Futureal Holding BV

Annual Report
31 December 2020

Contents

Management board's report

Background and business of the Group

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 Group is operating in Hungary, Poland, Malta, United Kingdom and the Netherlands and is active in the investment, development, exploitation, management and restoration of properties.

Group restructuring

Futureal Holding BV was founded on 4 June 2019 as part of a group reorganization and the company is preparing financial statements for the first time. For the details of the group reorganization please refer to the note nr. 3 of the below consolidated financial statements.

Change in Non-controlling interest in 2020

In 2020 the below three capital increases was performed within companies belonging to the group by new minority interest owners:

-	in Hello Parks Hungary B.V.	Finext Consultants Ltd	with 1 000 000 EUR
-	in Hello Parks Group B.V.	QED BV	with 12 500 000 EUR
-	in Hello Parks Group B.V.	Finext Consultants Ltd	with 2 500 000 EUR
-	in Futureal Real Estate Holding Ltd	Futureal Investments Ltd	with 100 EUR

Overview of activities in 2020 per segment

Office and retail

Budapest One Business Park First Phase development was completed by the end of the year; the first tenants moved in in February 2020. The other two phases of Budapest One Business Park are under development and the Group was able to attract new tenants despite the Covid-19 pandemic., including British Telecom and Vodafone for their respective Hungarian headquarters.

Etele Shopping Center which is the newest shopping center in Budapest to be opened in 2021 is attracted well-known brands (including the brands of Inditex ans well as Peek and Cloppenburg) and is positioned to provide an exceptional shopping experience for the customers.

New logistics segment

The Parent company, Futureal Holding BV, begun setting a new logistics development business line called Hello Parks Group in August 2020 as a new subgroup within the entire consolidation group of Futureal Holding BV.

HelloParks has acquired its first two development plots in Fót and Maglód, and has hired a core team of leading professionals to run the business line.

Overview of financial performance in 2020

The operating profit of the Group decreased from EUR 104 million in 2019 to EUR 27 million in 2020 due to fact, that in 2020 the result derived from commercial investment activities decreased and the gain on the fair valuation of investments and the other income and the income from joint ventures and associates were significantly lower.
Due to the pandemic the value of the development properties have not increased as much as in 2019 so the fair value gain on investment properties was EUR 27 639 995 in 2020 compared to the EUR 72 451 195 in the previous year.
The other income decreased significantly due to the restructuring of the Group. Many subsidiaries were sold and the Group realised a total profit of EUR 36 202 360.

The joint ventures and associates activities generated EUR 14 446 802 in 2019 while those shareholdings were sold at the beginning of 2020 and generated a loss of EUR 895.
The Group's total liabilities increased mainly due to the increase in development loans which was partly offset by the decrease of related party liabilities. For further details please refer the relevant notes of the consolidated financial statements.

Significant risks

The Group is prepared to take risks in a responsible and sustainable way that is in line with the interest of its stakeholders.

The principal risks of the Group is the general state of the economies in the countries were the Group is active, credit cycle, space demand for commercial real estate and market values of commercial investment property.

The Group reacted immediately and decisively to the threat related to COVID-19, ensuring continuity of operations with vast majority of staff working remotely by end of March, while March 13 was the home office trial day, and the official home office period started on March 16. The construction sites are closely monitored, and the Group implemented strict measures to avoid any disruption in the normal operation.

Futureal Group is a market leader in Hungary and Poland with a well-experienced management team which has successfully managed in many previous downturns in all the markets (especially in 2008-2009). The Group's management has good grounds to expect that the Group will once again emerge from this crisis with a strengthened market position.

Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.

The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Group financial activities.
Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

Exposure to price risk, credit risk, liquidity risk and cash flow risk

(a) Market risk

(i) Foreign exchange risk
The Group operates in foreign countries with different functional currencies and therefore is exposed to foreign exchange risk, primarily with respect to Euro (for companies in the Group that do not have Euro as functional currency), GBP, Hungarian Forint and Polish Zloty. Foreign exchange risk arises in respect of those recognized monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.
Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency
The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as residential sales revenue) are denominated. This is generally achieved by obtaining loan finance in the relevant currency.
The functional currency of the Company is the Euro and its subsidiaries have different functional currencies depending on the place of activity.

(ii) Price risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities. The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property sales price risk.

(iii) Cash flow and fair value interest rate risks

The group's cash-flow and fair value interest rate risk is predominantly controlled by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and mitigate financial risks in close co-operation with the group's operating units.

The Group's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is generally covered by interest rate swaps.

The external borrowings normally extend well beyond the duration of the project development, hence with limited refinancing risk in place during that period. As of 31 December 2020 the external borrowings are mainly of a long term nature

The management is constantly monitoring the Group's cash-flow forecasts which ensures to cover cash-flow risks. Taking into consideration the current market environment the management expects no interest rate decrease.

Please also refer to Note 17(g) for the main conditions of the loan agreements.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks, trade receivables and loan receivables. Credit is not material in case of cash, since it is held at major international banks. Trade receivables are not material. Loans are mostly granted for companies under common control and they are guaranteed by the parent company or the ultimate owner. Based on this, credit is considered to be minimal for the Group.

(c) Liquidity risk

The cash flow forecast is prepared by the operating units of the Group. The forecasts are summarized by the Group's finance department. The finance department monitors the rolling forecasts on the Group's required liquidity position in order to provide the necessary cash balance for the daily operation. The Group aims to maintain flexibility in funding by keeping committed credit lines for the development projects and to meet the credit covenants. These forecasts take into consideration the Group's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

Future outlook and expected business developments

Futureal's sister company, Cordia International Zrt. has acquired a major development site called Marina City in Budapest with a 1.2 km Danube waterfront and 2 metro stations. Futureal will acquire and develop the office component of this major urban renewal project in the coming years. The office component is expected to reach 80-100.000 GLA to be developed in several phases.

Futureal has launched a new industrial and logistics property development and investment division called HelloParks. HelloParks aims to obtain a leading position in the industrial and logistics property development segment, first in Hungary. The growth of e-commerce and shortening of production and supply chains, relocating them closer to target markets, has significantly increased warehousing needs and the process has been pushed even quicker due to the coronavirus pandemic, with customer and investor interest growing further throughout Europe. In addition to attractive rent and flexible terms, the new HelloParks industrial parks will offer a comprehensive services package, above and beyond the main warehousing functions. As a first step, the company is planning to develop megaparks around Budapest, where customers can operate warehouses as well as light industrial plants Helloparks aim to develop the most efficient and most environmentally friendly industrial facilities at the best price, thereby making HelloParks a dominant player in the market.

The Group expects further growth and profitable operation in its activity in the upcoming years and considering all the opportunities caused by the current pandemic situation to acquire new targets. This will only be done if sufficient liquidity is available or of it is certain that it can be externally financed. Hence, the liabilities will follow the activities of the Group.

The Group does not expect an material change in the number of employees.

Research and development activities

The Group does not have research and development activities.

Covid-19

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity.

The Group has a strong balance sheet, high liquidity and an experienced management team which together are the key factors significantly mitigating the effects of the Covid-19 pandemic.
As at the end of June 2021 the Group's construction sites are progressing normally, and the Group was successful in renting out more than twentythree thousand square meters of office space in the newly built Budapest One office. There have been no breaches of the covenants till date and the directors, with the current knowledge, do not expect this to occur.

Whilst uncertain and not reasonably possible to estimate the future impact, management believes that the impact of COVID-19 would not have a material adverse effect on the financial condition or liquidity of the group especially due to the high liquidity of the Group. Accordingly, management considers it appropriate that the company adopts the going concern basis of accounting in the preparation of the financial statements.

Subsequent events

Futureal Group issued a 10 year amortizing green bond with a nominal value of HUF 55 billion under the Bond Funding for Growth Scheme (BGS) of the National Bank of Hungary (MNB). The majority of the issue (70%) was subscribed by institutional investors. In addition to the MNB, 12 banks, insurers, investment fund managers and assets management companies bought the papers.

Scope has assigned an issuer rating of BB/Stable to the issuing entity Futureal Development Holding Kft. and an issuer rating of BB/Stable to the holding company and guarantor of the contemplated senior unsecured bond Futureal Holding B.V. Scope has also assigned a long-term debt rating on senior unsecured debt of BB.

The Finext Vagyonkezelő Nyrt subgroup of the Futureal Holding BV group acquired a new company called Evern Invest Hungary Kft on 16 April 2021. The new company holds development land plots (cca. 1,000,000 sq m) in Páty, Hungary. The group plans to develop similar logistics parks near Páty as near Fót and Maglód (being all the three cities next to Budapest they are ideal places for this kind of business).This acquisition can be considered as an asset deal.

Amsterdam, 16 July 2021

Directors:

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Zsolt Balázsik	**Mark Bakker**	**Steve Melkman**

Futureal Holding BV
Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

In EUR	*Note*	**2020**	**2019**
Sales revenue from sale of real estate		48 941 774	55 284 806
Rental revenue		8 809 003	5 728 559
Service revenue		4 404 982	6 819 062
Revenue	*7*	**62 155 759**	**67 832 427**
Cost of goods sold and services rendered		-48 644 138	-55 259 259
Direct costs of rental and operation		-4 738 542	-1 482 189
Other property related costs		-1 565 610	-1 227 214
Cost of sales	*8*	**-54 948 290**	**-57 968 662**
Gross profit		**7 207 469**	**9 863 765**
Selling and marketing expenses	*9*	-462 535	-1 489 240
Administrative expenses	*10*	-6 026 774	-10 803 127
Net gain from fair valuation of investment and development properties	*16(b)*	27 639 995	72 451 195
Other income	*12*	423 891	36 304 803
Other expenses	*13*	-1 534 842	-2 090 121
Operating profit		**27 247 204**	**104 237 275**
Interest income	*14*	15 210	1 075 307
Other financial income	*14*	10 511 309	13 440 649
Interest expense	*14*	-2 320 789	-1 582 260
Other financial expense	*14*	-17 641 096	-14 512 226
Net finance profit/(loss)		**- 9 435 366**	**- 1 578 530**
Share of profit/(loss) in joint ventures and associates	*17(m)*	- 895	14 446 802
Profit before taxation		**17 810 943**	**117 105 547**
Income tax expense	*15*	-321 820	-711 510
Profit for the period		**17 489 123**	**116 394 037**
Items that may be reclassified to profit or loss			
Losses on cash flow hedges	*17(l)*	-5 684 987	0
Exchange differences on translating foreign operations		-3 412 331	-6 708 021
Other comprehensive income/(loss) net of tax		**-9 097 318**	**- 6 708 021**
Total comprehensive income for the period		**8 391 805**	**109 686 016**
Total profit/(loss) for the period attributable to:			
owners of the parent		7 438 850	100 771 776
non-controlling interests		10 050 273	15 622 261
Total profit/(loss) for the period		**17 489 123**	**116 394 037**
Total comprehensive income attributable to:			
owners of the parent		-97 068	95 251 495
non-controlling interests		8 488 873	14 434 521
Total comprehensive income for the period		**8 391 805**	**109 686 016**

The notes on pages 15 to 96 are an integral part of these IFRS consolidated financial statements.

Consolidated Statement of Financial Position

In EUR	*Note*	31.12.2020	31.12.2019	01.01.2019
Assets				
Non-current assets				
Intangible assets		325 326	332 819	217 966
Investment and development property	*16(b)*	494 474 339	356 959 506	104 802 989
Property, plant and equipment	*16(c)*	5 959 860	7 837 986	6 370 165
Long-term receivables from related parties	*17(a)*	0	0	13 796 918
Long-term receivables from third parties	*17(b)*	0	13 010	108 173
Investments in Joint Ventures and Associates	*17(m)*	400	34 471 271	32 040 088
Deferred tax assets	*16(f)*	0	47 383	122 670
Restricted cash	*17(f)*	0	940 000	0
Other long-term assets	*17(n)*	10	49 327	145 213
Other long-term financial assets	*17(d)*	232 284	0	0
Long-term derivative financial assets	*17(d)*	3 949	527 224	525 264
Total non-current assets		**500 996 168**	**401 178 526**	**158 129 446**
Current assets				
Inventory	*16(d)*	909	49 440 489	9 600 704
Trade and other receivables	*17(c)*	7 179 442	12 482 278	4 937 281
Short-term receivables from related parties	*17(a)*	20 636 286	27 060 708	54 712 483
Short-term receivables from third parties	*17(b)*	3 693 693	34 873 191	35 773 761
Income tax receivable		68 371	149 903	158 758
Other short-term assets	*16(e),17(n)*	768 614	517 601	261 520
Other short-term financial assets	*17(d)*	0	0	24 412 109
Short-term VAT receivables	*16(g)*	14 929 614	6 967 938	1 027 715
Restricted cash	*17(f)*	31 598 777	17 075 982	4 155 020
Cash and cash equivalents	*17(e)*	56 963 336	49 718 663	24 339 595
Total current assets		**135 839 042**	**198 286 753**	**159 378 946**
Total assets		**636 835 210**	**599 465 279**	**317 508 392**

The notes on pages 15 to 96 are an integral part of these IFRS consolidated financial statements.

Consolidated Statement of Financial Position (cont'd)

In EUR)	*Note*	**31.12.2020**	**31.12.2019**	**01.01.2019**
Equity				
Shareholders' equity				
Share capital	*18(a)*	342 000 000	324 000 000	432 202
Share premium	*18(b)*	0	0	68 718 172
Currency translation reserve		-6 881 534	- 4 714 721	0
Other reserves	*18(c)*	-5 369 105	0	0
Retained earnings	*18(d)*	5 191 586	- 11 294 371	- 39 736 590
Equity attributable to equity holders of the parent		**334 940 947**	**307 990 908**	**29 413 784**
Non-controlling interests	*18(e)*	43 238 234	52 687 311	16 665 072
Total equity		**378 179 181**	**360 678 219**	**46 078 856**
Liabilities				
Non-current liabilities				
Long-term liabilities to related parties	*17(h)*	15 371	2 371	13 987 402
Loans and borrowings	*17(g)*	187 921 593	122 414 270	20 913 351
Tenant deposits	*17(j)*	2 175 990	1 513 042	636 260
Provisions	*16(j)*	35 835	0	0
Amounts withheld for guarantees	*17*	1 977 834	3 006 732	186 444
Lease liabilities	*16(h)*	4 781 576	5 914 172	0
Derivative financial liabilities	*17(l)*	6 278 462	0	0
Total non-current liabilities		**203 186 661**	**132 850 587**	**35 723 457**
Current liabilities				
Short-term liabilities to related parties	*17(h)*	8 824 436	41 117 259	212 837 234
Loans and borrowings	*17(g)*	4 738 036	22 860 056	1 204 146
Tenant deposits	*17(j)*	46 446	0	0
Trade and other payables	*17(i)*	38 232 071	23 840 532	15 036 292
Customer advances	*16(i)*	0	12 475 233	4 556 457
Provisions	*16(j)*	557 205	363 965	36 525
Income tax liabilities	*15*	142 706	350 163	434 791
Other tax liabilities		593 173	532 928	1 347 414
Lease liabilities	*16(h)*	897 672	977 581	0
Derivative financial liabilities	*17(l)*	1 437 623	3 418 756	253 220
Total current liabilities		**55 469 368**	**105 936 473**	**235 706 079**
Total liabilities		**258 656 029**	**238 787 060**	**271 429 536**
Total equity and liabilities		**636 835 210**	**599 465 279**	**317 508 392**

The notes on pages 15 to 96 are an integral part of these IFRS consolidated financial statements.

Consolidated Statement of Changes in Equity

In EUR	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	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	7 438 850	**7 438 850**	10 050 273	**17 489 123**
Other comprehensive income/(loss)	0	0	-2 166 813	-5 369 105	0	**-7 535 918**	-1 561 400	**-9 097 318**
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	9 047 107	**9 047 107**	-11 265 615	**-2 218 508**
Issue to non-controlling interest	0	0	0	0	0	**0**	16 000 100	**16 000 100**
Transactions with owners:	**18 000 000**	**0**	**0**	**0**	**9 047 107**	**27 047 107**	**-17 937 950**	**9 109 158**
Balance at 31 December 2020	**342 000 000**	**0**	**-6 881 534**	**-5 369 105**	**5 191 586**	**337 940 947**	**43 238 234**	**378 179 181**

The significant movements in the equity items presented above are explained in detail in Note 18.

The notes on pages 15 to 96 are an integral part of these IFRS consolidated financial statements

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Accountants N.V.
For identification
purposes only

In EUR	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	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	100 771 776	**100 771 776**	15 622 261	**116 394 037**
Other comprehensive income/(loss)	0	0	-5 520 281	0	0	**-5 520 281**	-1 187 740	**-6 708 021**
Sale of subsidiaries	0	0	805 560	0	0	**805 560**	-14 644 384	**-13 838 824**
Transactions with owners:	0	0	0	0	-57 317 139	**-57 317 139**	-10 067 113	**-67 384 252**
Dividend paid								
Acquisition of Finext Nyrt. and subsidiaries	0	0	0	0	0	**0**	31 123 977	**31 123 977**
Issue to non-contr. interests	0	0	0	0	0	**0**	15 175 238	**15 175 238**
Capital increase	324 000 000	0	0	0	0	**324 000 000**	0	**324 000 000**
Effect of capital reorganisation	-432 202	-68 718 172	0	0	-15 012 418	**-84 162 792**	0	**-84 162 792**
Transaction with owners:	**323 567 798**	**-68 718 172**	**0**	**0**	**-72 329 557**	**182 520 069**	**36 232 102**	**218 752 171**
Balance at 31 December 2019	**324 000 000**	**0**	**-4 714 721**	**0**	**-11 294 371**	**307 990 908**	**52 687 311**	**360 678 219**

The significant movements in the equity items presented above are explained in detail in Note 18.

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Consolidated Statement of Cash Flows

For the years ended 31 December 2020 and 31 December 2019

In EUR	*Note*	2020.01.01-2020.12.31	2019.01.01-2019.12.31
Cash flows from/(used in) operating activities			
Profit/(loss) before taxation for the period		17 810 943	117 105 547
Adjustments to reconcile profit before for taxation to net cash used in operating activities:			
Depreciation	*16(a),16(c)*	649 298	314 145
Provisions	*16(j)*	229 075	0
Other non-cash movements	*	-4 422 406	4 607 965
Capital increase by non-contolling interest	*18(e)*	12 500 000	0
(Profit)/loss on disposal of subsidiaries, associates and joint ventures	*12, 13, 17(m)*	12 658	-29 141 553
Loss on sale of associate and JV	*12, 13, 17(m)*	0	1 203
(Profit)/loss on sale of tangible and intangible assets	*12, 13*	-728 548	-211 411
Net (gain)/loss from valuation of investment and development property	*16(b)*	-27 639 995	-72 451 195
Net finance (income)/expense	*14*	9 436 703	-5 482 267
(Increase)/decrease in inventory	*16(d)*	48 853 220	34 111 924
Share of loss/(profit) in joint venture	*17(m)*	895	-14 446 802
Decrease/(increase) in short-term receivables	*17(a),17(b)*	37 603 920	17 712 482
Decrease/(increase) in trade and other receivables	*17(c)*	5 803 544	-10 640 470
Decrease/(increase) in restricted cash and other assets	*17(f), 17(n)*	-22 853 517	38 331 863
(Decrease)/increase in short-term liabilities	*17(h)*	-51 911 521	-119 658 844
Increase/(decrease) in trade and other payables	*17(i)*	14 606 766	5 070 543
Interest paid	*13*	-7 892 580	-2 221 461
Income tax paid	*15*	-400 812	-849 325
Net cash from/(used in) operating activities		**31 657 643**	**-37 847 656**
Cash flows from/(used in) investing activities			
Proceeds from sale of investment and development property	*16(b)*	728 548	511 596
Acquisitions of investment and development property	*16(b)*	-104 303 047	-19 515 682
Consideration received for disposed subsidiaries net of cash disposed	*12,13*	1 063 116	111 817 821
Consideration paid for the acquisition of subsidiaries net of cash acquired	*12, 13*	-63 176	-85 160 626
Acquisitions of tangible and intangible assets	*16(a),16(c)*	-340 371	- 464 888
Investing in long-term financial assets	*17, 17(d)*	262 916	-37 256 228
Increase in long-term loan receivables	*17(a), 17(b)*	0	-2 432 962
Repayment of long-term loan receivables	*17(a), 17(b)*	13 010	13 892 081
Interest received	*14*	15 210	1 075 307
Purchase of investments accounted for using equity method	*17(m)*	0	-8 320 444
Sale of investments accounted for using equity method	*17(m)*	34 398 470	1 610
Dividend received	*17(m)*	0	1 073 515
Net cash from/(used in) investing activities		**-68 225 324**	**-102 778 900**
Cash flows from/(used in) financing activities			
Proceeds from loans and borrowings	*17(g),17(h)*	89 699 035	114 474 605
Repayment of loans and borrowings	*17(g),17(h)*	-41 403 575	-37 990 646
Capital increase	*18(a)*	18 000 000	154 303 000
Capital increase by non-contolling interest	*18(e)*	3 500 100	0
Purchase of non-controlling shares and investment notes	*18(e)*	-2 461 307	0
Dividend paid	*18(d)*	-22 663 051	-67 384 252
Repayment of lease liabilities	*16(h)*	-492 898	-289 600
(Decrease)/Increase in other liabilities	*17(h), 17(i)*	-365 950	2 892 517
Net cash from financing activities		**43 812 354**	**166 005 624**

Net change in cash and cash equivalents		**7 244 673**	**25 379 068**
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(e)*	**56 963 336**	**49 718 663**

** In 2019 and in 2020 as well the other non-cash movements derive mainly from foreign exchange differences.*

At 31 December 2019 more than 91% of the cash balance was in EUR, therefore the unrealized foreign exchange difference was not material on the cash balances. (at 31 December 2020 more than 88% of the cash balance was in EUR)

Notes to the IFRS consolidated financial statements

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, and United Kingdom '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, earn rental income and benefit from capital increases of the investment property, the Group will lease out the properties under operating lease agreements during the development phase.

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

As of 31 December 2020, the Company has the following owners:
- Futureal Group B.V – 99,16% (place of business: Amsterdam, Netherlands)
- Finext Consultants Ltd. – 0,84% (place of business: Malta)

As of 31 December 2019, the Company had the following owner:
- Futureal Group B.V – 100,00% (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 financial statements 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 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 17(m) for details about joint ventures and associates.

Entity name	Place of operation	Share of ownership & voting rights 31.12.2020	31.12.2019	Nature of relationship 31.12.2020	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
Etele Cinema Kft. (formerly Cordia Marina Garden Management Kft.)	Hungary	0%	85,08%	Subsidiary	Subsidiary
CORDIA Sales and Marketing Kft.	Hungary	-	100,00%	Not in the Group	Subsidiary
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Hungary	73,9%	62,85%	Subsidiary	Subsidiary
BP1 Első Ütem Zrt.	Hungary	73,9%	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	73,9%	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	100%	85,08%	Subsidiary	Subsidiary
Futureal Béta Ingatlanforgalmazó Kft.	Hungary	73,9%	62,85%	Subsidiary	Subsidiary
Futureal Development 7 Sp. z o.o.	Poland	73,9%	62,85%	Subsidiary	Subsidiary
Futureal Development Holding Kft.	Hungary	100%	85,08%	Subsidiary	Subsidiary
Futureal Management Kft	Hungary	100%	85,08%	Subsidiary	Subsidiary
FUTUREAL Munkavállalói Résztulajdonosi Program	Hungary	100%	85,08%	Subsidiary	Subsidiary
Futureal New Ages Ingatlanfejlesztő Kft.	Hungary	73,9%	62,85%	Subsidiary	Subsidiary
Futureal New Times Ingatlanfejlesztő Kft.	Hungary	100%	85,08%	Subsidiary	Subsidiary
Futureal Prime Construction Kft.	Hungary	73,9%	62,85%	Subsidiary	Subsidiary
Futureal Prime Properties Construction Kft. (Corvin 7 Irodaház Projekt Ingatlanfejlesztő Kft.)	Hungary	73,97%	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 Prime Properties Részalap 5	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	73,9%	62,85%	Subsidiary	Subsidiary
Spectrum Glasgow Spv Limited	United Kingdom	100,00%	100,00%	Subsidiary	Subsidiary

FR UK Holdco 1 Limited	United Kingdom	100,00%	100,00%	Subsidiary	Subsidiary
BP1 Második Ütem Zrt.	Hungary	73,9%	-	Subsidiary	Not in the Group
BP1 Harmadik Ütem Zrt.	Hungary	73,9%	-	Subsidiary	Not in the Group
Corvin Innovation Campus Zrt.	Hungary	73,9%	-	Subsidiary	Not in the Group
Etele Plaza Üzemeltető Kft.	Hungary	100,00%	-	Subsidiary	Not in the Group
HelloParks Group BV	The Netherlands	70,00%	-	Subsidiary	Not in the Group
HelloParks Hungary BV	The Netherlands	68,60%	-	Subsidiary	Not in the Group
HelloParks Management Kft.	Hungary	68,60%	-	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.

		Share of ownership & voting rights at	**Nature of relationship**
Entity name	**Place of operation**	**01.01.2019**	**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	50,00%	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

The consolidated financial statements of Futureal Holding BV Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC) and with Part 9 of Book 2 of the Dutch Civil Code. The financial statements are for the group consisting of Futureal Holding BV and its subsidiaries.

In these financial statements the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC) are together defined as 'IFRS'.

Prior to 31 December 2020 the Group did not prepare consolidated financial statements neither under International Financial Reporting Standards as adopted by the EU nor other reporting framework. The Group has decided to use IFRS as adopted by the EU as its basis of preparation. Accordingly, these consolidated financial statements as of 31 December 2020 is prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards ("IFRS 1").

The IFRS consolidated financial statements were authorized by the Boards of Directors of Futureal Holding BV on 16 July 2021.

The parent company prepares its company financial statements according to IFRS, 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 financial statements 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 IFRS.

The preparation of IFRS consolidated financial statements 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 financial statements 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 financial statements 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 in 2019 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-group 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 consolidated financial statements based on IFRS 1 of Futureal Holding BV has 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 retained earnings.

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 financial information comprise the financial statements of the Company and its subsidiaries as at 31 December 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 financial statements, the percentage of economic ownership held by the owners of the parent Company and the classification of investments as at 31 December 2020, 31 December 2019 and 1 January 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 18(e) for more details about entities and related parties with significant non-controlling interest balances.

Futureal Holding BV Group established the following entities in 2020:

Newly established entities	Date of establishment
Budapest One Második Ütem Kft	10.06.2020
Budapest One Harmadik Ütem Kft	10.06.2020
Corvin Innovation Campus Zrt.	10.06.2020
HelloParks Group BV	11.08.2020
HelloParks Hungary BV	11.08.2020
HelloParks Management Kft.	05.10.2020

Futureal Holding BV Group acquired the following entities in 2020:

Newly acquired entities	Date of acquisition
Futureal Prime Properties Részalap 2	10.03.2020
Futureal Prime Properties Részalap 3	10.03.2020
Futureal Prime Properties Részalap 4	10.03.2020
Futureal Prime Properties Részalap 5	05.11.2020
Etele Pláza Üzemeltető Kft.	27.11.2020

In line with the accounting policy of the Group, all the acquisitions in 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.

Entities merged into FDH Ltd.
FR Irodák Holding Kft.
FutInvest Hungary Kft.

Gloreman Zrt.
FGPP Group Finance Kft.
Futureal Property Group Kft.
Futureal Zéta Kft.

Futureal Holding BV Group disposed the following entities in 2020:

Disposed entities	Date of disposal
BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	16.06.2020
EDEN Holding Kft	29.05.2020
CORDIA Sales and Marketing Kft.	29.05.2020
Fut Financing Pool Kft	29.05.2020
Fut Financing Pool Poland GP Spzoo	29.05.2020
Bochenka GP Spzoo	29.05.2020
Gorzow Development Kft	29.05.2020
Gorzow Retail Spzoo	29.05.2020
Piccadilly Capital Investment Spzoo	29.05.2020
Grünes Wohnen Holding GmbH	26.06.2020
K4 Dél Kft	15.06.2020
Etele Cinema Kft.	28.12.2020

All the disposed entities in 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.

Futureal Holding BV Group established the following entities in 2019:

Newly established entities	Location	Business
FR UK Holdco 1 Limited	United Kingdom	Holding company
Spectrum 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.	20.05.2019
AFM Ingatlanfejlesztő Projekt Kft.	20.05.2019
Corvin 5 Projekt Ingatlanfejlesztő Kft.	20.05.2019
CORVIN ÉSZAK Kft.	20.05.2019
Corvin Telek 125 Ingatlanforgalmazó Kft.	20.05.2019
Corvin Towers Kft.	20.05.2019
Futureal Béta Ingatlanforgalmazó Kft.	20.05.2019
Futureal New Ages Ingatlanfejlesztő Kft.	20.05.2019
Portfolio Real Estate Hungary Ingatlanfejlesztési Kft.	20.05.2019
Futureal Prime Properties Construction Kft. (Corvin 7 Irodaház Projekt Ingatlanfejlesztő Kft.)	20.05.2019
Futureal Development 7 Sp. z o.o.	10.09.2019
Futureal Prime Construction Kft.	26.09.2019

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.	29.06.2019
CORVIN ÉSZAK Kft.	29.06.2019
Corvin Towers Kft.	29.06.2019
Cordia Homes Group	
Cordia Homes Holding Limited	19.12.2019
Futureal Prime Properties Részalap 2	19.12.2019
Futureal Prime Properties Részalap 4	19.12.2019
Futureal Office Development 1 Alap *(Joint venture)*	19.12.2019
Laming Thomson Kft	19.12.2019
Cordia Magyarország Group	
Cordia Magyarország Zrt.	06.12.2019
Cordia Agent Kft	06.12.2019
Cordia Terrace Madárhegy Kft.	06.12.2019
Cordia Terrace Residence Kft.	06.12.2019
Corvin 4 Irodaház Kft.	06.12.2019
IOLO OWEN Kft.	06.12.2019
Kockázati Portfolio Kft	06.12.2019
Lynx 2003. Kft.	06.12.2019
Piac Invest Kft	06.12.2019
Rubicon 45 Kft.	06.12.2019
Budapesti Nagybani Piac Zrt. *(Associate)*	06.12.2019
CPRD Gamma Kft. *(Associate)*	06.12.2019
Finext Global 1 Részalap	18.12.2019
Finext Optimum 1 Részalap	28.05.2019
Futureal Prime Properties Zrt.	19.09.2019
Futureal Spain Kft.	21.03.2019
PATRoffice Real Estate GmbH (Grünes Wohnen Immobilien GmbH)	01.01.2019

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.

First time adoption of IFRS (IFRS 1)

The consolidated IFRS financial statements which was prepared as at 31 December 2020 is 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 financial statements.

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 financial statements 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 financial statements 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 financial statements .

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 financial statements 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 financial statements are discussed further in Note 19.

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 June 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 financial statements 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 financial statements.

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, gains or losses arising from the disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the period of the disposal.

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. The Group has not made any contract including significant financing component and variable considerations during 2020 and the same method is expected in the future.

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.

The Group is acting as a principal in all significant revenue streams.

(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 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).

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 simplified approach, 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 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) Provision

Provisions for legal claims are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

In case of similar liabilities the Company estimates the expected resource-outflows probability taking into consideration the whole Company of liability. The provision is recognized even if on the level of the separate similar liabilities belonging to the same Company the probability of resource-outflow is low.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

The Company did not have to make a provision in the financial statements.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) Dividend distribution

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

(u) 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.

(v) 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.

(w) 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 financial statements. 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 15).

(x) 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.

(y) 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.

(z) Investments in joint ventures and associates

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

An associate is an investment over which the investor has significant influence. Significant influence is the power to participate in decision making but not control or joint control.

Joint ventures and associates are accounted for using the equity method.

The equity method presents the investment in the associate or joint venture in a single line in the balance sheet. The investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets ('share of results') and movements in other comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in associates and joint ventures are tested for impairment using the measurement guidance in IAS 36.

(aa) Intangible assets

An intangible asset is defined as "an identifiable non-monetary asset without physical substance". An item should be recognised in the financial statements as an intangible asset if it meets the definition of an intangible asset and it meets the recognition criteria.

The key characteristics of an intangible asset are that it:
- is a resource controlled by the entity from which the entity expects to derive future economic benefits;
- lacks physical substance;

Intangible assets should be measured on initial recognition at cost.
The Group adopted the cost model for intangibles.

An intangible asset should be de-recognised when:
- it is disposed of; or
- no future economic benefits are expected from its use or disposal.

The gain or loss on de-recognition (that is, on disposal or retirement from use) of an intangible asset is the difference between the net disposal proceeds and the carrying amount.

Indefinite-lived intangible assets are tested annually for impairment, irrespective of indicators.

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.

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 including the developer's markup (risk premium for the development) expected to incur before completion in the estimation.

If the future development costs including the developer's markup expected to incur before completion would increase/decrease by 10%, fair value of investment and development properties under construction would decrease/increase by 25 012 714 EUR as at 31 December 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 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 these IFRS consolidated financial statements.

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 (with an insignificant value) 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.

There was no significant acquisition in 2020.

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 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
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

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 did not 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*	**2020**	**2019**
Revenue from sale of real estate	48 941 774	55 284 806
Total Sales revenue	**48 941 774**	**55 284 806**

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 48,644,138.

For the year ended 31 December: *In EUR*	**2020**	**2019**
Rental income	5 605 073	4 218 297
Other rental income	3 203 930	1 510 262
Total Rental revenue	**8 809 003**	**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*	**2020**	**2019**
Management fee	40 741	6 225 688
Income from intermediary services	1 878 275	220 644
Advisory fee	1 630 539	0
Other revenue	846 437	372 730
Total Service revenue	**4 404 982**	**6 819 062**
Total revenue	**62 155 759**	**67 832 427**

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.

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**	**Between 3 and 5 years**	**After 5 years**	**Total**
Total	10 849 326	42 506 775	44 754 790	91 234 221	**189 345 112**

Timing of revenue recognition under IFRS 15:

For the year ended 31 December *In EUR*	**2020**	**2019**
Point in time	48 941 774	55 284 806
Over time	13 213 985	8 329 324
Total	**62 155 759**	**63 614 130**

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

8. Cost of sales

For the year ended 31 December: *In EUR*	**2020**	**2019**
Costs of goods sold	48 644 138	55 259 259
Total cost of goods sold and services provided	**48 644 138**	**55 259 259**

For the year ended 31 December: *In EUR*	**2020**	**2019**
Utilities	1 221 630	853 940
Taxes	334 622	199 827
Other direct costs of rental and operation	2 444 714	403 397
External services	737 577	25 025
Total direct costs of rental and operation	**4 738 542**	**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*	**2020**	**2019**
Depreciation and amortisation	3 282	242 850
Intermediary services	4 570	19 589
Other property related costs	1 557 758	964 775
Total other property related costs	**1 565 610**	**1 227 214**
Total cost of sales	**54 948 290**	**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*	**2020**	**2019**
Advertising	60 791	14 651
Marketing	31 991	917 562
Sales cost	369 753	557 027
Total selling and marketing expenses	**462 535**	**1 489 240**

10. Administrative expenses

For the year ended 31 December: *In EUR*	2020	2019
Depreciation and amortisation	1 272 293	559 258
Personnel expenses and external services	2 057 830	6 565 174
Accounting and audit fees	215 850	491 248
Professional services	191 482	894 993
External services	2 129 316	924 586
Bank fees and other charges	41	36 685
Other administrative expenses	159 962	1 331 183
Total administrative expenses	**6 026 774**	**10 803 127**

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 have decrease significantly and the external services increased. For further details please see note 21.

11. Breakdown of expenses by nature

For the year ended 31 December *In EUR*	2020	2019
Material type expenditures	56 585 137	63 120 261
Employee benefits expenses	3 576 235	6 338 660
Depreciation & amortisation	1 276 227	802 108
Total	**61 437 599**	**70 261 029**

12. Other income

For the year ended 31 December: *In EUR*	**2020**	**2019**
Net gain (loss) on non-current assets sold	13 011	20 948
Reversal of impairment losses	66 522	0
Gain on sale of subsidiary, joint ventures and associates	196 827	29 140 350
Gain on sale of interest in related party	0	7 062 000
Gain on revaluation of other investments	0	16 594
Other income	147 531	64 911
Total other income	**423 891**	**36 304 803**

In 2019 the Group sold several subsidiaries (for a list of them please see Note 3) and the total gain the Group realized on these sales was EUR 29,140,350.

Also 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.

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*	**2020**	**2019**
Non-income taxes	85 098	0
Taxes	137 007	147 374
Impairment losses	20 745	87 145
Loss on subsidiary, joint ventures and associates	26 518	0
Fines, penalties	284 202	330 956
Provisions	234 075	327 440
Extra fit-out costs of sold office building	0	802 216
Donations	543 116	0
Other Expense	204 081	394 990
Total other expense	**1 534 842**	**2 090 121**

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

14. Finance income and expense

For the year ended 31 December: *In EUR*	**2020**	**2019**
Interest income	**15 210**	**1 075 307**
Realised exchange difference	6 617 220	10 805 074
Unrealised exchange difference	3 334 326	1 151 177
Other	559 763	1 484 398
Other finance income	**10 511 309**	**13 440 649**
Total finance income	**10 526 519**	**14 515 956**
Interest expense	2 206 540	1 543 334
Interest on lease liabilities	114 249	38 926
Interest expense	**2 320 789**	**1 582 260**
Bank charges	925 785	1 147 906
Realised exchange difference	10 984 077	7 148 470
Unrealised exchange difference	5 710 279	3 239 691
Other	20 955	2 976 159
Other finance expense	**17 641 096**	**14 512 226**
Finance expense	**19 961 885**	**16 094 486**
Net finance income / (expense)	**- 9 435 366**	**-1 578 530**

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.

In 2020 there was no material cost related to interest rate swaps. In 2019, other financial expenses include the result of interest rate swaps related to loan agreements in the amount of EUR 1,751,994 for the period ending as of 31 December 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.

15. Income tax

For the year ended 31 December: *In EUR*	**2020**	**2019**
Corporate income tax	141 565	444 082
Local business tax	132 872	231 219
Innovation contribution	0	33 699
Total current tax expense / (benefit)	**274 437**	**709 000**
Deferred tax	47 383	2 510
Total deferred tax expense / (benefit)	**47 383**	**2 510**
Total income tax expense / (benefit)	**321 820**	**711 510**

Finext Nyrt. and its 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 year ended 31 December: *In EUR*		**2020**	**2019**
Profit / (loss) for the period		17 489 123	116 394 037
Total income tax expense / (benefit)		321 820	711 510
Profit / (loss) before income tax		**17 810 943**	**117 105 547**
Expected income tax using the Hungarian tax rate (9%)		***1 602 985***	***10 539 499***
***Tax effect of*:**			
Not recognized deferred tax asset for tax loss carried forward	*a)*	1 079 738	3 832 438
Difference in tax rates	*b)*	0	14 920 977
Difference due to investment funds and entities under Real Estate Investment Trust	*c)*	-2 377 615	-7 261 166
Non-taxable income	*d)*	-52 754	-22 005 923
Other income tax	*e)*	115 797	251 098
Other	*f)*	-17 367	434 587
Tax expense for the period		**321 820**	**711 510**
Effective tax rate		1,81%	0,61%

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 its 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.

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 2020 *In EUR*	**Intellectual property and rights**
Cost or deemed cost	
Balance at 1 January 2020	1 110 809
Additions	75 638
Closing balance at 31 December 2020	**1 186 447**
Depreciation and impairment losses	
Balance at 1 January 2020	777 990
Depreciation for the period	83 130
Closing balance at 31 December 2020	**861 120**
Carrying amounts	
At 1 January 2020	332 819
Closing balance at 31 December 2020	**325 326**

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*	**2020**
Fair value at 1 January	**356 959 506**
Additions	104 303 047
Borrowing cost capitalized	5 571 791
Net gain/loss from fair valuation	27 639 995
Fair value at 31 December	**494 474 339**

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**

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

The fair value of investment properties located in Hungary is 464 988 279 EUR as at 31 December 2020 (as at 31.12.2019: 326 455 077 EUR; 01.01.2019: 104 802 989 EUR), remaining properties with a fair value of 29 486 059 EUR as at 31 December 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 an indefinite period of time, which 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

31 December 2020	**Properties under construction for rental purposes**	**Properties operated for rental purposes**	**Lands**	**Individually not significant properties**
Valuation method	Residual amount	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	Investment and development property
Fair value	286 226 600	129 048 835	26 110 000	52 421 553
Area (m²)	127 120	44 750	1 235 053	31 985
Sensitivity for yield				
0.25%	-15 793 093	-3 201 625	-646 982	-
-0.25%	17 125 764	3 270 957	703 243	-
Sensitivity for rental fees				
5%	19 214 029	6 674 264	808 729	-
-5%	-19 163 793	-6 719 581	-808 727	-

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%	-9 832 362	-7 653 987	-
-0.25%	10 489 317	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 31.12.2020	**Intervals 31.12.2019**	**Intervals 01.12.2019**
Margin	5,65-8,00%	5,75-7,75%	6,00-6,25%
Office ERV	14,00-17,00	11,5-18,0	15-16,3
Office rental fee (€/m²)	14,00-17,00	11,5-18,0	15-16,3
Store space rental fee (€/m²)	10,00-100,00	10,00-130,00	14,61-28
Warehouse rental fee (€/m²)	5,00-8,25	2,00-10,00	7,00

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

For the year ended 31 December:

in EUR	**2020**	**2019**
Rental income from operating lease	8 809 003	5 728 559
Direct operating expenses	-5 366 847	- 1 482 189
Fair value gain recognised	27 639 995	72 451 195
Profit from sale of investment and development property	297 636	211 411
Amounts recognised in PL for investment and development properties	**31 379 787**	**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 2020 *In EUR*	**Rights of perpetual usufruct of land**
Balance at 1 January	**721 857**
Additions to right of use assets	0
Fair value change	- 54 506
Currency translation difference	- 1
Closing balance	**667 351**

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

In EUR	Buildings	Machinery and vehicles	Furniture, fittings and equipment	Assets under constructi on	Total
Cost or deemed cost					
Balance at 1 January 2019	5 332 580	2 358 737	391 419	0	8 082 736
Additions	6 539 217	142 116	1 828	202 470	6 683 161
Sale of subsidiaries	-5 015 417	0	0	0	-5 015 417
Currency translation difference	4 297	0	0	0	4 297
Closing balance at 31 December 2019	**6 860 677**	**2 500 853**	**393 247**	**202 470**	**9 757 247**
Balance at 1 January 2020	6 860 677	2 500 853	393 247	202 470	9 957 247
Acquisition	0	0	0	0	0
Addition	0	11 357	40 733	399 979	452 069
Capitalizing assets under construction	0	372 778	0	-372 778	0
Sale	-173 428	- 965 767	-108 113	0	- 1 247 308
Lease modification	- 381 328	0	0	0	- 381 328
Currency translation difference	4 297	0	0	0	4 297
Closing balance at 31 December 2020	**6 310 218**	**1 919 221**	**325 867**	**229 671**	**8 784 977**
Depreciation and impairment losses					
Balance at 1 January 2019	8 665	1 381 755	322 151	0	1 712 571
Sale of subsidiaries	0	0	0	0	0
Depreciation charge for the period	13 664	177 414	13 142	0	204 220
Closing balance at 31 December 2019	**22 329**	**1 559 169**	**335 293**	**0**	**1 916 791**
				0	
Balance at 1 January 2020	22 329	1 559 169	335 293	0	1 916 791
Depreciation	1 172 470	163 779	48 909	0	1 263 573
Sale	- 5 456	- 283 547	-108 113	0	-15 989
Currency translation reserve	0	- 48 628	- 24 006	0	- 72 634
Closing balance at 31 December 2020	**1 189 343**	**1 390 773**	**245 001**	**0**	**654 048**
Carrying amounts					
At 1 January 2019	5 323 915	976 982	69 268	0	6 370 165
At 31 Dec. 2019 / 1 Jan. 2020	6 838 348	941 684	57 954	0	7 837 986
Closing balance at 31 December 2020	**5 120 875**	**528 448**	**80 866**	**229 671**	**5 959 860**

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	6 437 750	6 437 750
Termination of contracts	0	0
Currency translation difference	4 297	4 297
Closing balance at 31 December 2019	**6 442 047**	**6 442 047**
Balance at 1 January 2020	**6 442 047**	**6 442 047**
Lease modification	- 381 328	- 381 328
Additions to right of use assets	0	0
Termination of contracts	0	0
Currency translation difference	- 55 650	- 55 650
Closing balance at 31 December 2020	**6 005 069**	**6 005 069**
Depreciation and impairment losses		
Balance at 1 January 2019	**0**	**0**
Depreciation charge for right of use assets	-274 741	-274 741
Termination of contracts	0	0
Closing balance at 31 December 2019	**-274 741**	**-274 741**
Balance at 1 January 2020	**- 274 741**	**- 274 741**
Depreciation charge for right of use assets	- 799 888	- 799 888
Termination of contracts	0	0
Closing balance at 31 December 2020	**- 1 074 629**	**- 1 074 629**
Carrying amounts		
At 1 January 2019	0	0
Closing balance at 31 December 2019	**6 167 306**	**6 167 306**
At 1 January 2020	6 167 306	6 167 306
Closing balance at 31 December 2020	**4 930 440**	**4 930 440**

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

16.(d) Inventory

For the year ended 31 December 2020 *In EUR*	**Closing balance 31.12.2020**	**Opening balance 01.01.2020**
Total inventories at the lower of cost or net realizable value	**909**	**49 440 489**

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.

At the end of 2020, Hello Parks Management Kft held some low-cost kitchen stuff classified as inventory in an amount of EUR 909.

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	**31.12.2020**	**31.12.2019**	**01.01.2019**
Advances and prepayments made for investments	51 629	133 524	2 022
Advances and prepayments made for services	2 123	22 219	82 575
Advances and prepayments made for inventories	541 255	260 896	0
Prepaid expenses	60 660	49 327	0
Deposits	104 808	100 962	173 263
Securities (other long term financial assets)	232 284	0	0
Other	8 150	0	148 873
Total closing balance	**1 000 908**	**566 928**	**406 733**

Closing balance includes:			
Other long-term assets	232 294	49 327	145 213
Other short-term assets	768 614	517 601	261 520
Total closing balance	**1 000 908**	**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 01.01.2020**	**Recognized in the income statement**	**Currency translation adjustment**	**Disposal of subsidiary**	**Closing balance 31.12.2020**
Deferred tax assets					
Tax loss carry forward	47 383	-47 383	0	0	0
GAAP difference	0				
Total deferred tax assets	**47 383**	**-47 383**	**0**	**0**	**0**

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	**31.12.2020**
Deferred tax assets	
Deferred tax assets to be recovered after more than 12 months	0
Deferred tax assets to be recovered within 12 months	0
Total deferred tax assets	**0**

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. In Hungary the tax losses originated up to 31 December 2014 are required to be utilized by 31.12.2030.

In 2020 the Group sold those subsidiaries which had the tax losses carried forward listed below regarding 2019.

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

In EUR	**Balance 01.01.2020**	**Acquisitions/ (Disposals)**	**Balance 31.12.2020**
Tax losses	6 322 458	-6 322 458	0

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:

As at 31 December 2020:

can be used from 2021-2030:	0 EUR
Total:	**0 EUR**

As at 31 December 2019:

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
Total:	**6 322 458 EUR**

16.(g) VAT receivables

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
Short-term VAT receivables	14 929 614	6 967 938	1 027 715
Total closing balance	**14 929 614**	**6 967 938**	**1 027 715**

VAT receivables mainly contain VAT receivable relating to development properties. 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 and 2020.

16.(h) Lease liabilities

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

For the year ended 31 December:

In EUR	**2020**	**2019**
Opening balance	**6 891 753**	0
Recognition of new lease liability	50 453	7 147 599
Lease modification	- 386 218	0
Interest expense	114 249	38 926
Foreign exchange difference	576 914	- 9 540
Currency translation adjustment	- 758 321	4 368
Repayment of lease liability	- 809 581	- 289 600
Total closing balance	**5 679 248**	**6 891 753**

Closing balance includes:		
Short-term lease liabilities	897 672	977 581
Long-term lease liabilities	4 781 576	5 914 172
Total closing balance	**5 679 248**	**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:
For the half-year ended 30 June:

In EUR	*Note*	**2020**	**2019**
Interest expense	*13*	114 249	38 926
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*	840 428	574 053
Expense relating to variable lease payments not included in lease liabilities	*10*	0	0

The total cash outflow for leases in 2019 was 857 694 EUR.
The total cash outflow for leases in 2020 was 923 829 EUR.

16.(i) Customer advances received and tenant deposits

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

in EUR

Entity	**Project**	**31.12.2020**	**31.12.2019**	**01.01.2019**
Cordia Terrace Residence Kft.	Cordia Terrace Residence	0	0	4 490 826
Futureal 1 Ingatlanbefektetési Alap	Street retail project	46 446	83 395	65 631
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Corvin 6	0	12 391 838	0
Total customer advances received and tenant deposits		**46 446**	**12 475 233**	**4 556 457**

For the year ended *In EUR*	**2020**	**2019**
Opening balance of customer advances received and tenant deposits	**12 475 233**	**4 556 457**
Increase in contract liabilities from customer advances received for not completed performance obligations	0	21 984 164
Decrease in contract liabilities from customer advances received for not completed performance obligations	-36 949	0
Revenue recognised that was included in the contract liability balance at the beginning of the period	-12 391 838	-14 065 388
Closing balance of customer advances received and tenant deposits	**46 446**	**12 475 233**
Non-current liability	0	0
Current liability	46 446	12 475 233

16.(j) Provisions

For the year ended 31 December 2020 *In EUR*	**Rental guarantee**	**Other**	**Total**
Balance at 1 January	358 965	5 000	**363 965**
Additional provision charged	234 075	0	**234 075**
Amounts used during the year	0	-5 000	**-5 000**
Closing balance	**593 040**	**0**	**593 040**

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**

For the year ended 31 December:

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
Non-current provison	35 835	0	0
Current provison	557 205	358 965	36 525
Total closing balance	**593 040**	**358 965**	**36 525**

In the sales agreement related to the Corvin 5 and Corvin 6 projects 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 and EUR 593,040 at 31 December 2020 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:

As at 31 December 2020

In EUR	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets	**236 233**	**0**	**236 233**
Loans receivables from third parties	0	0	0
Other long-term financial assets	232 284	0	232 284
Restricted Cash	0	0	0
Long-term derivative financial assets	3 949	0	3 949
Current financial assets	**0**	**120 071 536**	**120 071 536**
Trade and other receivables	0	10 873 135	10 873 135
Short-term receivables from related parties	0	20 636 286	20 636 286
Short-term receivables from third parties	0	0	0
Cash and cash equivalents	0	50 420 912	50 420 912
Restricted Cash	0	38 141 203	38 141 203
Total financial assets	**236 233**	**120 071 536**	**120 307 769**

As at 31 December 2020

In EUR	Financial liabilities at FV through P/L	Financial liabilities at amortized cost	Total
Non-current financial liabilities	**6 278 462**	**192 090 788**	**192 090 788**
Long-term liabilities to related parties	0	15 371	15 371
Loans and borrowings	0	187 921 593	187 921 593
Tenant deposits	0	2 175 990	2 175 990
Amounts withheld for guarantees	0	1 977 834	1 977 834
Derivative financial liabilities	6 278 462	0	0
Current financial liabilities	**1 437 623**	**51 794 543**	**53 232 166**
Short-term liabilities to related parties	0	7 326 934	7 326 934
Loans and borrowings	0	4 738 036	4 738 036
Trade and other payables	0	39 729 573	39 729 573
Derivative financial liabilities	1 437 623	0	1 437 623
Total financial liabilities	**7 716 085**	**243 885 331**	**245 322 954**

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**

17. (a) Receivables from related parties

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

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
Loans granted	0	25 437 445	61 506 268
Trade receivables	81 209	416 831	4 051 212
Accrued revenue	5 500 537	577 444	936 971
Accrued interest receivables	334	0	137 533
Other receivables	1 128 036	628 988	1 877 417
Unpaid share capital (Hello Parks Group B.V. from QED B.V.)	12 500 000	0	0
Accrued costs	1 426 169	0	0
Total closing balance	**20 636 286**	**27 060 708**	**68 509 401**

Closing balance includes:			
Current assets	20 636 286	27 060 708	54 712 483
Non-current assets	0	0	13 796 918
Total closing balance	**20 636 286**	**27 060 708**	**68 509 401**

The table below presents the movement in loans granted to related parties during 2020 and 2019:

In EUR	**2020**	**2019**
Opening balance	**25 437 445**	**61 506 268**
Loans granted	128 164 045	14 431 555
Loans repaid	-152 912 890	-48 067 416
Disposal of subsidiaries	-688 600	- 2 432 962
Total closing balance	**0**	**25 437 445**

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

For the year ended 31 December:

In EUR	**2020**	**2019**
Opening balance	**0**	**13 796 918**
Loans granted	0	2 432 962
Loans repaid	0	- 13 796 918
Disposal of subsidiaries	0	- 2 432 962
Total closing balance	**0**	**0**

Breakdown by currency of Receivables from related parties For the year ended 31 December:

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
EUR	16 859 399	5 651 269	36 378 409
HUF	3 776 886	21 409 439	18 332 803
USD	0	0	13 798 189
Total closing balance	**20 636 286**	**27 060 708**	**68 509 401**

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

As of 31 December 2020

In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
QED B.V.	12 500 000	within one year	0%	EUR
FR Management Partnership C.V. Magyaro.-i Fióktelepe	6 127 314	within one year	0%	EUR/HUF
RK Projekt Kft	726 173	within one year	0%	HUF
ECC Real Estate Vagyonkezelő Kft	525 121	within one year	0%	HUF
Cordia Homes Holding Ltd	324 024	within one year	0%	HUF
Other related parties (individually not significant)	433 654	within one year	0%	EUR/HUF
Total	**20 636 286**			

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**			

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**			

The entities listed as counterparties in the above tables 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 next financial year, until 31.12.2020. There was no impairment accounted for the receivables from related parties items, because the impact is wholly immaterial.

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:
For the year ended 31 December:

In EUR	2020	2019
Opening balance	**34 886 201**	**35 881 934**
Loans granted	0	45 592 678
Loans repaid	-31 192 508	-46 588 839
Revaluation	0	428
Total closing balance	**3 693 693**	**34 886 201**

The table below presents the movement in long-term loans granted to third parties in 2020 and 2019:

In EUR	2020	2019
Opening balance	**13 010**	**108 173**
Loans granted	0	0
Loans repaid	-13 010	- 95 163
Revaluation	0	0
Total closing balance	**0**	**13 010**

	31.12.2020	31.12.2019	01.01.2019
Closing balance includes:			
Current assets	3 693 693	34 873 191	35 773 761
Non-current assets	0	13 010	108 173
Total closing balance	**3 693 693**	**34 886 201**	**35 881 934**

In EUR	30.06.2020	31.12.2019	01.01.2019
HUF	3 693 693	34 886 201	35 873 789
USD	0	0	8 145
Total closing balance	**3 693 693**	**34 886 201**	**35 881 934**

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

As of 31 December 2020
In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
Pedrano Construction Hungary Kft	3 671 783	within one year	0%	HUF
Other third parties	21 910	within one year	0%	HUF

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 Construction Hungary is a strategic partner for the Group with a credit quality rating of BB. The loans provided to support the construction financing of the projects under development and repaid when the projects completed or the liquidity is provided from other sources.

17.(c) Trade and other receivables

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

In EUR	31.12.2020	31.12.2019	01.01.2019
Gross trade receivables	**2 573 561**	**1 159 469**	**1 259 815**
Decreased by impairment	-2 604	0	- 414
Net trade receivables	**2 570 957**	**1 159 469**	**1 259 401**
Accrued revenue	3 030 155	4 527 890	1 923 693
Prepaid expenses	1 224 097	523 360	203 352
Vendor overpayment	186 211	51 982	194 913
Dividend receivable	0	2 665 981	0
Consideration receivable from sale of investments	0	3 416 824	0
Given deposits	167 973	0	0
Other receivables	50	136 773	1 355 922
Total trade and other receivables	**7 179 442**	**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.

The trade receivables balance is not material.

17.(d) Other financial assets

In EUR	31.12.2020	31.12.2019	01.01.2019
Securities	232 284	527 224	24 937 373
Long-term derivative financial assets	3 949	0	0
Total closing balance	**236 233**	**527 224**	**24 937 373**

Closing balance includes:			
Other long-term assets	236 233	527 224	525 264
Other short-term assets	0	0	24 412 109
Total closing balance	**236 233**	**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. This cash is not restricted. For restricted cash please see note nr. 17(f).

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
Cash at bank and in hand	56 963 336	49 718 663	24 339 595
Total cash and cash equivalents	**56 963 336**	**49 718 663**	**24 339 595**

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

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
HUF	6 598 806	4 132 626	3 997 986
EUR	50 288 082	45 411 540	20 019 428
USD	15 273	35 078	309 852
GBP	222	15 090	1 653
CHF	0	0	486
CZK	0	0	421
RON	0	0	1 171
PLN	60 503	91 126	7 883
TRY	0	0	45
RSD	0	0	634
Other	0	33 203	36
Total cash and cash equivalents	**56 963 336**	**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	**31.12.2020**	**31.12.2019**	**01.01.2019**
A	11 311 822	1 655 437	2 075 745
A-	9 326 623	17 801 389	8 144
AA-	0	0	18 010
BBB+	23 633 149	29 386 057	21 266 890
BBB	11 509 829	837 199	901 606
BBB-	0	0	0
BB+	0	0	0
BB	0	0	0
B+	1 154 322		
Cash at hand	27 591	38 581	69 200
Total cash and cash equivalents	**56 963 336**	**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	**31.12.2020**	**31.12.2019**	**01.01.2019**
Tenant deposits	4 960 096	8 367 230	4 675
Loans and borrowings related cash	26 638 681	9 648 752	4 150 345
Total restricted cash and cash equivalents	**31 598 777**	**18 015 982**	**4 155 020**

Closing balance includes:			
Current assets	0	17 075 982	4 155 020
Non-current assets	31 598 777	940 000	0
Total closing balance	**31 598 777**	**18 015 982**	**4 155 020**

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
HUF	985 967	941 083	1 863 484
EUR	28 904 208	15 272 613	2 291 536
GBP	1 708 602	1 802 286	0
Total restricted cash and cash equivalents	**31 598 777**	**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	**2020**	**2019**
Opening balance	**145 274 326**	**22 117 497**
New bank loan drawdown	89 699 035	114 472 780
Loans repayments	-41 416 575	-24 003 790
Impact of acquisition of subsidiaries	0	40 096 593
Revaluation (fx)	-897 157	940 971
Disposal of subsidiaries	0	-8 349 725
Total closing balance	**192 659 629**	**145 274 326**

	31.12.2020	**31.12.2019**	**01.01.2019**
Closing balance includes:			
Current liabilities	4 738 036	22 860 056	1 204 146
Non-current liabilities	187 921 593	122 414 270	20 913 351
Total closing balance	**192 659 629**	**145 274 326**	**22 117 497**

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
EUR	181 860 917	128 615 656	22 062 794
HUF	337 086	5 623 424	54 703
GBP	10 461 626	11 035 246	0
Total closing balance	**192 659 629**	**145 274 326**	**22 117 497**

31 December 2020
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
BP1 Első Ütem Kft.	Unicredit	2028.06.30	EUR	50 000 000	42 460 000	6 000 000	3 month EURIBOR + margin	Yes	No	Long term dev. loan
					1 540 000					Short term dev. loan
	Unicredit és K&H 50-50%-ban	2020.12.31	HUF	756 384	340 036	416 348	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	106 879 967	41 770 033	3 month EURIBOR + margin	Yes	No	Long term dev. loan
					1 350 000					Short term dev. loan
		2021.09.30	HUF	1 815 321	0	1 815 321	3 month BUBOR + margin	Yes	No	VAT loan
Futureal 1 Ingatlanbefektetési Alap	Unicredit	2025.03.31	EUR	35 000 000	28 120 000	5 372 000	3 month EURIBOR + margin	Yes	No	Long term proj. loan
					1 508 000					Short term proj. loan
Spectrum Glasgow Ltd	Laxfield	2023.10.22	GBP	10 461 626	10 461 626	0	LIBOR + margin	Yes	No	Project loan
Total				**248 033 331**	**192 659 629**	**55 373 702**				

31 December 2019
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**				

01 January 2019
Conditions of significant loans and borrowings

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 és K&H 50-50%-ban	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 €**				

17.(h) Liabilities to related parties

The table below presents the breakdown of liabilities to the related parties:

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
Loan	680 475	36 639 063	220 586 641
Trade payables	5 981 047	102 888	84 717
Deferred income	3 974	16 642	581 862
Accrued expenses	2 174 311	1 730 032	1 568 170
Other liabilities	0	2 631 005	4 003 246
Total closing balance	**8 839 807**	**41 119 630**	**226 824 636**

Closing balance includes:			
Current liabilities	8 824 436	41 117 259	212 837 234
Non-current liabilities	15 371	2 371	13 987 402
Total closing balance	**8 839 807**	**41 119 630**	**226 824 636**

The table below presents the movement in loans and borrowings:

For the year ended 31 December:

In EUR	**2020**	**2019**
Opening balance	**36 639 063**	**220 586 641**
Loans granted	0	42 878 814
Loans repaid	-35 958 588	-226 826 392
Total closing balance	**680 475**	**36 639 063**

The tables below present the most important conditions of the significant related party loans of the Group:

31.12.2020

Counterparty	**Balance (in EUR)**	**Maturity**	**Interest rate**	**Relationship**	**Currency**
EDEN Holding Kft	660 000	within one year	0%	Sister company	EUR
Other misc. rel. party loans	20 475	within one year	0%	Sister company	HUF/EUR
Total	**680 475**				

31.12.2019

Counterparty	Balance (in EUR)	Maturity	Interest rate	Relationship	Currency
Futó Gábor András	25 497 000	within one year	0%	Ultimate controlling party	EUR
Futureal Investment Ltd	2 725 473	within one year	BUBOR + 1,3% margin	Sister company	HUF
Elete Kft	2 405 936	within one year	0%	Sister company	EUR
FutInvest International Kft.	2 333 822	within one year	0%	Sister company	EUR
CORDIA Park Residence Második Ütem Ingatlanfejlesztő Kft.	1 854 955	within one year	0%	Sister company	HUF
RK Projekt Kft.	810 374	within one year	0%	Sister company	EUR
Corvin Ingatlanfejlesztési Zrt.	470 184	within one year	0%	Sister company	HUF
Dr. Futó Péter	289 349	within one year	0%	Ultimate controlling party	EUR
Futureal Management Limited	192 165	within one year	0%	Sister company	HUF
Other misc. rel. party loans	59 805	within one year	0%		
Total	**36 639 063**				

01.01.2019

Counterparty	Balance (in EUR)	Maturity	Interest rate	Relationship	Currency
QED Investments Limited	123 071 998	within one year	0%	Sister company	EUR
Dr. Futó Péter	27 665 749	within one year	0%	Ultimate controlling party	HUF
FutInvest International Kft.	24 126 986	within one year	0%	Sister company	HUF
Futó Gábor András	21 000 000	within one year	0%	Ultimate controlling party	EUR
Cordia International Ingatlanfejlesztő Zrt.	10 130 476	within one year	0%	Sister company	PLN
CORDIA Park Residence Második Ütem Ingatlanfejlesztő Kft.	3 415 445	within one year	0%	Sister company	HUF
Cordia Polska sp. z.o.o.	3 287 670	within one year	0%	Sister company	PLN
Futureal Investment Ltd	2 866 654	within one year	0%	Sister company	HUF
Elete Kft	2 392 283	within one year	0%	Sister company	HUF
Cordia Marina Garden Kft.	948 649	within one year	0%	Sister company	HUF
RK Projekt Kft.	761 937	within one year	0%	Sister company	HUF
Corvin Ingatlanfejlesztési Zrt.	516 018	within one year	0%	Sister company	HUF
Other related parties	402 776	within one year	0%	Sister company	EUR/HUF
Total	**220 586 641**				

In EUR	31.12.2020	31.12.2019	01.01.2019
HUF	5 115 637	22 229 804	51 369 614
EUR	3 721 316	18 882 891	161 468 742
PLN	0	6 935	0
USD	0	0	13 986 280
Total closing balance	**8 839 807**	**41 119 630**	**226 824 636**

17.(i) Trade and other payables

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

In EUR	31.12.2020	31.12.2019	01.01.2019
Trade payables	33 143 134	14 374 173	12 995 793
Deferred income	1 758 982	556 539	232 267
Accrued expenses	3 238 462	6 726 932	1 422 645
Other payables	91 493	2 182 888	385 587
Closing balance	**38 232 071**	**23 840 532**	**15 036 292**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

In EUR	31.12.2020	31.12.2019	01.01.2019
HUF	1 791 633	19 182 587	3 273 692
EUR	35 542 727	4 274 039	10 104 732
PLN	101 232	10 499	1 195 230
USD	188 363	0	299 777
CHF	0	0	5 022
CZK	0	0	4 324
HKD	0	0	25 032
RON	86	0	3 015
GBP	608 031	373 407	125 468
Total closing balance	**38 232 071**	**23 840 532**	**15 036 292**

17.(j) Tenant deposits

Deposits received from tenants are denominated in the following currencies:

In EUR	31.12.2020	31.12.2019	01.01.2019
EUR	1 669 683	1 055 213	110 864
HUF	543 933	456 656	525 396
PLN	8 820	1 173	0
Total closing balance	**2 222 436**	**1 513 042**	**636 260**

Closing balance includes:			
Current liabilities	46 446	0	0
Non-current liabilities	2 175 990	1 513 042	636 260
Total closing balance	**2 222 436**	**1 513 042**	**636 260**

17.(k) 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 the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

17.(l) Derivative financial liabilities

in EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
Closing balance includes:			
Long-term derivative liabilities	6 278 462	0	0
Short-term derivative liabilities	1 437 623	3 418 756	253 220
Total closing balance	**7 716 085**	**3 418 756**	**253 220**

01.01.2020 - 31.12.2020 movements table	
Opening balance as at 01.01.2020	**3 418 756**
Parent share - Fair value change recorded in other comprehensive income	5 684 987
Ineffective hedge portion booked in the P/L	-271 356
Settlement of not hedged derivatives	-798 714
NCI share - Fair value change recorded in other comprehensive income	-315 882
Foreign exchange loss	-1 706
Closing balance as at 31.12.2020	**7 716 085**

Before 1 January 2020, no hedge accounting was applied, therefore no movement table for 2019 is presented here (i.e. all movements were recorded in the income statement).

On 31 December 2020, derivative financial liabilities include the year-end fair value of interest rate swap transactions entered into by BP1 Első Ütem Kft. (EUR 1,544,874), Futureal Prime Properties Részalap 1 (EUR 5,341,340) and Futureal 1 Ingatlanbefektetési Alap (EUR 644,488).

On 31 December 2019, derivative financial liabilities include the year-end fair value of interest rate swap transactions entered into by BP1 Első Ütem Kft. (EUR 415,833), Corvin 5 Projekt Ingatlanfejlesztő Kft. (EUR 798,714), Futureal Prime Properties Részalap 1 (EUR 1,611,272) and Futureal 1 Ingatlanbefektetési Alap (EUR 592,937).
In 2020, due to the sale of the project related to Corvin 5 Projekt Ingatlanfejlesztő Kft. (please refer also to note 7) the derivative was settled in H1 2020, and its impact it shown in the movement table above.

All fair value measurements for derivative financial liabilities are included in level 2 of the fair value hierarchy, as the basis of fair value is a valuation received from the partner bank and they are using observable (level 1) inputs as the basis for calculating the fair value.

At the beginning of the financial year, 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. The group's accounting policy for its cash flow hedges is set out in Note 4. Further information about the derivatives used by the group is provided in Note Note 21(a)(iii). The group's hedging reserves are disclosed in Note 17(c).

17.(m) Interests in joint-ventures and associates

Set out below is the joint ventures and associates of the group as at 31 December 2020 and 31 December 2019. All joint ventures and associates are measured applying the equity method.

		Nature of relationship at	
Entity name	**31.12.2020**	**31.12.2019**	**01.01.2019**
Fut Financing Pool Poland GP Spzoo Bochenka Ska	n/a	Joint venture	Joint venture
K4 Towers Holding Kft and subsidiary	n/a	Joint venture	Joint venture
K4 Észak Kft	n/a	n/a	
Finext Funds Luxemburg SICAF-SIF - Family Office	n/a	n/a	Joint venture
Futureal Office Development 1 Alap	n/a	n/a	Joint venture
Budapesti Nagybani Piac Zrt.	n/a	n/a	Associate
CPRD Gamma Kft. and subsidiary CPRD Belváros Kft.	n/a	n/a	Associate
Argo Properties N.V.	n/a	Associate	Associate
Futureal Management Ltd.	Associate	n/a	n/a

Argo Properties N.V. is a Dutch-based real estate company and is engaged via investees in the acquisition and management of investment and development properties in Germany, mainly in the area of income-generating commercial and income-generating residential real estate. In March 2020 Futureal Holding B.V. sold its entire investments in ARGO Properties N.V. to European Residential Investments Kft (belonging to Cordia Group, a Group under common control).

All other associates and joint ventures operate in the real estate industry, their activities include real estate development, leasing and managing properties.

In case of the all joint ventures the parent company and the other investor had 50-50% voting rights through the rights attached to the shares owned.

The carrying amounts of the most significant investments are as follows:

in EUR		Carrying amount at	
Entity name	**31.12.2020**	**31.12.2019**	**01.01.2019**
Argo Properties N.V.	0	34 395 801	17 221 873

Reconciliation of the carrying amounts:

In EUR	**01.01.2020 -31.12.2020**	**01.01.2019 -31.12.2019**
Opening balance	**34 471 271**	**32 040 088**
Share of profit/ for the year	- 895	14 446 802
Currency translation adjustment	0	-435
Dividend received	0	-1 073 515
Capital (decrease)/increase	0	8 320 444
Acquiring of interest in associate or joint venture	400	0
Sale of interest in associate or joint venture	- 34 470 376	-19 262 113
Closing balance	**400**	**34 471 271**

The Group's interests in joint ventures and associates have been disposed in 2020, except Futureal Management Ltd, which is an empty dormant company. See further details about the changes in the group structure in Note 3 and about the gain/loss recognised on the sale of interest in associates and joint ventures in Note 11.

The tables below provide summarized financial information for those joint ventures and associates that are material to the group.

Joint venture

In the below table only financial information of Futureal Office Development 1 Alap for 1 January 2019 is presented, since as of 31 December 2019 this entity was not part of the Group.

in EUR	**Futureal Office Development 1 Alap**
Summarised balance sheet	**01.01.2019**
Current assets	
Cash and cash equivalents	14 308
Other current assets	4 882 529
Total current assets	**4 896 837**
Non-current assets	**38 678 829**
Current liabilities	
Financial liabilities (excluding trade payables)	4 373 852
Other current liabilities	1 837 567
Total current liabilities	**6 211 419**
Non-current liabilities	
Financial liabilities (excluding trade payables)	21 856 444
Other non-current liabilities	-
Total non-current liabilities	**21 856 444**
Non-controlling interest	**-**
Net assets attributable to equity holders of the parent	**15 507 803**
Reconciliation to carrying amounts:	
Opening net assets 1 January	n/a
Profit for the period	n/a
Currency translation adjustment	n/a
Capital decrease/increase	n/a
Dividends paid	n/a
Closing net assets	**15 507 803**
Group's share in %	65%
Group's share in EUR	10 080 072
Carrying amount	**10 080 072**

Significant associates

in EUR	Argo Properties N.V.		Budapesti Nagybani Piac Zrt.	
Summarised balance sheet	**31.12.2019**	**01.01.2019**	**31.12.2019**	**01.01.2019**
Current assets	26 884 000	17 598 000	n/a	4 094 707
Non-current assets	198 552 000	95 442 000	n/a	10 125 142
Current liabilities	7 245 000	2 609 000	n/a	2 320 392
Non-current liabilities	51 706 000	39 325 000	n/a	-
Net assets attributable to equity holders of the parent	**166 485 000**	**71 106 000**	**n/a**	**11 899 457**
Reconciliation to carrying amounts:				
Opening net assets 1 January	71 106 000	n/a	n/a	n/a
Profit for the period	19 675 000	n/a	n/a	n/a
Capital decrease/increase	75 704 000	n/a	n/a	n/a
Closing net assets	**166 485 000**	**71 106 000**	**n/a**	**11 899 457**
Group's share in %	20,66%	24,22%	n/a	38,81%
Group's share in EUR	34 395 801	17 221 873	n/a	4 618 179
Carrying amount	**34 395 801**	**17 221 873**	**n/a**	**4 618 179**

in EUR	**Argo Properties N.V.**
Summarised statement of comprehensive income	**2019**
Revenue	5 846
Profit for the period	**19 675 000**
Other comprehensive income	-
Total comprehensive income	**19 675 000**

Investment in Argo Properties N.V. was sold in January 2020, therefore it is not a significant associate for 2020.

17.(n) Other assets

In EUR	**31.12.2020**	**31.12.2019**	**01.01.2019**
Other assets	768 624	561 528	361 733
Total closing balance	**768 624**	**561 528**	**361 733**
Closing balance includes:			
Other long-term assets	10	49 327	145 213
Other short-term assets	768 614	517 601	261 520
Total closing balance	**768 624**	**561 528**	**361 733**

For balances of securities presented as other financial assets please see Note 18.

18. Shareholders' equity

18.(a) Share capital

The parent company's share capital is EUR 342 000 000 (2019: 324 000 000) consisting of ordinary shares with nominal value of EUR 80 000 in the number of 4 275 (2019: 4 050). All shares were fully paid – EUR 172 303 000 (2019: 154 303 000) in form of cash, EUR 45 697 000 in form of shares and EUR 124 000 000 in form of loan receivables contributed. Ordinary shares provide the rights to the holders on a pro-rata basis.

	31.12.2020	
Company	**Nominal value of shares EUR**	**Ownership percentage**
Futureal Group B.V.	342 000 000	100%
Total	**342 000 000**	

	31.12.2019	
Company	**Nominal value of shares EUR**	**Ownership percentage**
Futureal Group B.V.	324 000 000	100%
Total	**324 000 000**	

In the comparative period, the total of the share capital of the three previously existing subgroups' parent companies is presented as share capital of the Group:

	01.01.2019	
Company	**Nominal value of shares EUR**	**Ownership percentage**
FR Irodák Holding Kft.*		
Futó Gábor	12 731	100%
FutInvest Hungary Kft.**		
Finext Consultants Ltd	2 799	0,9%
Dr. Futó Péter	307 922	99,1%
Futureal Real Estate Holding Ltd***		
QED Investments	77 502	71,27%
FutInvest International Kft	29 506	27,13%
Futó Gábor	1 740	1,6%
Dr. Futó Péter	2	0,002%
Total	**432 202**	

* FR Irodák Holding Kft's share capital is EUR 12,731.
** FutInvest Hungary Kft's share capital is EUR 310,721 (HUF 99,900,000).
*** Futureal Real Estate Holding Ltd's share capital is EUR 108,750 consisting of ordinary shares with nominal value of EUR 1 in the number of 107,010 and ordinary A shares with nominal value of EUR 1.74 in the number of 1,000. All shares are fully paid.

In EUR	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Opening balance	**324 000 000**	**432 202**
Capital increase	18 000 000	323 567 798
Closing balance	**342 000 000**	**324 000 000**

In 2019, share capital increased by EUR 323,567,798 as a result of the capital reorganisation. Futureal Holding BV became the new intermediate parent company of the three sub-groups - as a result of a capital contribution transaction on 7 October 2019. See further details in Note 3.

The share capital of the Company was increased on 23 March 2020, and the owners settled their liability via bank transfer during April 2020.

18.(b) Share premium

In EUR	01.01.2020 - 31.12.2020	01.01.2019- 31.12.2019
Opening balance	**0**	**68 718 172**
Effect of capital reorganisation	0	- 68 718 172
Closing balance	**0**	**0**

In 2019, share premium decreased by EUR 68,718,172 as a result of the capital reorganization. Futureal Holding BV became the new intermediate parent company of the three sub-groups - as a result of a capital contribution transaction on 7 October 2019. See further details in Note 3.

18.(c) Other reserves

The following table shows the movements in Other reserves during the period:

In EUR	Cash flow hedge reserve – Interest rate swaps
Opening balance at 01.01.2020	**0**
Parent share - Change in fair value of hedging instrument recognised in OCI	- 5 369 105
Closing balance at 31.12.2020	**- 5 369 105**

There is no opening balance, before application of hedge accounting everything went to the PL directly.

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on interest rate swaps that are designated and qualify as cash flow hedges, as described in Note 4. See Note 16(j) and Note 21(a)(iii) for further details. Amounts are subsequently reclassified to profit or loss when the underlying transaction is recorded.

Since the Group did not apply hedge accounting before 1 January 2020, other reserve had a balance of zero in 2019.

(All amounts in € unless otherwise stated)

18.(d) Retained earnings

In EUR	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Opening balance	**- 11 294 371**	**- 39 736 590**
Profit/Loss of the year	7 446 385	100 771 776
Dividend paid	0	-57 317 139
Effect of Capital reorganization	0	-15 012 418
Transactions with non-controlling interests	9 039 572	0
Closing balance	**5 191 586**	**-11 294 371**

See further details about transactions with non-controlling interest in Note 18(e).

18.(e) Non-controlling interests

Based on IFRS 10 non-controlling interest' is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". Non-controlling interests in the acquiree are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation.

The following entities in the Group has non-controlling interest.

in EUR

Entity name	Principal place of business	Shares owned by NCI (%)		
		31.12.2020	31.12.2019	01.01.2019
Finext Nyrt and its subsidiaries	Hungary	26,13%	26,13%	n/a
BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	Hungary	n/a	46,67%	46,67%
Futureal Property Group Kft. and its subsidiaries	Hungary	n/a	14,92%	14,92%
Futureal Real Estate Holding Limited	Hungary	0,10%	n/a	n/a
Cordia Magyarország Zrt. and it's subsidiaries	Hungary	n/a	n/a	0,30%
Futureal Development Holding Kft. and its subsidiaries	Hungary	0,00%	0,00%	0,00%
Hello Parks Hungary B.V. and its subsidiaries	Hungary	2,00%	0,00%	0,00%
Hello Parks Group B.V. and its subsidiaries	Hungary	30,00%	0,00%	0,00%

Entity name	Profit / loss allocated to NCI 01.01.2020 - 31.12.2020	Profit / loss allocated to NCI 01.01.2019 - 31.12.2019	Accumulated NCI 31.12.2020	Accumulated NCI 31.12.2019	Accumulated NCI 01.01.2019
Finext Nyrt and its subsidiaries	4 637 933	1 635 826	23 357 943	32 494 826	0
BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	0	1 049	0	9 384	23 102
Futureal Property Group Kft. and its subsidiaries	0	13 981 206	0	20 183 101	16 678 552
Futureal Real Estate Holding Limited	0	0	100	0	100
Cordia Magyarország Zrt. and it's subsidiaries	0	4 180	0	0	-37 794
Futureal Development Holding Kft. and it's subsidiaries	1 528 167	0	0	0	1 212
Hello Parks Hungary B.V.	241 058	0	1 240 804	0	0
Hello Parks Group B.V.	3 643 115	0	18 639 387	0	0
Total	**10 050 273**	**15 622 261**	**43 238 234**	**52 687 311**	**16 665 072**

Please see below the summarized financial information of the entities with NCI below (calculated in EUR, based on the stand-alone financial statements of the entities):

Entity name	Equity 31.12.2020	Equity 31.12.2019	Equity 01.01.2019
Finext Nyrt and its subsidiaries	89 494 035	124 358 310	n/a
BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	n/a	20 107	49 501
Futureal Property Group Kft. and its subsidiairies	n/a	135 275 478	111 786 543
Cordia Magyarország Zrt. and it's subsidiaries	n/a	n/a	-12 598 132
Futureal Real Estate Holding Ltd.	217 130 701	n/a	n/a
Futureal Development Holding Kft. and its subsidiaries (after merger of Futureal Property Group Kft and other entities)	n/a	132 772 406	121 166 163
Hello Parks Hungary B.V. and its subsidiaries	62 040 213	n/a	n/a
Hello Parks Group B.V. and its subsidiaries	62 131 290	n/a	n/a

Entity name	Profit/(loss) 01.01.2020 - 31.12.2020	Profit/(loss) 01.01.2019 - 31.12.2019
Finext Nyrt and its subsidiaries	13 627 362	6 260 336
BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft.	n/a	2 247
Futureal Property Group Kft. and its subsidiaires	n/a	93 707 825
Cordia Magyarország Zrt. and it's subsidiaries	n/a	1 393 117
Futueal Real Estate Holding Ltd.	-3 977 328	n/a
Futureal Development Holding Kft. and its subsidiaries (after merger of Futureal Property Group Kft and other entities)	n/a	81 876 723
Hello Parks Hungary B.V. and its subsidiaries	12 395 134	n/a
Hello Parks Group B.V. and its subsidiaries	12 131 290	n/a

Movements in non-controlling interests during the period ended 31 December 2020 are as follows:

In EUR		01.01.2020 -31.12.2020	01.01.2019 -30.06.2019
Opening balance		**52 687 311**	**16 665 072**
Profit/(loss) for the year	a	10 050 273	15 622 261
Other comprehensive loss (CTA and hedge related)	b	-1 561 400	-1 187 740
Dividend paid	c	-22 663 051	-10 067 113
Transactions with non-controlling interest – merger	d	-8 773 735	0
Transactions with non-controlling interest – other	e	-2 484 346	0
Issue to non-controlling interests	f	16 000 100	15 175 238
Acquisition of Finext Nyrt. and subsidiaries	g	0	31 068 841
Sale of subsidiary	h	-9 384	-14 644 384
Closing balance		**43 238 234**	**52 678 311**

a-b) The proportion of income, losses and items of other comprehensive income allocated to the non-controlling interests determined solely on the basis of present ownership interests. (IFRS 10.B89)

c) This line shows the amount related to dividend payment to non-controlling interests.

d) Transaction with non-controlling interest line above includes two items:

- On 17 June 2020, Futureal Property Group Kft (the direct parent of Futureal Development Holding Kft) and other subsidiaries of the Group (previously not subsidiaries of Futureal Property Group Kft) merged into Futureal Development Holding Kft. As a result of the merger, non-controlling interest of Futureal Property Group Kft and its subsidiaries (with a 14,92% non-controlling ownership interest) has ceased to exist and a non-controlling interest of Futureal Development Holding Kft and its subsidiaries has arisen (with a 2,03% non-controlling ownership interest). This line shows the proportion of change in net assets allocated to the non-controlling interests resulting from the merger of entities previously not subsidiaries of Futureal Property Group Kft (EUR - 3,145,045) and the result of decrease in the non-controlling ownership interest (EUR - 15,628,690). The total impact of this on non-controlling interests was EUR -18,883,735 in 2020.
- On 26 June 2020, FREH Ltd. (subsidiary of Futureal Holding B.V.) decided on dividend payments to shareholders. The board decision of FREH Ltd. decided for non-controlling shareholders (which are entities under common control with Futureal Holding B.V.) a dividend of EUR 10,000,000 based on their preference shares owned at this date. This dividend was declared based on previous year's accumulated retained earnings. Since based on the articles of association, there is no minimum economic share to be distributed to the non-controlling shareholders, this resulted in a transaction with non-controlling shareholders and increased non-controlling interest with EUR 10,000,000.

e) Referring the paragraph d) above after the merger mentioned there in connection with Futureal Development Holding Kft a 2,03% non-controlling ownership interest has arisen which was owned by a related party right after the merger. Later on in 2020 Futureal Holding BV purchased the 2,03% interest in Futureal Development Holding Kft from that related party for a consideration of EUR 2 484 346.

f) This line shows the increase of non-controlling interest arising capital increase.
In 2020 the figure comprises capital increases of Hello Parks Hungary B.V. (1 000 000 EUR), Hello Parks Group B.V. (15 000 000 EUR) and Futureal Real Estate Holding Ltd (100 EUR).

g) This line shows the increase of non-controlling interest arising from acquisitions and capital increase. Substantially all the amounts are related to Finext Nyrt. and Finext Optimum 1 Részalap, a subsidiary of the Group.

h) Non-controlling interest balance derecognized as a result of sale of subsidiaries with NCI. The amount is related to BRAND ART Arculat és Kommunikáció Tervező és Design Stúdió Kft. Please see details in previous notes.

19. Fair value estimation of financial assets and liabilities

Financial assets that are measured at fair value through profit or loss in the IFRS consolidated financial statements are securities presented as short-term financial assets, other long-term financial assets and long-term derivative financial assets. The fair value of the assets is EUR 24,937,373 as of 1 January 2019**,** EUR 527,224 at 31 December 2019, and EUR 232,284 at 31 December 2020 respectively. Financial liabilities measured at fair value through profit or loss are derivative financial liabilities. See Note 16(j) for further details.

All other financial assets and liabilities are measured at amortized cost.

The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are loans and receivables either with variable interest rate (e.g. in case of borrowings) or short-term receivables and liabilities, where the time value of money is not material (e.g. in case of related party loans).

20. Commitments and contingencies

Commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

In EUR	**Project name**	**31.12.2020**	**31.12.2019**	**01.01.2019**
Futureal Prime Properties Részalap 1	Etele Pláza	24 546 745	58 976 583	98 779 712
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Corvin 6	0	113 680	1 275 298
Futureal New Ages Ingatlanfejlesztő Kft.	Corvin 7	2 251 549	3 466 986	0
Futureal New Ages Ingatlanfejlesztő Kft.	Corvin 8	354 000	0	0
Budapest One Első Ütem Kft.	BPOne1	7 413 725	6 650 528	22 252 040
Futureal Prime Properties Részalap 3	BPOne2	33 743 556	3 424 310	0
Futureal Prime Properties Részalap 2	BPOne3	29 209 496	2 996 318	0
Total		97 519 071	75 628 406	122 307 050

As for the loan commitments please refer the note nr. 17 (g).

Contingent liabilities:

The Group's Management is not aware of any other contingent liability.

21. Related parties

Parent company

During the reporting period there was a capital contribution by the parent company. (Please see the details in Note 18(a). Dividend was not declared to the parent company during the reporting period.

For a list of subsidiaries reference is made to Note1.

The main related parties' transactions arise on:

The Group has entered into the following transactions with other related parties. All related party transactions were at arms length basis if not disclosed otherwise.

(All amounts in € unless otherwise stated)

For the year ended 31 December: *(a) Sales of products and services:*	**2020**	**2019**
Services:		
Rental of real estates	34 821	23 355
Intermediary services	420 967	306 337
Marketing revenue	24 271	171 608
IT support and other support revenue	581 021	477 116
Other	6 140	180 456
Total	**1 067 221**	**1 158 872**

For the year ended 31 December: *(b) Purchase of products and services:*	**2020**	**2019**
Services:		
Management fee from FR Management Partnership accounted in the P/L:	3 737 997	0
Management fee from FR Management Partnership capitalized on the investments properties	5 506 904	0
Rental and operating costs	0	12 618
Marketing	24 534	4 982
Administrative costs	58 500	408 853
Fund management fee	363 397	208 180
Accounting cost	98 417	11 219
Other	199 897	45 288
Total	**744 744**	**691 140**

The above transactions are with sister companies

For the year ended 31 December: *(c) Sale of subsidiaries and joint ventures:*	**2020**	**2019**
Ultimate controlling parties:		
Consideration received	0	7 263 8530
Sister companies:		
Consideration received	35 629 065	100 007 288
Total	**35 629 065**	**107 271 141**

For further details about disposed subsidiaries and joint ventures see Note 3 and Note 16(k).

(d) Dividend to non-controlling shareholders (which are entities under common control with Futureal Holding B.V.):	**2020**	**2019**
Dividend	10 000 000	0
Total	**10 000 000**	**0**

For further details about the dividend to non-controlling shareholders see Note 18(e).

(All amounts in € unless otherwise stated)

Transactions with key management personnel

There was no transaction with key management personnel.

Key Management Board personnel compensation

Board of directors of the Company is considered to be key management personnel from IAS 24 perspective. An equity plan program is operated at Futureal Group for the purpose of rewarding key individuals in connection with the (i) success of the development and investment projects, and (ii) overall performance of the Futureal Group and (iii) other corporate objectives (the Equity Plan).
Key management personnel compensation can be presented as follows:

For the year ended 31 December:

In EUR	**2020**	**2019**
Salary and other short time benefit	43 640	88 365
Incentive plan linked to financial results	715 830	634 860
Total	**759 470**	**723 225**

Loans to directors

As at 31 December 2020, 31 December 2019 and 1 January 2019, there were no loans granted to directors.

22. Financial risk management, objectives and policies

Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.
The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Group financial activities.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

(b) Market risk

(i) Foreign currency exchange risk

The Group operates in foreign currencies too and therefore is exposed to foreign exchange risk, primarily with respect to Euro and Polish Zloty. Foreign exchange risk arises in respect of those recognized monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency

The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as residential sales revenue) are denominated. This is generally achieved by obtaining loan finance in the relevant currency.

The functional currency of the Company is the Euro and its subsidiaries have different functional currencies depending on the place of activity. The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies.

At 31 December 2020 if the Hungarian forint weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 829,454 EUR lower / 916,765 EUR higher.

At 31 December 2020 if the Polish Zloty weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 635,283 EUR lower / 702,154 EUR higher.

At 31 December 2020 if the English GBP weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 469,576 EUR lower / 519,005 EUR higher.

At 31 December 2019 if the Hungarian forint weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 1,089,539 EUR lower/1,204,224 EUR higher.

At 31 December 2019 if the Polish Zloty weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 67,224 EUR higher/74,320 EUR lower.

At 31 December 2019 if the English GBP weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 884,322 EUR higher/ 975,166 EUR lower.

(All amounts in € unless otherwise stated)

(ii) Price risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities. The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property sales price risk.

The current sales price levels are in line with the market environments of the properties.

(iii) Cash flow and fair value interest rate risks

The Group's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially covered by the variable rate cash and cash equivalents. The Group has borrowings at fixed rates and therefore has exposure to fair value interest rate risk.

Taking into consideration the current market environment the management expects no interest rate decrease, so only the effect of interest rate increase is shown in the following table: *Interest rate increase:*	**Yearly effect on profit before tax (EUR)**
+ 10 basis point – 01.01. 2020. -31.12. 2020.	- 156 792
+ 10 basis point – 01.01.2019.-31.12.2019.	- 158 537

Please also refer to Note 17(b) and 17(g) for the main conditions of the loan agreements.

Interest rate swaps and hedge accounting

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the period, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the following principles. It may occur due to:
- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

There was no recognised material ineffectiveness during the period in relation to the interest rate swaps.

Swaps currently in place cover approximately 100% of the variable loan principal outstanding.

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The effects of the interest rate swaps on the group's financial position and performance are as follows:

In EUR	**01.01.2020-31.12.2020**
Carrying amount (long-term assets – note 16(j))	3 949
Carrying amount (long-term and current liabilities – note 16 (j)	7 716 085
Notional amount	219 449 778
Maturity date	2025-2030
Hedge ratio	100%
Change in fair value of outstanding hedging instruments since 1 January	-5 238 825
Change in value of hedged item used to determine hedge effectiveness	-5 211 579

In period ending as of 31 December 2019 no hedge accounting was applied, all movements in the fair value of the swaps were recorded in the income statement. Please refer also to Note 16(j).

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks, trade receivables and loan receivables. Credit is not material in case of cash, since it is held at major international banks. Trade receivables are not material. Loans are mostly granted for companies under common control and they are guaranteed by the parent company or the ultimate owner. Based on this, credit is considered to be minimal for the Group.

(c) Liquidity risk

The cash flow forecast is prepared by the operating units of the Group. The forecasts are summarized by the Group's finance department. The finance department monitors the rolling forecasts on the Group's required liquidity position in order to provide the necessary cash balance for the daily operation. The Group aims to maintain flexibility in funding by keeping committed credit lines available not to overdraw the credit lines and to meet the credit covenants. These forecasts take into consideration the Group's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

	As at 31 December 2020	
In EUR	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	4 738 036	187 921 593
Trade and other payables	39 729 573	0
Liabilities to related parties	7 326 934	15 371
Amounts withheld for guarantees	0	1 977 834
Lease liabilities	897 672	4 781 576
Total	**52 692 215**	**194 696 374**

	As at 31 December 2019	
In EUR	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	22 860 056	122 414 270
Trade and other payables	23 840 532	0
Liabilities to related parties	41 117 259	2 371
Amounts withheld for guarantees	0	3 006 732
Lease liabilities	977 581	5 914 172
Total	**88 795 428**	**131 337 545**

	As at 1 January 2019	
In EUR	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	1 204 146	20 913 351
Trade and other payables	15 036 292	0
Liabilities to related parties	212 837 234	13 987 402
Tenant deposits	0	636 260
Amounts withheld for guarantees	0	186 444
Total	**229 077 672**	**35 723 457**

23. Capital management

When managing capital, it is the Group's objective to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the profit appropriation, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio and leverage.

There were no changes in the Groups approach to capital management during the year.

24. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

in EUR	31.12.2020	31.12.2019	01.01.2019
Cash and cash equivalents	-56 963 336	-49 718 663	-25 322 287
Lease liabilities	5 679 248	6 891 753	0
Long-term liabilities to related parties	15 371	2 371	39 215
Tenant deposits	2 175 990	1 513 042	1 901 735
Amounts withheld for guarantees	1 977 834	3 006 732	2 074 688
Loans and borrowings	192 659 629	145 274 326	57 448 279
Net debt	**145 544 736**	**106 969 561**	**36 141 630**

in EUR	Cash	Lease liabilities	Long-term liabilities to related parties	Tenant deposits	Amounts withheld for guarantees	Loans and borrowings	Total
Net debt as at 1 January 2020	**- 49 718 663**	**6 891 753**	**2 371**	**1 513 042**	**3 006 732**	**145 274 326**	**106 969 561**
Cash flow	-7 244 673	- 809 581	13 000	662 948	-1 028 898	48 282 460	-39 875 256
Acquisition	0	0	0	0	0	0	0
Disposal	0	0	0	0	0	0	0
Terminated lease agreements	0	-423 574	0	0	0	0	-423 574
Interest	0	114 249	0	0	0	0	114 249
Foreign exchange adjustments	0	576 914	0	0	0	-654 664	-77 750
Other non-cash movements	0	-670 513	0	0	0	-242 493	-913 006
Net debt as at 31 December 2020	**- 56 963 336**	**5 679 248**	**15 371**	**2 175 042**	**1 977 834**	**192 659 629**	**145 544 736**

in EUR	Cash	Lease liabilities	Long-term liabilities to related parties	Tenant deposits	Amounts withheld for guarantees	Loans and borrowings	Total
Net debt as at 1 January 2019	**- 24 339 595**	**0**	**13 987 402**	**636 260**	**186 444**	**22 117 497**	**12 588 008**
Cash flow	- 25 379 068	- 289 600	-13 985 031	72 229	2 820 288	90 468 990	53 707 808
Acquisition	0	0	0	804 553	0	40 096 593	40 901 146
Disposal	0	0	0	0	0	-8 349 725	-8 349 725
New lease agreements	0	7 147 599	0	0	0	0	7 147 599
Interest	0	38 926	0	0	0	0	38 926
Foreign exchange adjustments	0	- 5 172	0	0	0	940 971	935 799
Other non-cash movements	0	0	0	0	0	0	0
Net debt as at 31 December 2019	**- 49 718 663**	**6 891 753**	**2 371**	**1 513 042**	**3 006 732**	**145 274 326**	**106 969 561**

25. Subsequent events

Futureal Group issued a green bond with a nominal value of HUF 55 billion under the Bond Funding for Growth Scheme (BGS) of the National Bank of Hungary (MNB). The majority of the issue (70%) was subscribed by institutional investors. In addition to the MNB, 12 banks, insurers, investment fund managers and assets management companies bought the papers.

Scope has assigned an issuer rating of BB/Stable to the issuing entity Futureal Development Holding Kft. and an issuer rating of BB/Stable to the holding company and guarantor of the contemplated senior unsecured bond Futureal Holding B.V. Scope has also assigned a long-term debt rating on senior unsecured debt of BB.

The Finext Vagyonkezelő Nyrt subgroup of the Futureal Holding BV group acquired a new company called Evern Invest Hungary Kft on 16 April 2021. The new company holds development land plots (cca. 1,000,000 sq m) in Páty, Hungary. The group plans to develop similar logistics parks near Páty as near Fót and Maglód (being all the three cities next to Budapest they are ideal places for this kind of business).

From 2023 IBM Hungary, the technology company will move its headquarters in several steps to the Corvin Innovation Campus office complex developed by the Futureal Group in the Corvin district.

Directors:

……………………..	…..………………………	…………………….
Zsolt Balázsik	**Mark Bakker**	**Steve Melkman**

Amsterdam, 16 July, 2021

Futureal Holding BV
Company Financial Statements

(All amounts in € unless otherwise stated)

Contents

(All amounts in € unless otherwise stated)

Statement of comprehensive income

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Revenue		**-**	**-**
Administrative expenses	4	-190 976	-97 712
Other income	5	1 233 469	0
Other expense (impairment of subsidiary)	6	-20 080 153	0
Operating loss		**-19 037 660**	**-97 712**
Finance income	7, 17	5 040 501	0
Finance costs	8	-2 480	-9 684
Financial result		**5 038 021**	**-9 684**
Loss before income tax		**-13 999 639**	**-107 396**
Income tax expense		0	0
Loss for the year		**-13 999 639**	**-107 396**
Other comprehensive income		**0**	**0**
Total comprehensive loss for the year		**-13 999 639**	**-107 396**
Total comprehensive loss is attributable to			
Owners of the Company		-13 999 639	-107 396

The financial statements should be read in conjunction with the accompanying notes on pages 103-120.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

(All amounts in € unless otherwise stated)

Statement of financial position

	Note	As at 31.12.2020.	As at 31.12.2019.
ASSETS			
Investment in subsidiaries	9	347 049 932	298 178 308
Investment in associate and joint ventures	10	0	33 166 531
Non-current assets		**347 049 932**	**331 344 839**
Cash and cash equivalents	11, 12	197 757	205 320
Current assets		**197 757**	**205 320**
Total assets		**347 247 689**	**331 550 159**

	Note	As at 31.12.2020.	As at 31.12.2019.
TOTAL EQUITY AND LIABILITIES			
Share capital	13	342 000 000	324 000 000
Accumulated deficit	14	-14 107 036	-107 396
Equity attributable to equity holders of the company		**327 892 964**	**323 892 604**
Total equity		**327 892 964**	**323 892 604**
Short term liabilities to related parties	11, 17	19 300 000	7 600 010
Trade and other liabilities	11, 15	54 724	57 545
Current liabilities		**19 354 724**	**7 657 555**
Total liabilities		**19 354 724**	**7 657 555**
Total equity and liabilities		**347 247 689**	**331 550 159**

The financial statements should be read in conjunction with the accompanying notes on pages 103-120.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

(All amounts in € unless otherwise stated)

Statement of changes in equity

	Note	Share capital	Capital reserve	Other reserves	Accumulated deficit	Total equity
Balance at 5 June 2019		**0**	**0**	**0**	**0**	**0**
Comprehensive income	14	**0**	**0**	**0**	**-107 396**	**-107 396**
Share capital issue	13	324 000 000	0	0	0	324 000 000
Transactions with owners		**324 000 000**	**0**	**0**	**-107 396**	**323 892 604**
Balance at 31. December 2019		**324 000 000**	**0**	**0**	**-107 396**	**323 892 604**
Balance at 1 January 2020		**324 000 000**	**0**	**0**	**-107 396**	**323 892 604**
Comprehensive income	14	**0**	**0**	**0**	**-13 999 639**	**-13 999 639**
Share capital issue	13	18 000 000	0	0	0	18 000 000
Transactions with owners		**342 000 000**	**0**	**0**	**-13 999 639**	**328 000 361**
Balance at 31. December 2020		**342 000 000**	**0**	**0**	**-14 107 036**	**327 892 964**

The financial statements should be read in conjuction with the accompanying notes on pages 103-120.

PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

(All amounts in € unless otherwise stated)

Statement of cash flows

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Loss before income tax		**-13 999 639**	**-107 396**
Adjustments for:			
Financial result	7, 8	-5 038 021	9 685
Impairment of subsidiary	6	20 080 153	0
Non cash movements	*	38 002	0
Increase/ (Decrease) in trade and other payables	11, 15	-2 821	53 409
Increase in liabilities to related parties	11, 17	11 700 010	7 600 000
Net cash generated from operating activities		**12 777 694**	**7 555 698**
Acquisitions of subsidiaries and capital increase in subsidiaries	9	-83 185 247	-285 653 378
Proceeds from disposal of associate	5	34 400 000	0
Proceeds from borrowings		1 000 000	160 000 000
Repayment of borrowings		-1 000 000	0
Proceeds from capital distribution	9	13 000 000	0
Dividend received	7, 17	5 000 000	0
Net cash used in investing activities		**-30 785 247**	**-125 653 378**
Capital increase	13	18 000 000	118 303 000
Net cash from financing activities		**18 000 000**	**118 303 000**
Net increase in cash and cash equivalents		-7 563	205 320
Cash and cash equivalents at the beginning of the year		**205 320**	**0**
Cash and cash equivalents at the end of the year	12	**197 757**	**205 320**

** In 2020 the other non-cash movements derive mainly from foreign exchange differences.*

PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

(All amounts in € unless otherwise stated)

Notes to the financial statements

1. General information

Parent company details

Name:	Futureal Holding B.V.
Tax number:	25096107-2-42
Address:	1075 BD Amsterdam, Prins Hendriklaan 26, The Netherlands
Court registration:	01-09-199474

The Company was founded on 5th June 2019. The Company's immediate controlling parent company is Futureal Group BV (address of registered office: 1075 BD Amsterdam, Prins Hendriklaan 26, The Netherlands), which owns 98% of the Company's shares.

The ultimate controlling parties of the Company are Dr. Péter Futó and Gábor Futó private individuals. The ultimate parent of the Company is Futureal Group B.V.

The share capital of the Company as at 31 December 2020: € 342 000 000 (€ 324 000 000 as at 31 December 2019).

The Company is a holding company.

The owners of the Company as at	31.12.2020	31.12.2019
Futureal Group B.V.	99,16%	100%
Finext Consultants Ltd.	0,84%	0
Total % of ownership	**100%**	**100%**

The Company has three managing directors:

Zsolt Viktor Balázsik

Steven Melkman

Mark Bakker

The company financial statements are approved by the Managing Directors on 16 July 2021 and forwarded for approval of the Shareholder's meeting. The shareholder is aligible to approve the financial statements and can ask for adjustments before approval.

Subsidiaries
The details of the subsidiaries are shown in Note 9.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Futureal Holding B.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC) and with Part 9 of Book 2 of the Dutch Civil Code.

In these financial statements the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC) are together defined as 'IFRS'.

Prior to 31 December 2020 the Company did not prepare consolidated financial statements neither under International Financial Reporting Standards as adopted by the EU nor other reporting framework. The Company has decided to use IFRS as adopted by the EU as its basis of preparation. Accordingly, these financial statements as of 31 December 2020 is prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards ("IFRS 1").

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Company has considered all the below listed optional exemptions and identified that they are not relevant in the Company's 2019 financial statements prepared under IFRS:

(a) derecognition of financial assets and financial liabilities
(b) hedge accounting
(c) non-controlling interests
(d) classification and measurement of financial assets
(e) impairment of financial assets
(f) embedded derivatives
(g) government loans
(h) insurance contracts
(i) deferred tax related to leases and decommissioning, restoration and similar liabilities

(All amounts in € unless otherwise stated)

Reconciliation of total comprehensive income for the year ended 31 December 2019			
	Local GAAP	**Reclassification and remeasurements**	**IFRS as at 31.12.2019**
Revenue	**0**	**0**	**0**
Administrative expenses	-97 712	0	-97 712
Other income	0	0	0
Other expense	0	0	0
Operating loss	**-97 712**	**0**	**-97 712**
Finance income	0	0	0
Finance costs	-9 684	0	-9 684
Financial result	**-9 684**	**0**	**-9 684**
Loss before income tax	**-107 396**	**0**	**-107 396**
Income tax expense	0	0	0
Loss for the year	**-107 396**	**0**	**-107 396**
Other comprehensive income	**0**	**0**	**0**
Total comprehensive loss for the year	**-107 396**	**0**	**-107 396**
Total comprehensibe loss is attributable to			
Owners of the Company	-107 396	0	-107 396

Reconciliation of statement of financial position for the year ended 31 December 2019			
ASSETS	**Local GAAP**	**Reclassification and remeasurements**	**IFRS as at 31.12.2019**
Investment in subsidiaries	298 178 308	0	298 178 308
Investment in associate and joint ventures	33 166 531	0	33 166 531
Non-current assets	**331 344 839**	**0**	**331 344 839**
Cash and cash equivalents	205 320	0	205 320
Current assets	**205 320**	**0**	**205 320**
Total assets	**331 550 159**	**0**	**331 550 159**
TOTAL EQUITY AND LIABILITIES	**Local GAAP**	**Reclassification and remeasurements**	**IFRS as at 01.01.2020**
Share capital	324 000 000	0	324 000 000
Accumulated deficit	-107 396	0	-107 396
Equity attributable to equity holders of the company	**323 892 604**	**0**	**323 892 604**
Total equity	**323 892 604**	**0**	**323 892 604**
Short term liabilities to related parties	7 600 010	0	7 600 010
Trade and other liabilities	57 545	0	57 545
Current liabilities	**7 657 555**	**0**	**7 657 555**
Total liabilities	**7 657 555**	**0**	**7 657 555**
Total equity and liabilities	**331 550 159**	**0**	**331 550 159**

Preparation of the financial statements

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property at fair value, financial assets classified as available-for-sale and derivative financial instruments that have been measured at fair value.

The preparation of financial statements 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 Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate.

2.1.1 Impact of standards issued but not yet applied by the Company

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

- IFRS 14, Regulatory deferral accounts (issued in January 2014, the European Commission has decided not to launch the endorsement process of this 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 Company 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 did not have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in euros, which is the Company's functional currency and presentation currency.

(b) Transactions and balances

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 recognised in the profit or loss for the year except for the exchange gains and losses related to cash flow hedges or hedges for qualified investments which shown in other comprehensive income. 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, unless they are capitalised as explained in Note 2.15 ("Borrowing costs"). All other foreign exchange gains and losses are presented net also in the income statement within finance costs and finance income respectively

2.3 Impairment of non-financial assets

The carrying amounts of the Company'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.

2.4 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 Company’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 one 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 Company’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 Company 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.

Trade receivables that do not have a significant financing component are initially measured at their transaction price. A similar concept is commonly applied to short-term trade payables 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 Company has interest rate swaps measured at fair value, see the details in Note 16.

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 Company 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 Company 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 Company 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.

2.5 Subsidiary companies

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company 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.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is defined. The Company should assess, at each reporting date, whether there is any indication that an impairment loss for a subsidiary either no longer exists or has decreased. If there is any such indication, the Company should estimate the recoverable amount and record the reversal of the impairment if applicable.

2.6 Trade and other receivables

Financial assets recognized in the 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 statement of financial position are not material and no expected credit loss is recognised.

2.7 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.

2.8 Share capital

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

2.9 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.

2.10 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.

(All amounts in € unless otherwise stated)

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.

2.11 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 Company'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.

2.12 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 Company 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 financial statements. 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.

2.13 Provisions

Provisions for legal claims are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

In case of similar liabilities the Company estimates the expected resource-outflows probability taking into consideration the whole Company of liability. The provision is recognized even if on the level of the separate similar liabilities belonging to the same Company the probability of resource-outflow is low.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

The Company did not have to make a provision in the financial statements.

2.14 Interest income

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 Company 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 Company.

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 Company 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.

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

2.16 Other investment incomes

Dividend received from subsidiaries are recognised by the company as finance income. The dividend income is recognised when the Company becomes entitled for the dividend.

2.17 Use of estimates and critical judgments

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

(a) Estimates

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

(b) Critical judgments

Functional currency

The Company determined functional currency considering the indicators in IAS 21.9-10.

(All amounts in € unless otherwise stated)

Presentation currency of the financial statements is also 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.
Impairment

At the end of 2020 the Company accounted EUR 20 080 153 impairment on one of its subsidiaries, Futureal Development Holding Kft. The impairment amount was identified in the amount of the difference between the carrying value of this investment in Futureal Holding B.V.'s books and the 31.12.2020 Total Equity value of the subsidiary. The negative difference was accounted as impairment in the books of Futureal Holding B.V.
The same test was performed concerning all the other subsidiaries of the Company too as at 31 December 2020.

3. Financial risk management

3.1 Financial risk factors

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.

The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Company finacial activities.

(a) Market risk

(i) Foreign exchange risk

The Company operates in foreign currencies too and therefore is exposed to foreign exchange risk, primarily with respect to the Hungarian forint. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective Company entity.

Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency.

The Company is exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. In addition, the Company manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as rental revenue) are denominated. This is generally achieved by obtaining loan finance in the relevant currency and by entering into forward foreign exchange contracts.

The functional currency of the Company is the euro. The Company is exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies.

(ii) Price risk

The Company has no significant exposure to price risk as it does not hold any equity securities or commodities.

The Company is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk.

The current rental levels are in line with the market environments of the properties.

(iii) Cash flow and fair value interest rate risks

The Company's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially covered by the variable rate cash and cash equivalents. The Company has no borrowings at 31 December 2019.

The Company's policy is to fix the interest rate on its variable interest borrowings. The Company would enter into variable interest rate long term loan contracts and exchange the variable interest to a fixed interest with an interest swap which is cheaper then an originally fixed interest rate loan for the Company. To manage this, the Company would enter into interest rate swaps in which the Company agrees to exchange, at specified intervals (usually quarterly), the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

(All amounts in € unless otherwise stated)

(b) Credit risk

Credit risk is managed on a Company basis except for lending risks . Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Rental contracts are to be entered into only with lessees with an appropriate credit history. Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees, rental guarantees and derivatives. The credit level of a tenant is set up by taking into consideration the financial strenghth, credit history and other factors.

(c) Liquidity risk

The cash flow forecast is prepared by the Company. The forecasts are summeried by the Company's finance department. The finance department monitors the rolling forecasts on the Company's required liquidity position in order to provide the necessary cash balance for the daily operation. The Company aims to maintain flexibility in funding by keeping committed credit lines available not to overdraw the credit lines and to meet the credit covenants. These forecasts take into consideration the Company's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

as at 31.12.2020	**3 months or less**	**3 months to 1 year**	**1 to 2 years**	**2 to 5 years**	**Later than 5 years**
Trade and other payables	54 724	0	0	0	0
Liabilities to subsidiaries	19 300 000	0	0	0	0

as at 31.12.2019	**3 months or less**	**3 months to 1 year**	**1 to 2 years**	**2 to 5 years**	**Later than 5 years**
Trade and other payables	57 545	0	0	0	0
Liabilities to subsidiaries	7 600 010	0	0	0	0

The table above shows the non derivative financial instruments grouped by maturity. The amounts are contracted, undiscounted cash flows.

3.2 Financial instruments

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. The management confirms, that all of the Company's entities meets the capital criteria and the management takes all necessary decisions to provide adequate equity in case it is needed.

(All amounts in € unless otherwise stated)

4. Administrative expenses

	01.01.2020 – 31.12.2020	05.06.2019 – 31.12.2019
Audit and bookkeeping costs	-110 050	-91 618
Company management fee	-76 084	0
Consultancy costs not connected to properties	0	-1 088
Other administration costs	-4 842	-4 206
Administrative expenses	**-190 976**	**-97 712**

In the 2020 financial year, the following audit fees were charged by PricewaterhouseCoopers Accountants N.V. to the result in accordance with article 382a Title 9 Book 2 of the Dutch Civil Code.

	2020
PricewaterhouseCoopers Accountants N.V.	15 000

The fees listed above relate to the procedures applied to the Company by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.
These fees relate to the audit of the 2020 financial statements, regardless of whether the work was performed during the financial year.

No other services than audit services are provided in 2020.

5. Other income

	01.01.2020 – 31.12.2020	05.06.2019 – 31.12.2019
Profit on disposal of associated companies	1 233 469	0
Other income	**1 233 469**	**0**

In 2020 the Company sold its investment in its associate company, ARGO Properties N.V., to a related party company for a sale price of EUR 34 400 000. The company realized EUR 1 233 469 gain on this transaction.

6. Other expenses

	01.01.2020 – 31.12.2020	05.06.2019 – 31.12.2019
Impairment of subsidiaries	20 080 153	0
Other expenses	**20 080 153**	**0**

7. Finance income

	01.01.2020 – 31.12.2020	05.06.2019 – 31.12.2019
Dividend received from subsidiary	5 000 000	0
Unrealized exchange gain	40 501	0
Finance income	**5 040 501**	**0**

In 2020 the Company received EUR 5 000 000 dividend income from Futureal Real Estate Holding Ltd.

8. Finance costs

	01.01.2020 – 31.12.2020	05.06.2019 – 31.12.2019
Bank charges	-2 434	-4 127
Realized exchange loss	0	-5 558
Unrealized exchange loss	-46	0
Finance costs	**-2 480**	**-9 685**

9. Subsidiaries

The Company had the following subsidiaries as of 31.12.2020 and 2019:

Name	Incorporation and place of business activity	Direct shareholding of the parent (%) 31.12.2020.	Direct shareholding of the parent (%) 31.12.2019.
FR Irodák Holding Kft.	Hungary	0%	100%
FutInvest Hungary Kft.	Hungary	0%	100%
Futureal Real Estate Holding Limited	Malta	99.903%	99.992%
FRGP B.V.	Netherlands	100%	100%
Futureal Development Holding Kft.	Hungary	100%	0%
Hello Parks Group B.V.	Netherlands	70%	0%

Name	Direct shareholding of the parent (EUR) 31.12.2020.	Direct shareholding of the parent (EUR) 31.12.2019.
FR Irodák Holding Kft.	0	82 264 000
FutInvest Hungary Kft.	0	55 114 298
Futureal Real Estate Holding Limited	192 600 000	160 800 000
FRGP B.V.	10	10
Futureal Development Holding Kft.	119 449 922	0
Hello Parks Group B.V.	35 000 000	0
Investments	**347 049 932**	**298 178 298**

In March 2020 Futureal Holding BV decided about a merger in which process FR-Irodák Holding Kft, FutInvest Hungary Kft, FGPP Group Finance Kft, Futureal Property Group Kft, Futureal Zéta Kft and Gloreman Zrt merged into Futureal Development Holding Kft. The Court of Registry registered the merger as at 17 June 2020.

Amounts in EUR	01.01.2020 – 31.12.2020	05.06.2019 – 31.12.2019
Opening balance	**298 178 298**	**0**
Capital contribution	0	45 702 000
Acquisition	2 151 778	252 476 298
Foundation	35 000 000	0
Capital increase	44 800 000	0
Capital decrease	-13 000 000	0
Impairment of subsidiary	-20 080 153	0
Closing balance	**347 049 932**	**298 178 298**

The company established a new subsidiary, Hello Parks Group B.V., during 2020 with a share capital of EUR 35 000 000 of which EUR 15 700 000 was paid via bank transfers to the subsidiary during the year. The remaining amount (EUR 19 300 000) is classified as Short term liabilities to related party in the Balance Sheet as at 31 December 2020.

(All amounts in € unless otherwise stated)

In 2020 the company increased its investment in Futureal Real Estate Holding Ltd via new redeemable shares in an amount of EUR 44 800 000 of which EUR 13 000 000 were redeemed still within the year.

As at 31 December 2020 the Company accounted EUR 20 080 153 impairment for its subsidiary, Futureal Development Holding Kft.

10. Investment is associate

The Company had the following subsidiaries as of 31.12.2020 and 2019:

Name	Incorporation and place of business activity	Direct shareholding of the parent (%) 31.12.2020.	Direct shareholding of the parent (%) 31.12.2019.
ARGO Properties N.V.	Netherlands	0%	20,66%

Name	Direct shareholding of the parent (EUR) 31.12.2020.	Direct shareholding of the parent (EUR) 31.12.2019.
ARGO Properties N.V.	0	33 166 531
Investment in associate	**0**	**33 166 531**

For further details please see note nr. 5. and nr. 17.

11. Financial instruments

	Loans and other receivables	Loans and other receivables
	31.12.2020	**31.12.2019**
Financial instruments		
Cash and cash equivalents	197 757	205 319
	Other financial liabilities – Amortised cost	**Other financial liabilities – Amortised cost**
Liabilities	**31.12.2020**	**31.12.2019**
Short term liabilities to related parties	19 300 000	7 600 010
Trade and other liabilities	54 724	57 612
Total	19 354 724	7 657 622

The short term liability to related party balance is share capital payment liability towards Hello Parks Group B.V. as at 31 December 2020.

12. Cash and cash equivalents

The cash and cash equivalents consists of the following items in the financial statement:

	31.12.2020	**31.12.2019**
Cash and cash equivalents	197 757	205 319
Cash and cash equivalents	**197 757**	**205 319**

The Company holds its bank account at Raffeisen Bank, and the cash balance is freely available. The current credit rating of the Raiffeisen Bank is BBB+.

13. Share capital and capital reserve

	Share capital	Capital reserve
05.06.2019	**0**	**0**
Share capital issue	324 000 000	0
31.12.2019/01.01.2020	**324 000 000**	**0**
Share capital increase	18 000 000	0
31.12.2020	**342 000 000**	**0**

The share capital of the Company was increased on 23 March 2020, and the owners settled their liability via bank transfer during April 2020.

14. Accumulated deficit

	Retained earnings
05.06.2019	**0**
Current year result	-107 396-
31.12.2019 / 01.01.2020	**-107 396**
Current year result	-13 999 639
31.12.2020	**-14 107 036**

The annual loss of EUR -13 999 639 is subject to approval of the shareholder, allocated to the accumulated deficit.

15. Trade and other payables

	31.12.2020	31.12.2019
Trade payables	400	5 528
Accrued expenses	54 324	52 084
Total	**54 724**	**57 612**

Accrued expenses consist of accrued audit and administrative expenses in both years.

16. Liabilities

(a) Commitments related to investments

There were no committed but not invoiced expenses related to investments neither in 2020, nor in 2019.

(b) Short term liablities to related parties

Short term liablities to related parties	31.12.2020	31.12.2019
to Futureal Real Estate Holding Ltd	0	7 600 000
to FRGP B.V.	0	10
to Hello Parks Group B.V.	19 300 000	0
Total	**19 300 000**	**7 600 010**

The short term liabilities to related party balances consist of capital increase payables to subsidiaries in both years.

(All amounts in € unless otherwise stated)

17. Related parties

The Company had the following transactions with related parties:

(a) Services rendered
There were no services rendered with related parties both in 2020 and in 2019.
(b) Purchase of goods and services
There were no services purchased from related parties both in 2020 and in 2019.
(c) Sale of associate

In 2020 the Company sold its investment in its associate company, ARGO Properties N.V., to a related party company for a sale price of EUR 34 400 000. The company realized EUR 1 233 469 gain on this transaction.

(d) Key management compensation

There was no compensiation to key management personnel both in 2020 and in 2019.
(e) Balances with related parties at the end of the years

Related party receivables	**31.12.2020**	**31.12.2019**
Related party receivables	0	0
Total	**0**	**0**

Related party liabilities	**31.12.2020**	**31.12.2019**
Parent liabilities	0	0
Subsidiaries liabilities	19 300 000	7 600 000
Total	**19 300 000**	**7 600 000**

The subsidiary liability consist of not yet paid capital increase both in 2020 and in 2019. For further dertail see note nr. 15.

(f) Dividend received from subsidiary
The company received EUR 5 000 000 dividend from its subsidiary, Futureal Real Estate Holding Ltd, in 2020.

The Company did not have to impair loans or write down receivables to key management or related parties.

18. Events after the date of the statement of financial position

Futureal Development Holding Kft issued a green bond with a nominal value of HUF 55 billion under the Bond Funding for Growth Scheme (BGS) of the National Bank of Hungary (MNB). The majority of the issue (70%) was subscribed by institutional investors. In addition to the MNB, 12 banks, insurers, investment fund managers and assets management companies bought the papers.
Scope has assigned an issuer rating of BB/Stable to the issuing entity Futureal Development Holding Kft. and an issuer rating of BB/Stable to the holding company and guarantor of the contemplated senior unsecured bond Futureal Holding B.V. Scope has also assigned a long-term debt rating on senior unsecured debt of BB.

Other than the above one there were no material events after the statement of financial position that have a bearing on the understanding of these financial statements.

Directors:

……………………..	…..………………………	…………………….
Zsolt Balázsik	**Mark Bakker**	**Steve Melkman**

Amsterdam, 16 July 2021

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

(All amounts in € unless otherwise stated)

Other Information

Approporation of result in the other information

Based on article 11 of the Company's articles of association, the general meeting is authorized to appropriate the profit determined by the adoption of the financial statements and to adopt resolutions regarding distributions, to the extent the net assets exceed the reserves which must be maintained by law or the articles of association.

A resolution to make a dividend distribution or a distribution out of other reserves shall not have any effect as long as the management board has not given its approval. The management board will only refrain from giving its approval if it knows or ought to reasonably foresee that, after the distribution, the company will not be able to continue to pay its debts that are due and payable.

In calculating the profit appropriation, shares held by the company in its own capital shall not be taken into account.

(All amounts in € unless otherwise stated)

Independent Auditor's report