



Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.

2018 Half-Year Report

English translation for information purposes only

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English translation for information purposes only



Consolidated Business (management) Report

**for the consolidated, non-audited Financial Statements of
Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.,
prepared in accordance with the International Financial
Reporting Standards (IFRS) for the period ending on 30
June 2018**

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I. Presentation of the goals, strategy and activity of the Company in the first half of 2018

At the extraordinary general meeting held on 23 December 2016 the shareholders of **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered office: 1033 Budapest Polgár utca 8-10.; hereinafter: the Company and/or BIF) requested the Board of Directors to develop the implementation plans for an entirely new development course that would improve the intensive development of the real estate property and thus the profitability of the Company. As a result the business activity of the Company in the first half of 2018 was already along the lines of realizing these new development strategy and goals listed below:

- Seeking out office buildings that fit the existing revenue-generating property portfolio of the Company and performing the acquisition.
- Utilizing the maximum revenue-generating potential in the existing property portfolio and the optimization of the operation of office buildings.
- The realization of the full developed concept of the 39 ha Harsánylejtő area of development in Budapest, District 3, owned by the Company.

As a Company developing and utilizing property, its activity is the utilization of properties (office building and parking garage) owned by the Company by giving them into lease, further development of such properties and selling its own construction lots.

From 20 October 2017 – since being registered by the National Tax and Customs Authority – it continues its activities as a regulated real estate investment pre-company (hereinafter: SZIE) according to the provisions of Act 102/2011 on regulated real estate investment companies (hereinafter: SZIT Act).

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

- Office market
- Parking garage market
- Construction lot market

Office market segment

On 30 June 2018 our Company owned five category 'B' and two category 'A' office buildings with excellent location from infrastructural and traffic perspective. When utilizing our properties the main criteria are the properties' appropriate profit generating ability, expected value increase and potential for further development. Keeping up with the quality demands on the side of demand the offices are on a high standard of quality in a technical condition suitable for their category and the modern day demands. By continuously increasing the service level, the appropriate development and maintenance of properties our Company managed to solicit tenants and extend the majority of the lease agreements for a long term, thereby further strengthening our market position. Due to the excellent characteristics, continuously controlled and developed technical condition and the expected service level our cash-generating office buildings (not including here BIFLOFT Irodaház, fully renovated and handed over in June 2018) operate with an average occupancy of 93%.

Parking garage market segment

Due to the downtown Budapest developments characteristic of the past years (District 5., Szervita tér, Váci 1, Nádor tér underground garage construction) the demand for quality parking garages – like the **Aranykéz Parking Garage** under the address Budapest, District 5, Aranykéz utca 4-6. and owned by the Company – showed a great increase in the first half of 2018. In part due to the above mentioned market processes and in part due to the full scale internal renovation of Aranykéz Parking Garage completed in Q2 of 2017 and the expansion of services the occupancy of the parking garage increased.

Besides that the Company owns the **parking garage** under the address Budapest III., Polgár utca 8-10. that is part of the **Flórián Udvar** Office Building but provides parking services available for the public as well. In the first half of 2018 the occupancy of the parking garage was 83%.

Both parking garages strive to provide maximum levels of service for its customers with the newest, Hungarian-developed parking system.

Construction lot market

Our Company realized a construction lot development project in the past years in several stages in the green area of Óbuda, on the side of the Testvérhegy, under the name Harsánylejtő Suburbia (hereinafter: Harsánylejtő Project). The realization and sale of Stage I, consisting of 88 lot properties, was completed successfully. In Stage II of the development 65 lots, suitable for building 4 and 6 apartment condominiums were established and equipped with public utilities. Due to the booming property market, the preferable credit constructs, available for the population and for companies alike, government apartment purchase programs, CSOK, and the 5% VAT content of newly built apartments the sales of Stage II of the development reached 88% by the end of the first half of 2018. Besides the development of the lots of stage II additional 3 lots with an area of 4,000 – 8,000 m², suitable for building a 30-50 apartment condominium, with the construction of residential streets and the realization of the full public utility network.

The 3 properties owned by the Company (property under the address Budapest, District 7. Madách tér 3-4: **4 star hotel** with 115 rooms; 2174 Verseg-Fenyőharaszt – Fenyőharaszt Kastélyszálló: **4 star hotel** with 26 rooms + 4 apartments; property complex under the address Budapest, District 10, Üllői út 114-118. Building “C”: **3 star hotel** with 81 rooms + 1 apartment) operate as hotels; the company gives these properties into lease to hotel operators. The occupancy of the hotels is basically 100%. The Company sold Kastélyszálló Kft., operating Fenyőharaszt Kastélyszálló, in October 2017.

II. Earnings in the first half of 2018 and expectations, challenges in 2018

1. Earnings in the first half of 2018

On consolidated level the Company achieved a **profit of approximately HUF 867 million before taxes** in the first half of 2018, exceeding the profit produced in the first half of 2017 by approximately HUF 443 million (+104.4%). The significant increase in profits is primarily due to the expanding sales activity, realized parallel to an increase in operating efficiency. The 45.6% revenue-proportionate operating profit in the base period increased to 64.4% in the first half of 2018.

- **Net revenue from sales** achieved by the company group in the first half of 2018 was mostly from rent, parking and operating fee from giving the properties to lease (67.2% of revenues altogether), but the net revenue from selling Harsánylejtő construction lots represented a significant part as well (about 32.3%) within the revenue in the subject period. The net revenue in the first six months of 2018 was a total amount of HUF 1,515.8 million, showing a 54.6% increase compared to the same number on the revenue in the first half of the previous year. Revenue from property utilization increased due to the generally higher level of occupancy. Compared to the same period in the previous year the revenue from selling construction lots increased significantly, (+387.5 million forints), due to the Harsánylejtő lot sales realized in the subject period.

Breakdown of net revenue from sales

data in th HUF	30 June 2017	30 June 2018
Income from leasing and operating fees	549 218	720 910
Income from parking fees	121 189	161 177
Income related to mediated services	115 066	136 521
Income related to services	540	0
Revenue from property/lot sales	101 967	489 487
Other revenues	92 861	7 746
Total	980 841	1 515 841

- The **other operating income** increased by about 91% in the first half of 2018 to HUF 279.3 million compared to the corresponding data in the base period. The dominant part of the increase in the subject period was from profit form the fair valuation of investment properties.
- The amount of **material expenses** in the first half of 2018 increased by HUF 233.5 million, about 50% compared to the amount recognized in the first half of 2017. The significant increase was mostly due to accounting for the condominium constructions started at Harsánylejtő Kft.
- The **personal expenses** increased exceeding 33% in the first half of 2018 compared to the same period in the previous year. One of the reasons behind the increase in personal expenses was the expansion of the workforce in connection with the realization of the strategic goals of the Company. The average statistical number of the employees of the Company was 29 persons on 30 June 2018 (24 persons on 31 December 2017).
- **Depreciation accounted for after the non-investment PPE** of the Company increased by about HUF 3 million to HUF 16 million in the subject period compared to the corresponding data of the base period.
- The amount of **other operating expenses** in the first half of 2018 was HUF 112.4 million (+30%). The increase is due to the effect of the valuation of inventories based on IFRS.
- Due to the above the **operating income** in the first half of 2018 increased to HUF 976.5 million which is an amount about 529 million forints higher than the corresponding amount in the same period in the previous year. The **EBITDA** changed to about 993 million forints from the amount of 460 million forints in the base period.

- The net total finance expense changed to HUF -109.4 million in the first half of the year from the HUF -23.3 million in the base period; this decrease in earnings was due to the increasing interest expenses payable after the increased loan portfolio.
- Due to the SZIE status the Company is only obliged to pay corporate tax until obtaining SZIE status (20 October 2017). Considering the above no **current tax expense** occurred in the subject period.

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

data in th HUF	30 June 2017	30 June 2018
Net revenue from sales	980 841	1 515 841
Other operating income	146 361	279 318
Changes in stocks of finished goods and in work in progress	0	163 149
Material expenses	-464 188	-697 678
Personal expenses	-116 228	-155 478
Other operating expenses	-86 293	-112 391
EBITDA	460 493	992 761
Depreciation and impairment	-13 056	-16 279
Operating profit	447 437	976 482
Financial income	16 654	1 675
Financial expenses	-39 981	-111 117
Profit before taxes	424 110	867 040
Current tax expense	-9 852	0
Deferred tax	-89 225	192
Profit after taxes	325 033	867 232

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

data in th HUF	31 December 2017	30 June 2018
Investment properties	31 417 004	32 405 004
Total long term assets	32 395 516	33 896 903
Total current assets	3 861 485	2 472 522
Total Assets	36 257 001	36 369 425
Issued capital	2 583 220	2 583 220
Total equity attributable to the parent company:	25 775 098	25 393 719
Financial liabilities	9 265 607	9 899 588
Total long term liabilities	9 275 414	9 909 395
Total short term liabilities	1 206 489	1 066 311
Total liabilities and equity	36 257 001	36 369 425

- The stock of investment properties increased by HUF 988 million to HUF 32,405 million compared to the situation on 31 December 2017. The increase is due to the increase in the fair value of properties in the portfolio and to the successful acquisition of properties (Section 3 of Chapter III contains the details of the acquisition) realized in the subject period.
The Company chose the fair value model to recognize investment properties according to the IAS 40 standard. The fair value of investment properties owned by the Company is determined quarterly by an independent appraiser, Euro-Immo Expert Kft., in accordance with the provisions of the SZIT act.

Significant indicators concerning property, finances and profitability (IFRS consolidated, non-audited)

Name	30 June 2017	30 June 2018
Long-term assets to total assets ratio ("Long term assets"/"Total assets")	69.81%	93.20%
Indebtedness ("Long term liabilities total"/"Liabilities and equity total")	3.11%	27.25%
Debt to equity ratio ("Long term liabilities total"/"Equity attributable to the parent company")	3.97%	39.02%
Quick liquidity ratio ("Cash and cash equivalents"/"Short term liabilities total")	110.51%	69.89%
Revenue proportionate income ("Operating profit"/"Net revenue from sales")	45.62%	64.42%
Equity-proportionate profit ("Operating profit"/"Total equity attributable to the parent company")	2.83%	3.85%

2. Expectations, challenges for the second half of 2018.

During the second half of 2018 the Company focuses on the following areas:

➤ **Harsánytelepítési Projekt**

- The sale of the construction lots still available in Stage II of lot development in Harsánytelepítési Kertváros (88% sold until the second half of 2018), handing over the road and public utility networks realized in connection with the development to service provider and municipality ownership.
- Completing Stage I of the Harsánytelepítési Kertváros Residential Property Development in the autumn of 2018 and handing it over to customers, and selling 4 residential apartments under construction in Stage II. Subject to the pre-sales of Stage II, starting the sale and realization of Stages III and IV with a total of 40 residential properties. The development of Harsánytelepítési Kertváros Residential Property is presently being performed by Harsánytelepítési Ingatlanforgalmazó és -kezelő Kft. (hereinafter: Harsánytelepítési Kft.), owned entirely by the Company, in a total area of 10,000 m² consisting of several development lot properties (for more details see Chapter IX).
- As part of Harsánytelepítési Kertváros a playground will be created to serve the leisure needs of residents and their children, in a lot with an area of 6,000 m²; it is expected to be fully delivered until the end of 2018.
- Designing the following development concepts and performing them as scheduled:
 - 10,000 m² office complex project
 - 3,600 m² area shopping mall construction
 - 17,000 m² residential property potential, on which the Company plans on building 1 piece 50 and 2 pieces 33 apartment condominiums.
- The assessment of the development opportunities for the remaining area of 93,400 m² owned by the Company is in progress.

➤ **BIFLOFT Irodaház**

- In June 2018 BIFLOFT Irodaház (Office building) was delivered after being fully transformed and renovated. Considering the 70% occupancy of the building in the summer of 2018 and the increased demand for modern style office buildings with good location in the office market the management expects to increase the occupancy of the building to 100% by October 2018.

➤ **Portfolio “review”**

- Through the acquisitions we plan on continuously increasing the occupancy of properties getting included or put into operation in the portfolio; from this we expect a significant increase in earnings from property utilization.
- Selling properties in the market that do not fit into the portfolio properly, based on the review of the existing property portfolio according to strategic goals.

➤ **Acquisition activity**

- Seeking out acquisition opportunities fitting into the strategy of the Company, performing the acquisitions and including the property in question in the cash-generating portfolio.

➤ **Reviewing opportunities from changes in legal regulations**

- From 20 October 2017 the Company operates as regulated property investment pre-incorporation company, so it cannot perform property development activities for selling purposes. Therefore, the condominium development activities of the Company were outsourced at the end of 2017 to the – consolidated – Harsánylejtő Kft. However, according to the amendment of the SZIT Act effective as of 26 July 2018, the scope of activities that can be performed by the regulated property investment companies was complemented with the activity named Organization of building construction projects, performed by Harsánylejtő Kft. Due to the above change in legal regulations and in order to decrease administrative burdens and costs, the Company will review the possibilities of merging Harsánylejtő Kft. into the Company.

III. Significant events at the Company in the first half of 2018

1. General meeting

On 26 April 2018 the Company held its yearly ordinary general meeting. The general meeting passed the following significant resolutions:

- a) The general meeting accepted the following:
 - the year 2017 report of the Board of Directors on management, the financial situation and business policy of the Company,
 - the report on the year 2017 individual and consolidated report of the Audit Committee prepared in accordance with the International Financial Reporting Standards (IFRS),
 - the report of the Auditor on the year 2017 individual report of the Company, the individual business (management) report and the year 2017 consolidated report and consolidated business (management) report prepared in accordance with the IFRS,
 - the year 2017 individual and consolidated report and individual and consolidated business (management) report of the Company prepared in accordance with the IFRS.
- b) The general meeting acknowledged the establishment and payment of dividend in the amount of HUF 2,008,610,800 that is, two billion eight million six hundred and ten thousand eight hundred forints at the expense of the free earnings and retained earnings payable as dividend based on the year 2017 standalone report of the Company prepared in accordance with the IFRS, and ordered the Board of Directors to take care of the payment of the dividend determined after the ordinary shares proportionate to the number of shares to the holders of ordinary shares registered in the Share Register of the Company as of 20 April 2018. The starting date of the payment of dividend after the ordinary shares was 17 May 2018.
- c) The General Meeting gave the discharge for the members of the Board of Directors for their year 2017 activities.
- d) The general meeting elected INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft.(registered office: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F.; company registry number: 01-09-063211; tax number: 10272172-2-43.; chamber registration number: 000171; financial institution qualification number: T-000171/94, person responsible for performing the audit: Freiszberger Zsuzsanna, birth name: Freiszberger Zsuzsanna; mother's name: Böczkös Rózsa Mária, address: 2440 Százhalombatta, Rózsa u. 7.; date, place of birth: Barcs, 27.07.1977, auditor license number: 007229) to be the permanent auditor of the Company for the period between 16 May 2018 and 15 May 2019.

- e) The general meeting decided that the members of the Board of Directors shall perform their duties in the business year of 2018 without remuneration.
- f) The general meeting decided that the members of the Audit Committee shall perform their duties in the business year of 2018 with a salary of a monthly gross HUF 300,000 (three hundred thousand forints) per member.
- g) The general meeting decided that the permanent auditor of the Company shall be entitled to a remuneration in the business year of 2018 in the amount of HUF 5,700,000 +VAT for auditing the yearly individual and consolidated reports of the Company prepared according to the International Accounting Standards.
- h) The general meeting approved the year 2017 Responsible Company Management Report of the Company concerning the Responsible Company Management Recommendations of the Budapest Stock Exchange, drafted on a separate sheet.
- i) The general meeting authorized the Board of Directors of the Company to purchase treasury shares. According to the authorization the Board of Directors can decide about having the Company purchase Series “A” personal ordinary shares issued by the Company with a par value of HUF 100 each. The lowest amount of consideration that can be paid for one treasury share is HUF 1 that is, one forint, and the highest amount can be 150% of the stock exchange base rate weighted with the 3 months of traffic before the date of the transaction at the most. The authorization is for a specified period from the day of the general meeting until 25 October 2019. The maximum value of treasury shares obtained by the Company based on the authorization can be 25% of the capital stock at the most.
- j) The general meeting unilaterally accepted the information of the Board of Directors according to Section 3:223 (4) of the Civil Code concerning the treasury share transactions of the Company concluded on 26 October 2017 and 4 April 2018.

2. Borrowing

Based on the refinancing loan contract concluded by and between the Company and Magyar Takarékszövetkezeti Bank Zrt. in March 2018 Magyar Takarékszövetkezeti Bank Zrt. provided a loan in the amount of HUF 2,022,766,172 for the Company, as a result of which the Company completed the final payoff for its EUR based loan debt at CIB Bank Zrt with a value date of 29 March 2018.

3. Property acquisition, treasury share transaction:

On 4 April 2018 the Company concluded an exchange agreement with Waybridge Estates Kft. According to the exchange agreement the parties exchanged the ownership of the properties owned exclusively by Waybridge Estates Kft. in 1/1 proportion under lot numbers Budapest, District 6, urban area, 28614/0/A/1; 28614/0/A/2; 28614/0/A/3; 28614/0/A/5; 28614/0/A/6 and 28614/0/A/7, under the address 1062 Budapest, Andrássy út 80. to the ownership of the 400,000 Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. personal dematerialized ordinary shares with a par value of HUF 100 each and owned by the Company (ISIN code: HU0000088760). With the closure of the transaction the Company became the exclusive owner of all the sub-deposits of the condominium under the address Andrássy út 80. – which building is in the direct vicinity of the property under the address Andrássy út 82. , already owned by the Company – and the number of treasury shares owned by the Company changed from 4,864,000 to 4,464,000. As the result of the transaction the proportion of treasury shares owned by the Company decreased from 18.83% to 17.28%.

4. Personal changes

Board of Directors, Audit Committee

No changes occurred in the composition of the Board of Directors and the Audit Committee between 1 January 2018 and 30 June 2018.

Management

Hrabovszki Róbert was appointed to Deputy CEO, CFO of the Company, effective from 19 March 2018.

IV. Risk factors influencing the effectiveness of the Company

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

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

Concerning a former risk in the operation of the Company due to the risk of changes in the EUR exchange rate a significant change occurred in the first half of 2018. The EUR-based loan debt at CIB Bank Zrt. was refinanced at the end of March 2018, so presently the Company only has forint based loans. Considering that 94% of the income of the Company is realized in forint, because of this it has practically no FX risk.

The long term forint loans of the Company have variable interest rates, subject to 3 months BUBOR, so with the increase of interests in the financial market the interest rate of forint loans also increases (interest risk). The Company continuously reviews international and Hungarian financial market processes, financing opportunities, including opportunities for refinancing variable interest loans with fixed interest loans; the Company decides on possible refinancing depending on such opportunities.

The detailed data concerning financial instruments is in Section 32: Financial Instruments of the consolidated, non-audited Financial Statements for the period ending on 30 June 2018, prepared in accordance with the International Financial Reporting Standards (IFRS). The Company has no other securities besides the BIF ordinary shares it owns (treasury shares), and entered into no derivative transactions.

Risks concerning the consolidated Harsánylejtő Ingatlanforgalmazó és -kezelő Kft.

The situation of the Company significantly depends on its parent company, the market influences it faces and its decisions.

Concerning the efficiency, recovery of the development according to Section IX it can be a risk factor on the one hand that the periodical lack of capacities at the contractor in the course of the realization of the development may cause delays in the accepted delivery deadline and on the other that in the first half of 2018 other projects that are competitors of the development started in several locations in Budapest, strengthening the competition situation. We could mitigate the risks from the delays of the delivery deadline by including default penalty in the contract, enforceable against the general contractor, on the one hand, and by making the delivery deadline flexible towards customers on the other.

In strategic matters decisions need to be taken in coordination with the parent company. Concerning development, the parent company decides in strategic matters and its subsidiary performs operative tasks.

V. Significant events following 30 June 2018

BFIN Asset Management AG sold a part of the shares of Budapesti Ingatlan Nyrt. (ISIN: HU0000088760; par value: HUF 100) it owns to PIÓ-21 Kft. under a transaction concluded outside the Budapest Stock Exchange on 18 July 2018. As the result of the transaction – considering the 4,464,000 Budapesti Ingatlan Nyrt. treasury shares owned by the Company – the interest of BFIN Asset Management AG providing voting rights in the Company decreased to 6% and the interest of PIÓ-21 Kft. providing voting rights in the Company increased to 80.5%.

The Board of Directors, exercising the power granted by the shareholders and regulated in General Meeting Resolution 10 accepted at the general meeting held on 22 April 2014, decided to increase the base capital of the Company by issuing new shares with private placement. The Board of Directors of the Company asked Magyar Takarékszövetkezeti Bank Zrt. to make its statement of acceptance concerning the 2,870,244 common, dematerialized, registered shares to be issued with HUF 100 par value and HUF 2,000 accountable par. Magyar Takarékszövetkezeti Bank Zrt. made its final statement of accepting the duty on 11 September 2018. According to the relevant resolution of the Board of Directors Magyar Takarékszövetkezeti Bank Zrt. shall provide financial contribution in the amount of HUF 5,740,488,000 for the Company until 14 September 2018 at the latest; Magyar Takarékszövetkezeti Bank Zrt. performed the above financial contribution with a value date of 13 September 2018. With its decision dated 19 September 2018 the registry court approved the request to register changes at the registry court concerning the increase of the base capital of the Company by issuing new shares with private placement and registered the requested changes. After the registration of the changes the Company requests the registration of the dematerialized common shares to be issued at KELER Zrt.

According to the information received on 11 September 2018 Pió-21 Kft. obtained sale and purchase options related to 2,870,244 BIF common shares.

According to the extraordinary disclosure of the Company on 17 September 2018 it concluded a lease agreement concerning the renting of the entire area of the office building (exceeding 15,000 m²) named Vigadó Palota under the address 1052 Budapest, Türr István utca 6., registered under lot number 24408/4, Budapest, urban area, District V, owned by the Company in 1/1 proportion. Vigadó Palota, situated in the heart of downtown Budapest, became the property of the Company as the result of a transaction closed at the beginning of December 2017. Giving the property into lease increases the occupancy of Aranykéz Parkolóház, located in its direct vicinity under the address Budapest, District V, Aranykéz utca 4-6. also owned by the Company, to almost 90%.

VI. General Company information

1. Company data

Company name:	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.
Abbreviated company name:	Budapesti Ingatlan Nyrt.
Registered office:	1033 Budapest, Polgár u. 8-10.
Post address (location of central administration):	1033 Budapest, Polgár u. 8-10.
Central electronic contact:	info@bif.hu
Website:	www.bif.hu
Date of the articles of association of the Company:	31.01.1995
Date when the Company started its operations:	01.05.1994
Registry court:	Company Registry Court of Budapest-Capital Regional Court

Company registry number:	Cg. 01-10-042813
Statistical number of the Company:	12041781-6820-114-01
Tax administration identification number:	12041781-2-41
Community tax number:	HU12041781
Share capital of the Company:	HUF 2,583,220,000
Duration of the operation of the Company:	unspecified
Business year of the Company:	identical to the calendar year
Principal activity of the Company:	6820'08 Renting and operating of own or leased real estate

2. Company management

General meeting

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

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

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

Board of Directors

The Company operates in a unified control system.

The Board of Directors is the management body of the Company, represents the Company before courts and other authorities, and towards third parties. The Board of Directors established the rules of its operation and operated according to its Order of Procedure in the first half of 2018.

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

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

In the first half of 2018 the Board of Directors held 4 sessions with a turnout of 100%. In the first half of 2018 the Board of Directors passed decisions through electronic means 3 times.

Members of the Board of Directors of the Company (30 June 2018.)

Name	Position	Start of assignment	End of assignment
dr. Ungár Anna	Chairperson	15.08.2017	15.08.2022
Berecz Kristóf	Vice-chairperson	15.08.2017	15.08.2022
Tzvetkov Julian	member	15.08.2017	15.08.2022
dr. Hárshegyi Frigyes	member	15.08.2017	15.08.2022
Vaszily Miklós	member	22.12.2017	15.08.2022

Audit Committee

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

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

The Audit committee held one session in the first half of 2018, besides the Board of Directors meetings, with 100% turnout. Significant topics discussed at the session: approval of the yearly financial statements of the Company and certain Companies it consolidated, recommendation for electing the Auditor and determining their remuneration.

Members of the Audit Committee of the Company (30 June 2018.)

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

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

At the yearly ordinary general meeting of the Company in 2018 the general meeting decided that the members of the Board of Directors shall perform their tasks without remuneration in the business year of 2018 and the members of the Audit Committee shall perform their tasks with a monthly remuneration of gross HUF 300 000 (three hundred thousand forints) per member in the business year of 2018.

3. Auditor

The Auditor of the Company in the first half of 2018:

- from 15 August 2017 until 15 May 2018: INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F., person responsible for auditing: Freiszberger Zsuzsanna)

- from 15 May 2018 until 15 June 2019: INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (registered office: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F., person responsible for auditing: Freiszberger Zsuzsanna)

4. Disclosures

The announcements of the Company are published at:

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

5. Share information

On 30 June 2018 the issued capital of the Company was 25,832,220 personal dematerialized ordinary shares with a par value of HUF 100 each, from which 4,464,000 shares are owned by the Company. Section 6 of the Articles of Association of the Company details the rights and obligations connected to the shares. The shares are being traded in the 'STANDARD' category of the Budapest Stock Exchange and represent the entire issued capital; the Company has no other issued interests.

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

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

Special control rights are presently not stipulated. However, at the extraordinary general meeting of the Company held on 5 August 2017 the general meeting authorized the Board of Directors to increase the capital of the Company by issuing vote priority shares with the unchanged conditions specified in the relevant general meeting proposal related to schedule item 6 and published on 25 July 2017. The Board of directors did not exercise this authority in the first half of 2018.

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

Presently, there is no employee shareholder system at the Group. However, at the extraordinary general meeting of the Company held on 15 August 2017 the general meeting authorized the Board of Directors to increase the capital of the Company by issuing employee shares with the unchanged conditions specified in the relevant general meeting proposal related to schedule item 6 and published on 25 July 2017. The Board of directors did not exercise this authority in the first half of 2018.

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

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

At the yearly ordinary general meeting of the Company in 2018 the general meeting authorized the Board of Directors to purchase treasury shares. According to the authorization the Board of Directors may decide about the Company's purchasing the personal, series 'A' ordinary shares issued by the Company with a par value of HUF 100. The lowest amount of consideration payable for one treasury share is HUF 1, that is, one forint, and the highest amount can be 150% of the stock exchange average exchange rate, weighted with 3 months' traffic before the date of concluding the transaction at the most. The authorization is for a specified term from the date of the general meeting until 25 October 2019. Based on the authorization the maximum amount of treasury shares that can be obtained by the Company may not exceed 25% of the base capital.

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

Shareholder	31 December 2017		30 June 2018	
	Number of shares (piece)	Interest (%)	Number of shares (piece)	Interest (%)
PIÓ-21 Kft.	11 691 807	45.26	11 691 807	45.26
BFIN ASSET MANAGEMENT AG*	6 792 915	26.30	6 792 915	26.30
Treasury share**	4 864 000	18.83	4 464 000	17.28
Other shareholders	2 483 478	9.61	2 883 478	11.16
Total	25 832 200	100.00	25 832 200	100.00

* fully owned by PIÓ-21 Kft. in 100%

** Shares owned by the company do not grant rights to dividend and voting rights

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

Nature	Name	Position	Start of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with direct influence
ITT	Dr. Ungár Anna	BoD* chairperson	15.08.2017	15.08.2022	0	74.61%
ITT	Berecz Kristóf	BoD vice-chairperson	15.08.2017	15.08.2022	0	74.61%
ITT	Tzvetkov Julian	member of BoD, AC**	15.08.2017	15.08.2022	0	0
ITT	dr. Hárshegyi Frigyes	member of BoD, AC	15.08.2017	15.08.2022	0	0
ITT	Vaszily Miklós	member of BoD, AC	22.12.2017	15.08.2022	0	0
SP	Sajgál Gábor	CEO	01.12.2016	Unspecified***	0	0
SP	Hrabovszki Róbert	Deputy CEO, CFO	19.03.2018	Unspecified***	0	0

*Board of Directors

**Audit Committee

***nature of employment

Ownership interest of executives, employees in strategic positions in the Company (30 June 2017)

Nature	Name	Position	Start of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with direct influence
ITT	Dr. Ungár Anna	BoD* chairperson	15.08.2017	15.08.2022	0	74.61%
ITT	Berecz Kristóf	BoD vice-chairperson	15.08.2017	15.08.2022	0	74.61%
ITT	Tzvetkov Julian	member of BoD, AC**	15.08.2017	15.08.2022	0	0
ITT	dr. Hárshegyi Frigyes	member of BoD, AC	15.08.2017	15.08.2022	0	0
ITT	Vaszily Miklós	member of BoD, AC	22.12.2017	15.08.2022	0	0
SP	Sajgál Gábor	CEO	01.12.2016	Unspecified***	0	0

*Board of Directors

**Audit Committee

***nature of employment

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

The average statistical headcount at the Company was 24 persons on 31 December 2017 and 29 persons on 30 June 2018.

The Company has no employment policy liabilities.

VIII. Research and experimental development

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

IX. Introduction of the consolidated entities of the Company

The Company consolidated Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. in its Interim Consolidated Financial Statements for the 1st half of 2018 prepared according to IFRS.

Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (registered office: 1033 Budapest, Polgár u. 8-10.), was founded (and is fully owned since then) by Budapesti Ingatlan Nyrt., on 25 August 2008, with a capital of th HUF 500. The capital of the Company was increased to th HUF 3,000 on 10 March 2016, principal activity of the company: organization of building construction projects. Harsánylejtő Kft. performs the property development for sale activities of the BIF group after 20 October 2017.

On 30 June 2018 it has 8 lot properties suitable for the building of condominiums in the Harsánylejtő development area, on which the construction of condominiums was in progress then and is in progress now as well.

On 27 June 2018 Harsánylejtő Kft. concluded 4 general contractor contracts with RENESCO Energiahatékonysági, Szolgáltató, és Kereskedelmi Kft. (company registry number: 07-09-027141) for the performance of the realization-construction-installation works of 5 apartment residential buildings with a ground level + 2 floors of apartments and 1 underground garage each on the construction lots it owns and registered under lot numbers Budapest, District III. 20646/74; 20646/75; 20646/76 and 20646/77 to turnkey condition, by which Stage II of the development is realized.

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

Concerning the development the parent company decides in strategic matters, the subsidiary performs operative tasks.

X. Environmental protection

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

XI. Responsible company management report and statement

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

The Company disclosed its Responsible Company Management Report for the year 2017 at the disclosure sites of the Company on 26 April 2018, as approved by the annual ordinary general meeting held on 26 April 2018, drafted on a separate sheet, concerning the Responsible Company Management Recommendations of the Budapest Stock Exchange.

No one is appointed head of company at the Company.

Declaration of liability

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that this Consolidated Business (management) Report contains real data and statements, providing a true and fair view of the position, development and performance of the Company and its subsidiary, presenting the main risks and uncertainty factors concerning the remaining six months of the financial year, and does not omit any facts that might have any significance concerning the assessment of the position of the Company and its subsidiary. The Company is responsible for the reimbursement of damages caused by failing to provide regular and extraordinary information or the misleading content of the same.

Budapest, 21 September 2018.

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

.....
Sajgál Gábor
CEO



**Consolidated, non-audited Financial Statements of
Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.
concerning the period ending with 30 June 2018
prepared according to the International Financial Reporting
Standards (IFRS) –
Interim Consolidated Financial Statements for the First Half of
2018**

English translation for information purposes only



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English translation for information purposes only



Interim Consolidated IFRS Financial Statements (non-audited)
for the first half of 2018

Interim Consolidated Statement of Financial Position

data in thousand HUF

	Note*	30.06.2018	31.12.2017
ASSETS			
Non-current assets			
Investment properties	1	32 405 004	31 417 004
Intangible assets	2	394	490
Other properties and related rights representing assets	2	95 262	117 192
Technical and other PPE	2	119 237	127 240
Investments, renovations	2	1 276 476	733 252
Share in associate company	3	-	-
Deferred tax assets	4	530	338
Total non-current assets		33 896 903	32 395 516
Current assets			
Inventories	5	1 662 887	1 565 750
Trade receivables	6	50 177	111 244
Other short term receivables and accrued assets	7	14 209	394 147
Cash and cash equivalents	8	745 249	1 790 344
Total current assets		2 472 522	3 861 485
Total assets		36 369 425	36 257 001
SOURCES			
Equity			
Issued capital	9	2 583 220	2 583 220
Capital reserve	9	594 752	594 752
Revaluation reserve	10	1 078 973	1 078 973
Repurchased treasury shares	11	- 2 617 120	- 2 846 120
Retained earnings	12	22 886 662	11 437 805
Profit in the subject year	12	867 232	12 926 468
Total equity attributable to the parent company:		25 393 719	25 775 098
Long term liabilities			
Financial liabilities	13	9 899 588	9 265 607
Provisions for expected liabilities	14	9 807	9 807
Deferred tax liabilities	15	-	-
Other long term liabilities		-	-
Total long term liabilities		9 909 395	9 275 414
Short term liabilities			
Financial liabilities	16	87 199	112 113
Trade payables	17	105 050	145 027
Other liabilities, accrued expenses and deferred income	18	874 062	949 349
Total short term liabilities		1 066 311	1 206 489
Total liabilities and equity		36 369 425	36 257 001

*Number of the supplementary note



Interim Consolidated IFRS Financial Statements (non-audited)
for the first half of 2018

Interim Consolidated Comprehensive Statement of Profit or Loss

data in thousand HUF	Note*	30.06.2018	30.06.2017
Net revenue from sales	19	1 515 841	980 841
Other operating income	20	279 318	146 361
Changes in the inventory of internally generated products	21	163 149	-
Material expenses	22	- 697 678	- 464 188
Personal expenses	23	- 155 478	- 116 228
Depreciation and amortization	24	- 16 279	- 13 056
Other operating expenses	25	- 112 391	- 86 293
Operating profit		976 482	447 437
Financial income	26	1 675	16 654
Financial expenses	26	- 111 117	- 39 981
Profit before taxes		867 040	424 110
Current tax expense	27	-	- 9 852
Deferred tax	28	192	- 89 225
Profit after taxes		867 232	325 033
from which:			
part attributable to the parent company		867 232	325 033
part attributable to external owners		-	-
Other comprehensive income		-	-
Changes in the fair value of other properties without taxes		-	-
Tax effects of the changes in the fair value of other properties		-	-
Total comprehensive income		867 232	325 033
from which:			
part attributable to the parent company		867 232	325 033
part attributable to external owners		-	-
Weighted average of ordinary shares (number of shares)		21 131 736	25 478 609
Earnings per share (HUF)			
Base	29	41,04	12,76
Diluted	29	41,04	12,76

* Number of the supplementary note



**2018 Interim Consolidated IFRS Financial Statements (non-audited)
for the first half of 2018**

Interim Consolidated Statement of Changes in Equity

data in th HUF	Note* 9	11	9	10	12	12	Total equity attributable to the parent company	Non-controlling interest	Equity total
	Issued capital	Repurchased treasury share	Capital reserve	Revaluation reserve	Retained earnings	Profit in the subject year			
31.12.2016	2 583 220	-49 000	594 752	982 873	9 993 219	1 395 057	15 500 121	0	15 500 121
Reclassification of profit from previous years					1 395 057	-1 395 057	0		0
Total comprehensive income						325 033	325 033		325 033
30.06.2017	2 583 220	-49 000	594 752	982 873	11 388 276	325 033	15 825 154	0	15 825 154
Repurchased treasury shares		-2 797 120					-2 797 120		-2 797 120
Correction for leaving consolidation					49 529		49 529		49 529
Total comprehensive income				96 100		12 601 435	12 697 535		12 697 535
31.12.2017	2 583 220	-2 846 120	594 752	1 078 973	11 437 805	12 926 468	25 775 098	0	25 775 098
Reclassification of profit from previous years					12 926 468	-12 926 468	0		0
Transactions with treasury shares		229 000			531 000		760 000		760 000
Dividend					-2 008 611		-2 008 611		-2 008 611
Total comprehensive income						867 232	867 232		867 232
30.06.2018	2 583 220	-2 617 120	594 752	1 078 973	22 886 662	867 232	25 393 719	0	25 393 719

* Number of the supplementary note



**2018 Interim Consolidated IFRS Financial Statements (non-audited)
for the first half of 2018**

Interim Consolidated Cash Flow statement

data in th HUF	Note*	data in th HUF	data in th HUF
		30.06.2018	30.06.2017
Profit before taxes		867 040	424 110
Net interest expense	26	103 339	36 024
Non-cash items			
Depreciation	24	16 279	13 056
Impairment		0	0
Non-realized translation gains and losses		-4 461	-15 072
Profit from fair valuation	31	-356 223	224
Provision for liabilities		0	0
Profit items related to non-operating cash flow			
Proceeds from selling PPE		0	473
Net working capital changes			
Changes in trade receivables		61 067	-13 518
Changes in other current assets		282 801	219 478
Changes in trade payables		-39 977	149 990
Changes in other short term liabilities		-75 287	581 202
Changes in other long term liabilities		0	0
Interest paid	26	-103 382	-36 281
Interest received	26	43	257
Income tax paid	27	0	-9 852
Cash flow from operating activities		751 239	1 350 091
PPE procurement		-401 251	-674 995
Financial revenue from selling PPE		0	400
Leaving consolidation		0	0
Investment activity expenses		-401 251	-674 595
Dividend	12	-2 008 611	0
Purchasing/selling treasury shares		0	0
Loans received	13	2 643 016	0
Loan repaid	13	-2 029 488	-283 352
Income from capital issuance		0	0
Cash flow from financing activities		-1 395 083	-283 352
Increase in cash equivalents		-1 045 095	392 144
Opening cash and cash equivalents	8	1 790 344	3 760 163
Closing cash and cash equivalents	8	745 249	4 152 307

* Number of the supplementary note

Supplementary note – Significant accounting policies, supplementary notes, other information

I. Significant accounting policies

In the present Interim Consolidated Financial Statements the Company used the same accounting policy and the same method of calculation as in the last yearly financial statements.

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

No independent auditor audited the present Interim Financial Statements.

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

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

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

2. Basis for the preparation of the statement

The Interim consolidated financial statements were prepared according to the effective standards and IFRIC interpretations issued until 1 January 2018.

The present Interim Consolidated Financial Statements were compiled based on the cost principle, except for cases where the IFRS requires the use of another evaluation principle, like presented in the accounting policy.

3. Basis of evaluation

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

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

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

4. Data of the business combination, consolidated entities

As subsidiary

	address:	Voting power	
		30.06.2018	31.12.2017
Harsánylejtő Kft.	1033 Budapest Polgár u. 8-10.	100,00%	100,00%

BPR Béta Kft. and Kastélyszálló Kft. were sold in 2017, thereby removed from consolidation.

II. Supplementary notes

1. Investment properties

on 31 December 2017	31 417 004
Fair value	228 000
Purchase	760 000
on 30 June 2018	32 405 004
on 31 December 2017	31 417 004
on 30 June 2018	32 405 004

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

Section 11 (1) of Act 102/2011 on regulated property investment companies

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

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

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

The changes in the fair value of investment properties in 2018 were from the following items:

- The increase in the fair value of investment properties can be traced back to the increase in the fair value of properties in the portfolio. The increase in fair value is justified by the improving market expectations on the one hand, and the concluded lease agreements on the other (higher occupancy, expiration date of agreements) in the case of office buildings utilized by being rented out.
- On 4 April 2018 the Company concluded an exchange agreement with Waybridge Estates Kft. According to the exchange agreement the parties exchanged the ownership of the properties owned exclusively by Waybridge Estates Kft. in 1/1 proportion under lot numbers Budapest, District 6, urban area, 28614/0/A/1; 28614/0/A/2; 28614/0/A/3; 28614/0/A/5; 28614/0/A/6 and 28614/0/A/7, under the address 1062 Budapest, Andrassy út 80. to the ownership of the 400,000 Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. personal dematerialized ordinary shares with a par value of HUF 100 each and owned by the Company (ISIN code: HU0000088760). With the closure of the transaction the Company became the exclusive owner of all the sub-deposits of the condominium under the address Andrassy út 80. – which building is in the direct vicinity of the property under the address Andrassy út 82., already owned by the Company – and the number of treasury shares owned by the Company changed from 4,864,000 to 4,464,000. As the result of the transaction the proportion of treasury shares owned by the Company decreased from 18.83% to 17.28%.

Profit or loss of the investment properties

data in th HUF	30.06.2018	30.06.2017
Net revenue from sales	1 018 106	784 082
Other operating income	207 075	144 560
Changes in stocks of finished goods and in work in progress	0	0
Material expenses	-299 786	-251 733
Personal expenses	0	0
Depreciation and impairment	0	0
Other operating expenses	0	-44
Income from financial transactions	0	0
Expenses of financial transactions	0	0
Tax payment liability	0	0
Profit	925 395	676 865

One of the reasons of the net revenue of investment property sales is the renegotiation of expiring lease agreements and the greater increase in the unit price of the same agreements and the other reason is the small scale increase of occupancy.

2. Intangible assets and PPE

data in th HUF	Intangible assets	Other properties	Technical machinery and equipment	Unfinished investments and advances	Total
Gross book value					
on 31 December 2017	27 657	203 882	260 867	733 252	1 225 658
Increase and reclassification	0	0	4 582	543 224	547 806
Decrease and reclassification	-	-18 332	-	0	-18 332
30 June 2018	27 657	185 550	265 449	1 276 476	1 755 132
Depreciation					
on 31 December 2017	27 167	86 690	133 627	0	247 484
Yearly depreciation	96	3 598	12 585	-	16 279
Decrease	-	-	-	-	0
30 June 2018	27 263	90 288	146 212	0	263 763
Net book value					
31 December 2017	490	117 192	127 240	733 252	978 174
30 June 2018	394	95 262	119 237	1 276 476	1 491 369

A significant part of the increase in gross value was from investments performed in other properties, the procurement of IT devices and procuring equipment necessary for the operation of the hotel.

3. Investments in associates

No amount is in the Investments in associates line in 2018 – just like in 2017 – considering that the Company fully consolidated its remaining subsidiary in 2018.

4. Deferred tax asset

The following deductible and taxable differences causing tax differences were recognized on 30 June 2018 and on 31 December 2017:

data in th HUF	30.06.2018	31.12.2017
Depreciation of trade receivables	0	0
PPE	0	0
Losses carried forward	530	338
Provision	0	0
Total deductible difference	530	338
Deferred tax asset total	530	338

The deferred tax asset is from the losses of Harsánylejtő Kft. carried forward. The Company does not recognize deferred tax liability due to SZIE status.

5. Inventories

data in th HUF	30.06.2018	31.12.2017
Raw materials	-	-
Unfinished production	726 012	529 993
Finished product	133 505	166 375
Goods	803 370	869 382
Total	1 662 887	1 565 750

The property developments (condominium construction, construction lot sales) related to Harsánylejtő that are realized and will be realized for reselling purposes constitute most inventories.

No depreciation had to be recognized for the inventories in any of the years.

6. Trade receivables

data in th HUF	30.06.2018	31.12.2017
Trade receivables	7 007	75 315
Depreciation	-1 484	-1 484
Reclassification	44 654	37 413
Total	50 177	111 244

As the result of the more efficient receivable management of the Company the trade receivables decreased significantly.

7. Other short term liabilities and accrued assets

data in th HUF	30.06.2018	31.12.2017
Other receivables	389	123 718
Accrual	0	10 785
Advance payment	4 316	7 088
Reclassification	9 504	252 556
Total	14 209	394 147

The tax assets and liabilities are not evaluated by tax form but in a consolidated manner and are classified depending on indication into the other receivable or other liability categories.

Causes of the decrease in the subject period:

- On the Reclassification line: there was VAT to be recovered in Harsánylejtő Kft., transferred back to us by the tax authority after reviewing
- On the Other receivables line: a claim of the Company against a private individual that was still outstanding on 31 December 2017 was settled in the first half of 2018.

8. Cash and cash equivalents

data in th HUF	30.06.2018	31.12.2017
Cash	2 042	1 517
Bank	743 207	1 788 827
Total	745 249	1 790 344

The significant decrease in cash in 2018 was caused by the dividend payment for the year 2017 (see in detail in Note 12).

9. Issued capital and capital reserve

The issued capital of the Company is th HUF 2,583,220 the capital of the Company consists of 2,583,220,000 dematerialized ordinary shares with a par value of HUF 100 each. The capital according to the IFRS is equal to the capital registered at the registry court.

Issued capital

data in th HUF	30.06.2018	31.12.2017
Opening	2 583 220	2 583 220
Increase	0	0
Decrease	0	0
Closing	2 583 220	2 583 220

Capital reserve

data in th HUF	30.06.2018	31.12.2017
Opening	594 752	594 752
Increase	0	0
Decrease	0	0
Closing	594 752	594 752

The capital reserve includes the amount of the difference at the share issue between the par value of the shares and the consideration paid for them and the value of the cash, assets put into capital reserve.

10. Evaluation reserve

data in th HUF	30.06.2018	31.12.2017
Evaluation reserve	1 078 973	1 078 973
Closing	1 078 973	1 078 973

The Company recognizes the appreciation of 2 investment properties accounted for in the fair value model according to IAS 16 (adjusted with the deferred tax) as evaluation reserve.

11. Repurchased treasury share

On 30 June 2018 the Company had 4,464,000 treasury shares. As the result of the exchange agreement presented in the above Section 1 the number of treasury shares decreased by 400,000 shares in the subject period compared to the number of treasury shares on 31 December 2017. The Company recognizes treasury shares it owns in the repurchased treasury shares line of the balance at cost as an item decreasing Equity.

data in th HUF	30.06.2018	31.12.2017
Opening	-2 846 120	-49 000
Increase		-2 797 120
Decrease	229 000	0
Closing	-2 617 120	-2 846 120

12. Retained earnings and profit in the subject year

data in th HUF	30.06.2018	31.12.2017
Retained earnings		
Opening	24 364 273	11 437 805
Increase	531 000	
Decrease	2 008 611	
Closing	22 886 662	11 437 805
Profit in the subject year	867 232	12 926 468
Closing	23 753 894	24 364 273

The changes in the retained earnings in the subject period were influenced by two opposite effects:

- The dividend paid at the expense of the year 2017 profit, HUF 2,008,610,800 was a decreasing item. Among other issues, at its 26 April 2018 ordinary general meeting the Company decided to pay HUF 94 as dividend per treasury share after the business year of 2017; the starting date of dividend payment was 17 May 2018.
- The retained earnings were increased by the effect of accounting for the treasury share decrease under the exchange agreement presented in the above Note 1 (the cost of treasury shares minus the purchase price of the property specified in the exchange agreement, in the amount of HUF 531,000,000).

13. Long term financial liabilities

data in th HUF	30.06.2018	31.12.2017
Long term loans	9 899 588	9 265 607
Total	9 899 588	9 265 607

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

1. First instalment of the Forint loan received from Magyar Takarékszövetkezeti Bank Zrt. in November 2017 for acquisition purposes, with an overall amount of 8 billion HUF: th HUF 7,379,750 and the remaining th HUF 620,250 drawn down in January 2018.
2. The refinancing loan taken out from Magyar Takarékszövetkezeti Bank Zrt. in March 2018 in the amount of HUF 2,022,766,172 to refinance the EUR loan provided by CIB Bank Zrt. Part of this loan is among the short term loans.

14. Provisions

data in th HUF	30.06.2018	31.12.2017
Provisions for expected liabilities	9 807	9 807
Total	9 807	9 807

The Company did not create or release provisions in the first half of 2018.

15. Deferred tax liabilities

Due to the SZIE status the Company does not expect corporate tax liabilities in the future after 20 October 2017.

16. Short term financial liabilities

data in th HUF	30.06.2018	31.12.2017
Short term loans	87 199	112 113
Total	87 199	112 113

Reclassification of the short term part of bank loans (see the above Note 13)

17. Trade payables

data in th HUF	30.06.2018	31.12.2017
Trade payables	105 050	145 027
Total	105 050	145 027

The amount of accounts payable in the subject year includes public utility, telephone and other used service liabilities related to properties and liabilities due to guaranteed retention.

18. Other liabilities, accrued expenses and deferred income

data in th HUF	30.06.2018	31.12.2017
Advances + VAT correction	738 723	426 354
Wages+taxes+contributions	11 670	357 639
Dematerialization-related liability towards owners	75 280	75 280
Accruals	3 100	43 004
Reclassification	44 654	46 580
Other	635	492
Total	874 062	949 349

The changes in other short term liabilities, accrued expenses and deferred income are mainly determined by the customer advances, VAT payment liabilities decreasing in the subject period, dematerialization-related liabilities towards owners and accrued public utility and other costs.

19. Revenue

data in th HUF	30.06.2018	30.06.2017
Income from leasing and operating fees	720 910	549 218
Income from parking fees	161 177	121 189
Income related to mediated services	136 521	115 066
Income related to services	0	540
Revenue from property/lot sales	489 487	101 967
Other revenues	7 746	92 861
Total	1 515 841	980 841

The cause of the significant increase in the revenue from property/lot sales is that in the first half of 2018 the Company sold several lots on the Harsánylejtő and handed over possession of a part of them, realizing revenue.

Income that cannot be classified in the previous groups is among the other revenues. A significant item in Other revenues generated in the base period was the revenue of Kastélyszálló Kft. (HUF 87 million). Our Company sold Kastélyszálló Kft. in October 2017.

20. Other operating income

data in th HUF	30.06.2018	30.06.2017
Fair valuation	207 075	144 510
Property sales	-	-
Other income	72 243	1 851
Total	279 318	146 361

Profit from the fair valuation and sale of investment properties and other income is recognized in the Other operating income line.

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

data in th HUF	30.06.2018	30.06.2017
Changes in stocks of finished goods and works in progress	163 149	0
Total	163 149	0

In the changes in stocks of finished goods and works in progress line the Company recognizes the capitalization of the costs of finished goods and works in progress in lots in stock and the sold finished goods and works in progress; also, condominium construction in Harsánylejtő Kft. increased this item significantly.

22. Material expenses

data in th HUF	30.06.2018	30.06.2017
Material expenses	41 455	70 974
Value of used services	419 843	239 483
Value of other services	12 137	11 130
Cost of sold goods	33 231	113 171
Value of sold (mediated) services	191 012	29 430
Total	697 678	464 188

The increase in material expenses is mainly caused by accounting for the condominium constructions started in Harsánylejtő Kft.

23. Personal expenses

data in th HUF	30.06.2018	30.06.2017
Wages	118 660	86 978
Other personal expenses	10 280	9 305
Contributions	26 538	19 945
Total	155 478	116 228

One of the reasons behind the increase in personal expenses was the expansion of the workforce in connection with the realization of the strategic goals of the Company. The average statistical number of the employees of the Company was 29 persons on 30 June 2018 (24 persons on 31 December 2017).

24. Depreciation

data in th HUF	30.06.2018	30.06.2017
Depreciation	16 279	13 056
Total	16 279	13 056

Depreciation accounted for after the non-investment PPE of the Company.

25. Other operating expenses

data in th HUF	30.06.2018	30.06.2017
Depreciation	39 145	0
Other expenses	73 246	86 293
Total	112 391	86 293

The increase in depreciation in the subject period is due to the effect of the valuation of inventories based on IFRS.

26. Income and expense from financial transactions

Financial income		
data in th HUF	30.06.2018	30.06.2017
Interest received	43	257
Translation gains	1 632	16 397
Total income	1 675	16 654

Financial expenses		
data in th HUF	30.06.2018	30.06.2017
Interest paid	103 382	36 281
Translation loss	7 735	3 700
Total expense	111 117	39 981

The increase in interests paid is due to the increased amount of loans.

27. Current tax expense

Due to the SZIE status the Company is only obliged to pay corporate tax until obtaining SZIE status (20 October 2017). As SZIE, the Company is obliged to establish the corporate tax base in accordance with the provisions of the SZIT act, but only has corporate tax payment obligation after the tax base received this way in certain cases (e.g. tax base proportionate to revenue from associates).

Based on Section 18/D (8) of Act 81/1996 and on Section 40/K (2) of Act 100/1990 a request is submitted to determine the tax for the transition period (exemption from tax payment for the previous period).

Considering the above no current tax expense occurred in the subject period.

28. Deferred tax

data in th HUF	30.06.2018	30.06.2017
Deferred tax	192	-89 225
Total	192	-89 225

In the subject period we recognized deferred tax for the losses of Harsánylejtő Kft. carried forward, but we did not have to do so for the Company, due to its SZIE status (this status has been effective since 20 October 2017, so it did not need to be considered in the base period).

29. Earnings per share

	30.06.2018	30.06.2017
Profit after taxes (th HUF)	867 232	325 033
Weighted average of ordinary shares (number of shares)	21 131 736	25 478 609
Base earnings per share (HUF) (the "Profit after taxes" divided by the "Weighted average of ordinary shares")	41,04	12,76

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

30. Segment information

All the properties of the Company are in Budapest and its agglomeration, so the geographical breakdown of incomes and expenses is not necessary. Considering that the activity of the Company includes the renting, utilization and trading of properties, the segments were created accordingly in the first half of 2018. Besides this, operating income from the operation of the Company that cannot be directly connected to properties is recognized separately.

The following table includes the changes of the incomes and expenses of the segments established according to the above mentioned classification in 2018 and 2017:

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

*The Company sold Kastélyszálló Kft. in October 2017

30 June 2017	data in th HUF	Harsány- lejtő Kft	Kastély- szálló Kft	Harsány- lejtő	Cash generating	Operating	Total
Net revenue from sales		0	87 073	106 179	784 082	3 507	980 841
Other operating income		0	679	0	144 560	1 122	146 361
Changes in stocks of finished goods and works in progress		0	0	0	0	0	0
Material expenses		-123	-58 033	-106 659	-251 733	-47 640	-464 188
Personal expenses		0	-24 598	0	0	-91 630	-116 228
Depreciation and impairment		0	-1 702	0	0	-11 354	-13 056
Other operating expenses		0	-1 176	-18 746	-44	-66 327	-86 293
Income from financial transactions		0	0	0	0	16 654	16 654
Expenses of financial transactions		0	1	0	0	-39 982	-39 981
Profit before taxes		-123	2 244	-19 226	676 865	-235 650	424 110

31. Profit from fair valuation

Within cash flow from operating activities the profit in the first half of 2018 from fair valuation includes the effect of the fair valuation of investment properties since this is a non-cash item.

32. Financial instruments

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

30 June 2018 data in th HUF	Book value	Fair value
Financial instruments		
<i>Loans and receivables recognized at amortized cost</i>		
Trade receivables	51 661	50 177
Cash and cash equivalents	745 249	745 249
Financial liabilities		
<i>Liabilities recognized at amortized cost</i>		
Financial liabilities	9 986 787	9 986 787
Trade payables	105 050	105 050
31 December 2017 data in th HUF	Book value	Fair value
Financial instruments		
<i>Loans and receivables recognized at amortized cost</i>		
Trade receivables	112 728	111 244
Cash and cash equivalents	1 790 344	1 790 344
Financial liabilities		
<i>Liabilities recognized at amortized cost</i>		
Financial liabilities	9 377 720	9 377 720
Trade payables	145 027	145 027

Fair value was determined in both years at fair value according to Level 2.

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

The members of the Board of Directors at the parent company performed their tasks without salary in 2018 and the members of the Audit Committee performed their tasks with a monthly salary of HUF 300,000/month per member. There is no Supervisory Board at the Company and the consolidated subsidiary.

III. General Company information

1. Introduction of the company

Budapesti ingatlan Hasznosítási és Fejlesztési Nyrt. (1033 Budapest, Polgár u. 8-10.), (hereinafter: the “Company” or “Group”) was established by transformation on 31 January 1995. Its legal predecessor was Budapesti Ingatlanhasznosítási és Fejlesztési Kft., founded on 1 January 1994 by Állami Vagyongynökség (State Property Agency) with an equity of HUF 1,000.

The issued capital of the Company is HUF 2,583,220 represented by 25,832,200 dematerialized personal ordinary shares with a par value of HUF 100 each.

The Company works with the utilization of its own properties by giving them into lease.

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

The shares of the Company are being traded in the ‘STANDARD’ category of the Budapest Stock Exchange.

The National Tax and Customs Authority registered the parent company, Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt., as a Regulated Real Estate Investment Pre-company (SZIE) on 20 October 2017.

The Company publishes its disclosures on: the BÉT website (www.bet.hu), the MNB website (www.kozzetetelek.mnb.hu) and the Company’s own website (www.bif.hu).

2. Officials, controlled companies

2.1. Officials in the first half of 2018

Members of the Board of Directors of the Company

Name	Position	Start of assignment	End of assignment
dr. Ungár Anna	Chairperson	15.08.2017	15.08.2022
Berecz Kristóf	Vice-chairperson	15.08.2017	15.08.2022
Tzvetkov Julian	member	15.08.2017	15.08.2022
dr. Hárshgyi Frigyes	member	15.08.2017	15.08.2022
Vaszily Miklós	member	22.12.2017	15.08.2022

Members of the Audit Committee of the Company

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

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

Nature	Name	Position	Start of assignment	End of assignment	Direct share property (number of shares)	Percentage of BIF shares with direct influence
ITT	Dr. Ungár Anna	BoD*	15.08.2017	15.08.2022	0	74.61%
ITT	Berecz Kristóf	chairperson	15.08.2017	15.08.2022	0	74.61%
ITT	Tzvetkov Julian	BoD vice-chairperson	15.08.2017	15.08.2022	0	0
ITT	dr. Hárshegyi Frigyes	member of BoD, AC**	15.08.2017	15.08.2022	0	0
ITT	Vaszily Miklós	member of BoD, AC	22.12.2017	15.08.2022	0	0
SP	Sajgál Gábor	CEO	01.12.2016	Unspecified***	0	0
SP	Hrabovszki Róbert	Deputy CEO, CFO	19.03.2018	Unspecified***	0	0

*Board of Directors

**Audit Committee

***nature of employment

2.2. Changes in executives, employees in strategic positions in the first half of 2018

No changes occurred concerning the members of the Board of Directors and the Audit Committee in the first half of 2018.

There was a change in the management of the Company since 31 December 2017:

- Hrabovszki Róbert was appointed to Deputy CEO, CFO, effective from 19 March 2018.

2.3. Remuneration for executives in 2018

At the ordinary general meeting of the Company in 2018 the general meeting decided that the members of the Board of Directors shall perform their tasks without remuneration in the business year of 2018 and the members of the Audit Committee shall perform their tasks with a monthly remuneration of gross HUF 300,000 (three hundred thousand forints) per member in the business year of 2018.

2.4. Persons authorized to sign the Interim Consolidated Financial Statements

According to Section 15.2 of the articles of association the members of the Board of Directors are entitled to sign the statement together with either another BoD member or an employee with power of representation. The Board of Directors is entitled to decide about the person of the employees with power of representation.

2.5. Data of subsidiaries

Subsidiary	Registered office	Voting rights and interest	
		2018	2017
Harsánylejtő Kft.	1033 Budapest Polgár u. 8-10.	100.00%	100.00%

In 2017 the Company sold Kastélyszálló Kft. and BPR Béta Kft.



**Interim Consolidated IFRS Financial Statements (non-audited)
for the first half of 2018**

Equity data of Harsánylejtő Kft. (30.06.2018) in thousand HUF:

Equity	-2.380
Issued capital	3 000
Retained earnings	-3.439
Profit after taxes	-1.941

2.6. Ownership structure

Owners of the Company with more than 5% of interest based on the 31 December 2017 and the 30 June 2018 share register and the individual statements of the owners

Shareholder	31 December 2017		30 June 2018	
	Number of shares (piece)	Interest (%)	Number of shares (piece)	Interest (%)
PIÓ-21 Kft.	11 691 807	45.26	11 691 807	45.26
BFIN ASSET MANAGEMENT AG*	6 792 915	26.30	6 792 915	26.30
Treasury share**	4 864 000	18.83	4 464 000	17.28
Other shareholders	2 483 478	9.61	2 883 478	11.16
Total	25 832 200	100.00	25 832 200	100.00

IV. Other supplementary information

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

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

Based on the agreement concluded between the Company and A-Híd Építő Zrt. the Company accepted joint and several guarantee towards A-Híd Építő Zrt. for the payment obligations under the 4 effective general contractor contracts between Harsánylejtő Kft. and A-Híd Építő Zrt. in the subject of the realization-construction- installation works of 5 apartment residential buildings with a ground level + 2 floors of apartments and 1 underground garage each on the construction lots registered under lot numbers Budapest, District III. 20646/60; 20646/61; 20646/62 and 20646/63. Presently, the Company has no liabilities originating from the agreement.

On 30 June 2018 the following mortgage rights are registered on certain property items of the company group:

Loan 1

Name of beneficiary: Magyar Takarékszövetkezeti Bank Zrt.

Name of mortgaged item, right (interest):

Budapest property under lot number 24393/0/A/1 (1052 Budapest, Aranykéz u. 4-6.)

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

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

Identifiers (date, number, name) of the contract including the secured claim:

Loan contract

Date: November 2017

Property block security mortgage contract

Date: November 2017

Mortgage contract burdening a claim

Date: November 2017

Security contract

Date: November 2017

Amount of the secured claim / registered burden:

HUF 8,000,000,000 that is, a capital debt of eight billion forints and its contributions

Loan 2

Name of beneficiary: Magyar Takarékszövetkezeti Bank Zrt.

Name of mortgaged item, right (interest)

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

Identifiers of the contract including the secured claim

Loan contract

Date: March 2018

Property block security mortgage contract

Date: March 2018

Mortgage contract burdening a claim

Date: March 2018

Amount of the secured claim / registered burden

HUF 2,100,000,000 that is, a capital debt of two billion and a hundred million forints and its contributions

1.2. Litigation and other legal proceedings

On 30 June 2018, Budapesti Ingatlan Nyrt. was a party to the following litigation proceedings as defendant

Litigation proceedings in progress

- (i) Tőzsdei Egyéni Befektetők Érdekvédelmi Szövetsége (Advocacy Association of Stock Market Investors), shareholder; defendant: Budapesti Ingatlan Nyrt. (court of arbitration proceedings) Subject of the lawsuit: Action initiated to render certain 2016 resolutions of the general meeting and board of directors of the Company invalid and to suspend the execution of the same. No significant event happened in the first half of 2018 concerning the lawsuit, no significant measures were taken or decisions passed at the hearings.
- (ii) Plaintiffs: Lehmann Judit and Lehmann Lászlóné defendant: Budapesti Ingatlan Nyrt., intervening party: Strabag MML Kft. contractor. Subject of the lawsuit: HUF 5,000,000 as compensation. The lawsuit was suspended in 2012 and restarted in 2017, its results are uncertain. Analyzing the expected judicial decisions the Company estimated the expected payment obligation to be HUF 1,000,000 in the lawsuit in the case of losing it and created provisions for this purpose.

Judicial review proceedings in progress: (acting court: Fővárosi Törvényszék Cégbírósága (Company Registry Court of Budapest-Capital Regional Court))

- (i) Applicant: Tőzsdei Egyéni Befektetők Érdekvédelmi Szövetsége defendant: Budapesti Ingatlan Nyrt. Subject: Request to view the year 2016 board of directors' protocols and other documents. The Registry Court denied the request, against which the applicant appealed, as a result of which the Regional Court of Appeal of Budapest ordered the Budapest-Capital Regional Court to conduct a new procedure.
- (ii) Applicant: Tőzsdei Egyéni Befektetők Érdekvédelmi Szövetsége defendant: Budapesti Ingatlan Nyrt. Subject: Request to view the year 2016 board of directors' protocols and other documents. The Registry Court denied the request, against which the applicant appealed.

2. Significant events following the end of the interim period, 30 June 2018

BFIN Asset Management AG sold a part of the shares of Budapesti Ingatlan Nyrt. (ISIN: HU0000088760; par value: HUF 100) it owns to PIÓ-21 Kft. under a transaction concludes outside the Budapest Stock Exchange on 18 July 2018. As the result of the transaction – considering the 4,464,000 Budapesti Ingatlan Nyrt. treasury shares owned by the Company – the interest of BFIN Asset Management AG providing voting rights in the Company decreased to 6% and the interest of PIÓ-21 Kft. providing voting rights in the Company increased to 80.5%.

The Board of Directors, exercising the power granted by the shareholders and regulated in General Meeting Resolution 10 accepted at the general meeting held on 22 April 2014, decided to increase the base capital of the Company by issuing new shares with private placement. The Board of Directors of the Company asked Magyar Takarékszövetkezeti Bank Zrt. to make its statement of acceptance concerning the 2,870,244 ordinary, dematerialized, registered shares to be issued with HUF 100 par value and HUF 2,000 accountable par. Magyar Takarékszövetkezeti Bank Zrt. made its final statement of accepting the duty on 11 September 2018. According to the relevant resolution of the Board of Directors Magyar Takarékszövetkezeti Bank Zrt. shall provide financial contribution in the amount of HUF 5,740,488,000 for the Company until 14 September 2018 at the latest; Magyar Takarékszövetkezeti Bank Zrt. performed the above financial contribution with a value date of 13 September 2018. With its decision dated 19 September 2018 the registry court approved the request to register changes at the registry court concerning the increase of the base capital of the Company by issuing new shares with private placement and registered the requested changes. After the registration of the changes the Company requests the registration of the dematerialized ordinary shares to be issued at KELER Zrt.

According to the information received on 11 September 2018 Pió-21 Kft. obtained sale and purchase options related to 2,870,244 BIF ordinary shares.

According to the extraordinary disclosure of the Company on 17 September 2018 it concluded a lease agreement concerning the renting of the entire area of the office building (exceeding 15,000 m²) named Vigadó Palota under the address 1052 Budapest, Türr István utca 6. szám, registered under lot number 24408/4, Budapest, urban area, District V, owned by the Company in 1/1 proportion. Vigadó Palota, situated in the heart of downtown Budapest, became the property of the Company as the result of a transaction closed at the beginning of December 2017. Giving the property into lease increases the occupancy of Aranykéz Parkolóház, located in its direct vicinity under the address Budapest, District V, Aranykéz utca 4-6, also owned by the Company, to almost 90%.



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3. Extraordinary and other regulated disclosures in 2018

Date of disclosure	Subject of disclosure
20 September 2018	The effective Articles of Association of Budapesti Ingatlan Nyrt.
20 September 2018	Extraordinary information about the registration of the capital increase at the registry court
17 September 2018	Extraordinary information about concluding a lease agreement
11 September 2018	Extraordinary information, announcing a management transaction
11 September 2018	Information about increasing the base capital of the Company by issuing new shares with private placement
31 August 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (31.08.2018)
31 July 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (31.07.2018)
19 July 2018	Extraordinary information, announcement by the owners, disclosure about the changes in the voting powers. BFIN Asset Management AG sold a part of the shares of Budapesti Ingatlan Nyrt. (ISIN: HU0000088760; par value: HUF 100) it owns to PIÓ-21 Kft. under a transaction concludes outside the Budapest Stock Exchange on 18 July 2018. As the result of the transaction – considering the 4,464,000 Budapesti Ingatlan Nyrt. treasury shares owned by the Company – the interest of BFIN Asset Management AG providing voting rights in the Company decreased to 6% and the interest of PIÓ-21 Kft. providing voting rights in the Company increased to 80.5%.
02 July 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (30.06.2018)
27 June 2018	Announcement of a transaction of the subsidiary, information about the conclusion of general contractor contracts.
31 May 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (31.05.2018)
02 May 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (30.04.2018)
27 April 2018	Announcement of Budapesti Ingatlan Nyrt. about the payment of dividend
26 April 2018	Disclosure of the responsible company management report of Budapesti Ingatlan Nyrt.
26 April 2018	General meeting resolutions of Budapesti Ingatlan Nyrt.
26 April 2018	Based on the regulations of the Budapest Stock Exchange and the act on the capital market, Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared its year 2017 yearly report. The yearly report can be viewed at the registered office of the Company under the address Budapest, III. ker. Polgár u. 8-10. sz. and on the websites www.bet.hu , www.bif.hu and www.kozzetetelek.mnb.hu .
26 April 2018	General meeting protocol of Budapesti Ingatlan Nyrt.
12 April 2018	Extraordinary information about changes in treasury shares
05 April 2018	General meeting proposals and recommended resolutions
04 April 2018	On 4 April 2018 the Company concluded an exchange agreement with Waybridge Estates Kft. According to the exchange agreement the parties exchange the ownership of the properties owned exclusively by Waybridge Estates Kft. under lot numbers Budapest, District 6, urban area, 28614/0/A/1; 28614/0/A/2; 28614/0/A/3; 28614/0/A/5; 28614/0/A/6 and 28614/0/A/7, under the address 1062 Budapest, Andrássy út 80. szám to the ownership of the 400,000 Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. personal dematerialized ordinary shares with a par value of HUF 100 each and owned by the Company (ISIN code: HU0000088760).
3 April 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (31.03.2018)
27 March 2018	General meeting invitation of Budapesti Ingatlan Nyrt.
26 March 2018	On this day, Magyar Takarékszövetkezeti Bank Zrt. provided a HUF based loan of HUF 2,022,766,172 for the Company for the final payoff of the EUR loan debt of the Company towards CIB Bank Zrt.
19 March 2018	The Deputy CEO, CFO of Budapesti Ingatlan Nyrt. is Hrabovszki Róbert as of 19 March 2018.
06 March 2018	According to Section 15 (1) of Act 102/2011 on regulated property investment groups, Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. prepared and disclosed its audited interim balance with the date of being registered as a regulated property investment pre-incorporation company as balance sheet date (20.10.2017).
28 February 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (28.02.2018)
02 February 2018	Extraordinary information, announcement by the owners, disclosure about the changes in the voting powers.
31 January 2018	Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt, in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (31.01.2018)

02 January 2018

A Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt., in compliance with the provisions of Section 54 (9) of Act 120/2001 on the capital market, hereby discloses the number of voting rights in connection with the shares of the Company and the amount of the base capital. (31.12.2017)

4. Authorizing the disclosure of the financial statements

The Board of Directors of the Company discussed the Interim Consolidated Financial Statements on its 20 September 2018 meeting and authorized it for disclosure in the present form.

Declaration of liability

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that these Interim Consolidated Financial Statements were prepared according to the best information the Company is aware of, in accordance with IFRS, providing a true and fair view of the assets, liabilities, financial position, profit and loss of the Company and its subsidiary and do not omit any facts that might have any significance concerning the assessment of the position of the Company and its subsidiary. The Company is responsible for the reimbursement of damages caused by failing to provide regular and extraordinary information or the misleading content of the same.

Budapest, 21 September 2018.

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

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Sajgál Gábor
CEO

Declaration of Liability

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. (hereinafter: the Company) hereby declares that this 2018 Half-Year Report, as disclosed by the Company, was prepared according to the best information the Company is aware of, in accordance with IFRS, providing a true and fair view of the position, assets, liabilities, development and performance of the Company and its subsidiary, presenting the main risks and factors of uncertainty and do not omit any facts that might have any significance concerning the assessment of the position of the Company and its subsidiary. The Company is responsible for the reimbursement of damages caused by failing to provide regular and extraordinary information or the misleading content of the same.

Budapest, 21 September 2018.

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dr. Ungár Anna
chairperson of the Board of Directors

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Sajgál Gábor
CEO

English translation for information purposes only