of items that can be individually linked to the asset prior to commissioning and delivery to the warehouse in order to acquire, establish and commission the asset.

The historical cost (value at cost) comprises the purchase price net of discounts and increased by a mark-ups, any consideration, fees and commission paid for the transport and loading, foundation work, installation, commissioning and brokerage activities incurred in relation to the acquisition, commissioning and delivery of the asset to the warehouse, as well as all related taxes, tax-like items and customs duties.
Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when the future economic benefits associated with the item are likely to flow to the Company and the cost of the item can be measured reliably. All other costs of repairs and maintenance are recognized in the profit and loss account as incurred.
Additional expenditures on existing assets that extend the useful life of the asset or broaden the scope of using the asset are capitalized by the Company. Maintenance and repair costs are expensed as incurred.
The carrying amount of property, plant and equipment is reviewed at regular intervals to determine whether the carrying amount does not exceed the fair value of the asset, as this is required to account for an unplanned write-down to the fair value of the asset. The fair value of the asset is the higher of its selling price and its value in use. Value in use is the discounted value of the future cash flows generated by the asset. The discount rate includes the pre-tax interest rate, taking into account the time value of money and the effect of other risk factors associated with the asset. If no future cash flows can be allocated to the asset on its own, the cash flows of the unit to which the asset is a part shall be used. The impairment and accelerated depreciation determined by this method are recognized in the profit and loss account.
Tangible assets are depreciated by the straight-line method. The cost of an asset is depreciated over its useful life from the date it is taken into use. The Company regularly reviews useful lives and residual values.
The Company accounts accelerated depreciation for the tangible assets with net book values not expected to be recovered based on their future income-generating capacity. The Company makes the required calculations on the basis of an appropriate discounting of long-term future cash flow plans.
Depreciation is determined on the basis of the expected useful lives, deterioration time, and physical and moral obsolescence of the assets. Assets representing an individual purchase value of less than HUF 200,000 are depreciated in a lump sum upon commissioning; for assets with a value higher than HUF 200,000, the depreciation rate is 20% for motor vehicles, 33% for information technological devices and administrative devices, each, and 14.5% for other assets.

At the end of each reporting period the Company assesses whether any change suggesting impairment has happened to any asset. If such a change has taken place, the Company estimates the value of the expected return on the aset. The expected return on an asset or cash-generating unit is the higher of the fair value less sales costs or the use value.
The Company recognizes impairment to the debit of the profit if the expected return on the asset is less than its book value. The Company makes the required calculations on the basis of an appropriate discounting of long-term future cash flow plans.
Gains or losses on the derecognition and disposal of investment property are recognized in the profit and loss account as income or expense in the period in which they arise.

1.4. Intangible assets

Individually obtained intangible assets are recognized at cost, while the intangible assets acquired in the course of business combinations are disclosed at fair value at the time of the acquisition. An asset may be included in the books if its use can be proven to result in the future inflow of business benefits and its cost can be clearly established.
Following acquisition, the direct cost method applies to the intangible assets. The lives of these assets are either limited or cannot be determined. Assets with limited lives are depreciated by the linear method based on the best estimate of their lives. The period and method of amortization are revised annually, at the end of each financial (business) year. Disregarding development costs, internally generated intangible assets are not capitalized but are offset against the P/L in the year when they are incurred. Intangible assets are revised annually for impairment, either separately or at the level of the income-generating unit.

The costs of goods and software falling within the scope of brand names, licences and industrial property rights are capitalized and linearly derecognized during their useful life:

Concessions, licences and similar rights, and software	3-6 years

1.5. Goodwill

Goodwill is the and positive difference between the identifiable cost and the fair value of the net assets of the acquired subsidiary, affiliated company or jointly controlled company on the day of acquisition. Goodwill is not depreciated, but the Company examines every year if there are any signs suggesting that the book value is unlikely to be recovered. Goodwill is recognized at direct cost less any impairment.

1.6. Inventories

Inventories recorded by the Company are valued in accordance with IAS2.
The cost of inventory includes the cost of acquisition, the cost of conversion, and the cost of bringing the inventory to its present location and condition.
The cost may not include unusual material, labour and other production cost losses, as well as storage costs, unless they are included in the production process, administrative costs not incurred to bring inventories to their current condition and location, and sales costs.
The Company measures its inventories at cost, more specifically, by the FIFO method.

1.7. Accounts receivable

Liabilities are recognized in the statements at a nominal value reduced by the appropriate impairment generated for estimated losses. Based on the complete supervision of the receivables outstanding at the end of the year, an estimate was made on doubtful claims.

1.8. Financial assets

The financial assets within the scope of the IFRS9 standard fall into three measurement categories: assets measured at amortized cost after acquisition; assets measured at fair value through other comprehensive income after acquisition (FVOCI) and assets measured at fair value through profit or loss after acquisition (FVPL).
Subsequent to initial recognition, financial assets that are “held for trading” are measured at fair value through profit or loss (FVPL). Any unrealized exchange rate gains or losses on securities held for trading are recognized as other income (expense).
Other long-term investments that qualify as held to maturity, e.g. certain bonds, are recognized at amortized cost after the first recognition. The amortized cost is calculated in the period to maturity, at a discount or premium valid at the time of acquisition. In the case of investments recognized at amortized cost, any profit or loss made during the depreciation period or when the investment is derecognized or impaired is accounted as a revenue.
In the case of investments included in stock market trade, the market value is specified on the basis of the official price announced on the balance sheet date. In the case of non-listed or non-traded securities, the market value is the market value of any comparable/substitute financial investment, and if this method cannot be used, the market value must be determined on the basis of the estimated future cash-flow of the asset related to the investment.
On every cut-off date the Company analyses if impairment needs to be recognized for a particular financial asset or for a group of assets. If in the case of assets recognized at amortized cost, any condition requires impairment, the latter is the difference between the carrying value of the asset and its amount discounted by the original effective interest rate of the future cash flows of the asset. Impairment is recognized in the profit and loss account. If any time later the amount of the accounted impairment decreases, it is reversed to the extent that prevents the carrying value of the asset from exceeding its amortized value valid on the cut-off date.
Investments into securities are valuated at the price valid on the day of performance and initially at cost. Short-term investments containing securities held for trading purposes are recognized at fair market value valid on the day of the next report, and their value is calculated at the publicly quoted price valid on the balance sheet date. Unrealized profits and losses are included in the profit and loss account.

1.9. Financial liabilities

The Company's statement of the financial position includes the following financial liabilities: rade and other current liabilities, loans, borrowings, bank overdrafts and futures. Their recognition and valuation are included in the relevant parts of the Notes to the Financial Statements as follows:
Company valuates each financial liability at its fair value valid at the time of its initial recognition. In the case of loans account is taken of the transactions costs directly attributable to the acquisition of the financial liability.
The financial liabilities subject to the IFRS 9 standard can be classified into three measurement categories: liabilities measured at amortized cost after acquisition; liabilities measured at fair value against other comprehensive income after acquisition (FVOCI); and liabilities measured at fair value through the profit or loss after acquisition (FVPL). The Company classifies the individual financial liabilities when they are acquired.
Financial liabilities valuated at fair value through the profit or loss are liabilities acquired by the Company for trading purposes or qualified on their initial presentation at fair value through the profit or loss. Financial liabilities held for trading purposes include liabilities purchased by the Company primarily for the profit expected of short-term price fluctuations. This class also includes futures transactions not considered as efficient hedging instruments.

Loans and advances are recognized in the statements of the financial position at the amortized cost value calculated by the effective interest rate method. The profits and losses related to loans and advances are recognized in the profit and loss account during the calculation of depreciation by the effective interest rate method and when the financial liability is deregulated. Amortization is accounted as financial expenditure in the statement on income.

1.10. Provisions

The Company recognizes provisions for (legal or assumed) commitments incurred as a result of past events the Company is probably required to pay, provided that the amount of the commitment is reliably measurable.
Any amount recognized as a provision is the best estimate of the expenditure required to settle the current obligation at the balance sheet date, taking into account any risks and uncertainties characteristic of the obligation. If a provision is measured using the cash flow probably required for the payment of the existing commitment, the book value of the provision is the present value of such cash flows.
If part or all of the expenditure required to settle the obligation is expected to be recovered by another party, the receivable is recognized as an asset when it is materially certain that the entity will receive the reimbursement and the amount of the receivable can be measured reliably.

1.11. Corporate tax

The corporate tax rate is based on the tax liability specified in the Corporate and Dividend Tax Act, amended by deferred tax. The corporate income tax liability includes tax components due in the reporting year and deferred taxes.
The tax payable for the current year is determined on the basis of the taxable profit of the reporting year. The taxable profit differs from the profit before taxes recognized in the financial statements, due to profits and losses non-taxable gains and losses and items that are included in the taxable profit of other years. The Company's current tax payment liability is determined on the basis of the tax rate in force or announced (provided that announcement is equivalent to entry into force) up to the balance sheet date. Deferred tax is calculated by the liability method.
Deferred tax liability is incurred when there is a temporary difference between the recognition of an item in the annual report and its reconciliation according to the Act on Taxation. Deferred tax assets and tax liabilities are established using the tax rates applicable to the taxable revenues in years when recovery of the difference is expected due to the time displacement. The amount of deferred tax liabilities and tax assets reflect the Company's estimate on the method of realizing tax assets and tax liabilities on the balance sheet date.
Deferred tax assets for deductible tax differences, tax credits and negative tax bases are recognized in the balance sheet only to the extent that as a result of the Company's future activity taxable profits are likely to be available for offsetting the deferred tax asset.

At each balance-sheet date the Company accounts for the deferred tax assets not recognized in the balance sheet and carrying amount of recognized tax assets. It inventorizes that part of the receivables not previously included in the balance sheet on which recovery is expected as a reduction in the future income tax. In contrast, the Company's deferred tax assets must be reduced by any amount not expected to be covered by any available taxable profit.

The tax due in the reporting year and deferred tax are offset against the equity if they refer to items also offset against the equity in the same or in another period, including any amendments in the opening values of reserves due to retroactive changes in the accounting policy.

Deferred tax assets may be offset against deferred tax liabilities if the company is authorized by law to offset its actual tax assets and tax liabilities due from and to the same tax authority, and the Company intends to recognize these assets and liabilities on a net basis.
Due to transformation into REIC, 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.

1.12. Leasing

Financial leasing is a transaction including a lessor who assumes all the risks and costs involved in the possession of the asset under the lease conditions. All other leasing transactions are considered as operative leasing.
In the case of financial leasing, the assets leased by the Company qualify as the Company's assets and are recognized at their market value valid at the time of acquisition. A liability to the lessor is presented in the balance sheet as a financial leasing liability. The costs incurred in relation to the leasing are the differences between the fair value of the purchased assets and the total leasing liability and are accounted to the debit of the profit during the entire lease term in a way to represent a permanent and periodically incurred expenditure on the existing amount of the liability in the individual periods.
They arise from the difference between the total amount of liabilities and the market value of the leased asset at the time of acquisition, or after the relevant leasing term, in order to trace any change in the balance of the remaining liability from time to time, or they are recognized in the profit and loss account in the individual reporting periods.

1.13. Earnings per share (EPS)

Earnings per share are determined by taking into account the Company's earnings and the number of shares less the average number of repurchased treasury shares during the period.
The diluted earnings per share is calculated similarly to the earnings per share. However, during calculation all the outstanding shares suitable for dilution are taken into account, increasing the return payable on ordinary shares by the dividend and return on the convertible shares that can be taken into account in the given period, modified by any additional revenues and expenditure arising from conversion, increasing the weighted average number of outstanding shares by the weighted average number of those shares that would be outstanding if all the convertible shares were converted. There was no transaction in either the previous year or the year ended December 31, 2023 that would dilute this EPS rate.

1.14. Off-balance sheet items

Off-balance sheet liabilities are not included in the statement of financial position and income statement, constituting part of the financial statements unless they were acquired in a business combination. They are disclosed in the Notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote, minimal. Off-balance sheet receivables are not included in the statement of financial position or in the P/L account as part of the financial statements, but are disclosed in the Notes if an inflow of economic benefits is likely.

1.15. Repurchased treasury shares

The value of repurchased treasury shares is shown in a separate line within equity.

1.16. Dividend

The Company accounts for dividend in the year it is approved by the owners.
Dividends may be paid in accordance with the relevant provisions of the REIT Act and the Articles of Association:
Article 2.8 of the REIT Act stipulates that: *"Expected dividend: 90% of the profit made by a regulated real estate investment company or regulated real estate investment pre-company in the period between its registration as a regulated real estate investment company or regulated real estate investment pre-company and deregistration may be paid as dividends as defined in a separate legal act, and in the case of a project company of a regulated real estate investment company or regulated real estate investment pre-company, 100% of the profit made by the project company in the period between registration as a project company and deregistration, excluding, in the case of a regulated real estate investment company, a regulated real estate investment pre-company or their project company, the amount of the one-off conversion difference recognized in profit reserve in relation to conversion to the preparation of annual financial statements according to the IFRS as required in Act C of 2000 (hereinafter: "Accounting Act").*
Article 3 (3) c) of the REIT Act provides that: *"On the basis of the memorandum of association, and proposed by the management, the annual general meeting proposes approval of a dividend corresponding to at least the expected amount of dividend, and in the event of approval, the dividend shall be paid within 30 trading days following approval of the financial statements, with the proviso that if amount of freely disposable funds available for the regulated investment company fails to reach the amount of the expected dividend, the management shall propose that at least 90% of the amount of freely disposable funds be paid as a dividend, "*

Clause 16.3 of the Articles of Association: *"A shareholder is eligible for dividends if he or she or it is included in the share ledger on the cut-off date specified in a notice of dividend based on the resolution of the general meeting and published in relation to the payment of dividends. The date determined by the Board of Directors in the notice published in relation to the payment of dividends, which is relevant for the right to receive dividends, may differ from the date of the general meeting deciding on the payment of dividends. The starting date of dividend payment may not be later than on the 30th trading day (as defined in Act CXX of 2001 on the Capital Markets) following the approval of the financial statements. The Board of Directors must publish the notice of the payment of dividends within 15 days after the date of the general meeting resolving on the dividend, in accordance with the rules on the publication of notices. With regard to the dividend payable by the Company, the Board of Directors of the Company must, in its relevant proposal to the Annual General Meeting, propose the approval of at least the expected dividend as defined by at least in accordance with Article CII of 2011 on regulated real estate investment companies, provided that in the event that the freely disposable funds available for the Company fail to reach the amount of the expected dividend, the management should propose to pay at least 90% of the amount of the freely disposable funds as a dividend.*
The shareholder may claim the dividend from the Company within five years from the start date of dividend payment. The expiry of this period results in the forfeiture of rights. Any dividends not received are transferred to the Company's assets in excess of share capital. The shareholder cannot be obliged to repay the dividend accepted in good faith. Dividends are received in good faith only if the dividends due for the shareholder's shares are received from the dividend fund determined on the basis of the balance sheet approved by the general meeting, provided that no criteria excluding dividend acquisition are applicable to the shareholder and the shareholder does not know or should not have known of the absence of any statutory conditions for payment."

1.17. P/L on financial operations

The financial P/L includes interest and dividend revenues, interest and other financial expenditures, the profit and loss on the fair valuation of financial instruments, and any realized or non-realized exchange rate differences.

1.18. State aid

A state aid is recognized if the aid is likely to be recovered and the conditions of reimbursement have been fulfilled. If the aid serves the purpose offsetting a cost, it must be recognized to the benefit of the profit and loss account in the period when the cost to be offset is incurred (among other revenues). If an aid is linked to asset acquisition, it is recognized as deferred income and during the related useful life of the underlying asset it is recognized annually in equal amounts to the benefit to the P/L.

1.19. Items of exceptional amounts and occurrence

An exceptional amount of revenue is revenue arising from a business event or contract that amounts to or exceeds 25% of the total accounting revenue for a given financial year.
A revenue of exceptional occurrence is any income not closely or directly related to the business operation of the company, or is outside the regular course of business, and its occurrence is ad hoc.
An exceptional cost is the cost of a business event or contract that amounts to or exceeds 25% of the total costs and expenses for a given financial year.
Exceptional costs are all costs or expenses that are not closely or directly related to the business operation of the company, fall outside the regular course of business, and are incurred on an occasional basis.

1.20. Events after the balance sheet date

The events that took place after the end of the reporting period and provide additional information about the circumstances prevailing at the end of the Company's reporting period (amending items) are presented in the report. The events that took place after the reporting period and not requiring the modification of the reporting data are presented in notes, if relevant.

2. Changes in the accounting policy

The Company has compiled its financial statements in accordance with the provisions of all the standards and interpretations that entered into force on 1 January 2023.
The Company's accounting policy has been changed on 1 January 2017 to applu the IFRS standards.
In 2023 the Company applied all the IFRS standards, amendments and interpretations effective as from 1 January 2023 and relevant for the operation of the Company.

The following standards and interpretations (including their amendments) took effect in 2023 (the effective new and amended standards and interpretations issued by IASB and accepted by the EU)

- IFRS 17 Insurance Policies (effective as of, or in the business years starting after, January 1, 2023) – The narrow scope amendment addresses an important issue relating to the accounting differences between insurance liabilities and financial assets arising from the comparative information presented in respect of the Initial application of Financial Instruments according to IFRS 17 and IFRS 9. The amendment only covers the presentation of comparative information.
- Amendment to standard IAS 8 "Accounting policies, changes to accounting estimates and errors" – Definition of accounting estimates; Amendments of the standard IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 - Accounting Policy Disclosures (takes effect on 1 January, 2023 and in the reporting periods commencing thereafter)
- Improving accounting policy disclosures, better tailoring them and reducing disclosures about general accounting policies; distinguishing changes in accounting estimates from changes in accounting policies.
- Amendment to standard IAS 12 "Profit taxes" – Deferred tax assets and liabilities derived from "Single transactions" (takes effect on 1 January, 2023 and in the reporting periods commencing thereafter). The "initial recognition exception" does not apply if the transaction gives rise to deductible and taxable temporary differences in the same amounts.

- Amendment to standard IAS 12 “Profit taxes” – International Tax Reform - Pillar Two Model Rules (issued in May 2023) – The purpose of the amendments was to introduce a mandatory temporary exemption from the requirements of standard IAS 12 Income Taxes for the recognition and disclosure of information about deferred tax assets and liabilities arising from the OECD Pillar Two Model Rules. The amendments also introduce targeted disclosure requirements. The temporary exemption applies immediately and retrospectively in accordance with IAS 8, while the targeted disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023.

The application of the foregoing amendment did not have a material impact on the Company's financial statements.

Standards and interpretations issued by IASB and accepted by the EU which are effective from 2024

- IFRS 16 leases: Obligation for leaseback transactions (issued on 22 September 2022) – The purpose of the amendments was to clarify how a seller-leaseholder should subsequently measure leaseback transactions which meet the requirements of standard IFRS 15 Revenue from Contracts with Customers and how they should be accounted for as sales. The amendments shall enter into force for annual periods starting on or after 1 January 2024, with earlier application permitted.
- IAS 1 Presentation of financial statements: Non-current liabilities with credit covenants – The purpose of the amendments is to clarify the principles in IAS 1 regarding the classification of liabilities as current and non-current. The amendments mainly clarify the concept of recognition, specify how an entity should classify a liability arising from a loan agreement as current or non-current, and prescribe the disclosure requirements when an entity has a loan agreement with covenants that may require the loan to be settled within twelve months after the reporting period. The amendments shall enter into force for annual periods starting on or after 1 January 2024, with earlier application permitted.

Standards issued by ISSB

- IFRS S1 General requirements for disclosure of sustainability-related financial information
  Effective from: 1 January, 2024 This is subject to approval by local jurisdictions. This standard provides a basic framework for disclosing material information about sustainability risks and opportunities throughout an entity's value chain.
- IFRS S2 Climate-related disclosures
  Effective from: 1 January, 2024 This is subject to approval by local jurisdictions. This is the first issued thematic standard that sets out requirements for entities to disclose information on climate-related risks and opportunities.

The Company has not made a decision on the early application of the standards listed above.

Amendments not yet adopted by the EU

- IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of Exchangeability (issued on 15 August, 2023).
- IAS 7 "Statements of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures": Supplier financing agreements (issued on 25 May 2023).

3. Uncertainty factors

When the accounting policy described in Section 1 is applied, estimates and assumptions not clearly definable from other sources need to be used for the determination of the values of the individual assets and liabilities at the given moment of time. The estimation procedure includes the decisions adopted on the basis of the available information and the relevant factors. These significant estimates and assumptions influence the value of the assets and liabilities, revenues and expenditures recognized in the financial statements, as well as the presentation of contingent assets and liabilities in the Notes. The actual results may differ from the estimated data.

The estimates are updated on a regular basis. If a change only affects a specific period, it must be recognized in the period of change in accounting estimates, and if the change affects both the period of change and future periods, it must be recognized in both periods. The main areas of the critical decisions made on the uncertainty of estimation and on the accounting policy, which have the most significant impact on the financial statements include the following:

3.1. Impairment on irrecoverable and doubtful receivables

The Company accounts impairment on irrecoverable and doubtful receivables and for the coverage of any losses arising from them, If customers are unable to pay. The estimates used for measuring the conformance of impairment recognized on irrecoverable and doubtful receivables must be based on the aging of receivables, customer rating, changes in the customer's payment habits.

3.2. Fair value determination

The uncertainty in determining fair value arises from the fact that the investment property representing a significant ratio of assets is valued by an authorized company, which may pose a risk but such risk is significantly mitigated by the following factors:

- an independent valuer, qualified and accepted by both the market and the lending banks, provides market value data,
- the valuation methods comply with the international standards,
- the fair value data are compiled from the data estimated using different methods on a prudent basis by the valuation company.

Another factor of uncertainty may include unexpected market developments, possibly an unexpected crisis situation, as a result of which the fair value of assets and real estate would suddenly change significantly. The Company seeks to mitigate this risk by conducting property valuations every year so that the report always includes the most up-to-date information possible.

4. Basis for the compilation of the financial statements

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

Approval of the separate financial statements by the Board of Directors These separate 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).
The Company is required by law to prepare separate IFRS financial statements as of January 1, 2017.
Unless otherwise indicated, the separate financial statements are presented in Hungarian forint, rounded to the thousand.
The Company's financial year is identical with the calendar year. The balance-sheet cut-off date for the business year 2023 is 31 December 2023.

4.2. Basis of preparing the report

The separate financial statements were compiled according to the standards and on the definitions given by IFRIC as released on 31 December 2023, which have been in force ever since. The 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.

4.3. Valuation basis

For the separate 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 policies 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.

III. Additional explanations

1. Investment property

(HUF ‘000’)

as at 31 December 2022	**71,881,004**
Change in fair value	5,496,725
Change in assets in the course of construction	-4,327,698
Capitalisation	5,531,173
Sales	0
as at 31 December 2023	**78,581,204**
as at 31 December 2022	**71,881,004**
as at 31 December 2023	**78,581,204**

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

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

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

Changes in the fair value of investment property in 2023 were as follows:

- No sales were made from the portfolio of investment properties, but there was a new acquisition of a minor value (the purchase of the apartments at the addresses district XII Budapest, Városmajor utca 39. fszt. 1.; fszt. 2. and 1. em 1.).
- The complete renovation and category A revitalisation of the 13-storey tower building of the property at 114-116 Üllői út, District X of Budapest (hereinafter "BIF Tower") started in 2021 and the construction was handed over in January, 2023.
- The total market value of investment properties increased by HUF 6.7 billion on a year earlier, which also includes the value of value-enhancing investments and capitalizations, in addition to the increase in the fair value.
- Increase in the fair value could be explained mainly by the concluded lease contracts (adjustment of rents and operating fees, higher utilization rate and the contract expiration dates) in the case of office buildings utilized for rent (see also paragraphs 22 and 27).

Profit from income-generating investment property

HUF '000'	2023	2022
Net sales revenue	8,083,191	7,054,542
Other operating income	6,250,310	2,311,861
Capitalized value of internally generated assets	0	0
Changes in internally generated inventories	0	0
Raw materials, consumables and other external charges	-1,792,648	-1,829,902
Staff costs	0	-5
Depreciation and impairment	-219,402	-31,274
Other operating expenditure	-832,205	-378,688
Revenues from financial operations	371	110
Expenses on financial operations	-403,701	-288,962
P/L before tax	**11,085,916**	**6,837,682**

Increase in the net sales of investment properties compared to the base period (HUF 1,028,649 thousand) was partly due to increase in the inventory of rental properties (the office building at district XII Budapest, Városmajor utca. 12-14 (hereinafter: "Major Udvar (Városmajor u. 12)" was operated throughout the year), but to a considerable extent also to the enforcement of rent and operating fee increases (indexations) and the increased overall occupancy. The line "other operating income" includes the impact of market upvaluation (HUF 6,099,220 thousand). The "other operating expenditure" includes the impact of market devaluation (HUF 602,495 thousand). The expenses on financial operations includes interest on loans taken out for a purpose of real estate development, but not capitalized on the properties.

In accordance with the standard IAS 23, the Company was treating the office buildings Major Udvar (Városmajor u. 12) and BIF Tower (until the completion of the developments and the capitalisation of the property) as qualified assets. As, given the magnitude of investments already in progress and planned, the improvement of these properties to the standard of the Company's intent for the purpose of rental took place necessarily with a significant need for construction time, in accordance with IAS 23, the Company accounted for the interest due on the loans taken out to develop these properties on its investment accounts.

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**	**349,716**	**341,288**	**823,119**
Increase and reclassification	2,209	0	26,781	223,848	252,838
Decrease and reclassification					
31 December, 2023	**32,982**	**101,342**	**376,497**	**565,136**	**1,075,957**
Depreciation					
31 December, 2022	**26,545**	**15,209**	**206,027**	**0**	**247,781**
Annual write-off	3,222	2,027	54,143		59,392
Decrease and reclassification					
31 December, 2023	**29,767**	**17,236**	**260,170**	**0**	**307,173**
Net book value					
31 December, 2022	**4,228**	**86,133**	**143,689**	**341,288**	**575,338**
31 December, 2023	**3,215**	**84,106**	**116,327**	**565,136**	**768,784**

A significant part of the increase in the gross value of machinery and equipment was due to the purchase of cars, computer equipment and office equipment, while decrease was due to the sale of cars.

3. Investments in related companies

HUF '000'	**Harsánylejtő**
31 December, 2019	**3,000**
as at 31 December 2019	**0**
Increase and reclassification	0
Sales	0
Impairment	-3,000
31 December, 2020	**0**
31 December, 2021	**0**
31 December, 2022	**0**
31 December, 2023	**0**

The Company has an investment of HUF 3 million in its books (valued at cost by the Company), which is equivalent with the subscribed capital of Harsánylejtő Ingatlanforgalmazó és -kezelő Kft (hereinafter: "Harsánylejtő Kft"), a subsidiary of the Company, but due to the loss-making operation of Harsánylejtő Kft., the Company already recognised 100% impairment on this investment in 2019, as well as on the amount of additional payments given to its subsidiary, which is recognised under other non-current assets in the amount of HUF 792.5 million, of which HUF 20 million was given in 2022, but since 100% impairment was recognised on the total additional payment as well , this balance sheet line also showed a zero value in the base year, however, in November of the reporting year, the Company granted a long-term loan of HUF 68 million to Harsánylejtő Kft. in connection with the purchase of fixed assets to be carried out by the subsidiary.

HUF '000'	**31.12.2023**	**31.12.2022**
Oher non-current assets	68,000	0
Total	**68,000**	**0**

4. Deferred tax assets

Due to the REIT transformation, the Company does not recognize a deferred tax asset.

5. Inventories

HUF '000'	**31.12.2023**	**31.12.2022**
Raw materials	0	0
Work in progress	26,376	26,376
Finished product	15,141	15,141
Goods	58,414	59,661
Prepayments on inventories	0	0
Total	**99,931**	**101,178**

The majority of Work in progress, Finished product and Goods consists of the cost value of the Company's building plots and the value of the real estate improvements accounted for these plots.

During the year 2023, there was a minimal change in the Inventory line as following the sale of the 6 plots realized in 2022, a valid sales contract had been signed for one of the 2 development properties owned by the Company as early as 2021, however, due to the reservation of title linked to the payment of the full purchase price, the full payment of the purchase price of the plot is only due in H1 2024, thus this plot will be removed from the inventory only in 2024. The decrease of approximately HUF 1.2 million was due to the use of inventories required for the operation of the properties located at 99 Attila Avenue, District I of Budapest and 42 Logodi Street, H-1012 Budapest (“Attila99Loft”, "Attila Avenue Property”).

In the line for goods, the plots are recorded at cost, modified as follows.
The plots of land on Harsánylejtő were transferred to the Company's books in 2014 during the merger of one of the Company's subsidiaries (Katlan). Due to IFRS consolidation, the cost of inventories previously classified as investment property in the subsidiary and then accounted for as IAS2 inventories became the fair value previously reported by our Company in accordance with the IFRS, in both the consolidated and the separate IFRS statements. The higher cost so recognized is reviewed at the end of each period and adjusted to the fair value of the sale of the land in order to obtain the IFRS market value of the inventories.
On behalf of the Company, Seratus Ingatlan Tanácsadó Igazságügyi Szakértő Kft., acting as an independent valuer, analysed the market value of the plots in stock; and the expert opinion confirmed that the market value of the plots far exceeds their value recorded at cost, so there was no need to account for impairment.

6. Trade receivables

HUF ‘000'	**31.12.2023**	**31.12.2022**
Trade receivables	35,159	103,317
Impairment	-206,913	-13,055
Credit loss	-16,645	-16,645
Adjustment due to trade debtors with a credit balance	258,551	254,406
Total	**70,152**	**328,023**

Trade receivables decreased significantly by HUF 258 million compared to the end of 2022, largely due to an increase of HUF 194 million in the amount of impairment losses recognised on receivables (97% of which was due to the termination of a contract with a tenant of the Madách tér property (District VII of Budapest, Madách Imre square 3) and 3% of which was due to the termination of a contract with a tenant of the Flórián Udvar office building (District III of Budapest, Polgár street 8-10)), moreover, due to the prepayment practices of our customers, the year-end receivables balance was HUF 64 million lower than in the base year, while no other changes were made (the stock of credit losses recognised in accordance with IFRS 9 remained unchanged).

The current year movements of the recognized group credit loss and the impairment of impaired assets are shown in the table below:

HUF ‘000'	**opening**	**increase**	**decrease**	**closing**
Credit loss:				
accounts receivable	16,645	0	0	16,645
other receivables	0	0	0	0
Impairment:				
accounts receivable	13,055	194,222	364	206,913
other receivables	0	0	0	0
Loan losses and impairment	**29,700**	**194,222**	**364**	**223,558**

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

HUF '000'	31.12.2023	31.12.2022
Loans given (Harsánylejtő Kft.)	0	0
Other receivables	282,317	420,129
Accruals	51,656	231,795
Suppliers with a debit balance, and taxes	23,653	4,630
Total	**357,626**	**656,554**

Reasons for the change in the current period:
- Other receivables show a decrease by HUF 138 million, where we recognise the VAT on advances received from tenants, the imposition of VAT due in 2023 on rent and operating charge invoices for 2024 and the deductible VAT content of invoices which may be included in the subsequent interim VAT return.
- There was also a significant decrease of 180 million forints in the Accruals line, which is largely due to the reduction of cost accruals, as the electricity providers ended the practice of invoicing in advance at the end of the current year, which was introduced in the last months of the base year due to the energy crisis in 2022, so in 2024 the stock of pre-invoiced costs for the months of January-February was HUF 155 million less than the previous year, and the accrual of income related to the subsequent annual settlement of operating fee differences was also HUF 25 million less than the previous year.

8. Cash and cash equivalents

HUF '000'	31.12.2023	31.12.2022
Cash on hand	1,501	1,719
Bank	6,304,106	8,022,070
Total	**6,305,607**	**8,023,789**

The decrease in cash and cash equivalents by HUF 1,718 million in 2023 was the result of the following main effects offsetting each other: the dividend payment in June (approximately HUF 8,809 million), the increased financing needs due to ongoing property developments and the procurement of other tangible assets, the decrease in net loans (by HUF 1,189 million (see also point 14)), and the cash flow effect of the sale of treasury shares at the end of 2023.

9. Subscribed capital and capital reserve

The subscribed capital of the Company was HUF 2,870,244,400 as at 31 December 2023, which consisted of 287,024,440 dematerialized ordinary registered shares with a nominal value of HUF 10, i.e. ten forints, each. The share capital according to IFRS is the same as the share capital registered by the Companies Court.

Subscribed capital

HUF '000'	31.12.2023	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'	31.12.2023	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. As no such share transaction took place in the year under review, the value of the capital reserve did not change on a year earlier.

10. Revaluation reserve

HUF '000'	**31.12.2023**	**31.12.2022**
Opening	731,904	731,904
Increase	0	0
Decrease	0	0
Closing	**731,904**	**731,904**

In the balance sheets of the years 2022 and 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 number of treasury shares held by the Company was 35,340,000 in the base year, but in the current year it decreased to 22,514,206, as 12,825,794 treasury shares were sold in December 2023, with a derecognised carrying amount of HUF 743,896,000.
The Company recognizes its equity shares in the balance sheet at cost as repurchased treasury shares reducing the equity. Cost of treasury shares: the consideration paid for the repurchase of treasury shares (the nominal value is included in this item, but is not deducted from the subscribed capital).

HUF '000'	**31.12.2023**	**31.12.2022**
Opening	-3,048,120	-3,048,120
Increase	0	0
Decrease	743,896	0
Closing	**-2,304,224**	**-3,048,120**

12. Profit reserve and profit for the year

HUF '000'	**31.12.2023**	**31.12.2022**
Profit reserve		
Opening	48,905,710	43,927,066
Increase	4,256,104	0
Decrease	-8,808,955	-5,033,689
Closing	**44,352,859**	**38,893,377**
P/L for the reporting year	10,544,829	10,012,333
Closing	**54,897,688**	**48,905,710**

Reasons for the change in the profit and loss reserve during the reporting period:

- An increase in the opening value of the profit reserve was the transfer of the HUF 10,012,333 thousand 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 audited Annual Financial Statements of the Parent Company prepared in accordance with the International Financial Reporting Standards (IFRS) for 2022. 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.

With regard to the applicable provisions of the SZIT Act, the Board of Directors proposes, to pay a dividend of HUF 2,961,306 thousand equivalent to 90% of the disposable profit for the current year that can be paid out as a dividend, based on the Audited Annual Financial Statements of the Parent Company, prepared in accordance with International Financial Reporting Standards (IFRS) for 2023.

13. Equity correlation table

Equity correlation table in accordance with the Section 114/B of Act C of 2000

Equity under IFRSs

HUF '000'	2023	2022
Subscribed capital	2,870,244	2,870,244
Capital reserve	6,048,215	6,048,215
Revaluation reserve	731,904	731,904
Repurchased treasury shares	-2,304,224	-3,048,120
Profit reserve	44,352,859	38,893,377
P/L for the reporting year	10,544,829	10,012,333
Total Equity under IFRSs	**62,243,827**	**55,507,953**

Equity correlation table in accordance with Section 114/B of Act C of 2000

HUF '000'	2023	2022
Equity in accordance with Section 114/B (4) a) of Act C of 2020		
Equity under IFRSs	62,243,827	55,507,953
Equity according to Section 114/B (4) a) of Act C of 2020	**62,243,827**	**55,507,953**
Subscribed capital under IFRSs in accordance with Section 114/B (4) b) of Act C of 2020		
the subscribed capital as defined in the statutes, if it qualifies as an equity instrument	2,870,244	2,870,244
Subscribed capital within the meaning of the IFRS according to Article 114/B (4) b) of Act C of 2020	**2,870,244**	**2,870,244**
Uncalled capital according to Article 114/B (4) c) of Act C of 2020		
Uncalled capital according to Article 114/B (4) c) of Act C of 2020	**0**	**0**
Capital reserve according to Article 114/B (4) d) of Act C of 2020		
all equity components that are not covered by the definition of subscribed capital under IFRSs, subscribed capital unpaid, retained earnings, evaluation reserve, post-tax profit or loss or tied-up capital	3,743,991	3,000,095
Capital reserve in accordance with Section 114/B (4) d) of Act C of 2020	**3,743,991**	**3,000,095**
Profit reserve according to Article 114/B (4) e) of Act C of 2020		
previous years' accumulated results after tax shown in the annual accounts prepared in accordance with the IFRSs, not yet distributed among the owners	44,352,859	38,893,377
Retained earnings in accordance with Section 114/B (4) e) of Act C of 2020	**44,352,859**	**38,893,377**
Revaluation reserve in accordance with Section 114/B (4) f) of Act C of 2020		
cumulative amount of other comprehensive income in the statement of comprehensive income	731,904	731,904
Revaluation reserve in accordance with Section 114/B (4) f) of Act C of 2020	**731,904**	**731,904**

Profit or loss after tax according to Article 114/B (4) g) of Act C of 2020		
the total amount of net gain or loss after tax for activities ongoing shown in the statement of performance in its own right within the comprehensive income statement or in the separate profit and loss account	10,544,829	10,012,333
Post-tax profit or loss in accordance with Section 114/B (4) g) of Act C of 2020	**10,544,829**	**10,012,333**
Tied-up reserve in accordance with Section 114/B (4) h) of Act C of 2020		
Tied-up reserve in accordance with Section 114/B (4) h) of Act C of 2020	**0**	**0**
reconciliation of the subscribed capital registered by the Companies Court, within the meaning of the IFRS, and according to Article 114/B (5) a) of Act C of 2020		
amount of subscribed capital registered by the Companies Court	2,870,244	2,870,244
IFRS subscribed capital	2,870,244	2,870,244
disposable profit reserve available for dividend payment according to Article 114/B (5) b) of Act C of 2020		
retained earnings from the last financial year closed by financial statements for which accounts have been adopted comprising post-tax profit or loss of that financial year	54,897,688	48,905,710
cumulative unrealized gains claimed in connection with any increase in the fair value of investment properties as provided in IAS 40 – Investment Property	-47,170,237	-39,915,748
the cumulative amount of income tax recognised under the related IAS 12 – Profit Taxes	0	0
untied retained earnings available for the payment of dividends in accordance with Section 114/B (5) b) of Act C of 2020	**7,727,451**	**8,989,962**

HUF ‘000'	2023	2022
90% of the untied retained earnings of the reporting financial year available for the payment of dividends (taking into account the provisions of the SZIT Act)	**2,961,306**	**6,173,285**

14. Non-current financial liabilities

HUF '000'	31.12.2023	31.12.2022
Long-term loans	18,886,201	20,075,461
Total	**18,886,201**	**20,075,461**

Long-term loans include the full amount of long-term bank loans. The long-term loan portfolio increased by HUF 257,487,000 as a result of the drawdowns performed in 2023, but decreased by HUF 1,446,747,000 due to the reclassification of the repayments due in 2023 and 2024, resulting in a net change by HUF 1,189,260,000.

The major details of the individual bank loans are presented in section IV.1.1.
The instalments of these loans and borrowings due in 2024 are included in short-term borrowings (see: Section 18).

15. Provisions

HUF '000'	31.12.2023	31.12.2022
Provisions for contingent liabilities	10,842	7,030
Total	**10,842**	**7,030**

Due to the holidays not taken in 2023, the Company has set aside a provision for expected future payment obligations. The payroll for untaken leave shows an increase by 54%, i.e. 3,812,000 HUF compared to the previous year.

16. 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.

17. Other long-term liabilities

HUF '000'	31.12.2023	31.12.2022
Other long-term liabilities	1,376,527	0
Total	**1,376,527**	**0**

The portfolio of other long-term liabilities is HUF 1,377 million, 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.

18. Short-term financial liabilities

HUF '000'	31.12.2023	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 (see also paragraph 14 above).

19. Trade payables

HUF '000'	31.12.2023	31.12.2022
Trade payables	249,265	804,488
Total	**249,265**	**804,488**

In 2023, the portfolio of trade payables is similar to the base year, and includes partly utility, telephone and other services used for real estate. The significant decrease by HUF 555 million (69%) in the portfolio of the reporting year was mainly due to the completion of the BIF Tower development and the payment of warranty withholdings that expired in the period.

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

HUF '000'	31.12.2023	31.12.2022
Advances + security deposit + VAT adjustment	1,462,220	2,333,922
Wages + taxes + contributions	83,114	941,727
Liabilities to owners in relation to dematerialization	75,280	75,280
Accruals	158,730	118,872
Adjustment due to trade debtors with a credit balance	258,551	254,406
Other	0	0
Total	**2,037,895**	**3,724,207**

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 872 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, which is HUF 859 million less in the reporting year than it was at the end of 2022, a substantial portion of which comprised VAT liability due to the sale of building plots in December, 2022.

Accruals increased by about HUF 40 million (34%). Accruals include the accrued costs of expected utility costs, the accrued costs of services used (e.g. attorneys', auditors' and consultants' fees) and the value of interest on loans prorated for the year.

21. Sales revenue

HUF '000'	2023	2022
Revenue from rents and operating fees	6,550,655	5,370,668
Revenue from parking fees	739,627	669,044
Revenue related to intermediary services	770,946	961,289
Revenue from services	0	0
Revenue from the sale of properties/land	0	3,218,869
Other sales revenues	31,278	69,646
Total	**8,092,506**	**10,289,516**

The revenues only comprise the gross offsets of economic benefits due to the Company and received on the Company's own account.

Rents are recognised continuously, whereas plot sales are recognised at the given time as revenue by the Company.

The factors determining when plot sales are included in the revenue are as follows:
- the purchase price is paid in full,
- the seller delivers and the buyer receives the plot,
- substantial benefits and risks related to the ownership are transferred to the buyer.

Parking fee revenues include the revenue recognised on an ongoing basis in relation to lease contracts on the one hand and the one-off revenue of this kind arising from the use of vacant parking spaces in car parks providing periodic parking services on the other hand.

The increase in the revenues from rent and management fees (+22%) was mainly due to improving occupancy rates, new developments (Major Udvar and BIF Tower) and price hikes and indexations implemented at the beginning of the year.

Parking fee revenues increased by 11% in the year under review.

HUF ‘000'	2023	2022
Parking revenues from lease contracts	592,544	526,701
Periodic parking revenues	147,083	142,343
Total	**739,627**	**669,044**

The great majority 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 was also generated from office development, conversion or refurbishment costs passed on to tenants.

There was substantial income generated from property/plot sale in the base year, as the revenues from the sale of the six building plots referred to above (in Section 5) were realized in Q4 2022. In contrast to this, no such income was generated in the reporting period, although a sale and purchase agreement with reservation of title was signed for a building plot in Q4 2021, but as the termination of the reservation of title subject to payment of the full purchase price falls in H1 of 2024, the income is also recognised in H1 of 2024, and only advances were received in the reporting year.

Other sales revenues include revenues that cannot be classified in the above groups (e.g. fees of contracting or the restoration of leased properties).

The Company has no income from accommodation or catering services, it only rents out the properties it owns.

22. Other operating income

HUF ‘000'	2023	2022
Fair valuation	6,099,220	2,183,075
Sale of real estate and movable property	886	0
Other income	180,562	700,126
Total	**6,280,668**	**2,883,201**

The change in Other operating income was mainly due to the increased impact of the fair valuation of investment properties. New developments and improving business conditions for certain property portfolio elements played a key role in the increase in Fair valuation. The “Sale of real estate and movable property” line shows the profit on the sale of some technical equipment, whereas there was no similar transaction in the base year. Within Other income, the most significant item was a penalty received in the amount of HUF 140 million in the reporting year.

23. Own performance capitalized

HUF ‘000'	2023	2022
Changes in internally generated inventories	0	-123,863
Capitalized value of internally generated assets	0	0
Total own performance capitalized	**0**	**-123,863**

In the category “change in internally generated inventories”, the Company recognizes the capitalized cost of its own work on the plots and the derecognition of the capitalized value of its plots sold.

In the reporting year, there was no change in the value of the plots (neither cost settlement, nor sales), the base year figure includes the derecognised inventory value of 6 building plots sold in Q4 2022.

24. Raw materials, consumables and other external charges

HUF '000'	2023	2022
Material costs	289,474	281,312
Value of services used	909,759	733,251
Cost of other services	44,074	28,178
Cost of goods sold	115	81,399
Cost of services sold (mediated)	744,688	936,408
Total	**1,988,110**	**2,060,548**

Overall, in the reporting period, raw materials, consumables and other external charges decreased by around HUF 72 million (3.5%) compared to the base period, mainly due to the opposing effects of the following factors:

- a significant decrease by HUF 192 million in the cost of services sold (mediated); within that, the amount of re-invoiced utility and other service charges decreased by HUF 112 million, whereas the costs of office construction, reconstruction or refurbishment made to meet tenants' needs decreased by HUF 80 million compared to the previous period;
- the increase in the Value of services used (by HUF 177 million).

The Cost of goods sold in the reporting year is less than 1% of that in the previous year, as there were no land sales in the reporting year.

25. Staff costs

HUF '000'	2023	2022
Wage costs	753,986	565,238
Other payments to staff	51,665	33,169
Wage taxes	105,002	78,478
Total	**910,653**	**676,885**

Payments to staff increased by around 35% in the reporting year compared to the previous year, which was mainly caused by the organisational development and wage increase related to the implementation of the strategic goals of the Company and the higher level of statistical average staff numbers.

The figures also include bonuses and contributions calculated on the basis of the remuneration policy.

In 2023, the Company's average statistical headcount was 62 (52 in 2022), while at 31 December 2023 the headcount was 65.

26. Depreciation and impairment

HUF '000'	2023	2022
Depreciation and impairment	**59,392**	**61,518**
Depreciation	59,392	61,518
Inventory impairment	0	0
Impairment of financial assets	**194,222**	**43,553**
Impairment of additional payment	0	20,000
Impairment of receivables	194,222	8,355
Credit loss	0	15,198
Total	**253,614**	**105,071**

The Company accounted for HUF 59,392,000 depreciation on non-investment property, plant and equipment in the reporting year.

There was no additional payment made in the reporting year, whereas the Company recognized an impairment of HUF 194,222,000 for doubtful trade receivables.

The Company has assessed the need for credit losses to be recognized in relation to receivables in accordance with the requirements of IFRS 9. Expected credit losses were assessed on a collective basis for each asset class as follows:

- trade receivables: the simplified model is used by the Company (lifetime method);
- loans granted: our assessment is that the credit risk has not increased significantly since the initial recognition, so we have calculated the expected credit loss for 12 months;
- additional payments: treated as impaired assets.

The following factors were considered in assessing credit loss:

- Has the credit risk of financial instruments increased significantly since initial recognition?/ impaired financial assets:
  - additional payment to Harsánylejtő Kft.: in addition to the receivable from the additional payment of HUF 792,500,000 in the base year, no further additional payment was needed in the reporting year, as the subsidiary's operation was profitable in the reporting year;
  - loans granted: these financial instruments of the Company were considered to be exposed to low credit risk, and the Company disbursed a long-term loan to Harsánylejtő Kft., however, this is expected to be repaid in full;
  - trade receivables: in the base year only an amount of HUF 8,355,000, while in the reporting year, a significant amount (HUF 194,222,000; 100%) was impaired on receivables from two previous tenants the lease contracts with whom were terminated (see also the relevant data in the second detailed table in Section 6).
- Predictive information was also taken into account when estimating the credit loss on trade receivables.
- In relation to trade receivables, the Company re-assessed what the credit loss would be on the basis of the year-end trade receivables, as required by IFRS 9, and recognised no further credit loss in the year under review in addition to the amount of HUF 16,645,000 previously recognised (see also the relevant data in the detailed table in Section 6).

27. Other operating expenditure

HUF '000'	2023	2022
Impact of fair valuation on inventories	0	72,457
Fair valuation	602,495	196,110
Sale of real estate and movable property	0	1,418
Scrapping	14,521	0
Assets provided for no consideration	0	57,353
Taxes	222,224	126,440
Other expenditures	21,050	17,512
Total	**860,290**	**471,290**

The value of other operating expenses increased by 83% during the reporting period, as a result of the combined effect of the following items:

- due to the fair valuation of investment property, this line also includes decrease in the market value recorded under IAS 40, which is HUF 406 million higher than the market value depreciation recorded in the base year,
- in the year under review, items previously recognized in investments, mainly plans, not to be implemented were scrapped;
- the value of taxes settled with local governments (building tax, land tax) in the reporting year exceeds the base year data by approximately HUF 96 million, but this is only partly due to the increase in taxes, while the major part of the difference is due to the fact that in 2022, the Company received a land tax refund from the Municipality of Budapest III for several years;
- the line for other expenditures includes, inter alia, the grants paid to the Ecumenical Charity Organization of Hungary and the Hungarian Baptist Aid as well;
- inventories were not affected by the adjustment due to fair valuation in the year under review, as there was no change in inventories (see also Section 5);

– there were no assets provided for no consideration in the reporting year, while the figure of the base year shows a significant value due to the transfer of utilities for no compensation to Budapest (about HUF 57 million).

28. Income from and expenses of financial operations

Revenues from financial operations HUF ‘000'	**2023**	**2022**
Interest received	648,492	588,649
Exchange rate gain	42,731	52,372
Other	0	0
Total revenues	**691,223**	**641,021**

Expenses on financial operations HUF ‘000'	**2023**	**2022**
Interest paid	434,636	321,538
Exchange rate loss	50,167	14,333
Other	0	0
Expenses, total	**484,803**	**335,871**

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 development in 2022 and BIF Tower development in 2023 are now recognized in financial expenditures, as, following the capitalisation of the investments made, the Company no longer recognised any interest as an investment cost on the property treated as a qualified asset (see also Section 1).
The variation in the exchange rate gain and exchange rate loss recognised in the period was due to the fluctuations in the exchange rate of the forint during the year.

29. Actual tax expenditure

HUF ‘000'	**2023**	**2022**
Corporate tax	923	906
Business tax	0	0
Contribution to innovation	21,175	26,971
Other	0	0
Total actual tax	**22,098**	**27,877**

Due to the Pre-REIT status, 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 923,000 (see the calculation below), and the payable innovation contribution obligation of HUF 21,175,000 was calculated as payable by the Company in 2023.

HUF '000'	2023
Profit before taxes as per IFRS	**10,566,927**
Tax adjustment (innovation contribution)	21,175
Pre-tax profit (adjusted for innovation contribution) according to the IFRS	**10,545,752**
Adjusting items under IFRS	-2,998,385
Adjusted profit before corporate income tax	**7,547,367**
Increasing items	2,032,089
Decreasing items	-1,518,736
Corporate tax base in 2023	**8,060,720**
The benefit on corporate tax to the REIT status is	**0 %**
The ratio of related revenue to total revenue (rounded to 2 decimal places)	0.13%
Corporate tax base (to revenue from related parties) in 2023	**10,253**
Corporate tax payable on related parties	923
Corporate tax liability in 2023	**923**

30. Deferred tax expense

HUF '000'	2023	2022
Deferred tax	0	0
Total	**0**	**0**

In 2017, due to the Pre-REIT status, the deferred tax liability incurred in previous years was reversed.

31. Other comprehensive income

There was no transaction affecting any other comprehensive income either in the year under review or in the base year. The tax effect of the change in the fair value of other real property was HUF 0 in both 2023 and 2022.

32. Earnings per share

HUF '000'	2023	2022
P/L after taxes (HUF '000')	10,544,829	10,012,333
Weighted average ordinary shares	252,316,945	251,684,440
Earnings per share (basic) (HUF) ("profit after tax" to "the weighted average of ordinary shares")	**41.79**	**39.78**

The share capital of the Company consists of 287,024,440 registered ordinary dematerialized shares with a nominal value of HUF 10 each, of which 22,514,206 are treasury shares owned by the company and 252,316,945 constitute the weighted average of ordinary shares.
There are no factors at the Company that would dilute the earnings per share.

33. Assets and liabilities, financial position and profitability

33.1. Wealth indicators

Description	2023	2022
Long-term assets to total assets	92.08%	88.83%
Current assets to total assets	7.92%	11.17%
Parent company equity to total liabilities and equity	72.17%	68.05%
Indebtedness (ratio of long-term liabilities to parent-company equity and long-term liabilities)	24.57%	26.57%
Debt to equity ratio	32.57%	36.18%
Working capital (HUF ‘000’)	6,833,316	9,109,544
Working capital to equity	10.98%	16.41%
Coverage of assets over one year	78.37%	76.61%
Coverage for assets over one year, including liabilities	103.90%	104.33%

33.2. Indicators of the financial position

Description	2023	2022
Liquidity ratio I	183.01%	152.45%
Acid test ratio	168.87%	134.28%

33.3. Profitability indicators

Description	2023	2022
Profit on sales revenue	128.03%	94.61%
Return on equity	16.65%	17.54%

34. 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 segments were formed accordingly also in 2023. The segment "Harsánylejtő Project" aggregates the results of (i) activities related to the development of residential property under the Harsánylejtő Project and (ii) land sales and related activities. The results that can be directly attributed to properties purchased by the Company for rent are recognized in the segment "Income-generating investment property". In addition, the "Operating" profit arising from operations of the Company that cannot be directly related to real estate is reported separately.

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

2023 (HUF '000')	**Harsánylejtő Project**	**Income-generating investment property**	**Operating**	**Total**
Net sales revenue	9,153	8,083,191	162	**8,092,506**
Other operating income	236	6,250,310	30,122	**6,280,668**
Capitalized value of internally generated assets	0	0	0	**0**
Changes in internally generated inventories	0	0	0	**0**
Raw materials, consumables and other external charges	-7,463	-1,792,648	-187,999	**-1,988,110**
Staff costs	0	0	-910,653	**-910,653**
Depreciation and impairment	-2,027	-219,402	-32,185	**-253,614**
Other operating expenditure	-4,803	-832,205	-23,282	**-860,290**
Revenues from financial operations	0	371	690,852	**691,223**
Expenses on financial operations	0	-403,701	-81,102	**-484,803**
P/L before tax	**-4,904**	**11,085,916**	**-514,085**	**10,566,927**

2022 (HUF '000')	**Harsánylejtő Project**	**Income-generating investment property**	**Operating**	**Total**
Net sales revenue	3,234,345	7,054,542	629	**10,289,516**
Other operating income	550,607	2,311,861	20,733	**2,883,201**
Capitalized value of internally generated assets	0	0	0	**0**
Changes in internally generated inventories	-123,863	0	0	**-123,863**
Raw materials, consumables and other external charges	-98,563	-1,829,902	-132,083	**-2,060,548**
Staff costs	0	-5	-676,880	**-676,885**
Depreciation and impairment	-2,027	-31,274	-71,770	**-105,071**
Other operating expenditure	-72,580	-378,688	-20,022	**-471,290**
Revenues from financial operations	0	110	640,911	**641,021**
Expenses on financial operations	0	-288,962	-46,909	**-335,871**
P/L before tax	**3,487,919**	**6,837,682**	**-285,391**	**10,040,210**

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

In the financial year 2023, the annual net sales from transactions with one of the Company's customers belonging to the segment "Income-generating investment properties" (HUF 2,154,804,055) exceeded 10% of the Company's total annual sales.

35. Risk Management

The Company's assets include cash and cash equivalents, securities, receivables from customers and other receivables and other assets – with the exception of taxes. Company liabilities include loans and advances, liabilities to customers and other liabilities, disregarding taxes and the gains and losses on the revaluation of financial liabilities at fair value.

The Company is exposed to the following financial risks:
- credit risk
- liquidity risk
- market risk

This section describes the above-described risks the Company is exposed to, the Company's objectives and policies, the measurement of procedures and risk management, and the Company's capital management. The Board of Directors have general responsibility for the Company's supervision and risk management.
The purpose of the Company's risk management is to screen and investigate the risks the Company may face, to set up adequate controls and to monitor risks.

35.1. Capital management

The Company's policy is to retain the share capital in an amount that is sufficient for ensuring that the investors' and creditors' confidence maintains the Company's future development. Based on the benefits and security ensured by the Company's massive capital position, the Board of Directors makes efforts at maintaining the policy of only assuming higher exposure from lending if yield is higher.
The Company's capital structure comprises net debt and the Company's equity (the latter includes the subscribed capital, reserves and the shares and participations held by non-controlling owners).
In managing capital, the Company seeks to ensure that the Company's subsidiary can continue to operate while maximizing returns for owners through an optimal balance of debt and equity and maintaining an optimal capital structure to reduce the cost of capital. The Company also monitors whether or not its subsidiary's capital structure meets the local statutory requirements.

At the end of the reporting period the Company had the following net debt and equity:

HUF '000'	**31.12.2023**	**31.12.2022**
Loans and advances	20,332,948	21,522,208
Cash and cash equivalents	6,305,607	8,023,789
Net debt	**14,027,341**	**13,498,419**
Equity	62,243,827	55,507,953

35.2. Credit risk

Credit risk is the risk that reflects if the debtor or the partner fails to fulfil his contractual obligations and this causes financial loss for the Company. Financial assets exposed to credit risks may include long- or short-term allocations, cash and cash equivalents, and receivables from customers and other receivables.
The book values of financial assets show the maximum risk exposure. The following table shows the Company's maximum credit exposure on 31 December 2023 and 31 December 2022.

HUF '000'	**31.12.2023**	**31.12.2022**
Trade receivables	70,152	328,023
Cash and cash equivalents	6,305,607	8,023,789
Total	**6,375,759**	**8,351,812**

By continuously monitoring the collection risk of our overdue receivables and recognizing impairment, the risk is usually mitigated.

Buyers are being evaluated continuously. Based on individual valuation the Company recognized an impairment loss of HUF 194,222,000 in the reporting year and HUF 8,355,000 in the base year on trade receivables. The risk of recovery on trade receivables past due and not yet due is insignificant.

35.3. Liquidity risk

Liquidity risk is the risk that the Company is unable to fulfil its financial obligations when they are due. The Company's liquidity management approach is to reveal the extent to which adequate liquidity can be provided for the performance of its liabilities on the due dates, under both usual and stressed conditions, without incurring unacceptable losses or jeopardizing the Company's good reputation.
The Company prepares a consolidated cash-flow plan, and regularly updates it. The Company analyses the cash requirements by a rolling prediction in order to ensure adequate liquidity for operation and the fulfilment of the financial indicators specified in the relevant loan agreement. The excess cash generated at company level is held in deposit accounts and time deposits.

At the end of the reporting year, the maturity of HUF 249,265,000 due as trade payables in the Company's books is mostly within one year, except for the HUF 22,757,000 of warranty withholdings recorded against general contractors in relation to property improvements. In the base year, the supplier portfolio was HUF 804,488,000, of which only HUF 173,863,000 was the amount of warranty withholdings.

The maturity structure of financial liabilities (loans) is shown in the following tables:

HUF '000'	**As at 31. 12. 2023**	**Due within 1 year***	**Due within 2-5 years***	**Due after 5 years***	**Total**
Financial liabilities	20,332,948	1,446,747	5,786,987	13,099,214	20,332,948

** principal repayments due*

HUF '000'	**As at 31. 12. 2023**	**Due within 1 year***	**Due within 2-5 years***	**Due after 5 years***	**Total**
Financial liabilities	21,522,208	1,446,747	5,786,987	14,288,474	21,522,208

** principal repayments due*

35.4. Market risk

Market risk is the risk that market prices, exchange rates and interest rates may affect the Company's profit or the value of the investment embodied in the financial instruments. The purpose of managing market risk is to manage and control exposures to market risks among acceptable limits with simultaneous profit optimization.

Since March 2018, when the then EUR loan owed to CIB Bank Zrt. was refinanced with a HUF loan, the Company has only had forint-based long-term loans. Considering that approximately 84% of the Company's revenues are realized in HUF and that FX revenues amply cover expenditure arising in FX, it practically has no FX risk.

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 Company does not conclude hedging transactions.

36. Sensitivity analysis

With a view to the fact that in the reporting year in the framework of the refinancing transaction described in Section 35.4. above the Company eliminated its credit risk it used to be exposed to in the previous years, no separate sensitivity test was performed.

37. 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.

31 December 2023 HUF '000'	**Book value**	**Fair value**
Financial assets		
Loans and receivables carried at amortized cost		
loans and receivables		
Trade receivables	293,710	70,152
Cash and cash equivalents	6,305,607	6,305,607
Financial liabilities		
Loans and receivables carried at amortized cost		
Financial liabilities	20,332,948	20,332,948
Trade payables	249,265	249,265

31 December 2022 HUF '000'	**Book value**	**Fair value**
Financial assets		
Loans and receivables carried at amortized cost		
loans and receivables		
Trade receivables	357,724	328,023
Cash and cash equivalents	8,023,789	8,023,789
Financial liabilities		
Loans and receivables carried at amortized cost		
Financial liabilities	21,522,208	21,522,208
Trade payables	804,488	804,488

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

The members of the Board of Directors performed their duties in the 2023 business year without remuneration, and the members of the Audit Committee performed their duties in the 2023 business year for a gross monthly remuneration of HUF 300,000 per member.
The Company and the subsidiary included in consolidation do not have a Supervisory Board.

39. Remuneration of senior and middle managers in key positions

HUF '000'	**2023**	**2022**
Gross salary	239,324	261,936
Wage taxes	31,112	34,052
Total	**270,436**	**295,988**

For the purposes of the above table, the following persons are considered to be key management personnel: the CEOs, the Chief Financial Officer and the Heads of Department.

40. Items of exceptional amounts and occurrence

In the year 2023, the annual net sales from transactions with one of the Company's customers belonging to the segment "Income-generating investment property" (HUF 2,154,804,055) exceeded 25% (26.6%) of the Company's total annual sales, however, no cost item of exceptional amounts and occurrence was incurred.

41. Presentation of related parties

41.1. Subsidiary

		Vote and ownership shares	
Subsidiary	**Registered office**	**31.12.2023**	**31.12.2022**
Harsánylejtő Kft.	H/1033 Budapest, Polgár u. 8-10.	100.00%	100.00%

As of December 31, 2023, the equity data of Harsánylejtő Kft., expressed in ,000 forints, was:

HUF '000'	31.12.2023	31.12.2022
Equity	**29,677**	**6,769**
Subscribed capital	3,000	3,000
Capital reserve	0	0
Profit reserve	-788,731	-789,952
Committed reserve	792,500	792,500
P/L after tax	22,908	1,221

The equity accounted for in the 2023 annual accounts of Harsánylejtő Kft. was already positive, similarly to the previous year, but in contrast to preceding years, where equity was negative, therefore the Company settled the equity situation of Harsánylejtő Kft. on several occasions, by means of the additional payment of HUF 792.5 million in total, as ordered by founders' resolutions.

Related party transactions:

HUF '000'	31.12.2023	31.12.2022
Loan granted by BIF	68,000	0
BIF revenue	1,175	0
BIF expenditure	0	0
Wage + contribution claim	2,163	551

41.2. Other related party

In 2023, in addition to Harsánylejtő Kft, the Company had a business relationship with PIÓ-21 Vagyonkezelő és Szolgáltató Kft. as a related party, and realized an income of HUF 19,808,000 from property lease from this relationship. Moreover, Kastélyszálló Kft has been also qualifying as a related party since 23 February, 2022, against which the Company recognized neither any income, nor any expense in the reporting year.

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 31 December 2023, the following pledges encumbered certain items constituting the Company's assets:

Loan1
Pursuant to the credit facility agreement concluded between the Company and MFB Magyar Fejlesztési Bank Zrt. on 7 November 2018 for HUF 20 billion, MFB Magyar Fejlesztési Bank Zrt. granted a loan of HUF 7,579,600,000 to the Company in accordance with the loan agreement concluded by the Company and MFB Magyar Fejlesztési Bank Zrt. on 3 September 2019.

Description of the encumbered thing or right (asset)
- The real property of parcel No. 24408/4, located 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:
a capital amount of HUF 20,000,000,000 and charges

Loans2-4
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 parcel No. 6775, located in District I of Budapest (H-1012 Budapest, Logodi utca 42).

Details of the contract containing the secured claim:
Loan agreements (3)
Date: 31 August 2020
Mortgage contract on real estate - with a fixed amount to secure several claims
Date: 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
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 and last 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 parcel No. 6775, located in District I of Budapest (H-1012 Budapest, Logodi utca 42).

Details of the contract containing the secured claim:
Loan agreement
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:
HUF 2,500,000,000 and charges

Loan6
Based on the loan agreement concluded between the Company and MBH Bank Nyrt on 25 July 2023, MBH Bank Nyrt is extending the Company a fixed-rate 8-years' loan in the total amount of HUF 681,580,000 for financing real estate renovation and investment, of which the first disbursement of HUF 9,220,101 was made on 3 October 2023, and the second disbursement of HUF 41,183,112 was made on 6 October 2023, the third disbursement of HUF 52,216,131 was made on 3 November 2023, while the fourth disbursement of HUF 154,867,235 was made on 28 November 2023.

Description of the encumbered thing or right (asset)

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

Details of the contract containing the secured claim:
Loan agreement
Date: 25 July 2023
Real property mortgage agreement
Date: 25 July 2023
Agreement for the establishment of a charge on receivables
Date: 25 July 2023

Amount of secured claim/registered encumbrance:
a capital amount of HUF 681,580,000 and charges

1.2. Litigation and other legal proceedings

As of 31 December 2023, Budapesti Ingatlan Nyrt. was no defendant in any pending lawsuits.

2. Significant events after the balance sheet date

The Company as buyer concluded a real estate sale and purchase agreement with SCHAUB d.o.o. (OIB: 57065811373; HR-51211 Matulji Ul. V. Gortana 2.) for the purchase of the exclusive title to the real estate 320170 Volosko, Croatia (Topographical No. 410), physically located at 51410 Opatija, Ul. Ivana Matetica Ronjgova 6. The transaction was successfully concluded on 7 February 2024.

3. Extraordinary and other regulated disclosures in 2023 and as of the date of signing the Separate Annual Financial Statements:

Date of publication	Subject of publication
2 April 2024	Monthly announcement of voting rights and share capital
26 March 2024	Invitation to the General Meeting
29 February 2024	Monthly announcement of voting rights and share capital
7 February 2024	Information on the conclusion of real estate sale and purchase agreement
31 January 2024	Monthly announcement of voting rights and share capital
8 January 2024	Auxiliary information related to the announcement of dividend payment for 2022
2 January 2024	Monthly announcement of voting rights and share capital
20 December 2023	Calendar of corporate events
14 December 2023	Sale of equity share
30 November 2023	Monthly announcement of voting rights and share capital
31 October 2023	Monthly announcement of voting rights and share capital
2 October 2023	Monthly announcement of voting rights and share capital
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 Annual Report and Consolidated Annual Report for 2022
28 April 2023	BIF Remuneration report
28 April 2023	Report on Responsible Corporate Governance
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	Monthly announcement of voting rights and share capital

4. Authorization to publish financial statements

The Board of Directors approved the 2023 IFRS Audited Annual Financial Statements of the Parent Company and authorized it for disclosure with its resolution as of 9th of April, 2023.

Declaration of Liability

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that the 2023 Audited Annual Financial Statements of the Parent Company has been prepared to the best knowledge of the Company, in accordance with the International Financial Reporting Standards and provides a true and fair view of the assets, liabilities, financial position as well as profits and losses of the Company, and does not omit any facts that might have any significance concerning the assessment of the situation of the Company.

Budapest, 9 April, 2024

……………………………………….	……………………………………….
Dr Anna Ungár	Kristóf Berecz
President of the Board of Directors and CEO	Vice-President of the Board of Directors and CEO
Address: 1121 Budapest, Hegyhát út 23.	Address: 1121 Budapest, Hegyhát út 23.

Business (Management) Report to the Audited Annual Financial Statements of the Parent Company prepared in accordance with the International Financial Reporting Standards (IFRS) for 2023

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

Table of Contents

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

The business activity of **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered seat: 1033 Budapest, Polgár utca 8-10.; hereinafter: the "Company" and/or "BIF") in 2023 was along the lines of realizing the development strategy and goals listed below:

- seeking out office and other buildings that fit the existing revenue-generating property portfolio of the Company and performing acquisitions;
- utilizing the maximum revenue-generating potential in the existing property portfolio and the optimization of the operation of office buildings;
- the optimal utilization of the Harsánylejtő development area in Budapest, District 3, owned by the Company.

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, 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.

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

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

Office buildings

In Q4 2023, a new office block of a total floor space of 25,320 m^2 was added to the portfolio of modern office buildings in Budapest. The total office stock at the end of 2023 amounted to 4,369,900 m^2, comprising 3,571,710 m^2 of modern speculative office space in categories A and B and 798,190 m^2 of freehold office space. Total gross demand in 2023 was 575,504 m^2, while net demand over the same period was 290,082 m^2. Both gross and net occupancy showed an increase by 47% compared to 2022, whereas the vacancy rate reached 13.3% at the end of the previous year.
In Q4 2023, the vacancy rate increased by 0.1% compared to the preceding quarter and an increase by 2% compared to the same period of the previous year.
In Q4 2023, the lowest vacancy rate was recorded in the North Buda submarket (8.7%), while it was the highest in the Agglomeration (36.8%). Net absorption became positive during Q4, as the total portfolio of occupied office space increased by 6,590 m^2 in total. At the same time, the total office space in use decreased by 4,428 m^2 in 2023 as a whole.
In terms of tenant activity, the most popular sub-market in Budapest was again the Váci út office corridor in Q4 2023, which attracted 28% of demand. The Pest Centre sub-market came second (20%). (Source: BRF 2023 Q4 and Realista)

Within overall demand, the proportion of contract renewals was the highest, standing at 52%. New contract accounted for 43% of all leases, while the shares of expansions and prelease contracts were 2% and 3%, respectively. A total of 155 lease contracts were registered during Q4 2023, their average size was 847 m^2, which is 3% lower than in the preceding quarter. (Source: BRF 2023 Q4)

On December 31, 2023, our Company owned six category 'B' and four category 'A' office buildings with excellent location in terms of infrastructure and transport. Following its successful revitalization and conversion to a Category "A" building, the former Category "B" office building at 12-14 Városmajor Street, District XII of Budapest (hereinafter: "**Major Udvar** (Városmajor u. 12)") was 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, and 98% and 100% of the building had been leased by December 2023 and February 2024, respectively. 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 m^2 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 Budapest, the extension of the paid public parking zoning system continued in 2023, with some districts making free zones paid zones, which may not only boost public transport use but also improve the rate of utilisation of parking garages and underground car parks in the city.

Our Company owns 2 **parking garages**, the **Aranykéz Parking Garage** (Budapest V. district Aranykéz utca 4-6.) and the **Parking Garage of Flórián Udvar** Office Building (8-10 Polgár Street, District III of Budapest), located next to the Vigadó Palota Office Building (9 Apáczai Csere János Street, District V 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. In the H2 2023, we introduced our electric car charging service at the Aranykéz Parking Garage in response to customer demand.

Building plots and residential properties
In Q1-3 2023, 10,808 new homes were built in the country, which was 21% fewer than a year earlier. In Budapest, there was a 29% drop, with 3,234 homes built. The number of homes to be built under building permits issued and simple notifications was 14,894, i.e. 43% fewer than in the same period of 2022. 34% of the new homes are planned to be built in Budapest.
There was also a decline in the housing market: after a 14% drop in 2022, the number of housing sales fell by a further 31% in Q13 2023 compared to a year earlier, although the rate of decline slowed down quarter by quarter in 2023. The decline in the new housing market exceeded the decline in the second-hand market, with new home sales in Q1-3 down 45% compared to the previous year.
In terms of prices, in Q3 2023, second-hand homes and new homes were sold for 2.6 and 3 times the 2015 baseline, respectively. At the same time, compared to the same period of the previous year, the price of second-hand homes remained almost unchanged, while the price of new homes increased by 11%. The aggregate house price index, which is determined by the change in the price of second-hand homes due to the dominance of the market, rose by only 1.5% year-on-year, the smallest annual price change in the last ten years. (Source: KSH)

Within the framework of the **Harsánylejtő Kertváros** project (District III of Budapest), the Company launched a development project (hereinafter: "**Harsánylejtő Project**") in several phases over the past years, covering an area of approximately 39 hectares. As part of the project, 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 m^2 were built on an area of about 1 hectare. Phase I and II of the residential development project was successfully completed in 2019 and in H1 2021, respectively. The owner of the project was Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Harsánylejtő 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 was terminated in Q4 2022 and is to be terminated in H1 2024 in respect of the first and the second plot, respectively).
- A plot of land suitable for the development of a **commercial unit**, comprising a retail unit of approximately 1,000 m^2 and a further 1,500 m^2 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, the Company also owned a property of the function of residential 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") on 31 December 2022. Attila99Loft was the winner of the **Real Estate Awards "Residential Property Development of the Year 2021"** competition. The real property includes 16 exclusive apartments, a 22-space robotic parking system, a restaurant and a bakery. In addition to its location in the Castle District and the unique style of the apartments, the exclusive services available within the building ensure the uniqueness of the building modelled on the "New York" style. The apartments and commercial premises are leased by the Company.
One of the most prominent properties in the Company's portfolio is located at 80-82 Andrássy Avenue, District VI of Budapest, a World Heritage Site (hereinafter: "**Andrássy Avenue Property**"). On the more than 1,400 m^2 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 was concluded in Q1 2024 and we have obtained the building permit.

<u>Hotels</u>

In December 2023, the number of guests and nights spent in tourist accommodation (commercial, private and other) was 16% and 13% higher than a year earlier, respectively. The year 2023 saw a rapid recovery in inbound tourism, particularly impressive in the capital, where foreign visitors to accommodation increased by nearly 20%. The number of nights spent in tourist accommodation in 2023 was 2.5% higher than in the previous year. Within this, domestic tourism was unable to make up for a weak first half of the year, with a 5% drop, offset by a 12.5% increase in foreign visitors.
There are many examples worldwide for offices being converted into hotels. The hotel market is changing, hotels are becoming much more functional, while the guest base is also changing: there is no longer an expectation of an in-hotel restaurant, or at most breakfast. The basic cost of an average hotel is €30-50,000 per room, and a minimum of 3,000 m^2 of building is required to efficiently run a hotel of around 100 rooms. Operating costs are rising for older buildings which are 10-15 years old. (Source: Portfolio, KSH Monitor and Realista)

The Company currently owns one property which was 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). In 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, there was a 4-star hotel and two independent restaurants on the street front of the property. The hotel part of the property was taken back from the operator at the end of October 2023. The Company is currently investigating the possibility of improvements that would modernise the property, taking into account new tenant needs.
"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. 2023 achievements, 2024 outlook and challenges

1. Achievements in 2023

2023 was another challenging and successful year for the Company. Based on its audited consolidated profit and loss account prepared in accordance with IFRS, BIF **achieved a profit before tax of approximately HUF 10,567 million in 2023**, which represents an increase by approximately HUF 527 million compared to the profit before tax generated in 2022. **Profit before tax adjusted** for the effect of fair valuation of investment properties, realised sales of plots and other specific items **increased to HUF 4,930 million** in 2023 from HUF 4,561 million in 2022.[1]

- In 2023, **net sales** totalled to approximately HUF 8,093 million against nearly HUF 10,290 million in 2022. The decisive factor for the negative trend is that the revenue from the sale of building plots under the Harsánylejtő Project (HUF 3,219 million) significantly increased the revenue in the base period, while there was no sale of plots in 2023. Adjusted for the sale of building plots, sales revenue increased by approximately HUF 1,022 million (+14%) in the period under review from HUF 7,071 million in 2022. Revenues from rent and management fees and parking fees collectively showed a significant increase by HUF 1,251 million (+21%) compared to the base value, mainly due to improving occupancy rates, new developments (Major Udvar and BIF Tower) and price hikes and indexations implemented at the beginning of the year. The revenue related to intermediary services includes, in addition to utilities and service charges, re-invoicing related to the construction, renovation and conversion of the rental property, the decrease compared to the base period was mainly due to the base effect (the high base rate was mainly caused by the energy market situation resulting from the Russian-Ukrainian conflict).

Breakdown of net revenue from sales

HUF ‘000'	2022	2023
Revenue from rents and operating fees	5,370,668	6,550,655
Revenue from parking fees	669,044	739,627
Revenue related to intermediary services	961,289	770,946
Revenue from services	0	0
Revenue from the sale of properties/land	3,218,869	0
Other sales revenues	69,646	31,278
Total	**10,289,516**	**8,092,506**

- **Other operating income** in 2023 amounted to HUF 6,281 million compared to HUF 2,883 million in the base period, and the change was mainly due to the increased impact of the fair valuation of investment properties. Other operating income also increased in 2023 due to a more significant penalty of HUF 140 million.
- The value of **material expenses** decreased minimally by 3.5% to approximately HUF 1,988 million in 2023 compared to HUF 2,061 million in 2022.
- Payments to staff increased by around 35% in the reporting year compared to the previous year, which was mainly caused by the organisational development and wage increase related to the implementation of the strategic goals of the Company and the higher level of statistical average staff numbers.
- **Other operating expenses** increased to HUF 860 million in the period under review compared to HUF 471 million in the base period. The negative value of around HUF 389 million compared to the previous period is mainly due to a higher negative fair value effect and higher building taxes in the current period (a significant part of the change in the taxes line was the result of the land tax refund realized in the base period).
- The **depreciation and impairment** line showed an increase of around HUF 149 million in 2023 compared to the base period, due to higher impairment charges (+ HUF 151 million) and the impact of lower depreciation (- HUF 2 million) on non-investment fixed assets.
- As a result of the above, the **operating P/L** for the period under review increased from HUF 9,735 million to HUF 10,361 million, while the consolidated **operating P/L** adjusted for the effect of fair valuation of investment property, the plot sales realized and other specific items **increased from HUF 4,256 million** in the base period **to HUF 4,724 million** in 2023.

[1]*Indemnification received in the amounts of HUF 550 million and 140 million received in 2022 and 2023, respectively.*

- The **P/L on financial operations** for the period amounted to approximately HUF 206 million in 2023 compared to HUF 305 million in the base period. Revenues increased by around HUF 50 million and expenses by HUF 149 million during the period under review. The increase in financial income was due to liquidity management and interest rates, which, although decreasing in the period under review, were still high overall. The increase in financial expenses compared to the base period is mainly due to the fact that the Company recognizes interest on loans taken out to partially finance its real estate developments as directly related to the investment until the capitalization of the respective investments, while after the capitalization of the investments, it is recognized as financial expenses. In 2023, this resulted in an increase in interest expenditure compared to the base period in the case of 2 properties (Major Udvar and BIF Tower).
- 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). Having a REIT status, the Company 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, in the reporting year, approximately HUF 0.9 million of the actual tax expense of approximately HUF 22.1 million of BIF was the calculated corporate tax, and approximately HUF 21.2 million was the amount of the innovation levy.

Profit and loss statement (IFRS, audited)

HUF '000'	**2022**	**2023**
Net sales revenue	10,289,516	8,092,506
Other operating income	2,883,201	6,280,668
Changes in internally generated inventories	-123,863	0
Capitalized value of internally generated assets	0	0
Raw materials, consumables and other external charges	-2,060,548	-1,988,110
Staff costs	-676,885	-910,653
Other operating expenditure	-471,290	-860,290
EBITDA	**9,840,131**	**10,614,121**
Depreciation and impairment	-105,071	-253,614
Operating P/L	**9,735,060**	**10,360,507**
Financial income	641,021	691,223
Financial expenses	-335,871	-484,803
P/L before tax	**10,040,210**	**10,566,927**
Actual tax expenditure	-27,877	-22,098
P/L after tax	**10,012,333**	**10,544,829**

- The **investment property portfolio** increased by 6.7 billion in 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 a property of lower value (purchase of 3 apartments at 39 Városmajor Street, XII district Budapest). There were no property sales in 2023. 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 2023, the Company's **net debt** (the value of financial liabilities less cash and cash equivalents) increased by around HUF 0.5 billion to HUF 14 billion compared to HUF 13.5 billion at the end of 2022. The above increase was mainly due to the combined effect of the dividend paid in 2023, the sale of treasury shares at the end of 2023, contractual principal repayments on existing loans, and new borrowing.

Key balance sheet items (IFRS, audited)

HUF '000'	**31.12.2022**	**31.12.2023**
Investment property	71,881,004	78,581,204
Long-term assets, total	*72,456,342*	*79,417,988*
Cash and cash equivalents	8,023,789	6,305,607
Current assets, total	*9,109,544*	*6,833,316*
Assets, total	**81,565,886**	**86,251,304**
Subscribed capital	2,870,244	2,870,244
Equity allocated to the parent company, total	*55,507,953*	*62,243,827*
Financial liabilities (long-term)	20,075,461	18,886,201
Long-term liabilities, total	*20,082,491*	*20,273,570*
Financial liabilities (short-term)	1,446,747	1,446,747
Current liabilities, total	*5,975,442*	*3,733,907*
Liabilities and equity, total	**81,565,886**	**86,251,304**

Key indicators of the equity, financial and income position

Description	**2022**	**2023**
Long-term assets to total assets (Total long-term assets to total assets)	88.83%	92.08%
Indebtedness (total long-term liabilities to long-term liabilities and total equity allocated to the parent company)	26.57%	24.57%
Debt to equity ratio (total long-term liabilities to total equity allocated to the parent company)	36.18%	32.57%
Acid test ratio (Cash and cash equivalents to total short-term liabilities)	134.28%	168.87%
Return on sales (operating income to the net sales revenue)	94.61%	128.03%
Return on equity (operating income to total equity allocated to the parent company)	17.54%	16.65%

2. Outlook and challenges for the financial year 2024

In 2024, the Company will focus on the following areas of development:

- Preparation of the development plans for the conversion of **Major Park** (35 Városmajor Street), which was successfully acquired in early 2020, to a category "A" office building and for the related parking garage and commercial function and the commencement of the planned construction works (the size of the total development area is approximately 26,000 m^2).
- 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.
- In the case of the **Andrássy Avenue property**, investigation of the possibilities of utilizing the property, depending on changes in market conditions.
- In the **Aranykéz Parking Garage**, maximizing occupancy and examining the introduction of new services.
- Design and implementation of the tenant fit-out works following the full occupation of the **BIF Tower** according to the tenant's needs.
- Investigation of the possibilities of utilisation of the **Üllői Avenue Educational Centre**.
- As a result of the successful acquisition in Croatia, demolition of the old building, design of a new building and start of construction of the property **Volosko**, which was added to the real estate portfolio in early 2024.
- Investigation of the development potential of the **Madách Square property**, which has outstanding potential, taking into account potential tenant needs.
- 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.

III. Major events at the Company in 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://www.bif.hu/investors/publicitans/stock-exchange-statements/bif-2023-agm-minutes-meeting-including-resolutions

2. Personal changes

Board of Directors, Audit Committee
There was no change in the composition of the Board of Directors or the Audit Committee in 2023.

Changes to the management of the Company in 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 Fábián 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 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. Although 2023 was already a boom year for tourism, some of those in the sector were not able to recover from the effects of the coronavirus epidemic. Unfortunately, the difficulties also affected the payment of rents already invoiced, therefore we had to recognise impairment in the amount of HUF 188 million against one of our clients at the end of 2023.

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

Since March 2018, the Company has only had forint-based long-term loans thanks to a refinancing transaction. Considering that approximately 84% of the Company's revenues are realized in HUF and that FX revenues amply cover expenditure arising in FX, it practically has no FX risk.

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.

Detailed information on financial instruments is provided in the Company's audited 2023 Financial Statements of the Parent Company, prepared in accordance with the International Financial Reporting Standards (IFRS) Chapter III on Additional Explanations, Explanation 37 on Financial Instruments. Other than the BIF ordinary shares (treasury shares) held by the Company, the Company does not have any other securities and has not entered into any derivative transactions.

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.

V. Material events after the balance sheet date

The Company as buyer concluded a real estate sale and purchase agreement with SCHAUB d.o.o. (OIB: 57065811373; HR-51211 Matulji Ul. V. Gortana 2.) for the purchase of the exclusive title to the real estate 320170 Volosko, Croatia (Topographical No. 410), physically located at 51410 Opatija, Ul. Ivana Matetica Ronjgova 6. The transaction was successfully concluded on 7 February 2024.

VI. General company information

1. Corporate data of the Company

Name of the Company:	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	Hungary, 1033 Budapest, Polgár u. 8-10.
Postal address (place of central administration):	Hungary, 1033 Budapest, Polgár u. 8-10.
E-mail address:	info@bif.hu
Website:	www.bif.hu
Date of the Articles of Association:	31.01.1995
Date of commencement of operation:	01.05.1994
Registry court:	Superior Court of Budapest, as company registry court
Company registry number:	Cg. 01-10-042813
Statistical number of the company:	12041781-6820-114-01
Tax Registration No.:	12041781-2-41
Community tax number:	HU12041781
Share capital on December 31, 2023	HUF 2,870,244,400
Term of the operation of the company:	unspecified
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 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.

The Board of Directors held three personal meetings in 2023. The Board of Directors made decisions electronically 10 times in 2023.

Members of the Company's Board of Directors (as of 31 December 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 Vaszily	member	30.04.2022	30.04.2027

Audit Committee

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

In addition to the meetings of the Board of Directors, the Audit Committee held one meeting in person and decided electronically on two occasions in 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 (31. December 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 Vaszily	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 the year of 2023:
- 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 31 December 2023, the Company's share capital consisted of 287,024,440 dematerialised ordinary shares with a nominal value of HUF 10 each, of which 22,514,206 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 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 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% interest based on the current share register and on the individual statements of the owners

Shareholder	31 December, 2022		31 December, 2023	
	Number of shares (pcs)	Interest (%)	Number of shares (pcs)	Interest (%)
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	22,514,206	7.84
Other shareholders	31,763,519	11.08	41,417,909	14.44
Total	**287,024,440**	**100.00**	**287,024,440**	**100.00**

**PIÓ-21 Kft. is both the parent company and the "ultimate parent of the group" of the Company*
** Of which an indirect share of 0.57% through the Company's subsidiary, BFIN Asset Management AG as of December 31, 2023*
****Based on the share register of 29 December 2023*
*****The Company may not exercise shareholder rights by the BIF ordinary shares in its ownership*

Ownership interest of executives and employees in strategic positions in the Company 31 December, 2023

Nature	Name	Position	Beginning of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with indirect influence
BoD	Dr Anna Ungár	President of the BoD* and as from 4 December, 2022, also Chief Executive Officer	30.04.2022	30.04.2027	0	67.73%
BoD	Kristóf Berecz	Vice-President of the BoD and CEO as from 1 December, 2018	30.04.2022	30.04.2027	0	67.73%
BoD	Dr Frigyes Hárshegyi	member of the BOD and the AC**	30.04.2022	30.04.2027	0	0
BoD	Julian Tzvetkov	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
BoD	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	Unspecified***	0	0

**Board of Directors*
***Audit Committee*
****Nature of employment*

Shares held in the Company by executives and employees in strategic positions (31 December 2022)

Nature	Name	Position	Beginning of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with indirect influence
BoD	Dr Anna Ungár	President of BoD*	30.04.2022	30.04.2027	0	66.62%
BoD	Kristóf Berecz	Vice-President of the BoD and CEO as from 1 December, 2018	30.04.2022	30.04.2027	0	66.62%
BoD	Dr Frigyes Hárshegyi	member of the BOD and the AC**	30.04.2022	30.04.2027	0	0
BoD	Julian Tzvetkov	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
BoD	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	Unspecified***	0	0

**Board of Directors*
***Audit Committee*
****Nature of employment*

VII. Changes in the number of employees; employment policy

In 2023, the Company's average statistical headcount was 62 (52 in 2022), while at 31 December 2023 the headcount was 65.

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.

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. Personal changes in the year 2023

They are described in Chapter III, Section 2.

X. 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.

XI. 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

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that this Business (Management) Report 2023 contains real data and statements, providing a true, correct and complete view of the position, development and performance of the Company 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.

Budapest, 9 April, 2024

………………………………………..	………………………………………..
Dr Anna Ungár	Kristóf Berecz
President of the Board of Directors and CEO	Vice-President of the Board of Directors and CEO

Consolidated Annual Report 2023
Consolidated Annual Financial Report 2023

Budapesti Ingatlan Hasznosítási
és Fejlesztési Nyrt.

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This is the English translation of the official Hungarian version

Audited Consolidated Annual Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared in accordance with the International Financial Reporting Standards (IFRS)
31 December, 2023

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Consolidated Annual Statement of Financial Position

HUF ‘000'	Explanations*	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Investment property	1	78,581,204	71,881,004
Intangible assets	2	3,215	4,228
Land, buildings and related rights	2	84,106	86,133
Plant, other equipment and installations	2	116,368	143,745
Construction and reconstruction in progress	2	764,224	341,288
Investments in related companies	3	0	0
Deferred tax assets	4	0	0
Non-current assets, total		**79,549,117**	**72,456,398**
Current assets			
Inventories	5	100,600	101,847
Trade receivables	6	84,603	328,023
Other short-term receivables and prepaid expenses and accrued income	7	369,787	667,434
Cash and cash equivalents	8	6,336,433	8,130,618
Current assets, total		**6,891,423**	**9,227,922**
Assets, total		**86,440,540**	**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	-2,304,224	-3,048,120
Profit reserve	12	44,360,298	38,879,594
P/L for the reporting year	12	10,567,736	10,033,555
Equity allocated to the parent company, total:		**62,274,173**	**55,515,392**
Long-term liabilities			
Financial liabilities	13	18,886,201	20,075,461
Provisions for expected liabilities	14	19,760	13,168
Deferred tax liabilities	15	0	0
Other long-term liabilities	16	1,376,527	0
Long-term liabilities, total		**20,282,488**	**20,088,629**
Current liabilities			
Financial liabilities	17	1,446,747	1,446,747
Trade payables	18	313,890	906,902
Other short-term liabilities, accrued expenses and deferred income	19	2,123,242	3,726,650
Current liabilities, total		**3,883,879**	**6,080,299**
Liabilities and equity, total		**86,440,540**	**81,684,320**

**No. of additional explanation*

Consolidated Statement of Comprehensive Income

HUF ‘000'	Explanations*	2023	2022
Net sales revenue	20	8,188,976	10,293,076
Other operating income	21	6,286,138	2,883,212
Changes in internally generated inventories	22	0	-123,863
Capitalized value of internally generated assets	22	0	0
Raw materials, consumables and other external charges	23	-2,059,744	-2,068,658
Staff costs	24	-914,678	-678,665
Depreciation and impairment	25	-253,629	-87,428
Other operating expenditure	26	-871,916	-471,290
Operating P/L		**10,375,147**	**9,746,384**
Financial income	27	703,846	651,165
Financial expenses	27	-487,136	-335,871
P/L before tax		**10,591,857**	**10,061,678**
Actual tax expenditure	28	-24,121	-28,123
Deferred tax	29	0	0
P/L after tax		**10,567,736**	**10,033,555**
Of this:			
Parent company’s share		**10,567,736**	**10,033,555**
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		**10,567,736**	**10,033,555**
Of this:			
Parent company’s share		**10,567,736**	**10,033,555**
External owner’s share			
Weighted average ordinary shares		252,316,945	251,684,440
Earnings per share (HUF)			
Base	31	41.88	39.87
Diluted	31	41.88	39.87

**No. of additional explanation*

Consolidated Statement of Annual Changes in Equity

Explanations*	9	11	9	10	12	12			
HUF ‘000'	**Subscribed capital**	**Equity shares repurchased**	**Capital reserve**	**Revaluation reserve**	**Profit reserve**	**P/L for the reporting year**	**Equity allocated to the parent company, total**	**Non-controlling participation**	**Equity, total**
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			
Purchase of equity shares									
Equity issue									
Sale of equity share									
Dividend					-5,033,689		-5,033,689		-5,033,689
Increase in the profit reserve due to the sale of Verseg									
Total comprehensive income						10,033,555	10,033,555		10,033,555
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			
Purchase of equity shares									
Equity issue									
Sale of equity share		743,896			4,256,104		5,000,000		5,000,000
Dividend					-8,808,955		-8,808,955		-8,808,955
Increase in the profit reserve due to the sale of Verseg									
Total comprehensive income						10,567,736	10,567,736		10,567,736
31.12.2023	**2,870,244**	**-2,304,224**	**6,048,215**	**731,904**	**44,360,298**	**10,567,736**	**62,274,173**		**62,274,173**

**No. of additional explanation*

Consolidated Annual Cash Flow Statement

HUF ‘000'	Notes*	2023	2022
P/L before tax		**10,591,857**	**10,061,678**
Adjustments of the profit before taxes		4,349	4,859
Adjusted profit before taxes		**10,596,206**	**10,066,537**
Net interest expenses	27	-224,510	-277,255
Non-cash flow items			
Depreciation	25	59,407	61,533
Impairment (buyer)	25	194,222	10,697
Credit loss (buyer)	25	0	15,198
Unrealized exchange rate difference		0	0
Adjustment due to inventory fair valuation	26	0	72,457
P/L from a fair valuation	21, 26	-5,496,725	-1,986,965
Provisions for liabilities		6,593	546
Non-operating cash flow P/L items			
Revenues from the sale of tangible assets		-886	1,418
Assets provided for no consideration, scrapping		0	57,353
Net working capital flow			
Change in trade receivables	6	49,197	-221,809
Change in other current assets		298,895	10,717
Change in accounts payable	18	-593,012	-760,281
Changes in other short-term liabilities		-226,881	1,602,220
Change in short-term financial liabilities		0	0
Non-refundable subsidy received		0	0
Interest paid	27	-434,636	-321,538
Interest received	27	659,146	598,793
Income tax paid	28	-24,121	-28,123
Damages paid		0	0
Cash flow from business activity		**4,862,895**	**8,901,498**
Purchase of tangible assets		-1,655,402	-6,323,899
Cash proceeds from the sale of property, plant and equipment		886	5,450
Deconsolidation		0	0
Funds used for investments		**-1,654,516**	**-6,318,449**
Income from capital issues		0	0
Dividend	12	-8,808,955	-5,033,689
Equity purchase (-)/sale (+)		5,000,000	0
Interest paid		0	0
Loans		257,487	2,386,193
Loan repayment		-1,446,747	-1,348,291
Cash flow from financing activity		**-4,998,215**	**-3,995,787**
Change in liquid assets		**-1,789,836**	**-1,412,738**
Revaluation of foreign currency-denominated liquid assets		-4,349	-4,859
Balance-sheet change in liquid assets		**-1,794,185**	**-1,417,597**
Cash flow from financing activities	8	-1,794,185	-1,417,597
Opening cash and cash equivalents	8	8,130,618	9,548,215
Closing cash and cash equivalents	8	6,336,433	8,130,618

**No. of additional explanation*

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

I. General company information

1. Company profile

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. (hereinafter: "Company") 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 estate 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, 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).

Corporate data of the Company*

Name of the Company:	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	Hungary, 1033 Budapest, Polgár u. 8-10.
Postal address (place of central administration):	Hungary, 1033 Budapest, Polgár u. 8-10.
E-mail address:	info@bif.hu
Website:	www.bif.hu
Date of the Articles of Association:	31.01.1995
Date of commencement of operation:	01.05.1994
Registry court:	Superior Court of Budapest, as company registry court
Company registry number:	Cg. 01-10-042813
Statistical number of the company:	12041781-6820-114-01
Tax Registration No.:	12041781-2-41
Community tax number:	HU12041781
Share capital on December 31, 2023	HUF 2,870,244,400
Term of the operation of the company:	unspecified
Business year of the company:	Identical to calendar year
Main business activity of the Company (TEÁOR):	6820'08 Renting and operation of owned or leased real estate
Other activities of the Company according to TEÁOR:	– 4110'08 Development of building projects – 64 20 '08 Asset management (holding) – 8110 '08 Combined facilities support activities – 6832 '08 Management of real estate – 6810 '08 Buying and selling of own real estate

**There were no changes in the Company's name or other identification data in 2023 compared to the previous business year.*

The registered accountant certified in IFRS and responsible for the compilation of the 2023 IFRS Consolidated Annual Financial Statements is: Dr Katalin Horváth Kalácska (H-1082 Budapest, Hock János u. 4-6, Hock János u. 4-6.; registration number of accountant certified under IFRS: 123,362).

The Company's auditor
On 28.04.2023, the General Meeting of the Company appointed QUERCUS Audit Könyvvizsgáló és Gazdasági Tanácsadó Kft (registered office: 8200 Veszprém, Radnóti tér 2/C, company registration No.: 19 09 512226; tax number: 11679204-2-19, registration No. with the Chamber of Auditors: 002651) to act as the auditor of the Company in the period commencing on the date of adoption of the annual financial statements of the Company for the financial year concluded on 31.12.2022 and ending on the date of adoption of the annual financial statements of the Company for the financial year concluded on 31.12.2023 but no later than 15.05.2024.

2. Executives and Ownership structure

2.1. Executives in the year 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
Julian Tzvetkov	member	30.04.2022	30.04.2027
Dr Frigyes Hárshegyi	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
Julian Tzvetkov	member	30.04.2022	30.04.2027
Dr Frigyes Hárshegyi	member	30.04.2022	30.04.2027
Miklós Vaszily	member	30.04.2022	30.04.2027

Ownership interest of executives and employees in strategic positions in the Company 31 December, 2023

Nature	Name	Position	Beginning of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with indirect influence
MboD	Dr Anna Ungár	President of the BoD* 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 CEO as from 1 December, 2018	30.04.2022	30.04.2027	0	67.73%
MboD	Julian Tzvetkov	member of the BoD and the AC**	30.04.2022	30.04.2027	0	0
MboD	Dr Frigyes Hárshegyi	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	Unspecified***	0	0

**Board of Directors*
***Audit Committee*
****Nature of employment*

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

Board of Directors, Audit Committee
There was no change in the composition of the Board of Directors or the Audit Committee in 2023.

Changes to the management of the Company in 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 Fábián and László Mészáros, respectively.

2.3. Remuneration of senior executives in 2023

The members of the Board of Directors performed their duties in the 2023 business year without remuneration, and the members of the Audit Committee performed their duties in the 2023 business year for a gross monthly remuneration of HUF 300,000 per member.

2.4. Persons authorized to sign the 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% interest based on the current share register and on the individual statements of the owners

	31 December, 2022		31 December, 2023	
Shareholder	**Number of shares (pcs)**	**Interest (%)**	**Number of shares (pcs)**	**Interest (%)**
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	22,514,206	7.84
Other shareholders	31,763,519	11.08	41,417,909	14.44
Total	**287,024,440**	**100.00**	**287,024,440**	**100.00**

**PIÓ-21 Kft. is both the parent company and the “ultimate parent of the group” of the Company*
** Of which an indirect share of 0.57% through the Company’s subsidiary, BFIN Asset Management AG as of December 31, 2023*
****Based on the share register of 29 December 2023*
*****The Company may not exercise shareholder rights by the BIF ordinary shares in its ownership*

II. Key elements of the accounting policy

1. Key elements of the accounting policy

1.1. Reporting currency and foreign exchange balances

In view of the content and circumstances of the underlying business events, the Company's functional and reporting currency is the Hungarian forint.
The foreign exchange transactions performed in a currency other than HUF were initially recognized at the exchange rate valid on the day of performing such transactions. Foreign currency receivables and liabilities were converted to forint at the exchange rate valid on the balance sheet date. The arising exchange rate differences are recognized in the profit and loss account among financial revenues and expenses.
The financial statements specify Hungarian forints (HUF), which is the Company's presentation currency rounded to the nearest thousand, except where otherwise indicated.
The transactions performed in a foreign currency are recognized in the functional currency – the foreign currency amount considered at the exchange rate between the reporting currency and the foreign currency valid on the transaction date. In the statement of comprehensive income, exchange differences arising on the settlement of monetary items, on initial recognition during the period or on the use of an exchange rate other than that used in the previous financial statements are recognized as income or expense in the period in which they arise. The monetary instruments and liabilities denominated in foreign currency are converted at the exchange rate valid at the end of the reporting period. The items valuated at fair value and denominated in foreign currency are converted at the exchange rate valid on the date of determining the fair value. Exchange differences on trade receivables and trade payables are recognized in operating income, while exchange differences on loans are recognized in financial income or expenses.

1.2. Sales revenue

The Company earns revenues primarily on the services provided to its customers and third parties and on the sale of goods.
The Company recognizes sales revenue in accordance with IFRS 15 (which was issued in May 2014 and is effective for annual periods beginning on or after 1 January 2018).
The new standard introduces the basic directive that revenue is recognized when the goods or services are delivered to the buyer at the agreed price. Any separable related goods or services must be recognized separately and every allowance must be assigned to the appropriate elements of the contract. When the consideration changes, the minimum value may only be recognized if the likelihood of reimbursement does not include a significant risk. The costs incurred while obtaining a customer contract must be capitalized and amortized during the contractual term in a way that the Company should obtain the related benefits.
The net sales revenue comprises the amounts invoiced on the basis of the goods supplied or services provided during the year. Net sales are recognized when the amount of the revenue becomes clear and it is probable that the consideration will be available to the Company. The sales revenue includes the invoiced amounts less value added tax and discounts.
Revenue from the sale of services is recognized by the Company on a time proportionate basis (if permitted by the contract or confirmed by the customer) during the period, unless the relevant contracts and agreements contain milestones. In this case, sales are accounted for after each milestone is reached.
The Company accounts any additional costs incurred in relation to the conclusion of customer contracts if it expects to be reimbursed.
For deferred income, revenue is recognized at a discount.

1.3. Valuation and impairment of assets over one year

1.3.1. Investment property

A property is classified as investment property if it is held by the enterprise for the purpose of earning income from rent or capital appreciation, or both, and not for the purpose of subsequent sales or production of goods or provision of services or administration. Investment properties are always held for rental purposes.

Investment property is initially measured at cost, taking into account transaction costs. The Company has chosen the fair value model for the recognition of investment properties, and the difference arising from the change in fair value is charged to the profit/loss of the reporting year against other operating income. No ordinary depreciation is recognized for investment properties.
In accordance with the provisions of the REIT Act, the fair value of investment properties owned by the Company is determined by an independent valuer on a quarterly basis. The relevant valuations were made in 2023 by Seratus Ingatlan Tanácsadó Igazságügyi Szakértő Kft. As of December 31 of each year, the market value of the properties has been (is being) updated annually. The valuation is carried out in accordance with international valuation standards.
The valuation uses three valuation methods generally accepted in international asset valuation practice (the DCF method, the comparable market value method and the profits method) and then the market value of the properties is determined based on the precautionary principle.
Given that IAS40 recommends, but does not require, the use of an independent valuer to determine the market value, for investment property where a decision to sell has been made and the sale has commenced, the fair value method is based on the asset has an active market, i.e. there are concluded sales contracts. The actual market price of the property, i.e. the sales price (calculated from the average price) already included in the sales contracts, provides the best basis for determining the fair value.
Gains or losses arising from changes in the fair value of investment property are always recognized in the profit or loss (other operating income or other operating expenses) in the period in which they are incurred. Gains arising from changes in fair value cannot be distributed as dividends to shareholders. Investment property should be derecognized on disposal or when investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on the derecognition and disposal of investment property are recognized in the profit and loss account as income or expense in the period in which they arise.

1.3.2. Other properties

Other real estate in the Company comprises real estate held for use in relation to the sale of goods or the production or provision of services, and developed public utilities belong to this group.
The Company has chosen the fair value model for the recognition of other properties, except for developed public utilities. Valuation is carried out in accordance with the international valuation standards. The valuation uses three valuation methods generally accepted in international asset valuation practice (the DCF method, the comparable market value method and the profits method) and then the market value of the properties is determined based on the precautionary principle. Gains arising from changes in the fair value of other properties are recognized directly in the equity as a revaluation surplus.
Currently, the Company does not own any properties other than utilities.
The Company measures utility facilities at cost less annual depreciation.
Other properties are depreciated. Depreciation is based on fair value and, in the case of public utilities, cost. Depreciation is charged on a straight-line basis, with a depreciation rate of 2%.

1.3.3. Other tangible assets

Plant and equipment, and not property, are stated at cost less accumulated depreciation and impairment losses. Accumulated depreciation includes the recognized costs of non-accelerated depreciation incurred in relation to the continuous use and operation of the asset and of accelerated depreciation required by the significant damage or injury to the asset due to an unexpected, extraordinary event.
Historical cost (value at cost, production cost) of an asset is the total amount of items that can be individually linked to the asset prior to commissioning and delivery to the warehouse in order to acquire, establish and commission the asset.
The historical cost (value at cost) comprises the purchase price net of discounts and increased by a mark-ups, any consideration, fees and commission paid for the transport and loading, foundation work, installation, commissioning and brokerage activities incurred in relation to the acquisition, commissioning and delivery of the asset to the warehouse, as well as all related taxes, tax-like items and customs duties.
Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when the future economic benefits associated with the item are likely to flow to

the Company Group and the cost of the item can be measured reliably. All other costs of repairs and maintenance are recognized in the profit and loss account as incurred.
Additional expenditures on existing assets that extend the useful life of the asset or broaden the scope of using the asset are capitalized by the Company Group. Maintenance and repair costs are expensed as incurred.
The carrying amount of property, plant and equipment is reviewed at regular intervals to determine whether the carrying amount does not exceed the fair value of the asset, as this is required to account for an unplanned write-down to the fair value of the asset. The fair value of the asset is the higher of its selling price and its value in use. Value in use is the discounted value of the future cash flows generated by the asset. The discount rate includes the pre-tax interest rate, taking into account the time value of money and the effect of other risk factors associated with the asset. If no future cash flows can be allocated to the asset on its own, the cash flows of the unit to which the asset is a part shall be used. The impairment and accelerated depreciation determined by this method are recognized in the profit and loss account.
Tangible assets are depreciated by the straight-line method. The cost of an asset is depreciated over its useful life from the date it is taken into use. The Company Group regularly reviews useful lives and residual values.
The Company accounts accelerated depreciation for the tangible assets with net book values not expected to be recovered based on their future income-generating capacity. The Company makes the required calculations on the basis of an appropriate discounting of long-term future cash flow plans.
Depreciation is determined on the basis of the expected useful lives, deterioration time, and physical and moral obsolescence of the assets. Assets representing an individual purchase value of less than HUF 200,000 are depreciated in a lump sum upon commissioning; for assets with a value higher than HUF 200,000, the depreciation rate is 20% for motor vehicles, 33% for information technological devices and administrative devices, each, and 14.5% for other assets.
At the end of each reporting period the Company assesses whether any change suggesting impairment has happened to any asset. If such a change has taken place, the Company estimates the value of the expected return on the aset. The expected return on an asset or cash-generating unit is the higher of the fair value less sales costs or the use value.
The Company recognizes impairment to the debit of the profit if the expected return on the asset is less than its book value. The Company makes the required calculations on the basis of an appropriate discounting of long-term future cash flow plans.
Gains or losses on the derecognition and disposal of investment property are recognized in the profit and loss account as income or expense in the period in which they arise.

1.4. Intangible assets

Individually obtained intangible assets are recognized at cost, while the intangible assets acquired in the course of business combinations are disclosed at fair value at the time of the acquisition. An asset may be included in the books if its use can be proven to result in the future inflow of business benefits and its cost can be clearly established.
Following acquisition, the direct cost method applies to the intangible assets. The lives of these assets are either limited or cannot be determined. Assets with limited lives are depreciated by the linear method based on the best estimate of their lives. The period and method of amortization are revised annually, at the end of each financial (business) year. Disregarding development costs, internally generated intangible assets are not capitalized but are offset against the P/L in the year when they are incurred. Intangible assets are revised annually for impairment, either separately or at the level of the income-generating unit.
The costs of goods and software falling within the scope of brand names, licences and industrial property rights are capitalized and linearly derecognized during their useful life:

Concessions, licences and similar rights, and software	3-6 years

1.5. Goodwill

Goodwill is the and positive difference between the identifiable cost and the fair value of the net assets of the acquired subsidiary, affiliated company or jointly controlled company on the day of acquisition. Goodwill is not depreciated, but the Company examines every year if there are any signs suggesting that the book value is unlikely to be recovered. Goodwill is recognized at direct cost less any impairment.

1.6. Inventories

Inventories recorded by the Company are valued in accordance with IAS2.
The cost of inventory includes the cost of acquisition, the cost of conversion, and the cost of bringing the inventory to its present location and condition.
The cost may not include unusual material, labour and other production cost losses, as well as storage costs, unless they are included in the production process, administrative costs not incurred to bring inventories to their current condition and location, and sales costs.
The Company measures its inventories at cost, more specifically, by the FIFO method.

1.7. Accounts receivable

Liabilities are recognized in the statements at a nominal value reduced by the appropriate impairment generated for estimated losses. Based on the complete supervision of the receivables outstanding at the end of the year, an estimate was made on doubtful claims.

1.8. Financial assets

The financial assets within the scope of the IFRS9 standard fall into three measurement categories: assets measured at amortized cost after acquisition; assets measured at fair value through other comprehensive income after acquisition (FVOCI) and assets measured at fair value through profit or loss after acquisition (FVPL).
Subsequent to initial recognition, financial assets that are “held for trading” are measured at fair value through profit or loss (FVPL). Any unrealized exchange rate gains or losses on securities held for trading are recognized as other income (expense).
Other long-term investments that qualify as held to maturity, e.g. certain bonds, are recognized at amortized cost after the first recognition. The amortized cost is calculated in the period to maturity, at a discount or premium valid at the time of acquisition. In the case of investments recognized at amortized cost, any profit or loss made during the depreciation period or when the investment is derecognized or impaired is accounted as a revenue.
In the case of investments included in stock market trade, the market value is specified on the basis of the official price announced on the balance sheet date. In the case of non-listed or non-traded securities, the market value is the market value of any comparable/substitute financial investment, and if this method cannot be used, the market value must be determined on the basis of the estimated future cash-flow of the asset related to the investment.
On every cut-off date the Company analyses if impairment needs to be recognized for a particular financial asset or for a group of assets. If in the case of assets recognized at amortized cost, any condition requires impairment, the latter is the difference between the carrying value of the asset and its amount discounted by the original effective interest rate of the future cash flows of the asset. Impairment is recognized in the profit and loss account. If any time later the amount of the accounted impairment decreases, it is reversed to the extent that prevents the carrying value of the asset from exceeding its amortized value valid on the cut-off date.
Investments into securities are valuated at the price valid on the day of performance and initially at cost. Short-term investments containing securities held for trading purposes are recognized at fair market value valid on the day of the next report, and their value is calculated at the publicly quoted price valid on the balance sheet date. Unrealized profits and losses are included in the profit and loss account.

1.9. Financial liabilities

The Company's statement of the financial position includes the following financial liabilities: rade and other current liabilities, loans, borrowings, bank overdrafts and futures. Their recognition and valuation are included in the relevant parts of the Notes to the Financial Statements as follows:
Company valuates each financial liability at its fair value valid at the time of its initial recognition. In the case of loans account is taken of the transactions costs directly attributable to the acquisition of the financial liability.
The financial liabilities subject to the IFRS 9 standard can be classified into three measurement categories: liabilities measured at amortized cost after acquisition; liabilities measured at fair value against other comprehensive income after acquisition (FVOCI); and liabilities measured at fair value through the profit or loss after acquisition (FVPL). The Company classifies the individual financial liabilities when they are acquired.
Financial liabilities valuated at fair value through the profit or loss are liabilities acquired by the Company for trading purposes or qualified on their initial presentation at fair value through the profit or loss. Financial liabilities held for trading purposes include liabilities purchased by the Company primarily for the profit expected of short-term price fluctuations. This class also includes futures transactions not considered as efficient hedging instruments.
Loans and advances are recognized in the statements of the financial position at the amortized cost value calculated by the effective interest rate method. The profits and losses related to loans and advances are recognized in the profit and loss account during the calculation of depreciation by the effective interest rate method and when the financial liability is deregulated. Amortization is accounted as financial expenditure in the statement on income.

1.10. Provisions

The Company recognizes provisions for (legal or assumed) commitments incurred as a result of past events the Company is probably required to pay, provided that the amount of the commitment is reliably measurable.
Any amount recognized as a provision is the best estimate of the expenditure required to settle the current obligation at the balance sheet date, taking into account any risks and uncertainties characteristic of the obligation. If a provision is measured using the cash flow probably required for the payment of the existing commitment, the book value of the provision is the present value of such cash flows.
If part or all of the expenditure required to settle the obligation is expected to be recovered by another party, the receivable is recognized as an asset when it is materially certain that the entity will receive the reimbursement and the amount of the receivable can be measured reliably.

1.11. Corporate tax

The corporate tax rate is based on the tax liability specified in the Corporate and Dividend Tax Act, amended by deferred tax. The corporate income tax liability includes tax components due in the reporting year and deferred taxes.
The tax payable for the current year is determined on the basis of the taxable profit of the reporting year. The taxable profit differs from the profit before taxes recognized in the financial statements, due to profits and losses non-taxable gains and losses and items that are included in the taxable profit of other years. The Company's current tax payment liability is determined on the basis of the tax rate in force or announced (provided that announcement is equivalent to entry into force) up to the balance sheet date. Deferred tax is calculated by the liability method.
Deferred tax liability is incurred when there is a temporary difference between the recognition of an item in the annual report and its reconciliation according to the Act on Taxation. Deferred tax assets and tax liabilities are established using the tax rates applicable to the taxable revenues in years when recovery of the difference is expected due to the time displacement. The amount of deferred tax liabilities and tax assets reflect the Company's estimate on the method of realizing tax assets and tax liabilities on the balance sheet date.
Deferred tax assets for deductible tax differences, tax credits and negative tax bases are recognized in the balance sheet only to the extent that as a result of the Company's future activity taxable profits are likely to be available for offsetting the deferred tax asset.

At each balance-sheet date the Company accounts for the deferred tax assets not recognized in the balance sheet and carrying amount of recognized tax assets. It inventorizes that part of the receivables not previously included in the balance sheet on which recovery is expected as a reduction in the future income tax. In contrast, the Company’s deferred tax assets must be reduced by any amount not expected to be covered by any available taxable profit.
The tax due in the reporting year and deferred tax are offset against the equity if they refer to items also offset against the equity in the same or in another period, including any amendments in the opening values of reserves due to retroactive changes in the accounting policy.
Deferred tax assets may be offset against deferred tax liabilities if the company is authorized by law to offset its actual tax assets and tax liabilities due from and to the same tax authority, and the Company intends to recognize these assets and liabilities on a net basis.
Due to transformation into REIC, 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.

1.12. Leasing

Financial leasing is a transaction including a lessor who assumes all the risks and costs involved in the possession of the asset under the lease conditions. All other leasing transactions are considered as operative leasing.
In the case of financial leasing, the assets leased by the Company qualify as the Company’s assets and are recognized at their market value valid at the time of acquisition. A liability to the lessor is presented in the balance sheet as a financial leasing liability. The costs incurred in relation to the leasing are the differences between the fair value of the purchased assets and the total leasing liability and are accounted to the debit of the profit during the entire lease term in a way to represent a permanent and periodically incurred expenditure on the existing amount of the liability in the individual periods.
They arise from the difference between the total amount of liabilities and the market value of the leased asset at the time of acquisition, or after the relevant leasing term, in order to trace any change in the balance of the remaining liability from time to time, or they are recognized in the profit and loss account in the individual reporting periods.

1.13. Earnings per share (EPS)

Earnings per share are determined by taking into account the Company's earnings and the number of shares less the average number of repurchased treasury shares during the period.
The diluted earnings per share is calculated similarly to the earnings per share. However, during calculation all the outstanding shares suitable for dilution are taken into account, increasing the return payable on ordinary shares by the dividend and return on the convertible shares that can be taken into account in the given period, modified by any additional revenues and expenditure arising from conversion, increasing the weighted average number of outstanding shares by the weighted average number of those shares that would be outstanding if all the convertible shares were converted. There was no transaction in either the previous year or the year ended December 31, 2023 that would dilute this EPS rate.

1.14. Off-balance sheet items

Off-balance sheet liabilities are not included in the statement of financial position and income statement, constituting part of the financial statements unless they were acquired in a business combination. They are disclosed in the Notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote, minimal. Off-balance sheet receivables are not included in the statement of financial position or in the P/L account as part of the financial statements, but are disclosed in the Notes if an inflow of economic benefits is likely.

1.15. Repurchased treasury shares

The value of repurchased treasury shares is shown in a separate line within equity.

1.16. Dividend

The Company accounts for dividend in the year it is approved by the owners.

Dividends may be paid in accordance with the relevant provisions of the REIT Act and the Articles of Association:

Article 2.8 of the REIT Act stipulates that: *“Expected dividend: 90% of the profit made by a regulated real estate investment company or regulated real estate investment pre-company in the period between its registration as a regulated real estate investment company or regulated real estate investment pre-company and deregistration may be paid as dividends as defined in a separate legal act, and in the case of a project company of a regulated real estate investment company or regulated real estate investment pre-company, 100% of the profit made by the project company in the period between registration as a project company and deregistration, excluding, in the case of a regulated real estate investment company, a regulated real estate investment pre-company or their project company, the amount of the one-off conversion difference recognized in profit reserve in relation to conversion to the preparation of annual financial statements according to the IFRS as required in Act C of 2000 (hereinafter: “Accounting Act”).*

Article 3 (3) c) of the REIT Act provides that: *“On the basis of the memorandum of association, and proposed by the management, the annual general meeting proposes approval of a dividend corresponding to at least the expected amount of dividend, and in the event of approval, the dividend shall be paid within 30 trading days following approval of the financial statements, with the proviso that if amount of freely disposable funds available for the regulated investment company fails to reach the amount of the expected dividend, the management shall propose that at least 90% of the amount of freely disposable funds be paid as a dividend, "*

Clause 16.3 of the Articles of Association: *“A shareholder is eligible for dividends if he or she or it is included in the share ledger on the cut-off date specified in a notice of dividend based on the resolution of the general meeting and published in relation to the payment of dividends. The date determined by the Board of Directors in the notice published in relation to the payment of dividends, which is relevant for the right to receive dividends, may differ from the date of the general meeting deciding on the payment of dividends. The starting date of dividend payment may not be later than on the 30th trading day (as defined in Act CXX of 2001 on the Capital Markets) following the approval of the financial statements. The Board of Directors must publish the notice of the payment of dividends within 15 days after the date of the general meeting resolving on the dividend, in accordance with the rules on the publication of notices. With regard to the dividend payable by the Company, the Board of Directors of the Company must, in its relevant proposal to the Annual General Meeting, propose the approval of at least the expected dividend as defined by at least in accordance with Article CII of 2011 on regulated real estate investment companies, provided that in the event that the freely disposable funds available for the Company fail to reach the amount of the expected dividend, the management should propose to pay at least 90% of the amount of the freely disposable funds as a dividend.*

The shareholder may claim the dividend from the Company within five years from the start date of dividend payment. The expiry of this period results in the forfeiture of rights. Any dividends not received are transferred to the Company's assets in excess of share capital. The shareholder cannot be obliged to repay the dividend accepted in good faith. Dividends are received in good faith only if the dividends due for the shareholder’s shares are received from the dividend fund determined on the basis of the balance sheet approved by the general meeting, provided that no criteria excluding dividend acquisition are applicable to the shareholder and the shareholder does not know or should not have known of the absence of any statutory conditions for payment.”

1.17. P/L on financial operations

The financial P/L includes interest and dividend revenues, interest and other financial expenditures, the profit and loss on the fair valuation of financial instruments, and any realized or non-realized exchange rate differences.

1.18. State aid

A state aid is recognized if the aid is likely to be recovered and the conditions of reimbursement have been fulfilled. If the aid serves the purpose offsetting a cost, it must be recognized to the benefit of the profit and loss account in the period when the cost to be offset is incurred (among other revenues). If an aid is linked to asset acquisition, it is recognized as deferred income and during the related useful life of the underlying asset it is recognized annually in equal amounts to the benefit to the P/L.

1.19. Items of exceptional amounts and occurrence

An exceptional amount of revenue is revenue arising from a business event or contract that amounts to or exceeds 25% of the total accounting revenue for a given financial year.
A revenue of exceptional occurrence is any income not closely or directly related to the business operation of the company, or is outside the regular course of business, and its occurrence is ad hoc.
An exceptional cost is the cost of a business event or contract that amounts to or exceeds 25% of the total costs and expenses for a given financial year.
Exceptional costs are all costs or expenses that are not closely or directly related to the business operation of the company, fall outside the regular course of business, and are incurred on an occasional basis.

1.20. Events after the balance sheet date

The events that took place after the end of the reporting period and provide additional information about the circumstances prevailing at the end of the Company's reporting period (amending items) are presented in the report. The events that took place after the reporting period and not requiring the modification of the reporting data are presented in notes, if relevant.

2. Changes in the accounting policy

The Company has compiled its financial statements in accordance with the provisions of all the standards and interpretations that entered into force on 1 January 2023.
The Company's accounting policy has been changed on 1 January 2017 to applu the IFRS standards.
In 2023 the Company applied all the IFRS standards, amendments and interpretations effective as from 1 January 2023 and relevant for the operation of the Company.

The following standards and interpretations (including their amendments) took effect in 2023 (the effective new and amended standards and interpretations issued by IASB and accepted by the EU)

- IFRS 17 Insurance Policies (effective as of, or in the business years starting after, January 1, 2023) – The narrow scope amendment addresses an important issue relating to the accounting differences between insurance liabilities and financial assets arising from the comparative information presented in respect of the Initial application of Financial Instruments according to IFRS 17 and IFRS 9. The amendment only covers the presentation of comparative information.
- Amendment to standard IAS 8 "Accounting policies, changes to accounting estimates and errors" – Definition of accounting estimates; Amendments of the standard IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 - Accounting Policy Disclosures (takes effect on 1 January, 2023 and in the reporting periods commencing thereafter)
- Improving accounting policy disclosures, better tailoring them and reducing disclosures about general accounting policies; distinguishing changes in accounting estimates from changes in accounting policies.
- Amendment to standard IAS 12 "Profit taxes" – Deferred tax assets and liabilities derived from "Single transactions" (takes effect on 1 January, 2023 and in the reporting periods commencing thereafter). The "initial recognition exception" does not apply if the transaction gives rise to deductible and taxable temporary differences in the same amounts.
- Amendment to standard IAS 12 "Profit taxes" – International Tax Reform - Pillar Two Model Rules (issued in May 2023) – The purpose of the amendments was to introduce a mandatory temporary exemption from the requirements of standard IAS 12 Income Taxes for the recognition and disclosure of information about deferred tax assets and liabilities arising from the OECD Pillar Two Model Rules. The amendments also introduce targeted disclosure requirements. The temporary exemption applies immediately and retrospectively in accordance with IAS 8, while the targeted disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023.

The application of the foregoing amendment did not have a material impact on the Company's financial statements.

Standards and interpretations issued by IASB and accepted by the EU which are effective from 2024

- IFRS 16 leases: Obligation for leaseback transactions (issued on 22 September 2022) – The purpose of the amendments was to clarify how a seller-leaseholder should subsequently measure leaseback transactions which meet the requirements of standard IFRS 15 Revenue from Contracts with Customers and how they should be accounted for as sales. The amendments shall enter into force for annual periods starting on or after 1 January 2024, with earlier application permitted.
- IAS 1 Presentation of financial statements: Non-current liabilities with credit covenants – The purpose of the amendments is to clarify the principles in IAS 1 regarding the classification of liabilities as current and non-current. The amendments mainly clarify the concept of recognition, specify how an entity should classify a liability arising from a loan agreement as current or non-current, and prescribe the disclosure requirements when an entity has a loan agreement with covenants that may require the loan to be settled within twelve months after the reporting period. The amendments shall enter into force for annual periods starting on or after 1 January 2024, with earlier application permitted.

Standards issued by ISSB

- IFRS S1 General requirements for disclosure of sustainability-related financial information
  Effective from: 1 January, 2024 This is subject to approval by local jurisdictions. This standard provides a basic framework for disclosing material information about sustainability risks and opportunities throughout an entity's value chain.
- IFRS S2 Climate-related disclosures
  Effective from: 1 January, 2024 This is subject to approval by local jurisdictions. This is the first issued thematic standard that sets out requirements for entities to disclose information on climate-related risks and opportunities.

The Company has not made a decision on the early application of the standards listed above.

Amendments not yet adopted by the EU

- IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of Exchangeability (issued on 15 August, 2023).
- IAS 7 "Statements of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures": Supplier financing agreements (issued on 25 May 2023).

3. Uncertainty factors

When the accounting policy described in Section 1 is applied, estimates and assumptions not clearly definable from other sources need to be used for the determination of the values of the individual assets and liabilities at the given moment of time. The estimation procedure includes the decisions adopted on the basis of the available information and the relevant factors. These significant estimates and assumptions influence the value of the assets and liabilities, revenues and expenditures recognized in the financial statements, as well as the presentation of contingent assets and liabilities in the Notes. The actual results may differ from the estimated data.
The estimates are updated on a regular basis. If a change only affects a specific period, it must be recognized in the period of change in accounting estimates, and if the change affects both the period of change and future periods, it must be recognized in both periods.
The main areas of the critical decisions made on the uncertainty of estimation and on the accounting policy, which have the most significant impact on the financial statements include the following:

3.1. Impairment on irrecoverable and doubtful receivables

The Company accounts impairment on irrecoverable and doubtful receivables and for the coverage of any losses arising from them, If customers are unable to pay. The estimates used for measuring the conformance of impairment recognized on irrecoverable and doubtful receivables must be based on the aging of receivables, customer rating, changes in the customer’s payment habits.

3.2. Fair value determination

The uncertainty in determining fair value arises from the fact that the investment property representing a significant ratio of assets is valued by an authorized company, which may pose a risk but such risk is significantly mitigated by the following factors:

- an independent valuer, qualified and accepted by both the market and the lending banks, provides market value data,
- the valuation methods comply with the international standards,
- the fair value data are compiled from the data estimated using different methods on a prudent basis by the valuation company.

Another factor of uncertainty may include unexpected market developments, possibly an unexpected crisis situation, as a result of which the fair value of assets and real estate would suddenly change significantly.
The Company seeks to mitigate this risk by conducting property valuations every year so that the report always includes the most up-to-date information possible.

4. Basis for the compilation of the financial statements

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

The Board of Directors has approved the consolidated financial statements. These 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).
The Company is required by law to prepare consolidated IFRS financial statements as of January 1, 2017.
Unless otherwise indicated, the consolidated financial statements are presented in Hungarian forint, rounded to the thousand.
The Company Group's financial year is identical with the calendar year. The balance-sheet cut-off date for the business year 2023 is 31 December 2023.

4.2. Basis of preparing the report

The consolidated financial statements were prepared according to the standards and on the definitions given by IFRIC as released on and in force since released on 31 December 2023.
The 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.

4.3. Valuation basis

For the 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 policies 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.

5. Details of the business combination and the consolidated companies

As a subsidiary		Percentage of votes	
	Registered office	**31.12.2023**	**31.12.2022**
Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: “Harsánylejtő Kft.”)	H/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	5,496,725
Change in assets in the course of construction	-4,327,698
Capitalisation	5,531,173
Sales	0
as at 31 December 2023	**78,581,204**

as at 31 December 2022	**71,881,004**
as at 31 December 2023	**78,581,204**

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

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

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

Changes in the fair value of investment property in 2023 were as follows:

- No sales were made from the portfolio of investment properties, but there was a new acquisition of a minor value (the purchase of the apartments at the addresses district XII Budapest, Városmajor utca 39. fszt. 1.; fszt. 2. and 1. em 1.).
- The complete renovation and category A revitalisation of the 13-storey tower building of the property at 114-116 Üllői út, District X of Budapest (hereinafter "BIF Tower") started in 2021 and the construction was handed over in January, 2023.
- The total market value of investment properties increased by HUF 6.7 billion on a year earlier, which also includes the value of value-enhancing investments and capitalizations, in addition to the increase in the fair value.
- Increase in the fair value could be explained mainly by the concluded lease contracts (adjustment of rents and operating fees, higher utilization rate and the contract expiration dates) in the case of office buildings utilized for rent (see also paragraphs 22 and 27).

Profit from income-generating investment property

HUF ‘000'	2023	2022
Net sales revenue	8,083,191	7,054,542
Other operating income	6,250,310	2,311,861
Capitalized value of internally generated assets	0	0
Changes in internally generated inventories	0	0
Raw materials, consumables and other external charges	-1,792,648	-1,829,902
Staff costs	0	-5
Depreciation and impairment	-219,402	-31,274
Other operating expenditure	-832,205	-378,688
Revenues from financial operations	371	110
Expenses on financial operations	-403,701	-288,962
P/L before tax	**11,085,916**	**6,837,682**

Increase in the net sales of investment properties compared to the base period (HUF 1,028,649 thousand) was partly due to increase in the inventory of rental properties (the office building at district XII Budapest, Városmajor utca. 12-14 (hereinafter: “Major Udvar (Városmajor u. 12)” was operated throughout the year), but to a considerable extent also to the enforcement of rent and operating fee increases (indexations) and the increased overall occupancy. The line “other operating income” includes the impact of market upvaluation (HUF 6,099,220,000). The “other operating expenditure” includes the impact of market devaluation (HUF 602,495,000). The expenses on financial operations includes interest on loans taken out for a purpose of real estate development, but not capitalized on the properties.

In accordance with the standard IAS 23, the Company was treating the office buildings Major Udvar (Városmajor u. 12) and BIF Tower (until the completion of the developments and the capitalisation of the property) as qualified assets. As, given the magnitude of investments already in progress and planned, the improvement of these properties to the standard of the Company's intent for the purpose of rental took place necessarily with a significant need for construction time, in accordance with IAS 23, the Company accounted for the interest due on the loans taken out to develop these properties on its investment accounts.

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	2,209	0	26,781	422,936	451,926
Decrease and reclassification					
31 December, 2023	**32,982**	**101,342**	**376,600**	**764,224**	**1,275,148**
Depreciation					
31 December, 2022	**26,545**	**15,209**	**206,074**	**0**	**247,828**
Annual write-off	3,222	2,027	54,158	0	59,407
Decrease and reclassification					
31 December, 2023	**29,767**	**17,236**	**260,232**	**0**	**307,235**
Net book value					
31 December, 2022	**4,228**	**86,133**	**143,745**	**341,288**	**575,394**
31 December, 2023	**3,215**	**84,106**	**116,368**	**764,224**	**967,913**

A significant part of the increase in the gross value of machinery and equipment was due to the purchase of cars, computer equipment and office equipment, while decrease was due to the sale of cars.

3. Investments in related companies

Similarly to 2022, the line “investments in related companies” does not include any amount in 2023, considering that in 2023 the Company fully consolidated its subsidiary Harsánylejtő Kft.

4. Deferred tax assets

Due to the Pre-REIT transformation, the Company does not recognize a deferred tax asset.

5. Inventories

HUF ‘000'	**31.12.2023**	**31.12.2022**
Raw materials	0	0
Work in progress	26,376	26,376
Finished product	15,141	15,141
Goods	59,083	60,330
Prepayments on inventories	0	0
Total	**100,600**	**101,847**

The majority of Work in progress, Finished product and Goods consists of the cost value of the Company's building plots and the value of the real estate improvements accounted for these plots.

During the year 2023, there was a minimal change in the Inventory line as following the sale of the 6 plots realized in 2022, a valid sales contract had been signed for one of the 2 development properties owned by the Company as early as Q4 2021, however, due to the reservation of title linked to the payment of the full purchase price, the full payment of the purchase price of the plot is only due in H1 2024, thus this plot will be removed from the inventory only in 2024. The decrease of approximately HUF 1.2 million was due to the use of inventories required for the operation of the properties located at 99 Attila Avenue, District I of Budapest and 42 Logodi Street, H-1012 Budapest (“Attila99Loft”, "Attila Avenue Property”).

In the line for goods, the plots are recorded at cost, modified as follows.
The plots of land on Harsánylejtő were transferred to the Company's books in 2014 during the merger of one of the Company's subsidiaries (Katlan). Due to IFRS consolidation, the cost of inventories previously classified as investment property in the subsidiary and then accounted for as IAS2 inventories became the fair value previously reported by our Company in accordance with the IFRS, in both the consolidated and the separate IFRS statements. The higher cost so recognized is reviewed at the end of each period and adjusted to the fair value of the sale of the land in order to obtain the IFRS market value of the inventories.
On behalf of the Company, Seratus Ingatlan Tanácsadó Igazságügyi Szakértő Kft., acting as an independent valuer, analysed the market value of the plots in stock; and the expert opinion confirmed that the market value of the plots far exceeds their value recorded at cost, so there was no need to account for impairment.

At the end of the reporting year, Harsánylejtő Kft. has only HUF 11,478 thousand of inventory advances in its books, for which a 100% impairment had previously been recognized.

The flows of each inventory group and recognized impairment during the current year are shown in the table below:

HUF '000'	Inventory				Inventory impairment				Closing value
Description	Opening	Increase	Decrease	Closing	Opening	Increase	Decrease	Closing	
Total	**113,325**	**0**	**1,247**	**112,078**	**11,478**	**0**	**0**	**11,478**	**100,600**

6. Trade receivables

HUF '000'	**31.12.2023**	**31.12.2022**
Trade receivables	55,756	109,463
Impairment	-213,059	-19,201
Credit loss	-16,645	-16,645
Adjustment due to trade debtors with a credit balance	258,551	254,406
Total	**84,603**	**328,023**

Trade receivables decreased significantly by HUF 243 million compared to the end of 2022, largely due to an increase of HUF 194 million in the amount of impairment losses recognised on receivables (97% of which was due to the termination of a contract with a tenant of the Madách tér property (District VII of Budapest, Madách Imre square 3) and 3% of which was due to the termination of a contract with a tenant of the Flórián Udvar office building (District III of Budapest, Polgár street 8-10)), moreover, due to the prepayment practices of our customers, the year-end receivables balance was HUF 54 million lower than in the base year, while no other changes were made (the stock of credit losses recognised in accordance with IFRS 9 remained unchanged).

The flows in recognized loan losses and impairments in the current year are shown in the table below:

HUF '000'	**opening**	**increase**	**decrease**	**closing**
Credit loss:				
accounts receivable	16,645	0	0	16,645
other receivables	0	0	0	0
Impairment:				
accounts receivable	19,201	194,222	364	213,059
other receivables	0	0	0	0
Loan losses and impairment	**35,846**	**194,222**	**364**	**229,704**

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

HUF '000'	**31.12.2023**	**31.12.2022**
Other receivables	280,153	419,578
Accruals	50,625	232,430
Suppliers with a debit balance, and taxes	39,009	15,426
Total	**369,787**	**667,434**

Reasons for the change in the current period:

- Other receivables show a decrease by HUF 139 million, where we recognise the VAT on advances received from tenants, the imposition of VAT due in 2023 on rent and operating charge invoices for 2024 and the deductible VAT content of invoices which may be included in the subsequent interim VAT return.

- There was also a significant decrease of 180 million forints in the Accruals line, which is largely due to the reduction of cost accruals, as the electricity providers ended the practice of invoicing in advance at the end of the current year, which was introduced in the last months of the base year due to the energy crisis in 2022, so in 2024 the stock of pre-invoiced costs for the months of January-February was HUF 155 million less than the previous year, and the accrual of income related to the subsequent annual settlement of operating fee differences was also HUF 25 million less than the previous year.

8. Cash and cash equivalents

HUF '000'	**31.12.2023**	**31.12.2022**
Cash on hand	1,516	1,733
Bank	6,334,917	8,128,885
Total	**6,336,433**	**8,130,618**

The decrease in cash and cash equivalents by HUF 1,794 million in 2023 was the result of the following main effects offsetting each other: the dividend payment in June (approximately HUF 8,809 million), the increased financing needs due to ongoing property developments and the procurement of other tangible assets, the decrease in net loans (by HUF 1,189 million (see also point 14)), and the cash flow effect of the sale of treasury shares at the end of 2023.
In the balance sheet 99.5% of the cash and cash equivalents come from the books of the Company, and 0.5% from the books of Harsánylejtő Kft.

9. Subscribed capital and capital reserve

The subscribed capital of the Company was HUF 2,870,244,400 as at 31 December 2023, which consisted of 287,024,440 dematerialized ordinary registered shares with a nominal value of HUF 10, i.e. ten forints, each. The share capital according to IFRS is the same as the share capital registered by the Companies Court.

Subscribed capital

HUF '000'	**31.12.2023**	**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'	**31.12.2023**	**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. As no such share transaction took place in the year under review, the value of the capital reserve did not change on a year earlier.

10. Revaluation reserve

HUF '000'	31.12.2023	31.12.2022
Opening	731,904	731,904
Increase	0	0
Decrease	0	0
Closing	**731,904**	**731,904**

In the balance sheets of the years 2022 and 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 number of treasury shares held by the Company was 35,340,000 in the base year, but in the current year it decreased to 22,514,206, as 12,825,794 treasury shares were sold in December 2023, with a derecognised carrying amount of HUF 743,896,000.
The Company recognizes its equity shares in the balance sheet at cost as repurchased treasury shares reducing the equity. Cost of treasury shares: the consideration paid for the repurchase of treasury shares (the nominal value is included in this item, but is not deducted from the subscribed capital).

HUF '000'	31.12.2023	31.12.2022
Opening	-3,048,120	-3,048,120
Increase	0	0
Decrease	743,896	0
Closing	**-2,304,224**	**-3,048,120**

12. Profit reserve and profit for the year

HUF '000'	31.12.2023	31.12.2022
Profit reserve		
Opening	48,913,149	43,913,283
Increase	4,256,104	0
Decrease	-8,808,955	-5,033,689
Closing	**44,360,298**	**38,879,594**
P/L for the reporting year	10,567,736	10,033,555
Closing	**54,928,034**	**48,913,149**

Reasons for the change in the profit and loss reserve during the reporting period:

- An increase in the opening value of the profit reserve was the transfer of the HUF 10,033,555 thousand 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 audited Annual Financial Statements of the Parent Company prepared in accordance with the International Financial Reporting Standards (IFRS) for 2022. 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.

With regard to the applicable provisions of the SZIT Act, the Board of Directors proposes, to pay a dividend of HUF 2,961,306 thousand equivalent to 90% of the disposable profit for the current year that can be paid out as a dividend, based on the Audited Annual Financial Statements of the Parent Company, prepared in accordance with International Financial Reporting Standards (IFRS) for 2023.

13. Non-current financial liabilities

HUF '000'	31.12.2023	31.12.2022
Long-term loans	18,886,201	20,075,461
Total	**18,886,201**	**20,075,461**

Long-term loans include the full amount of long-term bank loans. The long-term loan portfolio increased by HUF 257,487,000 as a result of the drawdowns performed in 2023, but decreased by HUF 1,446,747,000 due to the reclassification of the repayments due in 2023 and 2024, resulting in a net change by HUF 1,189,260,000.

The major details of the individual bank loans are presented in section IV.1.1.
The instalments of these loans and borrowings due in 2024 are included in short-term borrowings (see: Section 17).

14. Provisions

HUF '000'	31.12.2023	31.12.2022
Provisions for contingent liabilities	19,760	13,168
Total	**19,760**	**13,168**

The Company reviews the provision for expected future payment obligations every year, and those formed in previous years are released annually in proportion to the obsolescence of liabilities, while new provisions are made in accordance with the expected payment obligations incurred in the current year. Of the above amount, HUF 10.9 million are recognized in the Company's books and HUF 8.9 million in Harsánylejtő Kft.'s books in the year under review. In the case of the Company, the payroll for untaken leave shows an increase by 54%, i.e. HUF 3,812,000 in 2023 compared to the previous year. The subsidiary's provision for expected liabilities also increased by 45%, i.e. by HUF 2,780,000.

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'	31.12.2023	31.12.2022
Other long-term liabilities	1,376,527	0
Total	**1,376,527**	**0**

The portfolio of other long-term liabilities is HUF 1,377 million, 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'	31.12.2023	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 (see also paragraph 13 above).

18. Trade payables

HUF '000'	31.12.2023	31.12.2022
Trade payables	313,890	906,902
Total	**313,890**	**906,902**

In 2023, the Group's portfolio of trade payables is similar to the base year, and includes partly utility, telephone and other services used for real estate.
The significant decrease by HUF 593 million (65%) in the portfolio of the reporting year was due partly to the completion of the BIF Tower development and partly to the payment of warranty withholdings that expired in the period.

79.4% and 20.6% of year-end trade receivables came from the books of the Company and the subsidiary, respectively.

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

HUF '000'	31.12.2023	31.12.2022
Advances + security deposit + VAT adjustment	1,463,796	2,335,497
Wages + taxes + contributions	90,460	941,895
Liabilities to owners in relation to dematerialization	75,280	75,280
Accruals	159,530	119,572
Adjustment due to trade debtors with a credit balance	258,551	254,406
Other	75,625	0
Total	**2,123,242**	**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 872 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, which is HUF 851 million less in the reporting year than it was at the end of 2022, a substantial portion of which comprised VAT liability due to the sale of building plots in December, 2022.

Accruals increased by about HUF 40 million (33%). Accruals include the accrued costs of expected utility costs, the accrued costs of services used (e.g. attorneys', auditors' and consultants' fees) and the value of interest on loans prorated for the year.

In the Other line, there is an "other related" liability that appears in the books of Harsánylejtő Kft. and is owed to another subsidiary of the parent company.

20. Sales revenue

HUF '000'	2023	2022
Revenue from rents and operating fees	6,550,655	5,370,668
Revenue from parking fees	739,627	669,044
Revenue related to intermediary services	770,696	964,686
Revenue from services	0	0
Revenue from the sale of properties/land	0	3,218,869
Other sales revenues	127,998	69,809
Total	**8,188,976**	**10,293,076**

The revenues only comprise the gross offsets of economic benefits due to the Company/subsidiary and received on the Company's/subsidiary's own account.

Rents are recognised continuously, whereas plot sales and apartments are recognised at the given time as revenue by the Company/subsidiary.

The factors determining when the sale of plots and the apartments developed by Harsánylejtő Kft are included in the revenue are as follows:

– the purchase price is paid in full,
– the seller delivers and the buyer receives the plot/apartment,
– substantial benefits and risks related to the ownership are transferred to the buyer.

Parking fee revenues include the revenue recognised on an ongoing basis in relation to lease contracts on the one hand and the one-off revenue of this kind arising from the use of vacant parking spaces in car parks providing periodic parking services on the other hand.

The increase in the revenues from rent and management fees (+22%) was mainly due to improving occupancy rates, new developments (Major Udvar and BIF Tower) and price hikes and indexations implemented at the beginning of the year.

Parking fee revenues increased by 11% in the year under review.

HUF '000'	2023	2022
Parking revenues from lease contracts	592,544	526,701
Periodic parking revenues	147,083	142,343
Total	**739,627**	**669,044**

The great majority 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 was also generated from office development, conversion or refurbishment costs passed on to tenants.
At Harsánylejtő Kft, the revenue from mediated services is around HUF 1 million.

There was substantial income generated from property/plot sale in the base year, as the revenues from the sale of the six building plots referred to above (in Section 5) were realized in Q4 2022. In contrast to this, no such income was generated in the reporting period, although a sale and purchase agreement with reservation of title was signed for a building plot in Q4 2021, but as the termination of the reservation of title subject to payment of the full purchase price falls in H1 of 2024, the income is also recognised in H1 of 2024, and only advances were received in the reporting year.

Approximately 76% of other revenue was generated from consultancy and advisory services provided by the subsidiary and only 24% was generated by the Company from revenues (e.g. fees of contracting or the restoration of leased properties, etc.) that could not be classified under the previous groups in the year under review.

The Company has no income from accommodation or catering services, it only rents out the properties it owns.

21. Other operating income

HUF '000'	2023	2022
Fair valuation	6,099,220	2,183,075
Sale of real estate and movable property	886	0
Other income	186,032	700,137
Total	**6,286,138**	**2,883,212**

The change in Other operating income was mainly due to the increased impact of the fair valuation of investment properties. New developments and improving business conditions for certain property portfolio elements played a key role in the increase in Fair valuation. The "Sale of real estate and movable property" line shows the profit on the sale of some technical equipment, whereas there was no similar transaction in the base year.
Within Other income, the most significant item was a penalty received by the Company in the amount of HUF 140 million in the reporting year. Under Other income, the release of a provision of approximately HUF 6 million previously created at Harsánylejtő Kft. was recognised in 2023.

22. Own performance capitalized

HUF '000'	2023	2022
Changes in internally generated inventories	0	-123,863
Capitalized value of internally generated assets	0	0
Total own performance capitalized	**0**	**-123,863**

In the category "change in internally generated inventories", the Company recognizes the capitalized cost of its own work on the plots and the derecognition of the capitalized value of its plots sold. In the reporting year, there was no change in the value of the plots (neither cost settlement, nor sales), the base year figure includes the derecognised inventory value of 6 building plots sold in Q4 2022.
A Harsánylejtő Kft-nél a changes in internally generated inventories a tárgyévben és a bázisévben is nulla volt.

23. Raw materials, consumables and other external charges

HUF '000'	2023	2022
Material costs	289,474	281,312
Value of services used	980,066	738,075
Cost of other services	45,401	31,464
Cost of goods sold	115	81,399
Cost of services sold (mediated)	744,688	936,408
Total	**2,059,744**	**2,068,658**

Overall, in the reporting period, raw materials, consumables and other external charges decreased minimally, by around HUF 9 million compared to the base period, mainly due to the opposing effects of the following factors:

- a significant decrease by HUF 192 million in the cost of services sold (mediated); within that, the amount of re-invoiced utility and other service charges decreased by HUF 112 million, whereas the costs of office construction, reconstruction or refurbishment made to meet tenants' needs decreased by HUF 80 million compared to the previous period;
- the increase in the Value of services used (by HUF 242 million).

The Cost of goods sold in the reporting year is less than 1% of that in the previous year, as there were no land sales in the reporting year.

24. Staff costs

HUF '000'	2023	2022
Wage costs	757,442	566,813
Other payments to staff	51,771	33,169
Wage taxes	105,465	78,683
Total	**914,678**	**678,665**

Payments to staff increased by around 35% in the reporting year compared to the previous year, which was mainly caused by the organisational development and wage increase related to the implementation of the strategic goals of the Company and the higher level of statistical average staff numbers.
The figures also include bonuses and contributions calculated on the basis of the remuneration policy.
In 2023, the Company's average statistical headcount was 62 (52 in 2022), while at 31 December 2023 the headcount was 65.
The administrative, legal and management tasks related to the operation of Harsánylejtő Kft. are carried out by BIF's legal and financial accounting department in a dual employment.

25. Depreciation and impairment

HUF '000'	2023	2022
Depreciation and impairment	**59,407**	**61,533**
Depreciation	59,407	61,533
Inventory impairment	0	0
Impairment of financial assets	**194,222**	**25,895**
Impairment of additional payment	0	0
Impairment of receivables	194,222	10,697
Credit loss	0	15,198
Total	**253,629**	**87,428**

The Company accounted for HUF 59,407,000 depreciation on non-investment property, plant and equipment in the reporting year. The Company recorded an impairment loss of HUF 194,222,000 on doubtful trade receivables.
In the reporting period, Harsánylejtő Kft. recorded a depreciation of HUF 15,000.

The Company has assessed the need for credit losses to be recognized in relation to receivables in accordance with the requirements of IFRS 9. Expected loan losses have been assessed on an aggregate basis for each asset group, and in the case of receivables, the simplified model is used by the Company (lifetime method),

The following factors were considered in assessing credit loss:

- Has the credit risk of financial instruments increased significantly since initial recognition?/ impaired financial assets:
    - As for trade receivables on a group level, in the base year only an amount of HUF 10,697,000, while in the reporting year, a significant amount (HUF 194,222,000; 100%) was impaired at the Company on receivables from two previous tenants the lease contracts with whom were terminated (see also the relevant data in the second detailed table in Section 6).
- Predictive information was also taken into account when estimating the credit loss on trade receivables.
- In relation to trade receivables, the Company re-assessed what the credit loss would be on the basis of the year-end trade receivables, as required by IFRS 9, and recognised no further credit loss in the year under review in addition to the amount of HUF 16,645,000 previously recognised (see also the relevant data in the detailed table in Section 6).

26. Other operating expenditure

HUF '000'	2023	2022
Impact of fair valuation on inventories	0	72,457
Fair valuation	602,495	196,110
Sale of real estate and movable property	0	1,418
Scrapping	14,521	0
Assets provided for no consideration	0	57,353
Taxes	224,983	126,440
Other expenditures	29,917	17,512
Total	**871,916**	**471,290**

The value of other operating expenses increased by 85% during the reporting period, as a result of the combined effect of the following items:

- due to the fair valuation of investment property, this line also includes decrease in the market value recorded under IAS 40, which is HUF 406 million higher than the market value depreciation recorded in the base year,
- in the year under review, items previously recognized in investments, mainly plans, not to be implemented were scrapped;
- the value of taxes settled with local governments (building tax, land tax) in the reporting year exceeds the base year data by approximately HUF 99 million, but this is only partly due to the increase in taxes, while the major part of the difference is due to the fact that in 2022, the Company received a land tax refund from the Municipality of Budapest III for several years;
- the line for other expenditures includes, inter alia, the grants paid to the Ecumenical Charity Organization of Hungary and the Hungarian Baptist Aid as well;
- inventories were not affected by the adjustment due to fair valuation in the year under review, as there was no change in inventories (see also Section 5);
- there were no assets provided for no consideration in the reporting year, while the figure of the base year shows a significant value due to the transfer of utilities for no compensation to Budapest (about HUF 57 million).

27. Income from and expenses of financial operations

Revenues from financial operations

HUF '000'	2023	2022
Interest received	659,146	598,793
Exchange rate gain	44,700	52,372
Other	0	0
Total revenues	**703,846**	**651,165**

Expenses on financial operations

HUF '000'	2023	2022
Interest paid	434,636	321,538
Exchange rate loss	52,500	14,333
Other	0	0
Expenses, total	**487,136**	**335,871**

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 development in 2022 and BIF Tower development in 2023 are now recognized in financial expenditures, as, following the capitalisation of the investments made, the Company no longer recognised any interest as an investment cost on the property treated as a qualified asset (see also Section 1).
The variation in the exchange rate gain and exchange rate loss recognised in the period was due to the fluctuations in the exchange rate of the forint during the year.

28. Actual tax expenditure

HUF '000'	2023	2022
Corporate tax	2,293	1,074
Business tax	568	68
Contribution to innovation	21,260	26,981
Other	0	0
Total actual tax	**24,121**	**28,123**

Due to the Pre-REIT status, 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 923,000 (see the calculation below), and the payable innovation contribution obligation of HUF 21,175,000 was calculated as payable by the Company in 2023.
At Harsánylejtő Kft., a corporate tax liability of HUF 1,370,000, a business tax liability of HUF 568,000 and an innovation contribution of HUF 85,000 was calculated for the reporting year.

HUF '000'	2023
Profit before taxes as per IFRS	**10,566,927**
Tax adjustment (innovation contribution)	21,175
Pre-tax profit (adjusted for innovation contribution) according to the IFRS	**10,545,752**
Adjusting items under IFRS	-2,998,385
Adjusted profit before corporate income tax	**7,547,367**
Increasing items	2,032,089
Decreasing items	-1,518,736
Corporate tax base in 2023	**8,060,720**
The benefit on corporate tax to the REIT status is	0%
The ratio of related revenue to total revenue (rounded to 2 decimal places)	0.13%
Corporate tax base (to revenue from related parties) in 2023	**10,253**
Corporate tax payable on related parties	923
Corporate tax liability in 2023	**923**

29. Deferred tax expense

HUF '000'	2023	2022
Deferred tax	0	0
Total	**0**	**0**

The Company did not account for any deferred tax liability, because the previously recognized deferred tax on the accrued loss of Harsánylejtő Kft. had already been released.

30. Other comprehensive income

There was no transaction affecting any other comprehensive income either in the year under review or in the base year. The tax effect of the change in the fair value of other real property was HUF 0 in both 2023 and 2022.

31. Earnings per share

HUF '000'	2023	2022
P/L after taxes (HUF '000')	10,567,736	10,033,555
Weighted average ordinary shares	252,316,945	251,684,440
Earnings per share (basic) (HUF) ("profit after tax" to "the weighted average of ordinary shares")	**41.88**	**39.87**

The share capital of the Company consists of 287,024,440 registered ordinary dematerialized shares with a nominal value of HUF 10 each, of which 22,514,206 are treasury shares owned by the company and 252,316,945 constitute the weighted average of ordinary shares.
There are no factors at the Company that would dilute the earnings per share.

32. 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 segments were formed accordingly also in 2023. The segment "Harsánylejtő Project" aggregates the results of (i) activities related to the development of residential property under the Harsánylejtő Project and (ii) land sales and related activities. The results that can be directly attributed to properties purchased by the Company for rent are recognized in the segment "Income-generating investment property". In addition, the "Operating" profit arising from operations of the Company that cannot be directly related to real estate is reported separately.

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

2023 (HUF '000')	**Harsánylejtő Project**	**Income-generating investment property**	**Operating**	**Total**
Net sales revenue	105,623	8,083,191	162	**8,188,976**
Other operating income	5,703	6,250,310	30,125	**6,286,138**
Capitalized value of internally generated assets	0	0	0	**0**
Changes in internally generated inventories	0	0	0	**0**
Raw materials, consumables and other external charges	-77,160	-1,792,648	-189,936	**-2,059,744**
Staff costs	0	0	-914,678	**-914,678**
Depreciation and impairment	-2,027	-219,402	-32,200	**-253,629**
Other operating expenditure	-15,809	-832,205	-23,902	**-871,916**
Revenues from financial operations	0	371	703,475	**703,846**
Expenses on financial operations	0	-403,701	-83,435	**-487,136**
P/L before tax	**16,330**	**11,085,916**	**-510,389**	**10,591,857**

2022 (HUF '000')	**Harsánylejtő Project**	**Income-generating investment property**	**Operating**	**Total**
Net sales revenue	3,238,002	7,054,542	532	**10,293,076**
Other operating income	550,607	2,311,861	20,744	**2,883,212**
Capitalized value of internally generated assets	0	0	0	**0**
Changes in internally generated inventories	-123,863	0	0	**-123,863**
Raw materials, consumables and other external charges	-98,687	-1,829,902	-140,069	**-2,068,658**
Staff costs	0	-5	-678,660	**-678,665**
Depreciation and impairment	-4,370	-31,274	-51,784	**-87,428**
Other operating expenditure	-72,580	-378,688	-20,022	**-471,290**
Revenues from financial operations	0	110	651,055	**651,165**
Expenses on financial operations	0	-288,962	-46,909	**-335,871**
P/L before tax	**3,489,109**	**6,837,682**	**-265,113**	**10,061,678**

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

In the financial year 2023, the annual net sales from transactions with one of the Company's customers belonging to the segment “Income-generating investment properties" (HUF 2,154,804,055) exceeded 10% of the Company group's total annual sales.

33. Risk Management

The Company’s assets include cash and cash equivalents, securities, receivables from customers and other receivables and other assets – with the exception of taxes. Company liabilities include loans and advances, liabilities to customers and other liabilities, disregarding taxes and the gains and losses on the revaluation of financial liabilities at fair value.

The Company is exposed to the following financial risks:
- credit risk
- liquidity risk
- market risk

This section describes the above-described risks the Company is exposed to, the Company’s objectives and policies, the measurement of procedures and risk management, and the Company’s capital management. The Board of Directors have general responsibility for the Company’s supervision and risk management.
The purpose of the Company’s risk management is to screen and investigate the risks the Company may face, to set up adequate controls and to monitor risks.

33.1. Capital management

The Company’s policy is to retain the share capital in an amount that is sufficient for ensuring that the investors’ and creditors’ confidence maintains the Company’s future development. Based on the benefits and security ensured by the Company’s massive capital position, the Board of Directors makes efforts at maintaining the policy of only assuming higher exposure from lending if yield is higher.
The Company’s capital structure comprises net debt and the Company’s equity (the latter includes the subscribed capital, reserves and the shares and participations held by non-controlling owners).

In managing capital, the Company seeks to ensure that the Company's subsidiary can continue to operate while maximizing returns for owners through an optimal balance of debt and equity and maintaining an optimal capital structure to reduce the cost of capital. The Company also monitors whether or not its subsidiary’s capital structure meets the local statutory requirements.

At the end of the reporting period the Company had the following net debt and equity:

HUF ‘000'	**31.12.2023**	**31.12.2022**
Loans and advances	20,332,947	21,522,208
Cash and cash equivalents	6,336,433	8,130,618
Net debt	**13,996,514**	**13,391,590**
Equity	62,274,173	55,515,392

33.2. Credit risk

Credit risk is the risk that reflects if the debtor or the partner fails to fulfil his contractual obligations and this causes financial loss for the Company. Financial assets exposed to credit risks may include long- or short-term allocations, cash and cash equivalents, and receivables from customers and other receivables.
The book values of financial assets show the maximum risk exposure. The following table shows the Company group’s maximum credit exposure on 31 December 2023 and 31 December 2022.

HUF '000'	31.12.2023	31.12.2022
Trade receivables	84,603	328,023
Cash and cash equivalents	6,336,433	8,130,618
Total	**6,421,036**	**8,458,641**

By continuously monitoring the collection risk of our overdue receivables and recognizing impairment, the risk is usually mitigated.
Buyers are being evaluated continuously. Based on individual valuation the Company recognized an impairment loss of HUF 194,222,000 in the reporting year and HUF 10,697,000 in the base year on trade receivables on a group level. The risk of recovery on trade receivables past due and not yet due is insignificant.

33.3. Liquidity risk

Liquidity risk is the risk that the Company is unable to fulfil its financial obligations when they are due. The Company's liquidity management approach is to reveal the extent to which adequate liquidity can be provided for the performance of its liabilities on the due dates, under both usual and stressed conditions, without incurring unacceptable losses or jeopardizing the Company's good reputation.
The Company prepares a consolidated cash flow plan, and regularly updates it. The Company analyses the cash requirements by a rolling prediction in order to ensure adequate liquidity for operation and the fulfilment of the financial indicators specified in the relevant loan agreement. The excess cash generated at company level is held in deposit accounts and time deposits.

At the end of the reporting year, the maturity of HUF 313,890,000 due as trade payables in the Company's books is mostly within one year, except for the warranty withholdings recorded against general contractors in relation to property improvements, which meant a portfolio of HUF 22,757,000 at the Company and of HUF 63,453,000 at Harsánylejtő Kft. In the base year, the supplier portfolio was HUF 906,902,000, of which the amount of warranty withholdings was HUF 173,863,000 at the Company and HUF 102,093,000 at Harsánylejtő Kft.

The maturity structure of financial liabilities (loans) is shown in the following tables:

HUF '000'	**As at 31. 12. 2023**	**Due within 1 year***	**Due within 2-5 years***	**Due after 5 years***	**Total**
Financial liabilities	20,332,948	1,446,747	5,786,987	13,099,214	20,332,948

** principal repayments due*

HUF '000'	**As at 31. 12. 2023**	**Due within 1 year***	**Due within 2-5 years***	**Due after 5 years***	**Total**
Financial liabilities	21,522,208	1,446,747	5,786,987	14,288,474	21,522,208

** principal repayments due*

33.4. Market risk

Market risk is the risk that market prices, exchange rates and interest rates may affect the Company's profit or the value of the investment embodied in the financial instruments. The purpose of managing market risk is to manage and control exposures to market risks among acceptable limits with simultaneous profit optimization.

Since March 2018, when the then EUR loan owed to CIB Bank Zrt. was refinanced with a HUF loan, the Company has only had forint-based long-term loans. Considering that approximately 84% of the Company's revenues are realized in HUF and that FX revenues amply cover expenditure arising in FX, it practically has no FX risk.

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 Company does not conclude hedging transactions.

34. Sensitivity analysis

With a view to the fact that in the reporting year in the framework of the refinancing transaction described in Clause 33.4. above the Company eliminated its credit risk it used to be exposed to in the previous years, no separate sensitivity test was performed.

35. 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.

31 December 2023 HUF '000'	**Book value**	**Fair value**
Financial assets		
Loans and receivables carried at amortized cost loans and receivables		
Trade receivables	314,307	84,603
Cash and cash equivalents	6,336,433	6,336,433
Financial liabilities		
Loans and receivables carried at amortized cost		
Financial liabilities	20,332,948	20,332,948
Trade payables	313,890	313,890

31 December 2022 HUF '000'	**Book value**	**Fair value**
Financial assets		
Loans and receivables carried at amortized cost loans and receivables		
Trade receivables	363,869	328,023
Cash and cash equivalents	8,130,618	8,130,618
Financial liabilities		
Loans and receivables carried at amortized cost		
Financial liabilities	21,522,208	21,522,208
Trade payables	906,902	906,902

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

The members of the Board of Directors performed their duties in the 2023 business year without remuneration, and the members of the Audit Committee performed their duties in the 2023 business year for a gross monthly remuneration of HUF 300,000 per member.
The Company and the subsidiary included in consolidation do not have a Supervisory Board.

37. Remuneration of senior and middle managers in key positions

HUF '000'	2023	2022
Gross salary	239,324	261,936
Wage taxes	31,112	34,052
Total	**270,436**	**295,988**

For the purposes of the above table, the following persons are considered to be key management personnel: the CEOs, the Chief Financial Officer and the Heads of Department.

38. Items of exceptional amounts and occurrence

In the year 2023, the annual net sales from transactions with one of the Company's customers belonging to the segment "Income-generating investment property" (HUF 2,154,804,055) exceeded 25% (26.3%) of the Company's group level total annual sales, however, no cost item of exceptional amounts and occurrence was incurred.

39. Presentation of related parties

39.1. Subsidiary

		Vote and ownership shares	
Subsidiary	**Registered office**	**31.12.2023**	**31.12.2022**
Harsánylejtő Kft.	H/1033 Budapest, Polgár u. 8-10.	100.00%	100.00%

As of December 31, 2023, the equity data of Harsánylejtő Kft., expressed in ,000 forints, was:

HUF '000'	31.12.2023	31.12.2022
Equity	**29,677**	**6,769**
Subscribed capital	3,000	3,000
Capital reserve	0	0
Profit reserve	-788,731	-789,952
Committed reserve	792,500	792,500
P/L after tax	22,908	1,221

The equity accounted for in the 2023 annual accounts of Harsánylejtő Kft. was already positive, similarly to the previous year, but in contrast to preceding years, where equity was negative, therefore the Company settled the equity situation of Harsánylejtő Kft. on several occasions, by means of the additional payment of HUF 792.5 million in total, as ordered by founders' resolutions.

Related party transactions:

HUF '000'	31.12.2023	31.12.2022
Loan granted by BIF	68,000	0
BIF revenue	1,175	0
BIF expenditure	0	0
Wage + contribution claim	2,163	551

39.2. Other related party

In 2023, in addition to Harsánylejtő Kft, the Company had a business relationship with PIÓ-21 Vagyonkezelő és Szolgáltató Kft. as a related party, and realized an income of HUF 19,808,000 from property lease from this relationship. Moreover, Kastélyszálló Kft has been also qualifying as a related party since 23 February, 2022, against which the Company recognized neither any income, nor any expense in the reporting year.

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 31 December 2023, the following pledges encumbered certain items constituting the Company's assets:

Loan1
Pursuant to the credit facility agreement concluded between the Company and MFB Magyar Fejlesztési Bank Zrt. on 7 November 2018 for HUF 20 billion, MFB Magyar Fejlesztési Bank Zrt. granted a loan of HUF 7,579,600,000 to the Company in accordance with the loan agreement concluded by the Company and MFB Magyar Fejlesztési Bank Zrt. on 3 September 2019.

Description of the encumbered thing or right (asset)
- The real property of parcel No. 24408/4, located 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
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 parcel No. 6775, located in District I of Budapest (H-1012 Budapest, Logodi utca 42).

Details of the contract containing the secured claim:
Loan agreements (3)
Date: 31 August 2020
Mortgage contract on real estate - with a fixed amount to secure several claims
Date: 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
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 and last 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 parcel No. 6775, located in District I of Budapest (H-1012 Budapest, Logodi utca 42).

Details of the contract containing the secured claim:
Loan agreement
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:
HUF 2,500,000,000 and charges

Loan6
Based on the loan agreement concluded between the Company and MBH Bank Nyrt on 25 July 2023, MBH Bank Nyrt is extending the Company a fixed-rate 8-years' loan in the total amount of HUF 681,580,000 for financing real estate renovation and investment, of which the first disbursement of HUF 9,220,101 was made on 3 October 2023, and the second disbursement of HUF 41,183,112 was made on 6 October 2023, the third disbursement of HUF 52,216,131 was made on 3 November 2023, while the fourth disbursement of HUF 154,867,235 was made on 28 November 2023.

Description of the encumbered thing or right (asset)

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

Details of the contract containing the secured claim:
Loan agreement
Date: 25 July 2023
Real property mortgage agreement
Date: 25 July 2023
Agreement for the establishment of a charge on receivables
Date: 25 July 2023

Amount of secured claim/registered encumbrance:
a capital amount of HUF 681,580,000 and charges

1.2. Litigation and other legal proceedings

As of 31 December 2023, Budapesti Ingatlan Nyrt. was no defendant in any pending lawsuits.

2. Significant events after the balance sheet date

The Company as buyer concluded a real estate sale and purchase agreement with SCHAUB d.o.o. (OIB: 57065811373; HR-51211 Matulji Ul. V. Gortana 2.) for the purchase of the exclusive title to the real estate 320170 Volosko, Croatia (Topographical No. 410), physically located at 51410 Opatija, Ul. Ivana Matetica Ronjgova 6. The transaction was successfully concluded on 7 February 2024.

3. Extraordinary and other regulated disclosures in 2023 and as of the date of signing the Separate Annual Financial Statements:

Date of publication	Subject of publication
2 April 2024	Monthly announcement of voting rights and share capital
26 March 2024	Invitation to the General Meeting
29 February 2024	Monthly announcement of voting rights and share capital
7 February 2024	Information on the conclusion of real estate sale and purchase agreement
31 January 2024	Monthly announcement of voting rights and share capital
8 January 2024	Auxiliary information related to the announcement of dividend payment for 2022
2 January 2024	Monthly announcement of voting rights and share capital
20 December 2023	Calendar of corporate events
14 December 2023	Sale of equity share
30 November 2023	Monthly announcement of voting rights and share capital
31 October 2023	Monthly announcement of voting rights and share capital
2 October 2023	Monthly announcement of voting rights and share capital
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 Annual Report and Consolidated Annual Report for 2022
28 April 2023	BIF Remuneration report
28 April 2023	Report on Responsible Corporate Governance
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	Monthly announcement of voting rights and share capital

4. Authorization to publish financial statements

The Board of Directors approved the 2023 IFRS Audited Consolidated Annual Financial Statements and authorized it for disclosure with its resolution as of 9th of April, 2023.

Declaration of Liability

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that the 2023 Audited Consolidated Annual Financial Statements has been prepared to the best knowledge of the Company, in accordance with the International Financial Reporting Standards and provides a true and fair view of the assets, liabilities, financial position as well as profits and losses of the Company and its consolidated company, and does not omit any facts that might have any significance concerning the assessment of the situation of the Company and its consolidated company.

Budapest, 9 April, 2024

……………………………………….	……………………………………….
Dr Anna Ungár	Kristóf Berecz
President of the Board of Directors and CEO	Vice-President of the Board of Directors and CEO
Address: 1121 Budapest, Hegyhát út 23.	Address: 1121 Budapest, Hegyhát út 23.

Consolidated Business (Management) Report to the Audited Consolidated Annual Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) for 2023

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

BIF

Table of Contents

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

The business activity of **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered seat: 1033 Budapest, Polgár utca 8-10.; hereinafter: the “Company” and/or “BIF”) in 2023 was along the lines of realizing the development strategy and goals listed below:

- seeking out office and other buildings that fit the existing revenue-generating property portfolio of the Company and performing acquisitions;
- utilizing the maximum revenue-generating potential in the existing property portfolio and the optimization of the operation of office buildings;
- the optimal utilization of the Harsánylejtő development area in Budapest, District 3, owned by the Company.

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, 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.

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

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

Office buildings

In Q4 2023, a new office block of a total floor space of 25,320 m^2 was added to the portfolio of modern office buildings in Budapest. The total office stock at the end of 2023 amounted to 4,369,900 m^2, comprising 3,571,710 m^2 of modern speculative office space in categories A and B and 798,190 m^2 of freehold office space. Total gross demand in 2023 was 575,504 m^2, while net demand over the same period was 290,082 m^2. Both gross and net occupancy showed an increase by 47% compared to 2022, whereas the vacancy rate reached 13.3% at the end of the previous year.
In Q4 2023, the vacancy rate increased by 0.1% compared to the preceding quarter and an increase by 2% compared to the same period of the previous year.
In Q4 2023, the lowest vacancy rate was recorded in the North Buda submarket (8.7%), while it was the highest in the Agglomeration (36.8%). Net absorption became positive during Q4, as the total portfolio of occupied office space increased by 6,590 m^2 in total. At the same time, the total office space in use decreased by 4,428 m^2 in 2023 as a whole.
In terms of tenant activity, the most popular sub-market in Budapest was again the Váci út office corridor in Q4 2023, which attracted 28% of demand. The Pest Centre sub-market came second (20%). (Source: BRF 2023 Q4 and Realista)

Within overall demand, the proportion of contract renewals was the highest, standing at 52%. New contract accounted for 43% of all leases, while the shares of expansions and prelease contracts were 2% and 3%, respectively. A total of 155 lease contracts were registered during Q4 2023, their average size was 847 m2, which is 3% lower than in the preceding quarter. (Source: BRF 2023 Q4)

On December 31, 2023, our Company owned six category ‘B’ and four category ‘A’ office buildings with excellent location in terms of infrastructure and transport. Following its successful revitalization and conversion to a Category “A” building, the former Category "B" office building at 12-14 Városmajor Street, District XII of Budapest (hereinafter: "**Major Udvar** (Városmajor u. 12)”) was 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 P**osta 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, and 98% and 100% of the building had been leased by December 2023 and February 2024, respectively. 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 m^2 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 Budapest, the extension of the paid public parking zoning system continued in 2023, with some districts making free zones paid zones, which may not only boost public transport use but also improve the rate of utilisation of parking garages and underground car parks in the city.

Our Company owns 2 **parking garages**, the **Aranykéz Parking Garage** (Budapest V. district Aranykéz utca 4-6.) and the **Parking Garage of Flórián Udvar** Office Building (8-10 Polgár Street, District III of Budapest), located next to the Vigadó Palota Office Building (9 Apáczai Csere János Street, District V 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. In the H2 2023, we introduced our electric car charging service at the Aranykéz Parking Garage in response to customer demand.

Building plots and residential properties
In Q1-3 2023, 10,808 new homes were built in the country, which was 21% fewer than a year earlier. In Budapest, there was a 29% drop, with 3,234 homes built. The number of homes to be built under building permits issued and simple notifications was 14,894, i.e. 43% fewer than in the same period of 2022. 34% of the new homes are planned to be built in Budapest.
There was also a decline in the housing market: after a 14% drop in 2022, the number of housing sales fell by a further 31% in Q13 2023 compared to a year earlier, although the rate of decline slowed down quarter by quarter in 2023. The decline in the new housing market exceeded the decline in the second-hand market, with new home sales in Q1-3 down 45% compared to the previous year.
In terms of prices, in Q3 2023, second-hand homes and new homes were sold for 2.6 and 3 times the 2015 baseline, respectively. At the same time, compared to the same period of the previous year, the price of second-hand homes remained almost unchanged, while the price of new homes increased by 11%. The aggregate house price index, which is determined by the change in the price of second-hand homes due to the dominance of the market, rose by only 1.5% year-on-year, the smallest annual price change in the last ten years. (Source: KSH)

Within the framework of the **Harsánylejtő Kertváros** project (District III of Budapest), the Company launched a development project (hereinafter: "**Harsánylejtő Project**") in several phases over the past years, covering an area of approximately 39 hectares. As part of the project, 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 m^2 were built on an area of about 1 hectare. Phase I and II of the residential development project was successfully completed in 2019 and in H1 2021, respectively. The owner of the project was Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Harsánylejtő 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 was terminated in Q4 2022 and is to be terminated in H1 2024 in respect of the first and the second plot, respectively).
- A plot of land suitable for the development of a **commercial unit**, comprising a retail unit of approximately 1,000 m^2 and a further 1,500 m^2 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, the Company also owned a property of the function of residential 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") on 31 December 2022. Attila99Loft was the winner of the **Real Estate Awards "Residential Property Development of the Year 2021"** competition. The real property includes 16 exclusive apartments, a 22-space robotic parking system, a restaurant and a bakery. In addition to its location in the Castle District and the unique style of the apartments, the exclusive services available within the building ensure the uniqueness of the building modelled on the "New York" style. The apartments and commercial premises are leased by the Company.
One of the most prominent properties in the Company's portfolio is located at 80-82 Andrássy Avenue, District VI of Budapest, a World Heritage Site (hereinafter: "**Andrássy Avenue Property**"). On the more than 1,400 m^2 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 was concluded in Q1 2024 and we have obtained the building permit.

Hotels

In December 2023, the number of guests and nights spent in tourist accommodation (commercial, private and other) was 16% and 13% higher than a year earlier, respectively. The year 2023 saw a rapid recovery in inbound tourism, particularly impressive in the capital, where foreign visitors to accommodation increased by nearly 20%. The number of nights spent in tourist accommodation in 2023 was 2.5% higher than in the previous year. Within this, domestic tourism was unable to make up for a weak first half of the year, with a 5% drop, offset by a 12.5% increase in foreign visitors.
There are many examples worldwide for offices being converted into hotels. The hotel market is changing, hotels are becoming much more functional, while the guest base is also changing: there is no longer an expectation of an in-hotel restaurant, or at most breakfast. The basic cost of an average hotel is €30-50,000 per room, and a minimum of 3,000 m^2 of building is required to efficiently run a hotel of around 100 rooms. Operating costs are rising for older buildings which are 10-15 years old. (Source: Portfolio, KSH Monitor and Realista)

The Company currently owns one property which was 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). In 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, there was a 4-star hotel and two independent restaurants on the street front of the property. The hotel part of the property was taken back from the operator at the end of October 2023. The Company is currently investigating the possibility of improvements that would modernise the property, taking into account new tenant needs.
"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. 2023 achievements, 2024 outlook and challenges

1. Achievements in 2023

2023 was another challenging and successful year for the Company. Based on its audited consolidated profit and loss account prepared in accordance with IFRS, BIF **achieved a profit before tax of approximately HUF 10,592 million in 2023**, which represents a significant increase by approximately HUF 530 million compared to the profit before tax generated in 2022. **Profit before tax adjusted** for the effect of fair valuation of investment properties, realised sales of plots and other specific items **increased to HUF 4,955 million** in 2023 from HUF 4,583 million in 2022.[1]

- In 2023, **net sales** totalled to approximately HUF 8,189 million against nearly HUF 10,293 million in 2022. The decisive factor for the negative trend is that the revenue from the sale of building plots under the Harsánylejtő Project (HUF 3,219 million) significantly increased the revenue in the base period, while there was no sale of plots in 2023. Adjusted for the sale of building plots, sales revenue increased by approximately HUF 1,115 million (+16%) in the period under review from HUF 7,074 million in 2022. Revenues from rent and management fees and parking fees collectively showed a significant increase by HUF 1,251 million (+21%) compared to the base value, mainly due to improving occupancy rates, new developments (Major Udvar and BIF Tower) and price hikes and indexations implemented at the beginning of the year. The revenue related to intermediary services includes, in addition to utilities and service charges, re-invoicing related to the construction, renovation and conversion of the rental property, the decrease compared to the base period was mainly due to the base effect (the high base rate was mainly caused by the energy market situation resulting from the Russian-Ukrainian conflict). The change in other group revenues in the period under review was mainly driven by the fees received for the consultancy and advisory activities of Harsánylejtő Kft. in 2023.

Breakdown of net revenue from sales

HUF '000'	2022	2023
Revenue from rents and operating fees	5,370,668	6,550,655
Revenue from parking fees	669,044	739,627
Revenue related to intermediary services	964,686	770,696
Revenue from services	0	0
Revenue from the sale of properties/land	3,218,869	0
Other sales revenues	69,809	127,998
Total	**10,293,076**	**8,188,976**

- **Other operating income** in 2023 amounted to HUF 6,286 million compared to HUF 2,883 million in the base period, and the change was mainly due to the increased positive impact of the fair valuation of investment properties. Other operating income also increased in 2023 due to a more significant penalty of HUF 140 million.
- The value of group level **material expenses** decreased minimally to approximately HUF 2,060 million in 2023 compared to HUF 2,069 million in 2022.
- Consolidated **payments to staff** increased by around 35% in the reporting year compared to the previous year, which was mainly caused by the organisational development and wage increase related to the implementation of the strategic goals of the Company and the higher level of statistical average staff numbers.
- Group level **other operating expenses** increased to HUF 872 million in the period under review compared to HUF 471 million in the base period. The negative value of around HUF 401 million compared to the previous period is mainly due to a higher negative fair value effect and higher building taxes in the current period (a significant part of the change in the taxes line was the result of the land tax refund realized in the base period).
- The **depreciation and impairment** line showed an increase by around HUF 166 million in 2023 compared to the base period, due to higher impairment charges (+ HUF +168 million) and the impact of lower depreciation (- HUF 2 million) on non-investment fixed assets.

[1]*Indemnification received in the amounts of HUF 550 million and 140 million received in 2022 and 2023, respectively.*

- As a result of the above, the consolidated **operating P/L** for the period under review increased from HUF 9,746 million to HUF 10,375 million, while the consolidated **operating P/L** adjusted for the effect of fair valuation of investment property, the plot sales realized and other specific items **increased from HUF 4,267 million** in the base period **to HUF 4,738 million** in 2023.
- The **P/L on group level financial operations** for the period amounted to approximately HUF 217 million in 2023 compared to HUF 315 million in the base period. Revenues increased by around HUF 53 million and expenses by HUF 151 million during the period under review. The increase in financial income was due to liquidity management and interest rates, which, although decreasing in the period under review, were still high overall. The increase in financial expenses compared to the base period is mainly due to the fact that the Company recognizes interest on loans taken out to partially finance its real estate developments as directly related to the investment until the capitalization of the respective investments, while after the capitalization of the investments, it is recognized as financial expenses. In 2023, this resulted in an increase in interest expenditure compared to the base period in the case of 2 properties (Major Courtyard and BIF Tower).
- 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). Having a REIT status, the Company 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 24 million incurred by BIF Group in the year under review comprised the group-level corporate tax of approximately HUF 2.3 million, the group level innovation levy of approximately HUF 21.3 million, and a local tax liability of HUF 0.6 million was incurred in Harsánylejtő Kft.

Profit and loss account (IFRS consolidated, audited)

HUF '000'	**2022**	**2023**
Net sales revenue	10,293,076	8,188,976
Other operating income	2,883,212	6,286,138
Changes in internally generated inventories	-123,863	0
Capitalized value of internally generated assets	0	0
Raw materials, consumables and other external charges	-2,068,658	-2,059,744
Staff costs	-678,665	-914,678
Other operating expenditure	-471,290	-871,916
EBITDA	**9,833,812**	**10,628,776**
Depreciation and impairment	-87,428	-253,629
Operating P/L	**9,746,384**	**10,375,147**
Financial income	651,165	703,846
Financial expenses	-335,871	-487,136
P/L before tax	**10,061,678**	**10,591,857**
Actual tax expenditure	-28,123	-24,121
P/L after tax	**10,033,555**	**10,567,736**

- The **investment property portfolio** increased by 6.7 billion in 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 a property of lower value (apartments at 39 Városmajor Street). There were no property sales in 2023. 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 2023, the Company's consolidated **net debt** (the value of financial liabilities less cash and cash equivalents) increased by around HUF 0.6 billion to HUF 14 billion compared to HUF 13.4 billion at the end of 2022. The above increase was mainly due to the combined effect of the dividend paid in 2023, the sale of treasury shares at the end of 2023, contractual principal repayments on existing loans, and new borrowing.

Key balance sheet items (IFRS consolidated, audited)

HUF '000'	**31.12.2022**	**31.12.2023**
Investment property	71,881,004	78,581,204
Long-term assets, total	*72,456,398*	*79,549,117*
Cash and cash equivalents	8,130,618	6,336,433
Current assets, total	*9,227,922*	*6,891,423*
Assets, total	**81,684,320**	**86,440,540**
Subscribed capital	2,870,244	2,870,244
Equity allocated to the parent company, total	*55,515,392*	*62,274,173*
Financial liabilities (long-term)	20,075,461	18,886,201
Long-term liabilities, total	*20,088,629*	*20,282,488*
Financial liabilities (short-term)	1,446,747	1,446,747
Current liabilities, total	*6,080,299*	*3,883,879*
Liabilities and equity, total	**81,684,320**	**86,440,540**

Key indicators of the equity, financial and income position

Description	**2022**	**2023**
Long-term assets to total assets (Total long-term assets to total assets)	88.70%	92.03%
Indebtedness (total long-term liabilities to long-term liabilities and total equity allocated to the parent company)	26.57%	24.57%
Debt to equity ratio (total long-term liabilities to total equity allocated to the parent company)	36.19%	32.57%
Acid test ratio (Cash and cash equivalents to total short-term liabilities)	133.72%	163.15%
Return on sales (operating income to the net sales revenue)	94.69%	126.70%
Return on equity (operating income to total equity allocated to the parent company)	17.56%	16.66%

2. Outlook and challenges for the financial year 2024

In 2024, the Company will focus on the following areas of development:

- 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 and the commencement of the planned construction works (the size of the total development area is approximately 26,000 m^2).
- 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.
- In the case of the **Andrássy Avenue property**, investigation of the possibilities of utilizing the property, depending on changes in market conditions.
- In the **Aranykéz Parking Garage**, maximizing occupancy and examining the introduction of new services.
- Design and implementation of the tenant fit-out works following the full occupation of the **BIF Tower** according to the tenant's needs.
- Investigation of the possibilities of utilisation of the **Üllői Avenue Educational Centre**.
- As a result of the successful acquisition in Croatia, demolition of the old building, design of a new building and start of construction of the property **Volosko**, which was added to the real estate portfolio in early 2024.
- Investigation of the development potential of the **Madách Square property**, which has outstanding potential, taking into account potential tenant needs.
- 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.

III. Major events at the Company in 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://www.bif.hu/investors/publicitans/stock-exchange-statements/bif-2023-agm-minutes-meeting-including-resolutions

2. Personal changes

Board of Directors, Audit Committee
There was no change in the composition of the Board of Directors or the Audit Committee in 2023.

Changes to the management of the Company in 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 Fábián 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 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. Although 2023 was already a boom year for tourism, some of those in the sector were not able to recover from the effects of the coronavirus epidemic. Unfortunately, the difficulties also affected the payment of rents already invoiced, therefore we had to recognise impairment in the amount of HUF 188 million against one of our clients at the end of 2023.
Thanks to the preliminary tenant risk analysis and the security system, the amount of arrears remained small in 2023, similarly to the previous year, with the exception of the single client mentioned above.

Since March 2018, the Company has only had forint-based long-term loans thanks to a refinancing transaction. Considering that approximately 84% of the Company's group-level revenues are realized in HUF and that FX revenues amply cover expenditure arising in FX, it practically has no FX risk.

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.

Detailed information on financial instruments is provided in the Company's audited Consolidated Financial Statements for 2023, compiled in accordance with the International Financial Reporting Standards (IFRS), more specifically in Note 35 on Financial Instruments in Chapter III titled Supplementary Notes. 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. Material events after the balance sheet date

The Company as buyer concluded a real estate sale and purchase agreement with SCHAUB d.o.o. (OIB: 57065811373; HR-51211 Matulji Ul. V. Gortana 2.) for the purchase of the exclusive title to the real estate 320170 Volosko, Croatia (Topographical No. 410), physically located at 51410 Opatija, UI. Ivana Matetica Ronjgova 6. The transaction was successfully concluded on 7 February 2024.

VI. General company information

1. Corporate data of the Company

Name of the Company:	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	Hungary, 1033 Budapest, Polgár u. 8-10.
Postal address (place of central administration):	Hungary, 1033 Budapest, Polgár u. 8-10.
E-mail address:	info@bif.hu
Website:	www.bif.hu
Date of the Articles of Association:	31.01.1995
Date of commencement of operation:	01.05.1994
Registry court:	Superior Court of Budapest, as company registry court
Company registry number:	Cg. 01-10-042813
Statistical number of the company:	12041781-6820-114-01
Tax Registration No.:	12041781-2-41
Community tax number:	HU12041781
Share capital on December 31, 2023	HUF 2,870,244,400
Term of the operation of the company:	unspecified
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 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.

The Board of Directors held three personal meetings in 2023. The Board of Directors made decisions electronically 10 times in 2023.

Members of the Company's Board of Directors (as of 31 December 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 Vaszily	member	30.04.2022	30.04.2027

Audit Committee

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

In addition to the meetings of the Board of Directors, the Audit Committee held one meeting in person and decided electronically on two occasions in 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 (31. December 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 Vaszily	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 the year of 2023:
- 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 31 December 2023, the Company's share capital consisted of 287,024,440 dematerialised ordinary shares with a nominal value of HUF 10 each, of which 22,514,206 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 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 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% interest based on the current share register and on the individual statements of the owners

Shareholder	31 December, 2022		31 December, 2023	
	Number of shares (pcs)	Interest (%)	Number of shares (pcs)	Interest (%)
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	22,514,206	7.84
Other shareholders	31,763,519	11.08	41,417,909	14.44
Total	**287,024,440**	**100.00**	**287,024,440**	**100.00**

**PIÓ-21 Kft. is both the parent company and the "ultimate parent of the group" of the Company*
** Of which an indirect share of 0.57% through the Company's subsidiary, BFIN Asset Management AG as of December 31, 2023*
****Based on the share register of 29 December 2023*
*****The Company may not exercise shareholder rights by the BIF ordinary shares in its ownership*

Ownership interest of executives and employees in strategic positions in the Company 31 December, 2023

Nature	Name	Position	Beginning of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with indirect influence
BoD	Dr Anna Ungár	President of the BoD* and as from 4 December, 2022, also Chief Executive Officer	30.04.2022	30.04.2027	0	67.73%
BoD	Kristóf Berecz	Vice-President of the BoD and CEO as from 1 December, 2018	30.04.2022	30.04.2027	0	67.73%
BoD	Dr Frigyes Hárshegyi	member of the BOD and the AC**	30.04.2022	30.04.2027	0	0
BoD	Julian Tzvetkov	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
BoD	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	Unspecified***	0	0

**Board of Directors*
***Audit Committee*
****Nature of employment*

Shares held in the Company by executives and employees in strategic positions (31 December 2022)

Nature	Name	Position	Beginning of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with indirect influence
BoD	Dr Anna Ungár	President of BoD*	30.04.2022	30.04.2027	0	66.62%
BoD	Kristóf Berecz	Vice-President of the BoD and CEO as from 1 December, 2018	30.04.2022	30.04.2027	0	66.62%
BoD	Dr Frigyes Hárshegyi	member of the BOD and the AC**	30.04.2022	30.04.2027	0	0
BoD	Julian Tzvetkov	member of the BoD and the AC	30.04.2022	30.04.2027	0	0
BoD	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	Unspecified***	0	0

**Board of Directors*
***Audit Committee*
****Nature of employment*

VII. Changes in the number of employees; employment policy

In 2023, the Company's average statistical headcount was 62 (52 in 2022), while at 31 December 2023 the headcount was 65.

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.

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. Personal changes in the year 2023

They are described in Chapter III, Section 2.

X. Introduction of the consolidated entity of the Company

The Company included Harsánylejtő Kft. in its Annual Consolidated Financial Statements for 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 decides on strategic issues, while its subsidiary takes care of operational tasks.

During the period under review, Harsánylejtő Kft. provided expert consultancy services to the third party project owner in the course of a construction project launched in 2023 on land sold by the Company in 2022, in the context of the Harsánylejtő Project.

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

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that this Consolidated Business (Management) Report 2023 contains real data and statements, providing a true, correct and complete view of the position, development and performance of the Company and its consolidated company 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 consolidated company.

Budapest, 9 April, 2024

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Dr Anna Ungár	Kristóf Berecz
President of the Board of Directors and CEO	Vice-President of the Board of Directors and CEO