Laming Thomson Kft	Hungary	-	82,40%	Not in the Group	Subsidiary
Lynx 2003. Kft.	Hungary	-	85,08%	Not in the Group	Subsidiary
PATRoffice Real Estate GmbH (Grünes Wohnen Immobilien GmbH)	Germany	-	100,00%	Not in the Group	Subsidiary
Piac Invest Kft	Hungary	-	85,08%	Not in the Group	Subsidiary
Piccadilly Capital Investment Spzoo	Poland	100,00%	100,00%	Subsidiary	Subsidiary
Portfolio Real Estate Hungary Ingatlanfejlesztési Kft.	Hungary	62,85%	-	Subsidiary	Not in the Group
Rubicon 45 Kft.	Hungary	-	85,08%	Not in the Group	Subsidiary
Spektrum Glasgow Spv Limited	United Kingdom	100,00%	-	Subsidiary	Not in the Group

*FR Irodák Holding Kft., FutInvest Hungary Kft. and Futureal Real Estate Holding Limited are marked as „temporary parent companies" as of 1 January 2019, because they were the ultimate parent companies of the three sub-groups before the reorganization. Please also refer to Note 3 about the details of the reorganization and the related accounting policy.

Please also refer to Note 4 and Note 5 about critical judgments and significant accounting policies.

Zsolt Balhasik
Director

8. Cost of sales

For the year ended 31 December *In EUR*	2019
Costs of goods sold	55 259 259
Total cost of goods sold	**55 259 259**

For the year ended 31 December *In EUR*	2019
Utilities	853 940
Taxes	199 827
Other direct costs of rental and operation	403 397
External services	25 025
Total direct costs of rental and operation	**1 482 189**

Rental fees invoiced by the Group include costs directly attributable to rental activities such as public utilities, taxes (e.g. land and buildings, property management fees and other operating expenses including maintenance, security expenses. As the Group can only recover costs allocated to the rented areas, the Group is considered to be the principal in the transaction therefore presents revenue and related costs separately in accordance with IFRS 15.

For the year ended 31 December *In EUR*	2019
Depreciation and amortisation	242 850
Intermediary services	19 589
Other property related costs	964 775
Total other property related costs	**1 227 214**
Total cost of sales	**57 968 662**

Other property related costs mainly include depreciation of Property, plant and equipment, cost of intermediary services, and other expenses mainly including commissions.

9. Selling and marketing expenses

For the year ended 31 December *In EUR*	2019
Advertising	14 651
Marketing	917 562
Sales cost	557 027
Total selling and marketing expenses	**1 489 240**

10. Administrative expenses

For the year ended 31 December *In EUR*	2019
Depreciation and amortisation	559 258
Personnel expenses and external services	6 565 174
Accounting and audit fees	491 248
Professional services	894 993
External services	924 586
Bank fees and other charges	36 685
Other administrative expenses	1 331 183
Total administrative expenses	**10 803 127**

Majority of personnel expenses are related to staff of the Hungarian management company, Futureal Management Kft.

11. Breakdown of expenses by nature

For the year ended 31 December *In EUR*	**2019**
Material type expenditures	63 120 261
Employee benefits expenses	6 338 660
Depreciation & amortisation	802 108
Total	**70 261 029**

12. Other income

For the year ended 31 December *In EUR*	**2019**
Net gain (loss) on non-current assets sold	20 948
Net gain (loss) on disposal of subsidiaries, joint ventures and associates	29 140 350
Gain on disposal of other investments	7 062 000
Reversal of impairment losses	16 594
Other income	64 911
Total other income	**36 304 803**

Gain/loss on the sale of the subsidiaries, joint ventures and associates

For the year ended 31 December 2019

in EUR	**Consideration received**	**Carrying amount of net assets sold**	**Non-controlling interest**	**Gain/(loss) on sale**
Gain on sale of subsidiaries, joint ventures and associates	54 331 765	38 898 240	15 197 029	31 358 495
Loss on sale of subsidiaries, joint ventures and associates	60 553 226	62 771 371	0	- 2 218 145
Total	**114 884 991**	**101 669 611**	**15 197 029**	**29 140 350**

For further details about the disposal of subsidiaries see Note 3.

13. Other expenses

For the year ended 31 December *In EUR*	**2019**
Taxes	147 374
Impairment losses	87 145
Fines, penalties	330 956
Provisions	327 440
Extra fit-out costs of sold office building	802 216
Other expense	394 990
Total other expense	**2 090 121**

14. Finance income and expense

For the year ended 31 December *In EUR*	**2019**
Interest income	**1 075 307**
Realised foreign exchange difference	11 956 251
Other	1 484 398
Other finance income	**13 440 649**
Total finance income	**14 515 956**
Interest expense	1 543 334
Interest on lease liabilities	38 926
Interest expense	**1 582 260**
Bank charges	1 147 906
Realised foreign exchange difference	7 148 470
Unrealised foreign exchange difference	3 239 691
Other	2 976 159
Other finance expense	**14 512 226**
Finance expense	**16 094 486**
Net finance income / (expense)	**- 1 578 530**

Please refer to Note 17(a) about loans granted to related parties, which generates most of the interest income. Interest expense is recognized mainly for bank and related party loans. Please also refer to Note 17(g) about loans and Note 17(h) about liabilities to related parties.

Other financial expenses include the result of interest rate swaps related to loan agreements in the amount of EUR 1,914,137. See further details in Note 17(l).

Exchange differences are connected to transactions in foreign currency. Foreign exchange gains and losses resulting from the settlement of such transactions are presented as realised exchange differences, gains and losses resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are presented as unrealized exchange differences.

15. Income tax

For the year ended 31 December *In EUR*	**2019**
Corporate income tax	444 082
Local business tax	231 219
Innovation contribution	33 699
Total current tax expense / (benefit)	**709 000**
Deferred tax	2 510
Total deferred tax expense / (benefit)	**2 510**
Total income tax expense / (benefit)	**711 510**

With the effect from 30 September 2018, Finext Nyrt. and it's subsidiaries were registered as entities qualifying for the Real Estate Investment Trust ("REIT") status under the Hungarian regulations. From this date these entities are entitled for a reduced taxation scheme.

Reconciliation of effective tax rate

For the year ended 31 December *In EUR*		**2019**
Profit / (loss) for the year		116 394 037
Total income tax expense / (benefit)		711 510
Profit / (loss) before income tax		**117 105 547**
Expected income tax using the Hungarian tax rate (9%)		***10 539 499***
Tax effect of:		
Not recognized deferred tax asset for tax loss carried forward	*a)*	3 832 438
Difference in tax rates	*b)*	14 920 977
Difference due to investment funds and entities under Real Estate Investment Trust	*c)*	-7 261 166
Non-taxable income	*d)*	-22 005 923
Other income tax	*e)*	251 098
Other	*f)*	434 587
Tax expense for the period		**711 510**
Effective tax rate		0,61%

a) This line includes the impact of tax losses with no deferred tax recognized. See further details in Note 16(f).

b) This line includes the impact of different tax rates used at foreign entities.

c) Hungarian investments funds are not subject to income tax. Finext Nyrt. and it's subsidiaries are registered as entities qualifying for the Real Estate Investment Trust ("REIT") status under the Hungarian regulations and are entitled for a reduced taxation scheme.

d) Capital gains derived from the sale of an investment registered by the tax authorities are not subject to income tax.

e) This line mainly includes the impact of Hungarian local business tax, which is also classified as income tax based on IAS 12.

f) Other differences contain non-deductible expenses and foreign exchange differences. None of these items are material separately.

16. Non-financial assets and liabilities

This note provides information about the group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability:

- Intangible assets (note 16(a))
- Investment and development property (note 16(b))
- Property, plant and equipment (note 16(c))
- Inventories (note 16(d))
- Other assets (note 16(e))
- Deferred tax assets and liabilities (note 16(f))
- VAT receivables (note 16(g))
- Lease liabilities (note 16(h))
- Customer advances received (note 16(i))
- Provisions (note 16(j))

16.(a) Intangible assets

For the year ended 31 December 2019 *In EUR*	**Intellectual property and rights**
Cost or deemed cost	
Balance at 1 January 2019	886 031
Acquisition of subsidiaries	5 301
Additions	219 477
Closing balance at 31 December 2019	**1 110 809**
Depreciation and impairment losses	
Balance at 1 January 2019	668 065
Depreciation for the period	109 925
Closing balance at 31 December 2019	**777 990**
Carrying amounts	
At 1 January 2019	217 966
Closing balance at 31 December 2019	**332 819**

All intangible assets presented above are software licences which have finite useful lives and they are amortized using the straight-line method. Average useful life is 9 years.

16.(b) Investment and development property

For the year ended 31 December *In EUR*	**2019**
Fair value at 1 January	**104 802 989**
Additions	97 515 682
Borrowing cost capitalized	639 201
Additions - Right-of-use asset IFRS 16	709 849
Acquisition of subsidiaries	86 313 288
Net gain/loss from fair valuation	72 451 195
Disposals	- 300 185
Sale of subsidiaries	- 3 871 611
Currency translation adjustments	- 1 300 902
Fair value at 31 December	**356 959 506**

The fair value of investment properties located in Hungary is 326 455 077 EUR, remaining properties with a fair value of 30 504 429 EUR are located outside of Hungary.

Futureal group and its predecessors have long track record to develop, operate and - in case of a good offer - sell the properties they have developed and Futureal's intention is the same for the future. The timing of exit depends on the speed of stabilization of the property, current and expected market conditions, potential target to develop a group of properties to be sold together as a portfolio, neighborhood or platform, etc.

Disclosures related to fair value measurement of the investment and development properties:

in EUR

31 December 2019	Properties under construction for rental purposes	Lands	Individually not significant properties
Valuation method	Residual amount	Residual amount/ Residual amount+ Comparable price method	Residual amount
Balance sheet classification	Investment and development property	Investment and development property	Investment and development property
Fair value	273 775 130	30 005 847	53 178 529
Area (m²)	97 694	73 869	31 985
Sensitivity for yield			
0.25%	-10 104 411	-7 653 987	-
-0.25%	10 652 210	8 098 638	-
Sensitivity for rental fees			
5%	17 648 118	11 180 423	-
-5%	-17 676 407	-11 180 481	-

in EUR

1 January 2019	Properties under construction for rental purposes	Lands	Individually not significant properties
Valuation method	Residual amount	Residual amount/ Residual amount+ Comparable price method	Residual amount
Balance sheet classification	Investment and development property	Investment and development property	Investment and development property
Fair value	67 899 092	-	36 903 897
Area (m²)	55 000	-	31 985
Sensitivity for yield			
0.25%	-8 423 425	-	-
-0.25%	9 175 516	-	-
Sensitivity for rental fees			
5%	10 276 578	-	-
-5%	-10 276 578	-	-

	Intervals 31.12.2019	Intervals 01.01.2019
Yield	5,75-7,75%	6,00-6,25%
Office ERV	11,5-18,0	15-16,3
Office rental fee (€/m²)	11,5-18,0	15-16,3
Store space rental fee (€/m²)	10,00-130,00	14,61-28
Warehouse rental fee (€/m²)	2,00-10,00	7,00

Amounts recognized in the statement of profit and loss in relation with investment and development properties:

in EUR		**2019**
Rental income from operating lease		5 728 559
Direct operating expenses	-	1 482 189
Fair value gain recognised		72 451 195
Profit from sale of investment and development property		211 411
Amounts recognised in PL for investment and development properties		**76 908 976**

In accordance with the IFRS 13 standard, all resulting fair value estimates for investment and development properties are included in level 3 of the fair value hierarchy.

The investment and development property balance sheet line contains the following amounts relating to leases:

For the year ended 31 December 2019 *In EUR*	**Rights of perpetual usufruct of land**
Balance at 1 January	**0**
Additions to right of use assets	709 849
Fair value change	11 896
Currency translation difference	112
Closing balance	**721 857**

16.(c) Property, plant and equipment

For the year ended 31 December 2019 *In EUR*	**Buildings**	**Machinery and vehicles**	**Furniture, fittings and equipment**	**Total**
Cost or deemed cost				
Balance at 1 January 2019	5 332 580	2 358 737	391 419	8 082 736
Additions	6 539 217	142 116	1 828	6 683 161
Sale of subsidiaries	-5 015 417	0	0	-5 015 417
Currency translation difference	4 297	0	0	4 297
Closing balance at December 2019	**6 860 677**	**2 500 853**	**393 247**	**9 754 777**
Depreciation and impairment losses				
Balance at 1 January 2019	8 665	1 381 755	322 151	1 712 571
Depreciation charge for the period	13 664	177 414	13 142	204 220
Closing balance at December 2019	**22 329**	**1 559 169**	**335 293**	**1 916 791**
Carrying amounts				
At 1 January 2019	5 323 915	976 982	69 268	6 370 165
Closing balance at 31 December 2019	**6 838 348**	**941 684**	**57 954**	**7 837 986**

The property, plant and equipment balance sheet line contains the following amounts relating to leases:

For the year ended 31 December 2019 *In EUR*	**Buildings**	**Total**
Cost or deemed cost		
Balance at 1 January	0	0
Additions to right of use assets	6 437 750	6 437 750
Termination of contracts	0	0
Currency translation difference	4 297	4 297
Closing balance	**6 442 047**	**6 442 047**
Depreciation and impairment losses		
Balance at 1 January	0	0
Depreciation charge for right of use assets	-274 741	-274 741
Termination of contracts	0	0
Closing balance	**-274 741**	**-274 741**
Carrying amounts		
At 1 January	0	0
Closing balance	**6 167 306**	**6 167 306**

The Group leases office and parking space from third-parties.

16.(d) Inventory

For the year ended 31 December 2019 *In EUR*	**Closing balance 31.12.2019**	**Opening balance 01.01.2019**
Total inventories at the lower of cost or net realizable value	**49 440 489**	**9 600 704**

At the end of 2019, inventories include the Corvin 6 development project of Corvin 5 Projekt Kft in the amount of EUR 48,512,860. The project was sold after year end (in February 2020) based on a contract signed in November 2018. In the contract, the Group undertook an obligation not to engage in activities related to rights and obligations regarding the property.

Write-down revaluating the inventory

The company internally assessed the net realizable value of the inventory and decreased the value when the net realizable value was lower than the cost amount. During the year ended 31 December 2019 the Group performed an inventory review regarding to its valuation to net realizable value. As a result, during the years ended 31 December 2019, the Group did not make any write-down adjustment.

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

In case of 'Corvin 6' development project, sales price of the sales transaction in February 2020 had been known at the end of 2019, therefore net realizable value was determined based on actual sales price, and not on an estimated selling price. No write-down adjustment was necessary.

16.(e) Other assets

In EUR	31.12.2019	01.01.2019
Advances and prepayments made for investments	133 524	2 022
Advances and prepayments made for services	22 219	82 575
Advances and prepayments made for inventories	260 896	0
Prepaid expenses	49 327	0
Deposits	100 962	173 263
Other	0	148 873
Total closing balance	**566 928**	**406 733**

Closing balance includes:		
Other long-term assets	49 327	145 213
Other short-term assets	517 601	261 520
Total closing balance	**566 928**	**406 733**

16.(f) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities as at the beginning and end of the financial periods are attributable to the following:

In EUR	Opening balance 01.01.2019	Recognized in the income statement	Currency translation adjustment	Disposal of subsidiary	Closing balance 31.12.2019
Deferred tax assets					
Tax loss carry forward	57 516	- 9 314	- 819	0	47 383
GAAP difference	65 154	6 804	- 768	- 71 190	0
Total deferred tax assets	**122 670**	**- 2 510**	**- 1 587**	**- 71 190**	**47 383**

In EUR	31.12.2019
Deferred tax assets	
Deferred tax assets to be recovered after more than 12 months	47 383
Deferred tax assets to be recovered within 12 months	0
Total deferred tax assets	**47 383**

Realization of deferred tax assets

In assessing the realisability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Tax losses in Poland and Hungary are required to be utilized within 5 years following the period in which they originated, subject to the limitation that a maximum of 50% of the loss carry-forward can be used in one year. Tax losses in Hungary from 2014 and from prior years are required to be utilized by 31.12.2025.

Tax losses carried forward, where related deferred tax assets are not recognized, are presented in the table below:

In EUR	**Balance 01.01.2019**	**Acquisitions/ (Disposals)**	**Additions/(Realizations)**	**Balance 31.12.2019**
Tax losses	27 850 148	- 22 935 426	1 407 736	6 322 458

The tax losses carried forward, where related deferred tax assets are not recognized, can be used in the following years as follows:

can be used until 2020:	130 812 EUR
can be used until 2021:	4 426 EUR
can be used until 2022:	3 071 788 EUR
can be used until 2023:	413 548 EUR
can be used until 2024:	2 330 983 EUR
can be used until 2030:	370 901 EUR

16.(g) VAT receivables

In EUR	**31.12.2019**	**01.01.2019**
Short-term VAT receivables	6 967 938	1 027 715
Total closing balance	**6 967 938**	**1 027 715**

VAT receivables mainly contain VAT receivable relating to customer advance payments. Management's expectation is that these amounts may be realized within the normal operating cycle, therefore these balances are presented under current asset as at 31 December 2019.

Based on the Hungarian legislation, in case advances from customers, VAT shall be paid by the Company upon receiving the advance from the customer. This amount is shown as other asset and it is deductible from the VAT payable upon invoicing the final invoice to the customer (i.e. upon handing over the finished apartments).

16.(h) Lease liabilities

This note provides information for leases where the group is a lessee.

In EUR	**2019**
Opening balance	0
Recognition of new lease liability	7 147 599
Interest expense	38 926
Foreign exchange difference	- 9 540
Currency translation adjustment	4 368
Repayment of lease liability	- 289 600
Total closing balance	**6 891 753**
Closing balance includes:	
Long-term lease liabilities	977 581
Short-term lease liabilities	5 914 172
Total closing balance	**6 891 753**

The statement of profit or loss shows the following amounts relating to leases except for depreciation charges and fair value changes of the right-of-use assets:

In EUR	*Note*	**2019**
Interest expense	*14*	38 926
Expense relating to short-term leases	*10*	0
Expense relating to leases of low-value assets that are not shown above as short-term leases	*10*	574 053
Expense relating to variable lease payments not included in lease liabilities	*10*	0

The total cash outflow for leases in 2019 was EUR 857,694.

16.(i) Customer advances received

The table below presents the project level breakdown of the liability originated from customer advances received:

in EUR

Entity	**Project**	**31.12.2019**	**01.01.2019**
Cordia Terrace Residence Kft.	Cordia Terrace Residence	0	4 490 826
Futureal 1 Ingatlanbefektetési Alap	Street retail project	83 395	65 631
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Corvin 6	12 391 838	0
Total customer advances received		**12 475 233**	**4 556 457**

For the year ended *In EUR*	**2019**
Opening balance of customer advances	**4 556 457**
Increase in contract liabilities from customer advances received for not completed performance obligations	21 984 164
Revenue recognised that was included in the contract liability balance at the beginning of the period	-14 065 388
Closing balance of customer advances	**12 475 233**
Non-current liability	0
Current liability	12 475 233

16.(j) Provisions

For the year ended 31 December 2019 *In EUR*	**Rental guarantee**	**Other**	**Total**
Balance at 1 January	0	36 525	**36 525**
Additional provision charged	358 965	0	**358 965**
Amounts used during the year	0	- 31 525	**- 31 525**
Closing balance	**358 965**	**5 000**	**363 965**

In the sales agreement related to the Corvin 5 project in 2018 the Group made a commitment to keep the utilization rate above a certain level or pay compensation. Based on the best estimate the Group made a provision which has a balance of EUR 358,965 at 31 December 2019 which is expected to cover the upcoming compensations.

17. Financial assets and financial liabilities

This note provides information about the group's financial instruments, including:

- an overview of all financial instruments held by the group
- specific information about each type of financial instrument.

The group holds the following financial instruments:

For the year ended 31 December 2019

In EUR	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets	**527 224**	**953 010**	**1 480 234**
Loans receivables from third parties	0	13 010	13 010
Other long-term financial assets	527 224	0	527 224
Restricted Cash	0	940 000	940 000
Current financial assets	**0**	**141 210 823**	**141 210 823**
Trade and other receivables	0	12 482 279	12 482 279
Short-term receivables from related parties	0	27 060 708	27 060 708
Short-term receivables from third parties	0	34 873 191	34 873 191
Cash and cash equivalents	0	49 718 663	31 225 928
Restricted Cash	0	17 075 982	35 568 717
Total financial assets	**527 224**	**142 163 833**	**142 691 057**

For the year ended 31 December 2019

In EUR	Financial liabilities at FV through P/L	Financial liabilities at amortized cost	Total
Non-current financial liabilities	**0**	**126 936 415**	**126 936 415**
Long-term liabilities to related parties	0	2 371	2 371
Loans and borrowings	0	122 414 270	122 414 270
Tenant deposits	0	1 513 042	1 513 042
Amounts withheld for guarantees	0	3 006 732	3 006 732
Current financial liabilities	**3 418 756**	**87 817 847**	**91 236 603**
Short-term liabilities to related parties	0	41 117 259	41 117 259
Loans and borrowings	0	22 860 056	22 860 056
Trade and other payables	0	23 840 532	23 840 532
Derivative financial liabilities	3 418 756	0	3 418 756
Total financial liabilities	**3 418 756**	**214 754 262**	**218 173 018**

For the year ended 1 January 2019

In EUR	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets	**525 264**	**13 905 091**	**14 430 355**
Long-term receivables from related parties	0	13 796 918	13 796 918
Loans receivables from third parties	0	108 173	108 173
Other long-term financial assets	525 264	0	525 264
Restricted Cash	0	0	0
Current financial assets	**24 412 109**	**123 918 140**	**148 330 249**
Trade and other receivables	0	4 937 281	4 937 281
Short-term receivables from related parties	0	54 712 483	54 712 483
Short-term receivables from third parties	0	35 773 761	35 773 761
Cash and cash equivalents	0	24 339 595	24 339 595
Other short-term financial assets	24 412 109	0	24 412 109
Restricted Cash	0	4 155 020	4 155 020
Total financial assets	**24 937 373**	**137 823 231**	**162 760 604**

For the year ended 1 January 2019

In EUR	Financial liabilities at FV through P/L	Financial liabilities at amortized cost	Total
Non-current financial liabilities	**0**	**35 723 457**	**35 723 457**
Long-term liabilities to related parties	0	13 987 402	13 987 402
Loans and borrowings	0	20 913 351	20 913 351
Tenant deposits	0	636 260	636 260
Amounts withheld for guarantees	0	186 444	186 444
Current financial liabilities	**253 220**	**229 077 672**	**229 330 892**
Short-term liabilities to related parties	0	212 837 234	212 837 234
Loans and borrowings	0	1 204 146	1 204 146
Trade and other payables	0	15 036 292	15 036 292
Derivative financial liabilities	253 220	0	253 220
Total financial liabilities	**253 220**	**264 801 129**	**265 054 349**

17.(a) Receivables from related parties

The table below presents the breakdown of receivables from the related parties:

In EUR	31.12.2019	01.01.2019
Loans granted	25 437 445	61 506 268
Trade receivables	416 831	4 051 212
Accrued revenue	577 444	936 971
Accrued interest receivables	0	137 533
Other receivables	628 988	1 877 417
Total closing balance	**27 060 708**	**68 509 401**
Closing balance includes:		
Current assets	27 060 708	54 712 483
Non-current assets	0	13 796 918
Total closing balance	**27 060 708**	**68 509 401**

The table below presents the movement in loans granted to related parties:

In EUR	2019
Opening balance	**61 506 268**
Loans granted	14 431 555
Loans repaid	- 48 067 416
Disposal of subsidiaries	- 2 432 962
Total closing balance	**25 437 445**

Movement in long-term loans granted to related parties is presented below:

In EUR	2019
Opening balance	**13 796 918**
Loans granted	2 432 962
Loans repaid	- 13 796 918
Disposal of subsidiaries	- 2 432 962
Total closing balance	**0**

In EUR	31.12.2019	01.01.2019
EUR	5 651 269	36 378 409
HUF	21 409 439	18 332 803
USD	0	13 798 189
Total closing balance	**27 060 708**	**68 509 401**

The table below presents the conditions of the most significant related party loan agreements:

As of 31 December 2019
In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
IBH Innovációs és Befektetési Holding ZRt.	7 478 180	within one year	0%	HUF
Cordia Terrace Residence Ingatlanfejlesztő Kft	4 400 428	within one year	0%	EUR
Futureal Holding Vagyonkezelő és Ingatlanhasznosító Zrt.	3 552 182	within one year	0%	HUF
Omega 99 Kft.	2 273 690	within one year	0%	HUF
FAM Lambda Vagyonkezelő Kft.	1 504 619	within one year	0%	HUF
Cordia Homes Holding Limited	1 478 574	within one year	0%	HUF
Startup Invest Vagyonkezelő Kft	1 409 735	within one year	0%	HUF
FPGY Invest Kft.	1 013 554	within one year	0%	HUF
Finext Capital Ltd.	762 866	within one year	0%	EUR
Cordia Management Szolgáltató Kft.	593 017	within one year	0%	HUF
ECC Real Estate Vagyonkezelő Kft	579 291	within one year	0%	HUF
Sparks Limited	500 775	within one year	0%	EUR
Other related parties	1 513 797	within one year	0%	HUF
Total	**27 060 708**			

The entities listed as counterparties in the above table are all sister companies of the Group with a credit quality rating of BB. Based on historical experiences there were no instances for non-payment in the past, and balances in the above table were repaid in the first half year of the next financial year, until 30.06.2020.

As of 1 January 2019
In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
Cordia USA, LLC	10 625 581	within one year	0%	HUF
Cordia International Ingatlanfejlesztő Zrt.	8 573 774	within one year	0%	HUF
IBH Innovációs és Befektetési Holding ZRt.	7 452 812	within one year	0%	HUF
Futureal Holding Vagyonkezelő és Ingatlanhasznosító Zrt.	5 966 031	within one year	0%	EUR
Projekt Warszawa 3 Cordia Partner 2 Spółka z o.o. Sp.k.	3 664 686	within one year	0%	PLN
PROJEKT GDAŃSK 1 CORDIA PARTNER 6 SPÓŁKA Z OGRANICZONĄ ODPOW	3 274 541	within one year	0%	PLN
Futureal Office Development 1 Ingatlanfejlesztő Zrt	3 125 936	within one year	0%	HUF
Startup Invest Vagyonkezelő Kft	3 102 378	within one year	0%	HUF
LOANINVEST Vagyonkezelő Kft.	2 485 530	within one year	0%	EUR
Omega 99 Kft.	2 325 278	within one year	0%	HUF
Projekt Kraków 1 Cordia Partner 3 Spółka z o.o. Sp.k.	1 946 660	within one year	0%	PLN
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	1 142 703	within one year	0%	PLN
FAM Lambda Vagyonkezelő Kft.	1 067 842	within one year	0%	HUF
FPGY Invest Kft.	1 040 092	within one year	0%	HUF
Projekt Kraków 4 Cordia Partner 2 Sp. z o.o. Sp. k.	1 005 236	within one year	0%	PLN
Cordia Management Poland Sp. Z.o.o.	877 386	within one year	0%	PLN
Cordia Supernove Sp. Z.o.o.	588 229	within one year	0%	PLN
Projekt Warszawa 1 Cordia Poland GP One spółka z ograniczoną	532 779	within one year	0%	PLN
Other related parties	2 708 794	within one year	0%	EUR/HUF
Total	**61 506 268**			

17.(b) Receivables from third parties

The balance sheet line consists of loan receivables. The table below presents the movement in loans granted to third parties:

In EUR	2019
Opening balance	**35 881 934**
Loans granted	45 592 678
Loans repaid	-46 588 839
Revaluation	428
Total closing balance	**34 886 201**

The table below presents the movement in long-term loans granted to third parties:

In EUR	2019
Opening balance	**108 173**
Loans granted	0
Loans repaid	- 95 163
Revaluation	0
Total closing balance	**13 010**

	31.12.2019	01.01.2019
Closing balance includes:		
Current assets	34 873 191	35 773 761
Non-current assets	13 010	108 173
Total closing balance	**34 886 201**	**35 881 934**

In EUR	31.12.2019	01.01.2019
HUF	34 886 201	35 873 789
USD	0	8 145
Total closing balance	**34 886 201**	**35 881 934**

The table below presents the conditions of the most significant third-party loan agreements:

As of 31 December 2019

In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
Pedrano Invest Vagyonkezelő Kft.	34 530 096	within one year	0%	HUF
CFM Projekt Kft.	231 453	within one year	0%	HUF

As of 1 January 2019

In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
Pedrano Invest Vagyonkezelő Kft.	34 448 107	within one year	0%	HUF
EURX T-köl Investment Kft.	1 108 454	within one year	0%	HUF

Pedrano Invest Vagyonkezelő Kft. is a strategic partner for the Group with a credit quality rating of BB. Significant part of the balance indicated in the above table has been repaid in the first half of the next financial year.. Furthermore, as indicated in the movement table above, the loans granted are dynamically changing and are repaid by Pedrano Invest Vagyonkezelő Kft within a short period of time.

17.(c) Trade and other receivables

The table below presents the breakdown of trade and other receivables:

In EUR	31.12.2019	01.01.2019
Gross trade receivables	1 159 469	1 259 815
Decreased by impairment	0	- 414
Net trade receivables	1 159 469	1 259 401
Accrued revenue	4 527 890	1 923 693
Prepaid expenses	523 360	203 352
Vendor overpayment	51 982	194 913
Dividend receivable	2 665 981	0
Consideration receivable from sale of investments	3 416 824	0
Other receivables	136 773	1 355 922
Total trade and other receivables	**12 482 279**	**4 937 281**

As rental fees from lessees are received in advance, there are no aged receivables. Impairment recognized is due to an individual case and not material.

Other receivables are denominated in EUR, the trade receivables balance is not material.

17.(d) Other financial assets

In EUR	31.12.2019	01.01.2019
Securities	527 224	24 937 373
Total closing balance	**527 224**	**24 937 373**
Closing balance includes:		
Other long-term assets	527 224	525 264
Other short-term assets	0	24 412 109
Total closing balance	**527 224**	**24 937 373**

Balances presented as securities above are financial assets based on IFRS 9 and measured at fair value through profit and loss.
At 1 January 2019, the Group had securities in the amount of EUR 24,412,109 classified as Other short-term assets. These consist of government bonds purchased at the end of 2018 and sold on 15 January 2019. The loss recognized on the sale in the amount of EUR 9,843 has been recognized in Other finance costs.

17. (e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates.

In EUR	**31.12.2019**	**01.01.2019**
Cash at bank and in hand	49 718 663	24 339 595
Total cash and cash equivalents	**49 718 663**	**24 339 595**

The total amount of cash and cash equivalents was denominated in the following currencies:

In EUR	**31.12.2019**	**01.01.2019**
HUF	4 132 626	3 997 986
EUR	45 411 540	20 019 428
USD	35 078	309 852
GBP	15 090	1 653
CHF	0	486
CZK	0	421
RON	0	1 171
PLN	91 126	7 883
TRY	0	45
RSD	0	634
Other	33 203	36
Total cash and cash equivalents	**49 718 663**	**24 339 595**

The Group minimizes its credit risks by holding its funds in financial institutions with high credit ratings as follows*:

In EUR	**31.12.2019**	**01.01.2019**
A	1 655 437	2 075 745
A-	17 801 389	8 144
AA-	0	18 010
BBB+	29 386 057	21 266 890
BBB	837 199	901 606
BBB-	0	0
BB+	0	0
BB	0	0
Cash at hand	38 581	69 200
Total cash and cash equivalents	**49 718 663**	**24 339 595**

*The presented credit ratings are based on S&P's and Moody's long-term ratings where available.

17.(f) Restricted cash

Restricted cash balances include restricted non-liquid deposits and non-liquid accounts related to loans and borrowings.

Tenant deposits can be used to cover losses from bad debt of the respective tenant. Loan escrow amounts consist of different type of escrow accounts. The balances can be used for CAPEX expenditures, loan instalments, VAT payment obligations triggered by revenue invoices.

In EUR	**31.12.2019**	**01.01.2019**
Tenant deposits	8 367 230	4 675
Loans and borrowings related cash	9 648 752	4 150 345
Total restricted cash and cash equivalents	**18 015 982**	**4 155 020**

Closing balance includes:		
Current assets	17 075 982	4 155 020
Non-current assets	940 000	0
Total closing balance	**18 015 982**	**4 155 020**

In EUR	**31.12.2019**	**01.01.2019**
HUF	941 083	1 863 484
EUR	15 272 613	2 291 536
GBP	1 802 286	0
Total restricted cash and cash equivalents	**18 015 982**	**4 155 020**

17.(g) Loans and borrowings

The table below presents the movement in loans and borrowings from third parties:

For the year ended 31 December *In EUR*	**2019**
Opening balance	**22 117 497**
New bank loan drawdown	114 472 780
Loans repayments	-24 003 790
Impact of acquisition of subsidiaries	40 096 593
Revaluation (fx)	940 971
Disposal of subsidiaries	-8 349 725
Total closing balance	**145 274 326**

	31.12.2019	**01.01.2019**
Closing balance includes:		
Current liabilities	22 860 056	1 204 146
Non-current liabilities	122 414 270	20 913 351
Total closing balance	**145 274 326**	**22 117 497**

In EUR	**31.12.2019**	**01.01.2019**
EUR	128 615 656	22 062 794
HUF	5 623 424	54 703
GBP	11 035 246	0
Total closing balance	**145 274 326**	**22 117 497**

Conditions of significant loans and borrowings:

in EUR

Legal entity	Bank	Maturity	Currency	Loan facility EUR	Withdrawn loan amount in EUR	Not Withdrawn loan amount in EUR	Interest rate base	Real estate mortgage?	Covenant breached?	Loan type
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Erste	2026.12.15	EUR	11 554 708	11 554 708	0	Fixed interest	Yes	No	Development loan
	Erste	2026.12.15	EUR	9 467 000	8 125 000	1 342 000	3 month EURIBOR + margin	Yes	No	Development loan
Futureal Béta Ingatlanforgalmazó Kft.	CIB	2022.10.29	HUF	1 408 030	1 408 030	0	1 month BUBOR + margin	Yes	No	Development loan
Portfolio Real Estate Hungary Ingatlanfejlesztési Kft.	CIB	2022.10.29	HUF	3 224 970	3 224 970	0	1 month BUBOR + margin	Yes	No	Development loan
BP1 Első Ütem Kft.	Unicredit	2028.06.30	EUR	50 000 000	34 072 468	15 927 532	3 month EURIBOR + margin	Yes	No	Development loan
	Unicredit and K&H 50-50%	2020.12.31	HUF	756 384	270 655	485 729	3 month BUBOR + margin	Yes	No	VAT loan
Futureal Prime Propertes One Ingatlanfejlesztő Részalap	Unicredit Hungary, Unicredit SPA, Erste Hungary, Erste Group Bank AG	2028.06.30	EUR	150 000 000	58 982 657	91 017 343	3 month EURIBOR + margin	Yes	No	Development loan
		2021.09.30	HUF	1 815 321	719 769	1 095 553	3 month BUBOR + margin	Yes	No	VAT loan
Fuztureal 1 Ingatlanbefektetési Alap	Unicredit	2025.03.31	EUR	15 842 917	15 842 917	0	3 month EURIBOR + margin	Yes	No	Project loan
Spectrum Glasgow Ltd	Laxfield	2023.10.22	GBP	11 035 246	11 035 246	0	LIBOR + margin	Yes	No	Project loan
Total				**255 104 576**	**145 236 420**	**109 868 157**				

- past experience with similar construction; and
- status of construction permits.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment and development property being valued. These valuations form the basis for the carrying amounts in the preliminary special purpose consolidated financial information.

The fair value of investment and development property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment and development property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognised in the income statement. Investment and development properties are derecognised when they have been disposed of. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment and development property.

If an investment and development property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment and development property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the income statement.

Where an investment and development property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

(e) Revenue

Revenue from sale of real estate

In case the Group sells properties classified as inventory and not investment and development property, income is recognized as revenue. In accordance with IFRS 15, revenue is recognized when control over the property is transferred to the customer. Control over the property is transferred when customer takes possession over the sold property.

Revenue is recognized at a point in time when control is transferred in accordance with IFRS 15, as these contracts with typically third-party customers do not meet the criteria of over time revenue recognition. Revenue is recognised over time if any of the following three criteria are met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

Rental income and service revenue

In addition to revenue from sale of real estate, the Group's revenue also includes rental income in scope of IFRS 16, while service revenue mainly consists of management fees, and other services provided to tenants (e.g. cleaning, maintenance, public utilities). Service revenue under the scope of IFRS 15 is recognized over time.

(f) Financial instruments

Classification and measurement

Financial assets

All financial assets under IFRS 9 are to be initially recognised at fair value, plus or minus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument.

IFRS 9 has two measurement categories: amortised cost and fair value. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met, as described below.

If the financial asset is a debt instrument (or does not meet the definition of an equity instrument in its entirety), management should consider the following assessments in determining its classification:

- The entity's business model for managing the financial asset.
- The contractual cash flows characteristics of the financial asset.
- A financial asset should be subsequently measured at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; 'principal' and 'interest'.
- A financial asset should be subsequently measured at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model whose objective is achieved by both holding financial assets in order to collect contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

If the financial asset does not pass the business model assessment and SPPI criteria, or the fair value option is applied it is measured at FVTPL. This is the residual measurement category.

The Group's business model refers to how an entity manages its financial assets in order to generate cash flows. IFRS 9 prescribes two business models: holding financial assets to collect contractual cash flows; and holding financial assets to collect contractual cash flows and selling. FVTPL is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into any of the two prescribed business models.

Investments in equity instruments are always measured at fair value. Equity instruments that are held for trading (including all equity derivative instruments, such as warrants and rights issues) are required to be classified at FVTPL, with dividend income recognised in profit or loss.

For all other equities within the scope of IFRS 9, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss.

Futureal BV Group's financial assets are debt instruments that are measured at amortized cost because those are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and contractual term of the financial asset gives rise to cash flows that pass the SPPI test.

Financial liabilities

Futureal BV Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. It is, therefore, necessary to measure those contractual rights and obligations on initial recognition.

All financial liabilities in IFRS 9 are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability.
There are two measurement categories for financial liabilities: fair value, and amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL or an entity has opted to measure a liability at FVTPL.

Short-term trade payables are initially measured at their transaction price, where the effect of discounting would be immaterial, consistent with the requirements of paragraph 8 of IAS 8.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

The amortised cost of a financial asset or financial liability is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The Group has interest rate swaps measured at fair value, see the details in Note 17(l).

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and presented in the statement of financial position as a net amount when the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Group applies IFRS 9 impairment model to:

- investments in debt instruments measured at amortised cost;
- investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- all loan commitments not measured at fair value through profit or loss;
- financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at fair value through profit or loss; and
- lease receivables that are within the scope of IFRS 16, 'Leases', trade receivables and contract assets within the scope of IFRS 15 that give rise to a conditional right to consideration.

The model does not apply to investments in equity instruments.

The entity follows the rules of IFRS 9 outlines a 'three-stage' model ('general model') for impairment based on changes in credit quality since initial recognition:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the entity) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

Many of the Group's financial assets are inter-company loans within the scope of IFRS 9 might not require a material impairment provision to be recognised, because:

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material.

Where inter-company loans do not meet any of the three criteria above, lifetime expected credit losses will need to be calculated, which are more likely to give rise to a material impairment provision.

For trade receivables, contract assets and lease receivables the Group applies simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.

For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. As a practical expedient, a provision matrix is be used to estimate ECL for these financial instruments.

(g) Trade and other receivables

Financial assets recognized in the consolidated statement of financial position as trade receivables are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. As rental fees are received in advance, trade receivables presented in the consolidated statement of financial position are not material and no expected credit loss is recognised.

(h) Receivables from related parties

Financial assets recognized in the consolidated statement of financial position as receivables from related parties consist of contract amount receivable in the normal business activity for goods and services, as well as loans granted to affiliates. Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

(i) Receivables from third parties

Financial assets recognized in the consolidated statement of financial position as receivables from third parties consist of loans granted to third parties. Receivables from third parties – similarly to receivables from related parties – are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from third parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less, except for collateralized deposits, treasury bills if those are considered highly liquid assets with no significant risk furthermore the advance payment received from customers for project financing purposes if withdraw process is considered perfunctory.

The overdrafts are shown in current liabilities in borrowings line.

The Group has restricted customer advance payments and non-liquid bank deposits which are presented as Restricted cash balances in the consolidated statement of financial position (see Note 17(f)).

(k) Trade and other payables

Trade payables are contract amount payable in the normal business activity for goods and services. Trade payables are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(l) Liabilities to related parties

Liabilities to related parties are contract amount payable in the normal business activity for goods and services, as well as loans payable to affiliates. Liabilities to related parties are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

Liabilities to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(m) Loans and borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down (and should be calculated with in the effective interest calculation and the amortized cost of the loan). In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(n) Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

ii. Depreciation

Depreciation is calculated on the straight-line basis over the estimated useful life of each component of an item of property and equipment.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Buildings: 50 years;
- Equipment's: 7 years;
- Fixtures and fittings: 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date, and adjusted prospectively since the beginning of the following year, if appropriate.

(o) Leases

The Group as lessee

The group leases various offices and parking place. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequently, right-of-use assets,are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

As the Group applies the fair value model in IAS 40 Investment Property to its investment property, the Group also applies that fair value model to right-of-use assets that meet the definition of investment property in IAS 40.

Payments associated with short-term leases and leases of low-value assets are wholly immaterial.

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

The Group separates lease components and service components of a contract and applies the lease accounting requirements only to the lease components.

The Group as lessor

Properties leased under operating leases are presented as investment and development properties in the consolidated statement of financial position, rental fees received are presented as rental income in revenue.

The Group pays commissions to sales agents after lease agreements. Commissions are capitalized in the cost of investment and development properties. Lease incentives are accounted for as a rental income decreasing item linearly during the lease term.

(p) Inventories

Inventories include real estate developed for sale. Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred relating to the construction of a project.

Project construction costs include:

- land or leasehold rights for land;
- construction costs paid to the general contractor building the residential project;
- planning and design costs;
- perpetual usufruct fees and real estate taxes incurred during the period of construction;
- borrowing costs to the extent they are directly attributable to the development of the project
- professional fees attributable to the development of the project;
- construction overheads and other directly related costs.

(q) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's or a cash generating unit's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(r) Equity

i. Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

ii. Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

iii. Currency translation reserve

Currency translation reserve includes exchange differences from translating the separate financial statements of foreign operations to the Group's presentation currency.

(s) Dividend distribution

Dividend distribution to the parent company's shareholders is recognized as a liability in the Group's preliminary special purpose consolidated financial information in the period in which the dividends are approved.

(t) Borrowing costs

Borrowing costs directly attributable to the inventory of properties which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized equals the gross interest incurred on those borrowings. Interest is capitalized as from the commencement of the development work until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(u) Interest income and expense

Interest income and expense are recognized within `finance income' and `finance expense' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalized as part of the cost of that asset. The Group has chosen to capitalize borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not. Properties built in property development projects are considered to be qualifying assets for the Group.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in other comprehensive income or equity - in which case, the tax is also recognized in other comprehensive income or equity.

The Group based on the operation of the mother company considers the following taxes as income tax defined by IAS 12:

- corporate income tax;
- local trade tax;
- innovation duty.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the preliminary special purpose consolidated financial information. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(w) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(x) Amounts withheld for guarantees

Amounts withheld for guarantees is the contractual amount that the Group withholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Group's warranty rights. At the end of the warranty period, the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

5. Use of estimates and critical judgments

The Group estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

5.(a) Estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Fair value of investment and development properties

As measurement of the fair value of investment and development properties is based on management judgements and assumptions, the actual fair value can significantly differ from the estimated value. Fair value is estimated by the Group, but an independent valuation expert with relevant industrial experience is involved as well.

Investment and development properties where development is completed and fair value can be reliably measured, the fair value is determined based on market prices. In case on investment and development properties where fair value cannot be reliably measured (the market is inactive when, for example, there are no recent transactions or available prices), the property is measured at cost less depreciation and impairment.

Measurement of fair value of investment and development properties under construction requires significant estimations. The Group and the independent valuation expert consider future development costs expected to incur before completion in the estimation.

If both future development costs expected to incur before completion and markup would increase/decrease by 10%, fair value of investment and development properties under construction would decrease/increase by 33 143 314 EUR.

The fair value is determined using a discounted cash flow model based on future estimated cash flows. Cash flows related to the properties are discounted applying the market interest rate.

Management judgements and assumptions related to the measurement of the fair value of investment and development properties are detailed in Note 16(b).

5.(b) Critical judgments

Group reorganization

The current group structure is a result of the reorganization finalized by establishing Futureal Holding BV and contributing/selling the shares of FR Irodák Holding Kft., FutInvest Hungary Kft. and FREH Ltd. into this entity.

Management believes that the combination of the new intermediate holding company Futureal Holding BV. and the three subs-groups does not meet the definition of a business combination under IFRS 3. Since the transaction is not a business combination, IFRS 3 was not applied. The transaction is accounted for as a capital reorganisation in this preliminary special purpose consolidated financial information.

Please refer also to Note 3 for detailed explanation and accounting policy.

Acquisitions of subsidiaries under common control

As described in Appendix 1, the Group has acquired several entities in 2019.

All subsidiaries have been acquired from entities under common control, because the ultimate controlling party (Gábor Futó and Péter Futó) did not change as a result of the transaction.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Since the acquired entities are all real estate project entities or holding entities, their significant assets are the properties, the related receivables and cash. On the liability side, the significant items are bank loans and loans from other related parties. They do not have employees. Management and construction services are provided by external parties to the project entities. Please also refer to Note 21 about transactions with related parties.

Based on the above, Management believes that none of the acquisitions in 2019 meet the definition of business combinations are required by IFRS 3. Instead, they are recorded as asset acquisitions. The cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. As these transactions meet the exception definition as of IAS 12.15.b deferred tax related to the acquisition is not recognized at the transaction date.
Management confirms that purchase prices of entities acquired in common control transactions reflect their fair market value. Any difference between the purchase and the fair of the net assets might arise because date of calculating the price and obtaining the control over the subsidiary might be slightly different. In 2019 there were no such case.

Please see below the most important information about acquisitions in 2019 (data in EUR). In 2019, the only significant acquisition was the purchase of Finext Nyrt. and it's subsidiaries (also referred as "Finext Group"), where the non-controlling interest was measured at its proportionate share of net assets of the acquired entities.

Acquisition of Finext Group

Consideration paid	87 832 196
Non-controlling interest (26,13%)	31 068 841
Net assets of subsidiaries acquired	118 901 037

Consideration paid for the acquisition of subsidiaries net of cash acquired presented in the consolidated statement of cash flows:

Consideration paid	87 832 196
Cash and cash equivalents acquired	- 2 671 571
Consideration paid net of cash acquired	85 160 626

Functional currency

The Group determined functional currency of group companies considering the indicators in IAS 21.9-10. Based on the indicators in IAS 21 management believes that indicators are mixed, and the functional currency is not obvious, therefore management used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

On the market of Hungarian office buildings, sales price of the properties and rental fees are determined in Euro. This is in line with the Hungarian real estate industry practice, where the accepted functional currency is the Euro. Tenants are almost exclusively Hungarian subsidiaries of international companies, who do not consider Hungarian Forint as the relevant primary currency. Project companies are financed in Euro with certain exceptions. Management believes, based on the above, Euro represents most faithfully the economic effects of the underlying transactions, events and conditions in case of subsidiaries operating in the market of Hungarian office buildings. In case of other subsidiaries, the functional currency is the currency of the country where they are registered.

Presentation currency of the preliminary special purpose consolidated financial information is the Euro, as both users of the financial statements and market participants assess transactions in this currency, and this facilitates comparability with the financial statements of other companies in the industry.

The principal accounting policies applied in the preparation of this preliminary special purpose consolidated financial information are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

6. Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group.

- IFRS 14, Regulatory deferral accounts (issued in January 2014, the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB. The EU endorsement is postponed as IASB effective date is deferred indefinitely.)
- IFRS 17 Insurance contract (issued on May 2017, the EU has not yet endorsed the changes).
- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020, the EU has endorsed the amendments).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020, the EU has not yet endorsed the amendments).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020, the EU has endorsed the amendments).
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020, the EU has endorsed the amendments).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, the EU has not yet endorsed the amendments).

These standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

7. Revenue

For the year ended 31 December *In EUR*	**2019**
Revenue from sale of real estate	55 284 806
Total sales revenue	**55 284 806**

In 2019, revenue from sale of real estate include the sale of an office building in the amount of EUR 55,013,445. Cost of sold real estate inventories include the cost of the office building in the amount of EUR 55,013,445.

For the year ended 31 December *In EUR*	**2019**
Rental income	4 218 297
Other rental income	1 510 262
Total rental income	**5 728 559**

Lease payments received in relation to operating leases under IFRS 16 are presented as Rental income. Other rental income includes other revenue items related to rental activities, such as public utilities and property management fees invoiced to the lessees.

For the year ended 31 December *In EUR*	**2019**
Management fee	6 225 688
Income from intermediary services	220 644
Other revenue	372 730
Total service revenue	**6 819 062**
Total revenue	**67 832 427**

For the Group as lessor, the future expected lease payments in relation to non-cancellable operating leases are as follows (amounts undiscounted):

In EUR	**Within 1 year**	**Between 1 and 3 years**	**After 3 years**	**Total**
Total	5 935 273	25 680 889	26 267 134	**57 883 296**

Timing of revenue recognition under IFRS 15:

For the year ended 31 December *In EUR*	**2019**
Point in time	55 284 806
Over time	8 329 324
Total	63 614 130

Rental income is under the scope of IFRS 16, therefore these rental revenues are not included in the table above.

Please refer also to Note 16(i) about contract liabilities.

GUARANTOR UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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Futureal Holding BV

IFRS consolidated interim financial information 30 June 2020

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Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June

In EUR	*Note*	**2020.01.01-2020.06.30**	**2019.01.01-2019.06.30**
Sales revenue from sale of real estate		48 918 558	**0**
Rental revenue		3 441 354	2 557 627
Service revenue		2 043 689	3 148 821
Revenue	*7*	**54 403 601**	**5 706 448**
Cost of goods sold and services provided		-48 497 233	-104 749
Direct costs of rental and operation		-2 197 622	-606 949
Other property related costs		-420 906	-474 522
Cost of sales	*8*	**-51 115 761**	**-1 186 220**
Gross profit		**3 287 840**	**4 520 228**
Selling and marketing expenses	*9*	-216 670	-893 038
Administrative expenses	*10*	-2 314 709	-5 306 049
Net gain from fair valuation of investment and development properties	*15(a)*	12 196 730	6 559 843
Other income	*11*	138 764	14 715 332
Other expenses	*12*	-982 206	-5 632 892
Operating profit		**12 109 749**	**13 963 424**
Interest income	*13*	144 132	477 173
Other financial income	*13*	5 779 394	2 134 855
Interest expense	*13*	-992 178	-408 606
Other financial expense	*13*	-13 269 424	-3 775 201
Net finance income/(expense)		**- 8 338 076**	**- 1 571 779**
Share of profit in joint ventures and associates	*16(k)*	- 895	9 202 472
Profit before taxation		**3 770 778**	**21 594 117**
Income tax expense	*14*	-134 091	-68 677
Profit for the period		**3 636 687**	**21 525 440**
Items that may be reclassified to profit or loss			
Losses on cash flow hedges	*16 (j)*	- 4 708 632	0
Exchange differences on translating foreign operations		- 1 993 395	-1 102 816
Other comprehensive income/(loss) net of tax		**- 6 702 027**	**- 1 102 816**
Total comprehensive income for the period		**- 3 065 340**	**20 422 624**
Total profit/(loss) for the period attributable to:			
owners of the parent		- 2 197 710	20 802 441
non-controlling interests		5 834 397	722 999
Total profit/(loss) for the period		**3 636 687**	**21 525 440**

Total comprehensive income attributable to:		
owners of the parent	-7 402 157	19 826 918
non-controlling interests	4 336 817	595 706
Total comprehensive income for the period	**-3 065 340**	**20 422 624**

The notes on pages 8 to 85 are an integral part of these IFRS consolidated interim financial information.

Interim Consolidated Statement of Financial Position

In EUR	*Note*	30.06.2020	31.12.2019	01.01.2019
Assets				
Non-current assets				
Intangible assets		312 553	332 819	217 966
Investment and development property	*15(a)*	415 694 032	356 959 506	104 802 989
Property, plant and equipment	*15(b)*	6 405 889	7 837 986	6 370 165
Long-term receivables from related parties	*16(a)*	0	0	13 796 918
Long-term receivables from third parties	*16(b)*	0	13 010	108 173
Investments accounted for using equity method	*16(k)*	0	34 471 271	32 040 088
Deferred tax assets		0	47 383	122 670
Restricted cash	*16(e)*	1 829 341	940 000	0
Other long-term assets	*16 (l)*	10	49 327	145 213
Other long-term financial assets	*18*	259 377	527 224	525 264
Total non-current assets		**424 501 203**	**401 178 526**	**158 129 446**
Current assets				
Inventory	*15(d)*	34 937	49 440 489	9 600 704
Trade and other receivables	*16(c)*	8 118 930	12 482 278	4 937 281
Short-term receivables from related parties	*16(a)*	2 518 810	27 060 708	54 712 483
Short-term receivables from third parties	*16(b)*	11 102 450	34 873 191	35 773 761
Income tax receivable		45 435	149 903	158 758
Other short-term assets	*16 (l)*	3 857 074	517 601	261 520
Other short-term financial assets	*18*	0	0	24 412 109
Short-term VAT receivables		1 457 325	6 967 938	1 027 715
Restricted cash	*16(e)*	35 490 829	17 075 982	4 155 020
Cash and cash equivalents	*16(d)*	50 979 556	49 718 663	24 339 595
Total current assets		**113 605 347**	**198 286 753**	**159 378 946**
Total assets		**538 106 550**	**599 465 279**	**317 508 392**

The notes on pages 8 to 85 are an integral part of these IFRS consolidated interim financial information.

Interim Consolidated Statement of Financial Position (cont'd)

In EUR)	*Note*	**30.06.2020**	**31.12.2019**	**01.01.2019**
Equity				
Shareholders' equity				
Share capital	*17(a)*	342 000 000	324 000 000	432 202
Share premium	*17(b)*	0	0	68 718 172
Currency translation reserve		- 5 501 228	- 4 714 721	0
Other reserves	*17(c)*	- 4 417 940	0	0
Accumulated deficit	*17(d)*	- 4 718 346	- 11 294 371	- 39 736 590
Equity attributable to equity holders of the parent		**327 362 486**	**307 990 908**	**29 413 784**
Non-controlling interests	*17(e)*	25 578 058	52 687 311	16 665 072
Total equity		**352 940 544**	**360 678 219**	**46 078 856**
Liabilities				
Non-current liabilities				
Long-term liabilities to related parties	*16(g)*	0	2 371	13 987 402
Loans and borrowings	*16(f)*	136 500 108	122 414 270	20 913 351
Tenant deposits		1 838 327	1 513 042	636 260
Provisions		358 965	0	0
Amounts withheld for guarantees	*16(i)*	2 893 806	3 006 732	186 444
Lease liabilities	*15(c)*	5 130 161	5 914 172	0
Total non-current liabilities		**146 721 367**	**132 850 587**	**35 723 457**
Current liabilities				
Short-term liabilities to related parties	*16(g)*	275 728	41 117 259	212 837 234
Loans and borrowings	*16(f)*	1 405 773	22 860 056	1 204 146
Trade and other payables	*16(h)*	27 784 439	23 840 532	15 036 292
Customer advances		35 916	12 475 233	4 556 457
Provisions		0	363 965	36 525
Income tax liabilities		126 580	350 163	434 791
Other tax liabilities		328 118	532 928	1 347 414
Lease liabilities	*15(c)*	957 383	977 581	0
Derivative financial liabilities	*16(j)*	7 530 702	3 418 756	253 220
Total current liabilities		**38 444 639**	**105 936 473**	**235 706 079**
Total liabilities		**185 166 006**	**238 787 060**	**271 429 536**
Total equity and liabilities		**538 160 550**	**599 465 279**	**317 508 392**

The notes on pages 8 to 85 are an integral part of these IFRS consolidated interim financial information.

Interim Consolidated Statement of Changes in Equity

For the periods ended 30 June 2020 and 30 June 2019	**Attributable to the equity holders of the parent**							
In EUR	**Share capital**	**Share premium**	**Currency translation reserve**	**Other reserves**	**Accumulated deficit**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2019	**432 202**	**68 718 172**	**0**	**0**	**- 39 736 590**	**29 413 784**	**16 665 072**	**46 078 856**
Profit/(loss) for the period	0	0	0	0	20 802 441	**20 802 441**	722 999	**21 525 440**
Other comprehensive income/(loss)	0	0	- 975 523	0	0	**- 975 523**	- 127 293	**- 1 102 816**
Sale of subsidiaries	0	0	361 069	0	0	**361 069**	-15 111 915	**-14 750 846**
Transactions with owners:								
Acquisition of Finext Nyrt. and subsidiaries							31 068 841	**31 068 841**
Issue to non-contr. interests	0	0	0	0	0	**0**	15 175 238	**15 175 238**
Dividend paid	0	0	0	0	- 1 602 234	**- 1 602 234**	0	**- 1 602 234**
Transactions with non-controlling interests	0	0	0	0	251 417	**251 417**	- 251 417	**0**
Transaction with owners:	**0**	**0**	**361 069**	**0**	**- 1 350 817**	**- 989 748**	**30 880 747**	**29 890 999**
Balance at 30 June 2019	**432 200**	**68 718 172**	**- 614 454**	**0**	**- 20 284 966**	**48 250 954**	**48 141 524**	**96 392 478**

The significant movements in the equity items presented above are explained in detail in Note 17.

In EUR	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	**324 000 000**	**0**	**- 4 714 721**	**0**	**- 11 294 371**	**307 990 908**	**52 687 311**	**360 678 219**
Profit/(loss) for the period	0	0	0	0	- 2 197 710	**- 2 197 710**	5 834 397	**3 636 687**
Other comprehensive income/(loss)	0	0	- 786 507	- 4 417 940	0	**- 5 204 447**	- 1 497 580	**- 6 702 027**
Sale of subsidiaries	0	0	0	0	0	**0**	- 9 384	**- 9 384**
Proceeds from shares issued	18 000 000	0	0	0	0	**18 000 000**	0	**18 000 000**
Dividend paid	0	0	0	0	0	**0**	- 22 663 051	**- 22 663 051**
Transactions with non-controlling interest	0	0	0	0	8 773 735	**8 773 735**	-8 773 735	**0**
Issue to non-controlling interest	0	0	0	0	0	**0**	100	**100**
Transactions with owners:	**18 000 000**	**0**	**0**	**0**	**8 773 735**	**26 773 736**	**- 31 446 070**	**- 4 672 335**
Balance at 30 June 2020	**342 000 000**	**0**	**- 5 501 228**	**- 4 417 940**	**- 4 718 346**	**327 362 486**	**25 578 058**	**352 940 544**

The significant movements in the equity items presented above are explained in detail in Note 17.

The notes on pages 8 to 85 are an integral part of these IFRS consolidated interim financial information

Interim Consolidated Statement of Cash Flows

For the periods ended 30 June 2020 and 30 June 2019

In EUR	*Note*	2020.01.01-2020.06.30	2019.01.01-2019.06.30
Cash flows from/(used in) operating activities			
Profit/(loss) before taxation for the period		3 770 778	21 594 117
Adjustments to reconcile profit before for taxation to net cash used in operating activities:			
Depreciation	*15(a),15(c)*	649 298	255 155
Provisions		3 726 748	0
Other non-cash movements[1]	*	-11 914 852	742 549
(Profit)/loss on disposal of subsidiaries, associates and joint ventures	*11,12*	13 995	-7 623 534
Net (gain)/loss from valuation of investment and development property	*15(b)*	-12 196 730	- 6 559 843
Net finance (income)/expense	*13*	8 338 076	13 769 676
(Increase)/decrease in inventory	*15(d)*	48 819 192	-6 117 919
Share of loss/(profit) in joint venture	*16(k)*	895	-9 202 472
Decrease/(increase) in short-term receivables	*16(a),16(b)*	59 415 089	47 457 841
Decrease/(increase) in trade and other receivables	*16(c)*	-6 238 395	-10 390 601
Decrease/(increase) in restricted cash and other assets	*16(g)*	-18 196 427	- 123 056 157
(Decrease)/increase in short-term liabilities	*16(f), 17(h)*	-57 421 638	190 701 451
Increase/(decrease) in trade and other payables	*16(h)*	4 159 134	2 137 717
Interest paid	*13*	-2 428 111	-542 477
Income tax paid	*14*	-206 273	-318 650
Net cash from/(used in) operating activities		**21 817 585**	**112 846 854**
Cash flows from/(used in) investing activities			
Acquisitions of investment and development property	*15(b)*	-45 104 898	-19 415 278
Consideration received for disposed subsidiaries net of cash disposed	*11,12*	1 063 116	7 957 716
Consideration paid for the acquisition of subsidiaries net of cash acquired	*5*	-63 176	-85 160 626
Acquisitions of tangible and intangible assets	*15(b),15(c)*	-340 371	- 461 942
Investing in long-term financial assets	*16(e)*	245 117	-15 625 646
Increase in long-term loan receivables	*16(a), 16(b)*	0	-15 454
Repayment of long-term loan receivables	*16(a), 16(b)*	13 010	13 449 648
Interest received	*13*	144 132	477 173
Purchase of investments accounted for using equity method	*16(k)*	0	-1 118 983
Sale of investments accounted for using equity method		34 398 470	0
Dividend received	16(k)	0	1 089 523
Net cash from/(used in) investing activities		**-9 644 600**	**- 98 823 849**
Cash flows from/(used in) financing activities			
Proceeds from loans and borrowings	*16(f),16(g)*	22 366 961	22 893 099
Repayment of loans and borrowings	*16(f),16(g)*	-28 335 463	-36 680 344
Capital increase	*17(a)*	18 000 000	0
Dividend paid	*17(c),17(d)*	-22 663 051	-1 602 234
Repayment of lease liabilities	*15(c)*	-492 898	0
(Decrease)/Increase in other liabilities	*16(j), 16(i)*	212 359	2 349 166
Net cash from financing activities		**-10 912 092**	**-13 040 313**
Net change in cash and cash equivalents		**1 260 893**	**982 692**
Cash and cash equivalents at the beginning of the period		49 718 663	24 339 595
Cash and cash equivalents at the end of the period	*17(d)*	**50 979 556**	**25 322 287**

[1] The line includes other non-cash movement balances, including unrealised exchange differences.

** The other non-cash movements derive mainly from realised and unrealised foreign exchange differences. The reamining balance consists of interest accruals in the amount of 1,5 mEUR and the accumulated translation difference on transactions with non-controlling interest in the amount of 1,5 mEUR.*

Notes to the IFRS consolidated interim financial information

1. Background and business of the Company

(a) Company name: Futureal Holding B.V.
Headquarter: Prins Hendriklaan 26, 1075BD Amsterdam, Netherlands
Company registration number (RSIN number): 860112676
CCI number: 75024012
Tax registration number: 860112676

Futureal Holding B.V. ('the Company'), a private limited company registered in the Netherlands was incorporated on 4 June 2019. The registered office is located at Prins Hendriklaan 26, 1075BD Amsterdam, Netherlands.

The Company (together with its subsidiaries operating in Hungary, Poland, Malta, United Kingdom and Germany 'the Group'), is active in the development, management and restoration of properties. These activities include acquisition of office buildings, commercial buildings, land for development purposes, development and sale of the properties. Since the main goal is the optimal utilization of properties, the Group may lease the properties after completion of the development and sell them already filled with tenants.

Futureal Holding BV (the 'Parent') was established as of 4 June 2019 by Futureal Group B.V.

As of 30 June 2020, the Company has the following owners (there was no change compared to 01 January 2019):
- Futureal Group B.V - 100% (place of business: Amsterdam, Netherlands)

The ultimate controlling parties are Gábor Futó and Péter Futó.

A list of the companies from which the financial data are included in these IFRS consolidated interim financial information and the extent of ownership and control are presented here below as follows:

Group structure

Please note, that the percentages below show the economic ownership (i.e. used when calculating the non-controlling interest or the share of the net assets attributable to the parent company), while the classification ("Nature of relationship") demonstrates the controlling rights exercisable by the Group. Please also refer to Note 4 about accounting policies applied for consolidation of investments.

In case of the all joint ventures the parent company and the other investor has 50-50% voting rights through the rights attached to the shares owned. Please also refer to Note 16(k) for details about joint ventures and associates.

		Share of ownership & voting rights		Nature of relationship	
Entity name	**Place of operation**	**30.06.2020**	**31.12.2019**	**30.06.2020**	**31.12.2019**
Futureal Holding BV	Netherlands	n/a	n/a	Parent company	Parent company
FR Irodák Holding Kft.*	Hungary	-	100,00%	Not in the Group*	Subsidiary
FutInvest Hungary Kft.*	Hungary	-	100,00%	Not in the Group*	Subsidiary
Futureal Real Estate Holding Limited	Malta	99,90%	100,00%	Subsidiary	Subsidiary
Argo Properties N.V.	Netherlands	-	20,66%	Not in the Group	Associate
Bochenka GP Spzoo	Poland	-	100,00%	Not in the Group	Subsidiary

BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	Hungary	-	45,37%	Not in the Group	Subsidiary
Cordia Marina Garden Management Kft.	Hungary	97,97%	85,08%	Subsidiary	Subsidiary
CORDIA Sales and Marketing Kft.	Hungary	-	100,00%	Not in the Group	Subsidiary
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
Corvin Telek 125 Ingatlanforgalmazó Kft. (BP1 Első Ütem Kft.)	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
EDEN Holding Kft	Hungary	-	100,00%	Not in the Group	Subsidiary
FGPP Group Finance Kft.*	Hungary	-	100,00%	Not in the Group*	Subsidiary
Finext Global 2 Részalap	Hungary	100,00%	85,08%	Subsidiary	Subsidiary
Finext Nyrt.	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
FR UK Holdco 1 Limited	United Kingdom	100,00%	100,00%	Subsidiary	Subsidiary
Fut Financing Pool Kft	Hungary	-	100,00%	Not in the Group	Subsidiary
Fut Financing Pool Poland GP Spzoo	Poland	-	100,00%	Not in the Group	Subsidiary
Fut Financing Pool Poland GP Spzoo Bochenka Ska	Poland	-	50,00%	Not in the Group	Joint venture
Futureal 1 Ingatlanbefektetési Alap	Hungary	100,00%	100,00%	Subsidiary	Subsidiary
Futureal Belváros Ingatlanfejlesztő Kft.	Hungary	97,97%	85,08%	Subsidiary	Subsidiary
Futureal Béta Ingatlanforgalmazó Kft.	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
Futureal Development 7 Sp. z o.o.	Poland	72,37%	62,85%	Subsidiary	Subsidiary
Futureal Development Holding Kft.	Hungary	97,97%	85,08%	Subsidiary	Subsidiary
Futureal Management Kft	Hungary	97,97%	85,08%	Subsidiary	Subsidiary
FUTUREAL Munkavállalói Résztulajdonosi Program	Hungary	97,97%	85,08%	Subsidiary	Subsidiary
Futureal New Ages Ingatlanfejlesztő Kft.	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
Futureal New Times Ingatlanfejlesztő Kft.	Hungary	97,97%	85,08%	Subsidiary	Subsidiary
Futureal Prime Construction Kft.	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
Futureal Prime Properties Construction Kft. (Corvin 7 Irodaház Projekt Ingatlanfejlesztő Kft.)	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
Futureal Prime Properties Részalap 1	Hungary	100,00%	100,00%	Subsidiary	Subsidiary
Futureal Prime Properties Részalap 2	Hungary	100,00%	-	Subsidiary	Not in the Group
Futureal Prime Properties Részalap 3	Hungary	100,00%	-	Subsidiary	Not in the Group
Futureal Prime Properties Részalap 4	Hungary	100,00%	-	Subsidiary	Not in the Group
Futureal Property Group Kft*	Hungary	-	85,08%	Not in the Group*	Subsidiary
Futureal Zéta Kft*	Hungary	-	100,00%	Not in the Group*	Subsidiary
Gloreman Zrt*	Hungary	-	85,08%	Not in the Group*	Subsidiary
Gorzow Development Kft	Hungary	-	100,00%	Not in the Group	Subsidiary
Gorzow Retail Spzoo	Poland	-	100,00%	Not in the Group	Subsidiary
Grünes Wohnen Holding GmbH	Germany	-	100,00%	Not in the Group	Subsidiary
K4 Dél Kft	Hungary	-	100,00%	Not in the Group	Subsidiary
K4 Towers Holding Kft	Hungary	-	50,00%	Not in the Group	Joint venture
Piccadilly Capital Investment Spzoo	Poland	-	100,00%	Not in the Group	Subsidiary
Portfolio Real Estate Hungary Ingatlanfejlesztési Kft.	Hungary	72,37%	62,85%	Subsidiary	Subsidiary
Spektrum Glasgow Spv Limited	United Kingdom	100,00%	100,00%	Subsidiary	Subsidiary
BP1 Második Ütem Zrt.	Hungary	72,37%	-	Subsidiary	Not in the Group

BP1 Harmadik Ütem Zrt.	Hungary	72,37%	-	Subsidiary	Not in the Group
Corvin Innovation Campus Zrt.	Hungary	72,37%	-	Subsidiary	Not in the Group

* The entities merged into Futureal Development Holding Kft. on 17.06.2020.

Please also refer to Note 4 and Note 5 about critical judgments and significant accounting policies.

Entity name	Place of operation	Share of ownership & voting rights at 01.01.2019	Nature of relationship 01.01.2019
Futureal Holding BV	Netherlands	-	Not in the Group
FR Irodák Holding Kft.	Hungary	n/a	**Temporary parent company***
FutInvest Hungary Kft.	Hungary	n/a	**Temporary parent company***
Futureal Real Estate Holding Limited	Malta	n/a	**Temporary parent company***
Argo Properties N.V.	Netherlands	24,22%	Associate
Bochenka GP Spzoo	Poland	100,00%	Subsidiary
BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	Hungary	43,94%	Subsidiary
Budapesti Nagybani Piac Zrt.	Hungary	33,02%	Associate
Cordia Agent Kft	Hungary	84,82%	Subsidiary
Cordia Homes Holding Limited	Malta	82,40%	Subsidiary
Cordia Magyarország Zrt.	Hungary	84,82%	Subsidiary
Cordia Marina Garden Management Kft.	Hungary	85,08%	Subsidiary
CORDIA Sales and Marketing Kft.	Hungary	100,00%	Subsidiary
Cordia Terrace Madárhegy Kft.	Hungary	84,82%	Subsidiary
Cordia Terrace Residence Kft.	Hungary	84,82%	Subsidiary
Corvin 4 Irodaház Kft.	Hungary	84,82%	Subsidiary
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Hungary	-	Not in the Group
Corvin Telek 125 Ingatlanforgalmazó Kft. (BP1 Első Ütem Kft.)	Hungary	-	Not in the Group
CPRD Gamma Kft.	Hungary	25,58%	Associate
EDEN Holding Kft	Hungary	100,00%	Subsidiary
FGPP Group Finance Kft.	Hungary	100,00%	Subsidiary
Finext Funds Luxemburg SICAF-SIF - Family Office	Luxemburg	0,00%	Joint venture
Finext Global 1 Részalap	Hungary	85,08%	Subsidiary
Finext Global 2 Részalap	Hungary	85,08%	Subsidiary
Finext Nyrt.	Hungary	-	Not in the Group
Finext Optimum 1 Részalap	Hungary	85,08%	Subsidiary
FR UK Holdco 1 Limited	United Kingdom	-	Not in the Group
Fut Financing Pool Kft	Hungary	100,00%	Subsidiary
Fut Financing Pool Poland GP Spzoo	Poland	100,00%	Subsidiary
Fut Financing Pool Poland GP Spzoo Bochenka Ska	Poland	50,00%	Joint venture
Futureal 1 Ingatlanbefektetési Alap	Hungary	82,40%	Subsidiary
Futureal Belváros Ingatlanfejlesztő Kft.	Hungary	85,08%	Subsidiary

Futureal Béta Ingatlanforgalmazó Kft.	Hungary	-	Not in the Group
Futureal Development 7 Sp. z o.o.	Poland	-	Not in the Group
Futureal Development Holding Kft.	Hungary	85,08%	Subsidiary
Futureal Management Kft	Hungary	82,40%	Subsidiary
FUTUREAL Munkavállalói Résztulajdonosi Program	Hungary	85,08%	Subsidiary
Futureal New Ages Ingatlanfejlesztő Kft.	Hungary	-	Not in the Group
Futureal New Times Ingatlanfejlesztő Kft.	Hungary	85,08%	Subsidiary
Futureal Office Development 1 Alap	Hungary	53,56%	Joint venture
Futureal Prime Construction Kft.	Hungary	-	Not in the Group
Futureal Prime Properties Construction Kft. (Corvin 7 Irodaház Projekt Ingatlanfejlesztő Kft.)	Hungary	-	Not in the Group
Futureal Prime Properties Részalap 1	Hungary	82,40%	Subsidiary
Futureal Prime Properties Részalap 2	Hungary	82,40%	Subsidiary
Futureal Prime Properties Részalap 4	Hungary	82,40%	Subsidiary
Futureal Prime Properties Zrt.	Hungary	85,08%	Subsidiary
Futureal Property Group Kft	Hungary	85,08%	Subsidiary
Futureal Spain Kft. (Cordia Spain Kft., Cordia Property Management Kft.)	Hungary	85,08%	Subsidiary
Futureal Zéta Kft	Hungary	100,00%	Subsidiary
Gloreman Zrt	Hungary	82,40%	Subsidiary
Gorzow Develpoment Kft	Hungary	100,00%	Subsidiary
Gorzow Retail Spzoo	Poland	100,00%	Subsidiary
Grünes Wohnen Holding GmbH	Germany	100,00%	Subsidiary
IOLO OWEN Kft.	Hungary	85,08%	Subsidiary
K4 Dél Kft	Hungary	100,00%	Subsidiary
K4 Észak Kft	Hungary	50,00%	Joint venture
K4 Towers Holding Kft	Hungary	50,00%	Joint venture
Kockázati Portfolio Kft	Hungary	85,08%	Subsidiary
Laming Thomson Kft	Hungary	82,40%	Subsidiary
Lynx 2003. Kft.	Hungary	85,08%	Subsidiary
PATRoffice Real Estate GmbH (Grünes Wohnen Immobilien GmbH)	Germany	100,00%	Subsidiary
Piac Invest Kft	Hungary	85,08%	Subsidiary
Piccadilly Capital Investment Spzoo	Poland	100,00%	Subsidiary
Portfolio Real Estate Hungary Ingatlanfejlesztési Kft.	Hungary	-	Not in the Group
Rubicon 45 Kft.	Hungary	85,08%	Subsidiary
Spektrum Glasgow Spv Limited	United Kingdom	-	Not in the Group

2. Basis of preparation and statement of compliance

This IFRS consolidated interim financial information for the half-year reporting period ended 30 June 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting .Since the Group has not yet prepared its first time IFRS consolidated financial statements (please see more details on this below), this IFRS consolidated interim financial information is not a condensed financial statement, but includes all the disclosures required by IFRS as adopted by the European Union (‘IFRS’).

As of 31 December 2019, the parent company published its statutory company financial statements under Dutch GAAP and it was not required to prepare consolidated financial statement. It’s ultimate parent, FR Group B.V. published IFRS consolidated financial statements as of 31 December 2019.

The IFRS consolidated interim financial information were authorized by the Boards of Directors of Futureal Holding BV on 1st of March 2021.

Seasonality of operations has no significant impact on the IFRS consolidated interim financial information.

The parent company prepares its company financial statements according to Dutch GAAP, the subsidiaries operating in Hungary prepare their separate financial statements mainly according to the Hungarian Accounting Standards 2000. C. (the HAS), the subsidiaries operating in Poland prepare their separate financial statements in accordance with accounting policies specified in the Polish Accounting Act dated 29 September 1994 with subsequent amendments and the regulations issued based on that Act (all together: ‘Polish Accounting Standards’). Some of the regulations in the Hungarian or Polish accounting standards are different from IFRS. These IFRS consolidated interim financial information include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRSs as adopted by EU.

The preparation of IFRS consolidated interim financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the IFRS consolidated interim financial information in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the IFRS consolidated interim financial information are disclosed in Note 5.

3. Basis of consolidation

Capital reorganization

Futureal Holding BV was founded on 4 June 2019 as part of a group reorganization.

The purpose of the reorganization was to establish one common group for the already existing Futureal entities dealing with commercial property development. Before the reorganisation there have been no single controlling entity over these companies, but three sub-groups existed. All three sub-groups consisted of operating projects, financing and holding companies engaged in developing and renting out commercial properties and office buildings, selling completed office buildings. The former three sub-groups are as follows:

- FR Irodák Holding Kft. (founded on 4 April 2007) and its subsidiaries

This sub-group consisted of several companies including property construction project companies, real estate funds and holding companies. This sub-group also included the overall group management company (Futureal Management Kft.) and an advertising agency. The group management company provided management and engineering services for the companies in all the three sub-groups. The group management company also had the key management personnel who is responsible for strategic and operational management decisions for all the three sub-groups.

- FutInvest Hungary Kft. (founded on 2 May 2017) and its subsidiary

This sub-group consisted of two companies – the parent company (holding) and a subsidiary dealing only with financing of related parties. The companies in this sub-goup had no employees, management services were provided by group management company (i.e. being part of FR Irodák Holding Kft. sub-group).

- Futureal Real Estate Holding Ltd ("FREH Ltd" – founded on 7 October 2006) and its subsidiaries

This sub-group consisted of several operating companies - including property construction project companies, real estate funds and holding company, but it did not have any employees. Construction project companies operated with external service providers. Management services were provided by group management company (i.e. being part of FR Irodák Holding Kft. sub-group as explained above).

The group structure has been reorganized by establishing a new holding company (Futureal Holding BV) and by contributing or selling the shares of the parent entities of the three sub-groups. Futureal Holding BV has been registered in the Netherlands on 4th of June 2019, which became the new intermediate parent company of the three sub-groups - as a result of a capital contribution and share purchase transactions finalized by October 2019 (i.e. 7 October 2019 is the date for completing the reorganization). All the transactions were at fair market values.

After the reorganization, Péter and Gábor Futó remained the ultimate controlling parties of the companies, there have been no changes in the ultimate ownership structure. Therefore, the combination is a transaction between entities under common control.

As 'FR Irodák Holding Kft.', 'FutInvest Hungary Kft.' and 'FREH Ltd' had a single set of management, management considers these groups as a single reporting entity and as a business as there are several companies in the groups that have employees, other economic resources and operational processes producing outputs (e.g. management services, advertising services). Futureal Holding BV is a new company set up to effect the combination of entities under common control and as a newly established intermediate holding company it did not meet the definition of a business.

Management believes that the combination of the new company and the single reporting entity does not meet the definition of a business combination under IFRS 3. Since the transaction is not a business combination, IFRS 3 was not applied. The transaction is accounted for as a capital reorganisation in these consolidated financial statements.

Based on this, the following accounting treatment was applied:

- Futureal Holding BV's consolidated financial statements include 'FR Irodák Holding Kft.', 'FutInvest Hungary Kft.' and 'FREH Ltd' groups' full consolidated results (including comparatives), even though the reorganisation occurred only in 2019. This reflects the period over which the same ultimate controlling parties had control.
- The consolidated assets and liabilities of the three sub-groups are incorporated at their pre-combination carrying amounts without fair value uplift as there has been no substantive economic change.
- The first full set of IFRS consolidated interim financial information of Futureal Holding BV will have three balance sheets (1 January 2019, 31 December 2019, 31 December 2020) with the related two income statements (2019 and 2020).
- New goodwill was not recorded on the transaction. Any difference between the investment amount at Futureal Holding BV and the carrying value of the net assets was recorded in equity, in accumulated deficit.

The effect of capital reorganisation on accumulated deficit as of 7 October 2019 (see Note 17(d)).

In EUR	
Investment at Futureal Holding BV	
FR Irodák Holding Kft.	- 1 264 000
FutInvest Hungary Kft.	- 46 098 792
FREH	- 36 800 000
	- 84 162 792
Share capital	
FR Irodák Holding Kft.	12 731
FutInvest Hungary Kft.	310 721
FREH	108 750
	432 202
Share premium	
FR Irodák Holding Kft.	4 183 748
FutInvest Hungary Kft.	46 641 434
FREH	17 892 990
	68 718 172
Difference recorded in accumulated deficit	**15 012 418**

Consolidation

These IFRS consolidated interim financial information comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Consolidated financial statements are prepared using uniform accounting policies for similar transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are fully eliminated, except where there are indications for impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. As these transactions meet the exception definition as of IAS 12.15.b deferred tax related to the acquisition is not recognized at the transaction date. In case the business combination is between parties under common control the difference between the fair value of the assets and liabilities acquired and the consideration paid is accounted for in the other capital if it arose from a transaction with owners in their capacity as owners based on the analysis of the substance.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Changes in group structure

The details of the entities whose financial statements have been included in these IFRS consolidated interim financial information, the percentage of economic ownership held by the owners of the parent Company and the classification of investments as at 30 June 2020 and 31 December 2019, are presented in note 1. Background and business of the Company (in the 'Group structure' section).

In case of all subsidiaries the Group has more than 50% of the voting rights. Please refer to Note 17(e) for more details about entities and related parties with significant non-controlling interest balances.

Futureal Holding BV Group established the following entities in 2019:

Newly established entities	Location	Business
FR UK Holdco 1 Limited	United Kingdom	Letting and operating of own or leased real estate
Spektrum Glasgow Spv Limited	United Kingdom	Letting and operating of own or leased real estate

Futureal Holding BV Group acquired the following entities in 2019:

In line with the accounting policy of the Group, all the acquisitions in 2019 were considered to be asset acquisitions, because the acquired entities did not meet the definition of business under IFRS 3. No goodwill was recognized as a result of the transactions. Please refer to Note 3 and 4 for detailed description of the related accounting policy and Note 3 for further details about the acquisitions.

Newly acquired entities	Date of acquisition
Finext Group	
Finext Nyrt.	2019.05.20
AFM Ingatlanfejlesztő Projekt Kft.	2019.05.20
Corvin 5 Projekt Ingatlanfejlesztő Kft.	2019.05.20
CORVIN ÉSZAK Kft.	2019.05.20
Corvin Telek 125 Ingatlanforgalmazó Kft.	2019.05.20
Corvin Towers Kft.	2019.05.20
Futureal Béta Ingatlanforgalmazó Kft.	2019.05.20
Futureal New Ages Ingatlanfejlesztő Kft.	2019.05.20
Portfolio Real Estate Hungary Ingatlanfejlesztési Kft.	2019.05.20
Futureal Prime Properties Construction Kft. (Corvin 7 Irodaház Projekt Ingatlanfejlesztő Kft.)	2019.05.20
Futureal Development 7 Sp. z o.o.	2019.09.10
Futureal Prime Construction Kft.	2019.09.26

As of 20 May 2019 Gloreman Zrt. (fully consolidated subsidiary of the Group) purchased 73.869% of Finext Nyrt. shares and obtained control over Finext Nyrt. and its subsidiaries from this date.

Futureal Holding BV Group disposed the following entities in 2019:

Disposed entities	**Date of disposal**
AFM Ingatlanfejlesztő Projekt Kft.	2019.06.29
CORVIN ÉSZAK Kft.	2019.06.29
Corvin Towers Kft.	2019.06.29
Cordia Homes Group	
Cordia Homes Holding Limited	2019.12.19
Futureal Prime Properties Részalap 2	2019.12.19
Futureal Prime Properties Részalap 4	2019.12.19
Futureal Office Development 1 Alap *(Joint venture)*	2019.12.19
Laming Thomson Kft	2019.12.19
Cordia Magyarország Group	
Cordia Magyarország Zrt.	2019.12.06
Cordia Agent Kft	2019.12.06
Cordia Terrace Madárhegy Kft.	2019.12.06
Cordia Terrace Residence Kft.	2019.12.06
Corvin 4 Irodaház Kft.	2019.12.06
IOLO OWEN Kft.	2019.12.06
Kockázati Portfolio Kft	2019.12.06
Lynx 2003. Kft.	2019.12.06
Piac Invest Kft	2019.12.06
Rubicon 45 Kft.	2019.12.06
Budapesti Nagybani Piac Zrt. *(Associate)*	2019.12.06
CPRD Gamma Kft. *(Associate)*	2019.12.06
Finext Global 1 Részalap	2019.12.18
Finext Optimum 1 Részalap	2019.05.28
Futureal Prime Properties Zrt.	2019.09.19
Futureal Spain Kft.	2019.03.21
PATRoffice Real Estate GmbH (Grünes Wohnen Immobilien GmbH)	2019.01.01

All the disposed entities in 2019 were real estate project companies or holding entities with no embedded process and no staff employed. Management company of Futureal remained within the Group for the whole period covered these consolidated financial statements. Based on this, Management believes that none of them meets the definition of a business and they are not considered to be discontinued operations under IFRS 5. Please refer to Note 20 for more details about related party transactions.

Futureal Holding BV Group established the following entities in 2020:

Newly established entities
Budapest One Második Ütem Kft
Budapest One Harmadik Ütem Kft
Corvin Innovation Campus Zrt

Futureal Holding BV Group acquired the following entities in the first half-year of 2020:

Newly acquired entities	**Date of acquisition**
Futureal Prime Properties Részalap 2	2020.03.10
Futureal Prime Properties Részalap 3	2020.03.10
Futureal Prime Properties Részalap 4	2020.03.10

In line with the accounting policy of the Group, all the acquisitions in the first half-year of 2020 were considered to be asset acquisitions, because the acquired entities did not meet the definition of business under IFRS 3. No goodwill was recognized as a result of the transactions. Please refer to Note 3 and 4 for detailed description of the related accounting policy and Note 3 for further details about the acquisitions.

Futureal Holding BV Group disposed the following entities in the first half-year of 2020:

Disposed entities	Date of disposal
BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	2020.06.16
EDEN Holding Kft	2020.05.29
CORDIA Sales and Marketing Kft.	2020.05.29
Fut Financing Pool Kft	2020.05.29
Fut Financing Pool Poland GP Spzoo	2020.05.29
Bochenka GP Spzoo	2020.05.29
Gorzow Development Kft	2020.05.29
Gorzow Retail Spzoo	2020.05.29
Piccadilly Capital Investment Spzoo	2020.05.29
Grünes Wohnen Holding GmbH	2020.06.26
K4 Dél Kft	2020.06.15

All the disposed entities in the first half-year of 2020 were real estate project companies or holding entities with no embedded process and no staff employed. Management company of Futureal remained within the Group for the whole period covered these consolidated financial statements. Based on this, Management believes that none of them meets the definition of a business and they are not considered to be discontinued operations under IFRS 5. Please refer to Note 20 for more details about related party transactions.

First time adoption of IFRS (IFRS 1)

Based on IFRS, where IAS 34 interim financial statements are published, and they cover part of the period presented in an entity's first IFRS financial statements, IFRS 1 applies to those interims. (IFRS 1 para 32).

The consolidated IFRS financial statements to be prepared as at 31 December 2020 will be the Company's first annual consolidated financial statements that comply with IFRS. The Company's IFRS transition date is 1 January 2019. Subject to certain exceptions, IFRS 1 requires retrospective application of the version of standards and interpretations effective as of 31 December 2020 in preparing the opening IFRS consolidated statement of financial position at 1 January 2019 and throughout all periods presented in its first IFRS consolidated interim financial information .

The Group has not issued consolidated financial statements under the previous GAAP in prior reporting periods, therefore direct reconciliation between the previous GAAP and IFRS is not feasible. A reconciliation between the parent company's separate financial statements prepared under previous GAAP and the Group's IFRS consolidated interim financial information does not carry any added value, as the parent company represents insignificant part in the Group's operation.

The former three sub-groups before the capital reorganization (detailed in Note 3) have not prepared consolidated financial statements in prior reporting periods either. Furthermore, as former parent entities issue their separate financial statements under different GAAP (Hungarian Accounting Standards and IFRS), preparation of consolidated financial statements of the sub-groups under one previous GAAP would not be feasible and a reconciliation between the financial statements prepared under previous GAAP and the IFRS consolidated interim financial information would not result in additional relevant information. Based on this consideration the Group does not present any reconciliation between the previous GAAP and the IFRS consolidated interim financial information .

The general requirement of IFRS 1 is full retrospective application of all accounting standards effective at the end of an entity's first IFRS reporting period (31 December 2020). IFRS 1 has two categories of exceptions to full retrospective application – mandatory exceptions and optional exemptions.

Mandatory exceptions from full retrospective application in accordance with IFRS 1:

a) Derecognition of financial assets and liabilities. First-time adopters prospectively apply the derecognition criteria for non-derivative financial assets and liabilities under IFRS 9, from the date of transition to IFRS standards onwards. Non-derivative financial assets and liabilities that were derecognised under previous GAAP, before the date of transition to IFRS standards, will remain derecognised; therefore, those transactions would not have to be reconstructed. The Group did not elect to retrospectively apply the derecognition requirements in IFRS 9.
b) Hedge accounting. The Group did not apply hedge accounting as of the transition date.
c) Estimates. Estimates made should be consistent with those made under previous GAAP, unless the bases adopted are not compliant with IFRS standards. Hindsight cannot be used for estimates, either at the date of transition (1 January 2019) or at any point during the comparative period, including the end of the comparative year (31 December 2019).
d) Non-controlling interests. The Group must apply the following requirements of IFRS 10 prospectively from the date of transition to IFRS standards: the requirement that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance; the requirements for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and the requirements for accounting for a loss of control over a subsidiary, and the related requirements.
e) Classification and measurement of financial assets. The classification and measurement guidance in IFRS 9 must be applied, based on facts and circumstances existing at the transition date.
f) Embedded derivatives. The Group does not have embedded derivatives.
g) Government loans. The Group does not have any government loans.
h) Impairment of financial assets. The Group applies the impairment requirements of IFRS 9 retrospectively. The Group uses reasonable and supportable information to determine the credit risk at the date when the financial instruments were initially recognised, and to compare that to the credit risk at the date of transition to IFRS standards.

The Group elected to apply the following optional exemptions from full retrospective application in accordance with IFRS 1:

a) Cumulative translation differences. The Group set cumulative translation differences (CTDs) on all foreign operations to zero on transition. Subsequently, CTDs are recorded in accordance with IAS 21 and then transferred to the income statement as part of any gain or loss on disposal.

4. Significant accounting policies

(a) Basis of measurement

The IFRS consolidated interim financial information have been prepared on a going concern basis, applying a historical cost convention except for the measurement of those financial assets that have been measured at fair value through profit or loss, and investment properties which were measured using the fair value model under IAS 40 *Investment property* and investments measured using the equity method.

The methods used to measure fair values for the purpose to prepare the IFRS consolidated interim financial information are discussed further in Note 18.

The Group has a strong balance sheet, very high liquidity and an experienced management team which together are the key factors significantly mitigating the effects of the Covid-19 pandemic. During 2020 and up till February 2021 the Group's construction sites in all countries of the Group's operations are progressing normally, no material discounts are granted to tenants and there have been no breaches of the covenants till date and the directors, with the current knowledge, do not expect this to occur.

(b) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated interim financial information are presented in Euros, which is the parent company's functional currency and the Group's presentation currency.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss for the year. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance costs and finance income respectively. All other foreign exchange gains and losses are presented net also in the income statement within finance costs and finance income respectively.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences from translating the separate financial statements of foreign operations to the Group's presentation currency are included in equity, in Currency translation reserves.

(c) Investment and development properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment and development property. Investment and development property also includes property that is being constructed or developed for future use as investment and development property.

Investment and development property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment and development property is carried at fair value. Investment and development property that is being redeveloped for continuing use as investment and development property, or for which the market has become less active, continues to be measured at fair value. Investment and development property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment and development properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

It may sometimes be difficult to determine reliably the fair value of the investment and development property under construction. In order to evaluate whether the fair value of an investment and development property under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- the development risk specific to the property;
- past experience with similar construction; and
- status of construction permits.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment and development property being valued. These valuations form the basis for the carrying amounts in the IFRS consolidated interim financial information.

The fair value of investment and development property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment and development property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognised in the income statement. Investment and development properties are derecognised when they have been disposed of. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment and development property.

If an investment and development property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment and development property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the income statement.

Where an investment and development property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

(d) Revenue

Revenue from sale of real estate

In case the Group sells properties classified as inventory and not investment and development property, income is recognized as revenue. In accordance with IFRS 15, revenue is recognized when control over the property is transferred to the customer. Control over the property is transferred when customer takes possession over the sold property.

Rental income and service revenue

In addition to revenue from sale of real estate, the Group's revenue also includes rental income in scope of IFRS 16, while service revenue mainly consists of management fees, and other services provided to tenants (e.g. cleaning, maintenance, public utilities). Service revenue under the scope of IFRS 15 is recognized over time.

Agent vs. principal considerations

Determining whether the Group is the principal or an agent in an arrangement can require judgment. Based on IFRS 15, management assesses the following indicators when deciding on this question:

- Who is primarily responsible for fulfilling the promise to provide the specified good or service? This typically includes responsibility for acceptability of the specified good or service (for example, primary responsibility for the good or service meeting customer specifications). If the Group is primarily responsible for fulfilling the promise to provide the specified good or service, this may indicate that the other party involved in providing the specified good or service is acting on the Group's behalf.
- The Group has inventory risk before the specified good or service has been transferred to a customer, or after transfer of control to the customer (for example, if the customer has a right of return).
- The Group has discretion in establishing the prices for the specified goods or service. Establishing the price that the customer pays for the specified good or service may indicate that the Group has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits. However, an agent can have discretion in establishing prices in some cases.

(e) Financial instruments

Classification and measurement

Financial assets

All financial assets under IFRS 9 are to be initially recognised at fair value, plus or minus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument.

IFRS 9 has two measurement categories: amortised cost and fair value. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met, as described below.

If the financial asset is a debt instrument (or does not meet the definition of an equity instrument in its entirety), management should consider the following assessments in determining its classification:

- The entity's business model for managing the financial asset.
- The contractual cash flows characteristics of the financial asset.
- A financial asset should be subsequently measured at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; ‘principal’ and ‘interest’.
- A financial asset should be subsequently measured at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model whose objective is achieved by both holding financial assets in order to collect contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

If the financial asset does not pass the business model assessment and SPPI criteria, or the fair value option is applied it is measured at FVTPL. This is the residual measurement category.

The Group’s business model refers to how an entity manages its financial assets in order to generate cash flows. IFRS 9 prescribes two business models: holding financial assets to collect contractual cash flows; and holding financial assets to collect contractual cash flows and selling. FVTPL is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into any of the two prescribed business models.

Investments in equity instruments are always measured at fair value. Equity instruments that are held for trading (including all equity derivative instruments, such as warrants and rights issues) are required to be classified at FVTPL, with dividend income recognised in profit or loss.

For all other equities within the scope of IFRS 9, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss.

Futureal Group’s financial assets are debt instruments that are measured at amortized cost because those are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and contractual term of the financial asset gives rise to cash flows that pass the SPPI test.

Financial liabilities

Futureal Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. It is, therefore, necessary to measure those contractual rights and obligations on initial recognition.

All financial liabilities in IFRS 9 are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability.
There are two measurement categories for financial liabilities: fair value, and amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL or an entity has opted to measure a liability at FVTPL.

Short-term trade payables are initially measured at their transaction price, where the effect of discounting would be immaterial, consistent with the requirements of paragraph 8 of IAS 8.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

The amortised cost of a financial asset or financial liability is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The Group has interest rate swaps measured at fair value, see the details in Note 16(j).

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and presented in the statement of financial position as a net amount when the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Group applies IFRS 9 impairment model to:

- investments in debt instruments measured at amortised cost;
- investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- all loan commitments not measured at fair value through profit or loss;
- financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at fair value through profit or loss; and
- lease receivables that are within the scope of IFRS 16, 'Leases', trade receivables and contract assets within the scope of IFRS 15 that give rise to a conditional right to consideration.

The model does not apply to investments in equity instruments.

The entity follows the rules of IFRS 9 outlines a 'three-stage' model ('general model') for impairment based on changes in credit quality since initial recognition:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the entity) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

Inter-company loans within the scope of IFRS 9 are considered to be low credit risk when they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded or when the issuer has a strong capacity to meets its contractual cash flow obligation in the near term.

Based upon historical performance and forward-looking information the loans granted are considered to be low risk and therefore the general model with a 12-month expected credit losses is calculated.

On an annual basis an assessment is performed in order to identify any subsequent credit deterioration of a counterparty which might lead to change the expected credit loss from a 12-month probability default to a lifetime probability default.

This assessment consists mainly of assessing the financial performance of the counterparties and checking of the interest payments are current and in line with the relevant loan agreements.

For trade receivables, contract assets and lease receivables the Group applies simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.

For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. As a practical expedient, a provision matrix is be used to estimate ECL for these financial instruments. Provision matrix is not applicable for cases, where the Group has objective evidence about financial difficulties of the partner (e.g. customer enters into insolvency process). In these cases, impairment is recorded based on an individual assessment. These items are not material for the Group and they are evaluated on a case-by-case basis.

(f) Derivatives and hedging activities

At the beginning of the financial year (i.e. as of 1 January 2020), the Group decided to designate and document its existing interest rate swap contracts as hedging instruments. Hedge accounting is applied prospectively from the date that all hedge accounting criteria are met, which includes the documentation at inception of the hedge accounting relationship. As of 1 January 2019 and 31 December 2019 no hedge accounting was applied.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain interest rate swaps as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 16(j). Movements in the hedging reserve in shareholders' equity are shown in Note 17(c).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other finance income/(expense).

(g) Trade and other receivables

Financial assets recognized in the consolidated statement of financial position as trade receivables are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. As rental fees are received in advance, trade receivables presented in the consolidated statement of financial position are not material and no expected credit loss is recognised.

(h) Receivables from related parties

Financial assets recognized in the consolidated statement of financial position as receivables from related parties consist of contract amount receivable in the normal business activity for goods and services, as well as loans granted to affiliates. Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

(i) Receivables from third parties

Financial assets recognized in the consolidated statement of financial position as receivables from third parties consist of loans granted to third parties. Receivables from third parties – similarly to receivables from related parties – are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from third parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less, except for collateralized deposits, treasury bills if those are considered highly liquid assets with no significant risk furthermore the advance payment received from customers for project financing purposes if withdraw process is considered perfunctory.

The overdrafts are shown in current liabilities in borrowings line.

The Group has restricted customer advance payments and non-liquid bank deposits which are presented as Restricted cash balances in the consolidated statement of financial position (see Note 16(e)).

(k) Trade and other payables

Trade payables are contract amount payable in the normal business activity for goods and services. Trade payables are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(l) Liabilities to related parties

Liabilities to related parties are contract amount payable in the normal business activity for goods and services, as well as loans payable to affiliates. Liabilities to related parties are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

Liabilities to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(m) Loans and borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down (and should be calculated with in the effective interest calculation and the amortized cost of the loan). In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(n) Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

ii. Depreciation

Depreciation is calculated on the straight-line basis over the estimated useful life of each component of an item of property and equipment.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Buildings: 50 years;
- Equipments: 7 years;
- Fixtures and fittings: 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date, and adjusted prospectively since the beginning of the following year, if appropriate.

(o) Leases

The Group as lessee

The group leases various offices and parking place. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequently, right-of-use assets,are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

As the Group applies the fair value model in IAS 40 Investment Property to its investment property, the Group also applies that fair value model to right-of-use assets that meet the definition of investment property in IAS 40.

Payments associated with short-term leases and leases of low-value assets are wholly immaterial.

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

The Group separates lease components and service components of a contract and applies the lease accounting requirements only to the lease components.

The Group as lessor

Properties leased under operating leases are presented as investment and development properties in the consolidated statement of financial position, rental fees received are presented as rental income in revenue.

The Group pays commissions to sales agents after lease agreements. Commissions are capitalized in the cost of investment and development properties. Lease incentives are accounted for as a rental income decreasing item linearly during the lease term.

(p) Inventories

Inventories include real estate developed for sale. Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred relating to the construction of a project.

Project construction costs include:

- land or leasehold rights for land;
- construction costs paid to the general contractor building the residential project;
- planning and design costs;
- perpetual usufruct fees and real estate taxes incurred during the period of construction;
- borrowing costs to the extent they are directly attributable to the development of the project
- professional fees attributable to the development of the project;
- construction overheads and other directly related costs.

(q) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's or a cash generating unit's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(r) Equity

i. Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

ii. Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

iii. Currency translation reserve

Currency translation reserve includes exchange differences from translating the separate financial statements of foreign operations to the Group's presentation currency.

iv. Other reserve

Other reserve includes the impact of cash-flow hedge transactions.

(s) Dividend distribution

Dividend distribution to the parent company's shareholders is recognized as a liability in the Group's IFRS consolidated interim financial information in the period in which the dividends are approved.

(t) Borrowing costs

Borrowing costs directly attributable to the inventory of properties which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized equals the gross interest incurred on those borrowings. Interest is capitalized as from the commencement of the development work until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(u) Interest income and expense

Interest income and expense are recognized within `finance income' and `finance expense' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalized as part of the cost of that asset. The Group has chosen to capitalize borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not. Properties built in property development projects are considered to be qualifying assets for the Group.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in other comprehensive income or equity - in which case, the tax is also recognized in other comprehensive income or equity.

The Group based on the operation of the mother company considers the following taxes as income tax defined by IAS 12:

- corporate income tax;
- local trade tax;
- innovation duty.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the IFRS consolidated interim financial information. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group established a tax-efficient legal structure, as the property development funds and subfunds are not obliged to pay income taxes under the current laws and regulations, therefore the Group's effective tax rate is low (please see effective tax reconciliation in Note 14).

(w) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(x) Amounts withheld for guarantees

Amounts withheld for guarantees is the contractual amount that the Group withholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Group's warranty rights. At the end of the warranty period, the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

5. Use of estimates and critical judgments

The Group's estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

5.(a) Estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Fair value of investment and development properties

As measurement of the fair value of investment and development properties is based on management judgements and assumptions, the actual fair value can significantly differ from the estimated value. Fair value is estimated by the Group, but an independent valuation expert with relevant industrial experience is involved as well. This valuation was conducted on the basis of greater valuation uncertainty than normal due to the Novel Coronavirus (COVID-19) outbreak. The uncertainty relates to the unknown future and the fact that COVID-19 might have an impact on the real estate market.

Investment and development properties where development is completed and fair value can be reliably measured, the fair value is determined based on market prices. In case on investment and development properties where fair value cannot be reliably measured (the market is inactive when, for example, there are no recent transactions or available prices), the property is measured at cost less depreciation and impairment.

Measurement of fair value of investment and development properties under construction requires significant estimations. The Group and the independent valuation expert consider future development costs expected to incur before completion in the estimation.

If both future development costs expected to incur before completion and markup would increase/decrease by 10%, fair value of investment and development properties under construction would decrease/increase by 29 143 415 EUR as at 30 June 2020 (31 December 2019: it was 33 143 314 EUR).

The fair value is determined using a discounted cash flow model based on future estimated cash flows. Cash flows related to the properties are discounted applying the market interest rate.

Management judgements and assumptions related to the measurement of the fair value of investment and development properties are detailed in Note 15(a).

5.(b) Critical judgments

Group reorganization

The current group structure is a result of the reorganization finalized by establishing Futureal Holding BV and contributing/selling the shares of FR Irodák Holding Kft., FutInvest Hungary Kft. and FREH Ltd. into this entity.

Management believes that the combination of the new intermediate holding company Futureal Holding BV. and the three subs-groups does not meet the definition of a business combination under IFRS 3. Since the transaction is not a business combination, IFRS 3 was not applied. The transaction is accounted for as a capital reorganisation in these IFRS consolidated interim financial information.

Please refer also to Note 3 for detailed explanation and accounting policy.

Acquisitions of subsidiaries under common control

As described in note 1. Background and business of the Company (in the 'Group structure' section), the Group has acquired several entities in 2020 and in 2019.

All subsidiaries have been acquired from entities under common control, because the ultimate controlling party (Gábor Futó and Péter Futó) did not change as a result of the transaction.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Since the acquired entities are all real estate project entities or holding entities, their significant assets are the properties, the related receivables and cash. On the liability side, the significant items are bank loans and loans from other related parties. They do not have employees. Management and construction services are provided by external parties to the project entities. Please also refer to Note 20 about transactions with related parties.

Based on the above, Management believes that none of the acquisitions in 2020 and in 2019 meet the definition of business combinations are required by IFRS 3. Instead, they are recorded as asset acquisitions. The cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. As these transactions meet the exception definition as of IAS 12.15.b deferred tax related to the acquisition is not recognized at the transaction date.

Management confirms that purchase prices of entities acquired in common control transactions reflect their fair market value. Any difference between the purchase and the fair of the net assets might arise because date of calculating the price and obtaining the control over the subsidiary might be slightly different. In 2020 and in 2019 there were no such case.

Please see below the most important information about acquisitions in the first half-year 2020 (data in EUR).

Acquisitions

Consideration paid	197 841
Net assets of subsidiaries acquired	206 372

Consideration paid for the acquisition of subsidiaries net of cash acquired presented in the consolidated statement of cash flows:

Consideration paid	197 841
Cash and cash equivalents acquired	- 134 665
Consideration paid net of cash acquired	63 176

Please see below the most important information about acquisitions in 2019 (data in EUR). In 2019, the only significant acquisition was the purchase of Finext Nyrt. and it's subsidiaries (also referred as "Finext Group"), where the non-controlling interest was measured at its proportionate share of net assets of the acquired entities.

Acquisition of Finext Group

Consideration paid	87 832 196
Non-controlling interest (26,13%)	31 068 841
Net assets of subsidiaries acquired	118 901 037

Consideration paid for the acquisition of subsidiaries net of cash acquired presented in the consolidated statement of cash flows:

Consideration paid	87 832 196

Cash and cash equivalents acquired	- 2 671 571
Consideration paid net of cash acquired	85 160 626

Functional currency

The Group determined functional currency of group companies considering the indicators in IAS 21.9-10. Based on the indicators in IAS 21 management believes that indicators are mixed, and the functional currency is not obvious, therefore management used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

On the market of Hungarian office buildings, sales price of the properties and rental fees are determined in Euro. This is in line with the Hungarian real estate industry practice, where the accepted functional currency is the Euro. Tenants are almost exclusively Hungarian subsidiaries of international companies, who do not consider Hungarian Forint as the relevant primary currency. Project companies are financed in Euro with certain exceptions. Management believes, based on the above, Euro represents most faithfully the economic effects of the underlying transactions, events and conditions in case of subsidiaries operating in the market of Hungarian office buildings. In case of other subsidiaries, the functional currency is the currency of the country where they are registered.

Presentation currency of the consolidated financial statements is the Euro, as both users of the financial statements and market participants assess transactions in this currency, and this facilitates comparability with the financial statements of other companies in the industry.

6. Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. The adoption of these standards are not expected to have material impact on the financial statements.

- IFRS 14, Regulatory deferral accounts (issued in January 2014, the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB. The EU endorsement is postponed as IASB effective date is deferred indefinitely.)
- IFRS 17 Insurance contract (issued on May 2017, the EU has not yet endorsed the changes).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020, the EU has not yet endorsed the amendments).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, the EU has not yet endorsed the amendments).
- IAS 16: 'Property, Plant and Equipment (PP&E) – Proceeds before Intended Use' issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022
- IAS 37: 'Onerous Contracts – Cost of Fulfilling a Contract' issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022
- IFRS 3: 'Reference to the Conceptual Framework' issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020 affecting IFRS 1, IFRS 9, IFRS 16 and IAS 41 issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020.

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020, the EU has endorsed the amendments).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020, the EU has endorsed the amendments).
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020, the EU has endorsed the amendments).
- COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020

These standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

7. Revenue

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Revenue from sale of real estate	48 918 558	0
Total sales revenue	**48 918 558**	**0**

In 2020, revenue from sale of real estate include the sale of an office building in the amount of EUR 48,918,558. The contract did not contain a significant financing element. Cost of sold real estate inventories include the cost of the office building in the amount of EUR 48,188,354.

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Rental income	2 217 715	1 627 550
Other rental income	1 223 639	788 978
Other sales income	0	141 099
Total rental income	**3 441 354**	**2 557 627**

Lease payments received in relation to operating leases under IFRS 16 are presented as Rental income. Other rental income includes other revenue items related to rental activities, such as public utilities and property management fees invoiced to the lessees. Other sales income included revenues from renting flats in 2019.

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Management fee	20 832	1 738 360
Income from intermediary services	500 670	109 350
Other revenue	1 522 187	1 519 813
Total service revenue	**2 043 689**	**3 148 821**
Total revenue	**54 403 601**	**5 706 448**

In the beginning of 2020 most of the management activities were taken over by the Hungarian branch office of FR Management Partnership BV. As this entity is 99% outside of the consolidation group, the management fee decreased considerably.

8. Cost of sales

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Costs of goods sold and services provided	48 497 233	104 749
Total cost of goods sold and services provided	**48 497 233**	**104 749**

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Utilities	641 612	333 372
Taxes	132 094	93 322
Other direct costs of rental and operation	625 173	178 447
External services	798 743	1 808
Total direct costs of rental and operation	**2 197 622**	**606 949**

Rental fees invoiced by the Group include costs directly attributable to rental activities such as public utilities, taxes (e.g. land and buildings, property management fees and other operating expenses including maintenance, security expenses. As the Group can only recover costs allocated to the rented areas, the Group is considered to be the principal in the transaction therefore presents revenue and related costs separately in accordance with IFRS 15.

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Depreciation and amortisation	14 457	124 448
Intermediary services	0	288 940
Other property related costs	406 448	61 134
Total other property related costs	**420 906**	**474 522**
Total cost of sales	**51 115 761**	**1 186 220**

Other property related costs mainly include depreciation of Property, plant and equipment, cost of intermediary services, and other expenses mainly including commissions.

9. Selling and marketing expenses

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Advertising	6 842	17 396
Marketing	0	386 803
Sales cost	209 827	488 838
Total selling and marketing expenses	**216 670**	**893 038**

10. Administrative expenses

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Depreciation and amortisation	638 044	130 721
Personnel expenses and external services	29 862	3 739 377
Accounting and audit fees	96 360	104 930
Professional services	191 482	596 904
External services	1 344 341	495 323
Bank fees and other charges	0	19 514
Other administrative expenses	14 620	219 280
Total administrative expenses	**2 314 709**	**5 306 049**

The majority of personnel expenses are related to staff of the Hungarian management company, Futureal Management Kft. In the beginning of 2020 most of the management activities were taken over by the Hungarian branch office of FR Management Partnership BV. As this entity is 99% outside of the consolidation group, the personnel expenses has decrease significantly and the external services increased.

11. Other income

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Net gain (loss) on non-current assets sold	23 953	0
Reversal of impairment losses	75 218	0
Gain on sale of subsidiary, joint ventures and associates	0	7 623 534
Gain on revaluation of other investments	0	7 062 000
Other income	39 593	29 797
Total other income	**138 764**	**14 715 332**

The Group sold a subsidiary in Germany, PATRoffice Real Estate GmbH with a gain of EUR 7,623,534.

In 2019, the Group purchased non-controlling interest in a related party from the ultimate beneficial owner. Due to the group restructuring, in the same year all the interest held was sold to other related parties with a gain of EUR 7,062,000.

12. Other expenses

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Non-income taxes	50 541	101 035
Impairment losses	27 760	16 902
Loss on sale of subsidiary, joint ventures and associates	13 995	4 574 363
Fines, penalties	326 895	13 430
Donations	535 067	0
Other Expense	27 948	927 162
Total other expense	**982 206**	**5 632 892**

Donations are provided to hospitals, local municipalities and other non-profit organizations to support their work against the Covid-19 pandemic situation.

13. Finance income and expense

For the half-year ended 30 June: *In EUR*	**2020**	**2019**
Interest income	**144 132**	**477 173**
Realised exchange difference	1 713 302	2 134 855
Unrealised exchange difference	3 700 491	0
Other	356 601	0
Other finance income	**5 779 394**	**2 134 855**
Total finance income	**5 923 526**	**2 612 028**
Interest expense	956 663	408 606
Interest on lease liabilities	35 515	0
Interest expense	**992 178**	**408 606**
Bank charges	395 703	1 085 578
Realised exchange difference	6 083 541	864 801
Unrealised exchange difference	5 813 535	0
Other	976 645	1 824 822
Other finance expense	**13 269 424**	**3 775 201**
Finance expense	**14 261 602**	**4 183 807**
Net finance income / (expense)	**- 8 338 076**	**-1 571 779**

Please refer to Note 16(a) about loans granted to related parties, which generates most of the interest income. Interest expense is recognized mainly for bank and related party loans. Please also refer to Note 16(f) about loans and Note 16(g) about liabilities to related parties.

Other financial expenses include the result of interest rate swaps related to loan agreements in the amount of EUR 863,443 (EUR 1,751,994 for the period ending as of 30 June 2019). See further details in Note 16(j).

Exchange differences are connected to transactions in foreign currency. Foreign exchange gains and losses resulting from the settlement of such transactions are presented as realised exchange differences, gains and losses resulting from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are presented as unrealized exchange differences. Foreign exchange gains and losses resulting from intercompany loan payments and revaluations can not be netted according to IFRS, therefore these amounts are shown separately in finance income and finance expense.

14. Income tax

For the half-year ended 30 June: *In EUR*	2020	2019
Corporate income tax	35 305	136 523
Local business tax	52 618	- 53 525
Innovation contribution	0	- 8 042
Total current tax expense / (benefit)	**87 923**	**74 956**
Deferred tax	46 168	- 6 281
Total deferred tax expense / (benefit)	**46 168**	**- 6 281**
Total income tax expense / (benefit)	**134 091**	**68 677**

Finext Nyrt. and it's subsidiaries are registered as entities qualifying for the Real Estate Investment Trust ("REIT") status under the Hungarian regulations. From this date these entities are entitled for a reduced taxation scheme.

Reconciliation of effective tax rate

For the half-year ended 30 June: *In EUR*		2020	2019
Profit / (loss) for the period		3 636 687	21 594 117
Total income tax expense / (benefit)		134 091	68 677
Profit / (loss) before income tax		**3 770 778**	**21 525 440**
Expected income tax using the Hungarian tax rate (9%)		***395 262***	***1 943 471***
Tax effect of:			
Not recognized deferred tax asset for tax loss carried forward	*a)*	1 510 525	3 758 674
Difference in tax rates	*b)*	292 732	6 305 079
Difference due to investment funds and entities under Real Estate Investment Trust	*c)*	-2 118 008	-807 450
Non-taxable income	*d)*	0	-11 144730
Other income tax	*e)*	52 490	0
Other	*f)*	1 089	13 633
Tax expense for the period		**134 091**	**68 677**
Effective tax rate		3,29%	0,32%

a) This line includes the impact of tax losses with no deferred tax recognized.

b) Since the substantially all the companies are under Hungarian taxation, we applied the Hungarian statutory rate (9%) for calculating the expected tax income. This line includes the impact of different tax rates used at foreign entities (Poland and Malta). Cordia Homes Group has been disposed in December 2019 (please refer also to Note 3). This causes the significant changes compared the prior period.

c) Hungarian investments funds are not subject to income tax. Finext Nyrt. and it's subsidiaries are registered as entities qualifying for the Real Estate Investment Trust ("REIT") status under the Hungarian regulations and are entitled for a reduced taxation scheme.

d) Capital gains derived from the sale of an investment registered by the tax authorities are not subject to income tax. For further details about the sale of investments please see the note 3. Basis of consolidation (in the 'Changes in group structure' section). After the restructuring in 2020, these items where wholly immaterial.

e) This line mainly includes the impact of Hungarian local business tax, which is also classified as income tax based on IAS 12.

f) Other differences contain non-deductible expenses and foreign exchange differences. None of these items are material separately.

The Group established a tax-efficient legal structure, as the property development funds and subfunds are not obliged to pay income taxes under the current laws and regulations, therefore the Group's effective tax rate is low.

15. Non-financial assets and liabilities

This note provides information about the group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability:

- Investment and development property (note 15(a))
- Property, plant and equipment (note 15(b))
- Lease liabilities (note 15(c))

15.(a) Investment and development property

For the half-year ended 30 June *In EUR*	**2019**
Fair value at 1 January	**104 802 989**
Additions	19 415 278
Borrowing cost capitalized	133 871
Acquisition of subsidiaries	86 313 288
Net gain/loss from fair valuation	6 559 843
Currency translation adjustments	-221 183
Fair value at 30 June	**217 004 086**

For further details about Acquisition of subsidiaries please see the note 3. Basis of consolidation (in the 'Changes in group structure' section).

For the half-year ended 30 June: *In EUR*	**2020**
Fair value at 1 January	**356 959 506**
Additions	45 104 898
Borrowing cost capitalized	1 489 933
Disposals - Right-of-use asset IFRS 16	-57 035
Net gain/loss from fair valuation	12 196 730
Fair value at 30 June	**415 694 032**

The fair value of investment properties located in Hungary is 386 177 531 EUR as at 30 June 2020 (as at 31.12.2019: 326 455 077 EUR; 01.01.2019: 104 802 989 EUR), remaining properties with a fair value of 29 516 501 EUR as at 30 June 2020 (as at 31.12.2019: 30 504 429 EUR; 01.01.2019: 0 EUR) are located outside of Hungary.

Futureal Group is developing its current properties to be leased out under operating lease agreements and hold the properties for a long period of time.Though, this does not exclude the Group selling them in the future as part of Futureal group's ongoing business. Futureal group and its predecessors have been historically successful in leasing out and selling investment properties and the long-term objective is the same for the future. The timing of exit depends on the speed of stabilization of the property, current and expected market conditions, potential target to develop a group of properties to be sold together as a portfolio, neighborhood or platform, etc.

Disclosures related to fair value measurement of the investment and development properties:

in EUR

30 June 2020	**Properties under construction for rental purposes**	**Lands**	**Individually not significant properties**
Valuation method	Residual amount	Residual amount/ Residual amount+ Comparable price method	Residual amount
Balance sheet classification	Investment and development property	Investment and development property	Investment and development property
Fair value	308 005 075	53 810 000	53 878 958
Area (m^2)	93 064	77 026	31 985
Sensitivity for yield			
0.25%	-7 867 830	-9 967 128	-
-0.25%	8 087 945	10 870 875	-
Sensitivity for rental fees			
5%	9 571 570	12 073 111	-
-5%	-9 571 570	-12 073 111	-

in EUR

31 December 2019	**Properties under construction for rental purposes**	**Lands**	**Individually not significant properties**
Valuation method	Residual amount	Residual amount/ Residual amount+ Comparable price method	Residual amount
Balance sheet classification	Investment and development property	Investment and development property	Investment and development property
Fair value	273 775 130	30 005 847	53 178 529
Area (m^2)	97 694	73 869	31 985
Sensitivity for yield			
0.25%	-10 104 411	-7 653 987	-
-0.25%	10 652 210	8 098 638	-
Sensitivity for rental fees			
5%	17 648 118	11 180 423	-
-5%	-17 676 407	-11 180 481	-

in EUR

1 January 2019		**Properties under construction for rental purposes**	**Lands**	**Individually not significant properties**
Valuation method		Residual amount	Residual amount/ Residual amount+ Comparable price method	Residual amount
Balance sheet classification		Investment and development property	Investment and development property	Investment and development property
Fair value		67 899 092	-	36 903 897
Area (m^2)		55 000	-	31 985
Sensitivity for yield				
	0.25%	-8 423 425	-	-
	-0.25%	9 175 516	-	-
Sensitivity for rental fees				
	5%	10 276 578	-	-
	-5%	-10 276 578	-	-

	Intervals 30.06.2020	**Intervals 31.12.2019**	**Intervals 01.12.2019**
Margin	5,75-7,75%	5,75-7,75%	6,00-6,25%
Office ERV	11,5-18,0	11,5-18,0	15-16,3
Office rental fee (€/m^2)	11,5-18,0	11,5-18,0	15-16,3
Store space rental fee (€/m^2)	10,00-130,00	10,00-130,00	14,61-28
Warehouse rental fee (€/m^2)	2,00-10,00	2,00-10,00	7,00

Amounts recognized in the statement of profit and loss in relation with investment and development properties:

For the half-year ended 30 June:

in EUR	**2020**	**2019**
Rental income from operating lease	3 441 354	2 557 627
Direct operating expenses	- 2 197 622	- 606 949
Fair value gain recognised	12 196 730	6 559 843
Amounts recognised in PL for investment and development properties	**13 440 462**	**8 510 521**

In accordance with the IFRS 13 standard, all resulting fair value estimates for investment and development properties are included in level 3 of the fair value hierarchy.

The investment and development property balance sheet line contains the following amounts relating to leases:

For the period ended 30 June 2019 *In EUR*	**Rights of perpetual usufruct of land**
Balance at 1 January	**0**
Additions to right of use assets	0
Fair value change	0
Currency translation difference	0
Closing balance	**0**

For the period ended 30 June 2020 *In EUR*	**Rights of perpetual usufruct of land**
Balance at 31 December 2019	**721 857**
Additions to right of use assets	0
Fair value change	- 57 034
Currency translation difference	- 1
Closing balance	**664 822**

15.(b) Property, plant and equipment

In EUR	Buildings	Machinery and vehicles	Furniture, fittings and equipment	Assets under construction	Total
Cost or deemed cost					
Balance at 1 January 2019	5 332 580	2 358 737	391 419	0	8 082 736
Additions	0	142 116	122 837	77 395	342 348
Sale of subsidiaries	-5 015 417	0	0	0	-5 015 417
Currency translation difference	619	0	0	0	619
Closing balance at 30 June 2019	**317 782**	**2 500 853**	**514 256**	**77 395**	**3 410 286**
Balance at 1 January 2020	6 658 207	2 500 853	393 247	202 470	9 754 777
Acquisition	0	371 252	0	0	371 252
Addition	347 203	11 357	208 880	58 288	625 728
Sale of subsidiaries	-25 527	- 1 243 338	0	0	- 1 268 865
Sale	0	- 277 139	0	0	- 277 139
Lease modification	- 358 002	0	0	0	- 358 002
Currency translation difference	- 693 670	0	0	0	- 693 670
Closing balance at 30 June 2020	**5 928 211**	**1 362 985**	**602 127**	**260 758**	**8 154 081**
Depreciation and impairment losses					
Balance at 1 January 2019	8 665	1 381 755	322 151	0	1 712 571
Sale of subsidiaries					
Depreciation charge for the period	1 073	184 976	7 600	0	193 649
Closing balance at 30 June 2019	**9 738**	**1 566 731**	**329 751**	**0**	**1 906 220**
Balance at 1 January 2020	280 197	709 808	335 293	0	1 325 298
Depreciation	403 402	227 043	7 599	0	688 044
Sale of subsidiaries	- 5 456	- 21 445	0	0	0
Currency translation reserve	0	- 48 628	- 27 597	0	- 76 225
Sale	0	- 112 024	0	0	- 112 024
Closing balance at 30 June 2020	**678 143**	**754 754**	**315 295**	**0**	**1 748 192**
Carrying amounts					
At 1 January 2019	5 323 915	976 982	69 268	0	6 370 165
At 31 Dec. 2019	6 838 348	941 684	57 954	0	7 837 986
Closing balance at 30 June 2020	**5 250 068**	**608 231**	**286 832**	**260 758**	**6 405 889**

The property, plant and equipment balance sheet line contains the following amounts relating to leases:

In EUR	**Buildings**	**Total**
Cost or deemed cost		
Balance at 1 January 2019	**0**	**0**
Additions to right of use assets	0	0
Closing balance at 30 June 2019	**0**	**0**
Balance at 1 January 2020	**6 442 047**	**6 442 047**
Lease modification	- 358 002	- 358 002
Additions to right of use assets	0	0
Termination of contracts	0	0
Currency translation difference	- 437 646	- 437 646
Closing balance at 30 June 2020	**5 646 399**	**5 646 399**
Depreciation and impairment losses		
Balance at 1 January 2019	**0**	**0**
Depreciation charge for right of use assets	0	0
Termination of contracts	0	0
Closing balance at 30 June 2019	**0**	**0**
Balance at 1 January 2020	**- 274 741**	**- 274 741**
Depreciation charge for right of use assets	- 403 402	- 403 402
Termination of contracts	0	0
Closing balance at 30 June 2020	**- 678 143**	**- 678 143**
Carrying amounts		
At 1 January 2019	0	0
Closing balance at 30 June 2019	**0**	**0**
At 31 December 2019	6 167 306	6 167 306
Closing balance at 30 June 2020	**4 968 256**	**4 968 256**

The Group leases office and parking space from third-parties.

15.(c) Lease liabilities

This note provides information for leases where the group is a lessee.
For the half-year ended 30 June:

In EUR	**2020**	**2019**
Opening balance	**6 891 753**	**0**
Recognition of new lease liability	50 453	0
Lease modification	- 358 002	0
Interest expense	58 053	0
Foreign exchange difference	423 208	0
Currency translation adjustment	- 485 023	0
Repayment of lease liability	- 492 898	0
Total closing balance	**6 087 544**	**0**
Closing balance includes:		
Long-term lease liabilities	957 383	0
Short-term lease liabilities	5 130 161	0
Total closing balance	**6 087 544**	**0**

The statement of profit or loss shows the following amounts relating to leases except for depreciation charges and fair value changes of the right-of-use assets:
For the half-year ended 30 June:

In EUR	*Note*	**2020**	**2019**
Interest expense	*13*	35 821	0
Expense relating to short-term leases	*10*	0	0
Expense relating to leases of low-value assets that are not shown above as short-term leases	*10*	420 214	0
Expense relating to variable lease payments not included in lease liabilities	*10*	0	0

The total cash outflow for leases was 438 156 EUR in 2020 and it was EUR 0 in 2019 half-year.

15.(d) Inventory

For the half-year ended 30 June 2020

In EUR	**30.06.2020**	**31.12.2019**	**01.01.2019**
Total inventories at the lower of cost or net realizable value	**34 937**	**49 440 489**	**9 600 704**

At the end of 2019, inventories include the Corvin 6 development project of Corvin 5 Projekt Kft in the amount of EUR 48,512,860. The project was sold after year end (in February 2020) based on a contract signed in November 2018. In the contract, the Group undertook an obligation not to engage in activities related to rights and obligations regarding the property.

Write-down revaluating the inventory

The company internally assessed the net realizable value of the inventory and decreased the value when the net realizable value was lower than the cost amount. During the half-year ended 30 June 2020 the Group performed an inventory review regarding to its valuation to net realizable value. As a result, during the half-year ended 30 June 2020, the Group did not make any write-down adjustment.

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

In case of ‘Corvin 6’ development project, sales price of the sales transaction in February 2020 had been known at the end of 2019, therefore net realizable value was determined based on actual sales price, and not on an estimated selling price. No write-down adjustment was necessary.

16. Financial assets and financial liabilities

This note provides information about the group's financial instruments, including:
- an overview of all financial instruments held by the group
- specific information about each type of financial instrument.

The group holds the following financial instruments:

As at 30 June 2020

In EUR	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets	**259 377**	**1 829 342**	**2 088 719**
Loans receivables from third parties			
Other long-term financial assets	250 083	-	250 083
Restricted Cash	-	1 829 342	1 829 342
Long-term derivative financial assets	9 294	-	9 294
Current financial assets	-	108 210 576	108 210 576
Trade and other receivables	-	8 118 931	8 118 931
Short-term receivables from related parties	-	2 518 810	2 518 810
Short-term receivables from third parties	-	11 102 450	11 102 450
Cash and cash equivalents	-	50 979 556	50 979 556
Restricted Cash	-	35 490 829	35 490 829
Total financial assets	**259 377**	**110 039 918**	**110 299 295**

As at 30 June 2020

In EUR	Financial liabilities at FV through P/L	Financial liabilities at amortized cost	Total
Non-current financial liabilities	**-**	**141 232 241**	**141 232 241**
Long-term liabilities to related parties	-	-	-
Loans and borrowings	-	136 500 108	136 500 108
Tenant deposits	-	1 838 327	1 838 327
Amounts withheld for guarantees	-	2 893 806	2 893 806
Current financial liabilities	**7 530 702**	**29 465 940**	**33 266 574**
Short-term liabilities to related parties	-	275 728	275 728
Loans and borrowings	-	1 405 773	1 405 773
Trade and other payables	-	27 784 439	27 784 439
Derivative financial liabilities	7 530 702	-	3 800 634
Total financial liabilities	**7 530 702**	**170 698 181**	**174 498 815**

As at 31 December 2019

In EUR	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets	**527 224**	**953 010**	**1 480 234**
Loans receivables from third parties	0	13 010	13 010
Other long-term financial assets	527 224	0	527 224
Restricted Cash	0	940 000	940 000
Current financial assets	**0**	**141 210 823**	**141 210 823**
Trade and other receivables	0	12 482 279	12 482 279
Short-term receivables from related parties	0	27 060 708	27 060 708
Short-term receivables from third parties	0	34 873 191	34 873 191
Cash and cash equivalents	0	49 718 663	31 225 928
Restricted Cash	0	17 075 982	35 568 717
Total financial assets	**527 224**	**142 163 833**	**142 691 057**

As at 31 December 2019

In EUR	Financial liabilities at FV through P/L	Financial liabilities at amortized cost	Total
Non-current financial liabilities	**0**	**126 936 415**	**126 936 415**
Long-term liabilities to related parties	0	2 371	2 371
Loans and borrowings	0	122 414 270	122 414 270
Tenant deposits	0	1 513 042	1 513 042
Amounts withheld for guarantees	0	3 006 732	3 006 732
Current financial liabilities	**3 418 756**	**87 817 847**	**91 236 603**
Short-term liabilities to related parties	0	41 117 259	41 117 259
Loans and borrowings	0	22 860 056	22 860 056
Trade and other payables	0	23 840 532	23 840 532
Derivative financial liabilities	3 418 756	0	3 418 756
Total financial liabilities	**3 418 756**	**214 754 262**	**218 173 018**

As at 1 January 2019

In EUR	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets	**525 264**	**13 905 091**	**14 430 355**
Long-term receivables from related parties	0	13 796 918	13 796 918
Loans receivables from third parties	0	108 173	108 173
Other long-term financial assets	525 264	0	525 264
Restricted Cash	0	0	0
Current financial assets	**24 412 109**	**123 918 140**	**148 330 249**
Trade and other receivables	0	4 937 281	4 937 281
Short-term receivables from related parties	0	54 712 483	54 712 483
Short-term receivables from third parties	0	35 773 761	35 773 761
Cash and cash equivalents	0	24 339 595	24 339 595
Other short-term financial assets	24 412 109	0	24 412 109
Restricted Cash	0	4 155 020	4 155 020
Total financial assets	**24 937 373**	**137 823 231**	**162 760 604**

Ast at 1 January 2019

In EUR	Financial liabilities at FV through P/L	Financial liabilities at amortized cost	Total
Non-current financial liabilities	0	**35 723 457**	**35 723 457**
Long-term liabilities to related parties	0	13 987 402	13 987 402
Loans and borrowings	0	20 913 351	20 913 351
Tenant deposits	0	636 260	636 260
Amounts withheld for guarantees	0	186 444	186 444
Current financial liabilities	**253 220**	**229 077 672**	**229 330 892**
Short-term liabilities to related parties	0	212 837 234	212 837 234
Loans and borrowings	0	1 204 146	1 204 146
Trade and other payables	0	15 036 292	15 036 292
Derivative financial liabilities	253 220	0	253 220
Total financial liabilities	**253 220**	**264 801 129**	**265 054 349**

16. (a) Receivables from related parties

The table below presents the breakdown of receivables from the related parties:

In EUR	**30.06.20120**	**31.12.2019**	**01.01.2019**
Loans granted	339 344	25 437 445	61 506 268
Trade receivables	126 729	416 831	4 051 212
Accrued revenue	557 641	577 444	936 971
Accrued interest receivables	98 826	0	137 533
Consideration receivable from sale of investment	1 037 070		
Other receivables	359 199	628 988	1 877 417
Total closing balance	**2 518 810**	**27 060 708**	**68 509 401**
Closing balance includes:			
Current assets	2 518 810	27 060 708	54 712 483
Non-current assets	0	0	13 796 918

The table below presents the movement in loans granted to related parties during the firs half-years of 2020 and 2019:

In EUR	**2020**	**2019**
Opening balance	**25 437 445**	**61 506 268**
Loans granted	**19 664 292**	**36 989 501**
Loans repaid	**- 44 073 793**	**-13 704 548**
Disposal of subsidiaries	**-688 600**	**0**
Total closing balance	**339 344**	**84 791 221**